

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel, under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, (i) interest on the Currently Delivered Series 2018A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Currently Delivered Series 2018A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018. Bond Counsel is further of the opinion that, under existing statutes, interest on the Currently Delivered Series 2018A Bonds is exempt from personal income taxation imposed by the State of New York or any political subdivision thereof, including The City of New York. In addition, interest on the Series 2018B Bonds is included in gross income for federal income tax purposes under the Code and is not exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York. See "CERTAIN TAX MATTERS" herein

BUILD NYC RESOURCE CORPORATION
Revenue Bonds
(American Dream Charter School Project),
\$25,725,000[†] Series 2018A
\$1,020,000 Series 2018B (Taxable)

Dated: Date of Issuance**

Due: June 15, as shown on the inside front cover

The above-referenced Build NYC Resource Corporation Revenue Bonds (American Dream Charter School Project), Series 2018A (the "Series 2018A Bonds") and Series 2018B (Taxable) (the "Series 2018B Bonds", and, together with the Series 2018A Bonds, the "Series 2018 Bonds") are special limited revenue obligations of Build NYC Resource Corporation (the "Issuer") payable exclusively from the trust estate as described in this Limited Offering Memorandum. Undefined capitalized terms on this cover are defined in the text hereof or in APPENDIX F of this Limited Offering Memorandum.

The Series 2018 Bonds are special limited revenue obligations of the Issuer, payable as to principal, Sinking Fund Installments, Redemption Price and interest, from and secured in part by (i) certain unconditional loan payments to be made by the Borrower (as hereinafter defined) pursuant to the Loan and Use Agreement, dated as of October 1, 2018, between the Issuer and each of American Dream Gerard LLC, a limited liability company organized and existing under the laws of the State of New York (the "Borrower") and American Dream Charter School, a New York not-for-profit education corporation (the "School"), (ii) a pledge of certain funds and accounts established under the Indenture of Trust, dated as of October 1, 2018, between the Issuer and The Bank of New York Mellon, New York, New York, as trustee (the "Trustee"), (iii) mortgages relating to the Facility and (iv) an assignment of lease and rents. Neither the State of New York nor any political subdivision thereof, including The City of New York, shall be obligated to pay the principal or Redemption Price of, Sinking Fund Installments for, or the interest on, the Series 2018 Bonds. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, including the City, is pledged to the payment of the Series 2018 Bonds. The Series 2018 Bonds will not be payable out of any funds of the Issuer other than those pledged therefor pursuant to the Indenture. The Series 2018 Bonds will not give rise to a pecuniary liability or charge against the credit or taxing powers of the State or any political subdivision thereof, including the City. No recourse will be had for the payment of the principal or Redemption Price of, Sinking Fund Installments for, or the interest on, the Series 2018 Bonds against any member, officer, director, employee or agent of the Issuer. The Issuer has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS" in this Limited Offering Memorandum.

Proceeds derived from the sale of the Series 2018 Bonds will be used by the Borrower for the purposes of funding the costs of: (i) (a) the acquisition of an approximately 8,497-square-foot parcel of land located at 700 Gerard Avenue, Bronx, New York, (b) the demolition of a parking lot located thereon, and (c) the design, construction, furnishing and equipping of an approximately 33,173-square-foot, five-story building located thereon for general classroom and administrative use, together with related site improvements (collectively, the "Facility"), (ii) capitalized interest on the Series 2018 Bonds, and (iii) the costs of issuing the Series 2018 Bonds. The Facility will be owned by the Borrower and leased by the Borrower to the School which lease payments are scheduled to pay at least scheduled debt service on the 1st day of each month. See "THE PROJECT AND PLAN OF FINANCE" in this Limited Offering Memorandum.

The Series 2018A Bonds will be issued as draw-down bonds with \$9,500,000 in principal amount being issued on the closing date (the "Currently Delivered Series 2018A Bonds"). The Series 2018 Bonds will be issued as fully registered bonds initially issued in the minimum authorized denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York. Purchases of the Series 2018 Bonds will be made in book-entry form only. Purchasers of beneficial interests will not receive physical certificates. The Series 2018 Bonds are subject to optional and mandatory redemption as described in this Limited Offering Memorandum. Interest on the Series 2018 Bonds will be payable on June 15 and December 15 of each year, commencing December 15, 2018. See "THE SERIES 2018 BONDS" in this Limited Offering Memorandum. An investment in the Series 2018 Bonds is subject to certain risks. See "RISK FACTORS" in this Limited Offering Memorandum. Investors must read the entire Limited Offering Memorandum, including the Appendices hereto.

THE SERIES 2018 BONDS ARE TO BE OFFERED AND SOLD (INCLUDING IN SECONDARY MARKET TRANSACTIONS) ONLY TO (1) A PERSON CONSTITUTING A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (2) AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT; provided, however, that if the Series 2018 Bonds are rated investment grade by a Rating Agency, then, without the foregoing restrictions. The Indenture contains provisions limiting transfers of the Series 2018 Bonds and beneficial ownership interests in the Series 2018 Bonds only to Qualified Institutional Buyers and Accredited Investors.

SEE THE INSIDE FRONT COVER FOR THE MATURITY SCHEDULES FOR THE SERIES 2018 BONDS

The Series 2018 Bonds are offered, subject to prior sale, when, as and if accepted by D.A. Davidson & Co. and subject to an opinion as to the validity of the Currently Delivered Series 2018 Bonds and the tax-exempt status of the Currently Delivered Series 2018A Bonds by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel; the approval of certain legal matters for the Issuer by its General Counsel, for the School, the Borrower and the Member by their counsel, Gilbride, Tusa, Last & Spellane LLC, New York, New York, for the Trustee by its special counsel, Paparone Law PLLC, New York, New York, and for the Underwriter by its counsel, Ballard Spahr LLP, Denver, Colorado, and certain other conditions. It is expected that delivery of the Currently Delivered Series 2018A Bonds and the Series 2018B Bonds will be made on or about October 30, 2018 through the facilities of DTC.

DATED OCTOBER 26, 2018



** Draw-down Series 2018A Bonds are issued on each draw-down date

[†] Maximum aggregate principal amount.

MATURITY SCHEDULE

\$25,725,000[†]
Build NYC Resource Corporation
Revenue Bonds
(American Dream Charter School Project),
Series 2018A

\$25,725,000 5.875% SERIES 2018A TERM BOND DUE JUNE 15, 2052
PRICE OF 95.00%
CUSIP[‡]: 12008E PH3

\$1,020,000
Build NYC Resource Corporation
Revenue Bonds
(American Dream Charter School Project),
Series 2018B (Taxable)

\$1,020,000 7.750% SERIES 2018B TERM BOND DUE JUNE 15, 2025
PRICE OF 95.00%
CUSIP[‡]: 12008E PJ9

[†] Maximum aggregate principal amount.

[‡] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2018 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP® numbers are provided for convenience of reference only. None of the Issuer, the Borrower, the School, the Underwriter, or their agents or counsel assumes responsibility for the accuracy of such numbers.

**BUILD NYC RESOURCE CORPORATION
REVENUE BONDS
(AMERICAN DREAM CHARTER SCHOOL PROJECT)**

Issuer

Build NYC Resource Corporation

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New York, New York

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New York, New York

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D.A. Davidson & Co.
Denver, Colorado

Underwriter's Counsel

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Denver, Colorado

Trustee, Bond Registrar and Paying Agent

The Bank of New York Mellon
New York, New York

Trustee's Counsel

Paparone Law PLLC
New York, New York

Dissemination Agent

School Improvement Partnership

No person has been authorized by the Issuer, the Underwriter, the Borrower, the School or the Member to give any information regarding the Series 2018 Bonds, the Borrower, the School, the Project, the offering contained herein and related matters or to make any representations other than those contained in this Limited Offering Memorandum and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy in any state in which it is unlawful for any person to make such offer or solicitation. The information contained in this Limited Offering Memorandum has been furnished by or on behalf of the Issuer, the Borrower, the School and the Member and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Limited Offering Memorandum. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as a part of, the Underwriter's responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Neither the Issuer nor any of its members, directors, officers, agents, employees or representatives has reviewed this Limited Offering Memorandum or investigated the statements or representations contained herein, except for those statements relating to the Issuer set forth under the captions "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION—The Issuer." Except with respect to the information contained under such captions, neither the Issuer nor any of its members, directors, officers, agents, employees or representatives makes any representation as to the completeness, sufficiency and truthfulness of the statements set forth in this Limited Offering Memorandum. None of the members, directors, officers, agents, employees or representatives of the Issuer nor any other person executing the Series 2018 Bonds are subject to personal liability by reason of the issuance of the Series 2018 Bonds. Other than the information under the captions "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION—The Issuer," the Issuer assumes no responsibility for this Limited Offering Memorandum and has not reviewed or undertaken to verify any information contained herein.

The Trustee has not participated in the preparation of this Limited Offering Memorandum or any other disclosure documents relating to the Series 2018 Bonds. Except for information under the heading "THE TRUSTEE," the Trustee has or assumes no responsibility as to the accuracy or completeness of any information contained in this Limited Offering Memorandum or any other such disclosure documents.

References in this Limited Offering Memorandum to New York law, the Series 2018 Bonds, the Indenture, the Loan Agreement, the Blocked Account Control Agreement, the Covenant Agreement, the Lease, the Mortgage, the Continuing Disclosure Agreement, and other documents do not purport to be complete. Potential investors should refer to such statutes and documents for full and complete details of their provisions. Copies of such documents are on file with the Trustee and the School.

THE SERIES 2018 BONDS ARE TO BE OFFERED AND SOLD (INCLUDING IN SECONDARY MARKET TRANSACTIONS) ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) OR "ACCREDITED INVESTORS" (AS DEFINED IN REGULATION D OF THE SECURITIES ACT). THE INDENTURE CONTAINS PROVISIONS LIMITING TRANSFERS OF THE SERIES 2018 BONDS AND BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2018 BONDS ONLY TO QUALIFIED INSTITUTIONAL BUYERS AND ACCREDITED INVESTORS.

THE SERIES 2018 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2018 BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH SERIES 2018 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2018 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

THIS LIMITED OFFERING MEMORANDUM, INCLUDING THE APPENDICES HERETO, CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE WORDS SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET," OR SIMILAR WORDS. THE BUDGET PROJECTION CONTAINED IN APPENDIX C ATTACHED TO THIS LIMITED OFFERING MEMORANDUM IS NOT A HISTORICAL STATEMENT OF FINANCIAL PERFORMANCE BUT IS A FORWARD LOOKING PROJECTION OF FUTURE, PROJECTED FINANCIAL PERFORMANCE. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS OR IN THE BUDGET PROJECTION INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS OR IN THE BUDGET PROJECTION. THE SCHOOL DOES NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS OR TO THE BUDGET PROJECTION IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS OR FORECASTS ARE BASED, OCCUR.

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SUMMARY INFORMATION

The following is a summary of certain information contained in this Limited Offering Memorandum. The summary is not comprehensive or complete and is qualified in its entirety by reference to the complete Limited Offering Memorandum (including the Appendices hereto). This Limited Offering Memorandum speaks only as of the date shown herein, and the information herein is subject to change. Undefined capitalized terms used below are defined in APPENDIX F—CERTAIN DEFINITIONS FROM THE PLEDGE AND SECURITY AGREEMENT AND CONTINUING COVENANTS AGREEMENT AND FORMS OF LOAN AGREEMENT, INDENTURE, AND LEASE hereto or elsewhere in this Limited Offering Memorandum.

Issuer

Build NYC Resource Corporation (the “**Issuer**”) is a not-for-profit local development corporation created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York (the “**Act**”), and is authorized by the Act to issue the Series 2018 Bonds. See “THE ISSUER” in this Limited Offering Memorandum.

Borrower

American Dream Gerard LLC (the “**Borrower**”) is a New York limited liability company, the sole member of which is Friends of American Dream Charter School Inc. (the “**Member**”), which is a New York not-for-profit corporation formed for the sole purpose of furthering the educational and charitable purposes of the American Dream Charter School, a New York not-for-profit education corporation (the “**School**” or “**ADS**”). See “THE BORROWER” and “APPENDIX A—AMERICAN DREAM CHARTER SCHOOL” in this Limited Offering Memorandum.

School

The School is a New York not-for-profit education corporation organized under Article 56 of the New York Education Law, as amended (the “**Charter Schools Act**”), and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”). On December 17, 2013, the Board of Regents of the State of New York, for and on behalf of the State Education Department, granted a charter to the School for a term of five years and incorporated the School by issuing a certificate of incorporation known as a provisional charter. On March 2, 2017, the New York City Department of Education (“**NYC DOE**”) voted to approve the School’s request to amend the charter in order to increase the School’s enrollment from 300 students in grades 6-8 to serve 450 students in grades 6-10. The School has started its charter renewal process-year charter renewal application and expects to have the application approved prior to January 31, 2019. See “THE SCHOOL” and “APPENDIX A—AMERICAN DREAM CHARTER SCHOOL” in this Limited Offering Memorandum. See also “CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK” and “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Limited Offering Memorandum.

Series 2018 Bonds

The Issuer is issuing its (i) Revenue Bonds (American Dream Charter School Project), Series 2018A (the “**Series 2018A Bonds**”), in the original maximum aggregate principal amount of \$25,725,000[†] as draw-down bonds with the initial principal amount to be drawn on the Closing Date of \$9,500,000 (the “**Currently Delivered Series 2018A Bonds**”), and (ii) Revenue Bonds (American Dream Charter School Project), Series 2018B (Taxable) in the aggregate principal amount of \$1,020,000 (the “**Series 2018B Bonds**” and, together with the Series 2018A Bonds, the “**Series 2018 Bonds**”) pursuant to an Indenture of Trust, dated as of October 1, 2018 (the “**Indenture**”), between the Issuer and The Bank of New York Mellon, as trustee (the “**Trustee**”). The Series 2018A Bonds will be issued in denominations of (y) from the Closing Date until the Final Drawdown Date, the Outstanding principal amount thereof, and (z) thereafter, \$100,000 or any integral multiple of \$5,000 in excess thereof; and the Series 2018B Bonds will be issued in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof (“**Authorized Denominations**”); provided, however, that if the Series 2018A Bonds or the Series 2018B Bonds are rated investment grade by a Rating Agency, then, upon the Issuer and the Trustee receiving written notice of the occurrence of such event, the Authorized Denominations with respect to the Series 2018A Bonds so rated or the Series 2018B Bonds so rated, as applicable, will be adjusted to \$5,000 or any integral multiple thereof. See “THE SERIES 2018 BONDS” in this Limited Offering Memorandum.

Plan of Finance and Use of Proceeds

The Issuer will loan the proceeds derived from the sale of the Series 2018 Bonds to the Borrower pursuant to the terms of a Loan and Use Agreement, dated as of October 1, 2018 (the “**Loan Agreement**”), by and between the Issuer and each of the Borrower and the School. Proceeds of the Series 2018 Bonds will be used by the Borrower for the purposes of funding the costs of: (i) (a) the acquisition of an approximately 8,497-square-foot parcel of land located at 700 Gerard Avenue, Bronx, New York, (b) the demolition of a parking lot located thereon, and (c) the design, construction, furnishing and equipping of an approximately 33,173-square-foot, five-story building located thereon for general classroom and administrative use, together with related site improvements; (ii) capitalized interest on the Series 2018 Bonds through October, 2020; and (iii) the costs of issuing the Series 2018 Bonds (collectively, the “**Project**”). The Facility will be owned by the Borrower and leased by the Borrower to the School for use as a public charter school for students in grades 6-10 pursuant to a Lease Agreement, dated as of the Closing Date (the “**Lease**”). See “THE PROJECT AND PLAN OF FINANCE,” “SOURCES AND USES OF FUNDS” and “APPENDIX A—AMERICAN DREAM CHARTER SCHOOL” in this Limited Offering Memorandum.

Security for the Series 2018 Bonds

Pursuant to the Indenture, the Series 2018 Bonds will be secured by and payable from an assignment and pledge by the Issuer of (i) all money held in the Funds and Accounts established under the Indenture (but excluding funds in the Repair and Replacement Fund and in the Rebate Fund), (ii) the right, title and interest of the Issuer in the Loan Agreement (except for the Issuer’s Reserved Rights), and (iii) Loan payments due from the Borrower under the Loan Agreement and the Promissory Notes.

The School will lease the Facility from the Borrower pursuant to the Lease. The amounts payable by the School under the Lease (the “**Lease Rental Payments**”) will be in amounts totaling not less than the debt service on the Series 2018 Bonds as the same become due and payable, but without acceleration. The Borrower has directed the School to make the School’s Lease Rental Payments directly to the

[†] Maximum aggregate principal amount.

Borrower's bank account that is subject to the Account Control Agreement, dated as of October 1, 2018, by and among the Trustee, the Borrower and The Bank of New York Mellon as depository bank (the **"Blocked Account Control Agreement"**). Pursuant to the terms of the Blocked Account Control Agreement, the Borrower will grant a security interest in the Borrower's operating account to the Trustee and authorize the Trustee to transfer the amounts required under the Indenture and the Loan Agreement to the Revenue Fund established under the Indenture. The Series 2018 Bonds are further secured by a lien and security interest in the Pledged Collateral pursuant to, and as defined in, a certain Pledge and Security Agreement, dated as of October 1, 2018 (the **"Pledge and Security Agreement"**) from the Borrower to the Trustee.

The Series 2018 Bonds will also be secured (i) by mortgage liens on and security interests in the Borrower's fee title interest in the Facility pursuant to a Mortgage and Security Agreement (Acquisition Loan), a Mortgage and Security Agreement (Building Loan) and a Mortgage and Security Agreement (Indirect Loan), each dated as of October 1, 2018, and each from the Borrower to the Issuer and the Trustee (as each of the same may hereafter be amended or supplemented, collectively, the **"Mortgage"**), as assigned by the Issuer to the Trustee under the terms of an Assignment of Mortgage and Security Agreement (Acquisition Loan), an Assignment of Mortgage and Security Agreement (Building Loan) and an Assignment of Mortgage and Security Agreement (Indirect Loan), each dated as of October 1, 2018 (collectively, the **"Assignment of Mortgage"**), and (ii) the Assignment of Lease and Rents (Acquisition Loan), the Assignment of Lease and Rents (Building Loan) and the Assignment of Lease and Rents (Indirect Loan) relating to the Lease, each dated as of October 1, 2018, and each from the Borrower to the Issuer and the Trustee (collectively, the **"Assignment of Lease and Rents"**) all of which are to be assigned from the Issuer to the Trustee pursuant to the Assignment of Assignment of Lease and Rents.

The Charter Schools Act prohibits the School from pledging or assigning Education Aid, Facilities Access Payments, and other amounts payable by the New York State Department of Education (the **"Department of Education"**) to the School in connection with the construction, acquisition, reconstruction, rehabilitation, or improvement of a school facility. Under the terms of the Blocked Account Control Agreement, upon an Event of Default under the Indenture, the Trustee will have control of and have the right to make withdrawals from such operating account. In the Blocked Account Control Agreement, the Borrower covenants to not open any additional bank accounts unless such accounts are subject to the Blocked Account Control Agreement.

Pursuant to a Continuing Covenants Agreement, dated the Closing Date (the **"Covenants Agreement"**), among the School, the Borrower, the Bondholder Representative and the Trustee, the Borrower and the School will make certain covenants for the benefit of the Bondholder Representative and the Trustee, including that the School will comply with the terms of the Lease, for the benefit of the holders of the Series 2018 Bonds and any Additional Bonds issued under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS" in this Limited Offering Memorandum.

Special, Limited Obligations

THE SERIES 2018 BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, SINKING FUND INSTALLMENTS, REDEMPTION PRICE AND INTEREST SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. NEITHER THE STATE OF NEW YORK (THE **"STATE"**) NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF NEW YORK (THE **"CITY"**) SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR INTEREST ON, THE SERIES 2018 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR

ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2018 BONDS. THE SERIES 2018 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2018 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR INTEREST ON, THE SERIES 2018 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, REPRESENTATIVE OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

Risk Factors

Purchase of the Series 2018 Bonds involves a degree of risk. A prospective purchaser of the Series 2018 Bonds is advised to read this entire Limited Offering Memorandum including the Appendices attached hereto in their entirety, particularly the section entitled “RISK FACTORS” in this Limited Offering Memorandum, for a discussion of certain risk factors, which should be considered in connection with an investment in the Series 2018 Bonds.

Purchase and Transfer Restrictions

The Series 2018 Bonds may be purchased only by (i) a “Qualified Institutional Buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “**Securities Act**”), or (ii) an “Accredited Investor” as defined in Rule 501 of Regulation D promulgated under the Securities Act. The purchase restrictions described in this paragraph apply to initial purchases of the Series 2018 Bonds and to all subsequent sales or transfers of the Series 2018 Bonds. See “THE SERIES 2018 BONDS—Purchase and Transfer Restrictions on Series 2018 Bonds” and “TRANSFER RESTRICTIONS” in this Limited Offering Memorandum.

Optional and Mandatory Redemption

See “THE SERIES 2018 BONDS—Redemption of Series 2018 Bonds” in this Limited Offering Memorandum.

Exchange and Transfer

While the Series 2018 Bonds remain in book-entry only form, transfer of ownership by Beneficial Owners may be made as described in “THE SERIES 2018 BONDS” and “APPENDIX I—BOOK-ENTRY ONLY SYSTEM” in this Limited Offering Memorandum.

Payment

Interest accrues on the Series 2018 Bonds at the rates set forth on the inside front cover of this Limited Offering Memorandum from their date of issuance (with interest on the Series 2018A Bonds accruing as to each principal portion on the related draw-down date) and is payable on June 15 and December 15 of each year, commencing December 15, 2018 (each an “**Interest Payment Date**”). The Series 2018 Bonds mature as set forth on the inside front cover of this Limited Offering Memorandum. Interest on and the principal of the Series 2018 Bonds is payable as described under the heading “THE SERIES 2018 BONDS” in this Limited Offering Memorandum.

Trustee, Bond Registrar and Paying Agent

The Bank of New York Mellon in New York, New York, is acting as Trustee, Bond Registrar and Paying Agent. See “THE TRUSTEE” in this Limited Offering Memorandum.

Form

The Series 2018 Bonds will be registered under a book-entry system in the name of The Depository Trust Company (“DTC”) or its nominees. See “THE SERIES 2018 BONDS” in this Limited Offering Memorandum.

Tax Status

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Issuer, under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, (i) interest on the Currently Delivered Series 2018A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Currently Delivered Series 2018A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018. Bond Counsel is further of the opinion that, under existing statutes, interest on the Currently Delivered Series 2018A Bonds is exempt from personal income taxation imposed by the State or any political subdivision thereof including the City. In addition, interest on the Series 2018B Bonds is included in gross income for federal income tax purposes under the Code and is not exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City. See “CERTAIN TAX MATTERS” and “APPENDIX G—FORM OF BOND COUNSEL OPINION” in this Limited Offering Memorandum.

Continuing Disclosure Agreement

Pursuant to the requirements of Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the “Rule”), the Borrower and the School have agreed for the benefit of the Registered Owners and Beneficial Owners of the Series 2018 Bonds to provide certain financial information, other operating data and notices of material events. Neither the Borrower nor the School has been subject to any prior continuing disclosure undertaking under the Rule. See “CONTINUING DISCLOSURE,” and “APPENDIX H—FORM OF CONTINUING DISCLOSURE AGREEMENT” in this Limited Offering Memorandum.

No Rating

There is no rating assigned to the Series 2018 Bonds.

Delivery Information

The Series 2018 Bonds are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and the approving legal opinion of Bond Counsel and certain other conditions. It is expected that delivery of the Currently Delivered Series 2018A Bonds and the Series 2018B Bonds will be made on or about October 30, 2018 through the facilities of DTC in New York, New York, against payment therefor.

Bond Counsel and Other Counsels; Underwriter

Hawkins Delafield & Wood LLP, New York, New York, is acting as Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Borrower, the Member and the School by their counsel, Gilbride, Tusa, Last & Spellane LLC, New York, New York. Certain legal matters will be passed upon for the Trustee by its special counsel, Paparone Law PLLC, New York, New York and for the Underwriter by its counsel, Ballard Spahr LLP, Denver, Colorado. D.A. Davidson & Co., Denver, Colorado will serve as the Underwriter for the Series 2018 Bonds. See “UNDERWRITING” in this Limited Offering Memorandum.

Additional Information

The summaries of or references to constitutional provisions, statutes, resolutions, agreements, contracts, financial statements, reports, publications and other documents or compilations of data or information set forth in this Limited Offering Memorandum do not purport to be complete statements of the provisions of the items summarized or referred to and are qualified in their entirety by the actual provisions of such items, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing and handling charge from the Underwriter, 1550 Market Street, Suite 300, Denver, Colorado 80202 or the Trustee, 240 Greenwich Street, Floor 7W, New York, New York 10286, Attention: Corporate Trust Administration.

Audited Financial Statements

The audited financial statements of the School for the fiscal years ended June 30, 2017 and June 30, 2018 are included in this Limited Offering Memorandum as APPENDIX D and APPENDIX E, respectively. The financial statements in APPENDIX D and APPENDIX E were audited by Lutz and Carr, Certified Public Accountants, LLP. See “AUDITED FINANCIAL STATEMENTS OF THE SCHOOL” and “APPENDIX D—AUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2017 (INCLUDING JUNE 30, 2016 COMPARATIVE INFORMATION)” and “APPENDIX E—AUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2018 (INCLUDING JUNE 30, 2017 COMPARATIVE INFORMATION)” in this Limited Offering Memorandum. The financial statements for the fiscal year ended June 30, 2018 are the most recent audited financial statements available for the School.

Budget Projection

The Budget Projection (the “**Budget Projection**”) attached hereto in APPENDIX C is a projection of the future financial performance of the School based upon certain assumptions made by the School and contained therein. NO ASSURANCES CAN BE GIVEN THAT THE OPERATIONS OF THE SCHOOL WILL EQUAL OR EXCEED THE PROJECTED FUTURE FINANCIAL PERFORMANCE SET FORTH IN THE BUDGET PROJECTION. The Budget Projection is for the five fiscal years of the School ending June 30, 2019 through June 30, 2023.

THE BORROWER AND THE SCHOOL HAVE PROVIDED THE INFORMATION SET FORTH IN APPENDICES A, C, D AND E, AND NEITHER THE ISSUER NOR THE UNDERWRITER MAKE ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

LIMITED OFFERING MEMORANDUM

BUILD NYC RESOURCE CORPORATION

Revenue Bonds

(American Dream Charter School Project),

\$25,725,000[†] Series 2018A

\$1,020,000 Series 2018B (Taxable)

INTRODUCTORY STATEMENT

The following is a brief introduction as to certain matters discussed elsewhere in this Limited Offering Memorandum and is qualified in its entirety as to such matters by such discussion and the text of the actual documents described or referenced. Capitalized terms not defined herein have the meanings assigned in APPENDIX F or in any other document with respect to which the term is used. Definitions contained in the text hereof are for ease of reference only, and are qualified in their entirety by the definitions in APPENDIX F or the documents with respect to which such terms relate. The Appendices to this Limited Offering Memorandum are an integral part of this Limited Offering Memorandum and each potential investor should review the Appendices in their entirety.

General

Build NYC Resource Corporation, a not-for-profit local development corporation created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York (the “**Issuer**”), will issue its (i) Revenue Bonds (American Dream Charter School Project), Series 2018A as draw-down bonds in the maximum aggregate principal amount of \$25,725,000[†] (the “**Series 2018A Bonds**”), with the initial draw-down on the Closing Date of \$9,500,000 principal amount of the Series 2018A Bonds (the “**Currently Delivered Series 2018A Bonds**”), and (ii) Revenue Bonds (American Dream Charter School Project), Series 2018B (Taxable) in the original aggregate principal amount of \$1,020,000 (the “**Series 2018B Bonds**” and, together with the Series 2018A Bonds, the “**Series 2018 Bonds**”), pursuant to a resolution adopted by the Issuer on June 12, 2018 and an Indenture of Trust, dated as of October 1, 2018 (the “**Indenture**”), between the Issuer and The Bank of New York Mellon, as trustee (the “**Trustee**”). The Issuer will loan the proceeds of the Series 2018 Bonds (the “**Loan**”) to American Dream Gerard LLC, a limited liability company organized and existing under the laws of the State of New York (the “**Borrower**”), whose sole member is Friends of American Dream Charter School Inc., a New York not-for-profit corporation (the “**Member**”) an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”), pursuant to a Loan and Use Agreement, dated as of October 1, 2018 (the “**Loan Agreement**”), between the Issuer and each of the Borrower and American Dream Charter School, a New York not-for-profit education corporation (the “**School**” or “**ADS**”) and also an organization described in Section 501(c)(3) of the Code. The Borrower is a disregarded entity of the Member for federal tax purposes. See “APPENDIX F—CERTAIN DEFINITIONS FROM THE PLEDGE AND SECURITY AGREEMENT AND CONTINUING COVENANTS AGREEMENT AND FORMS OF LOAN AGREEMENT, INDENTURE, AND LEASE—Form of Loan Agreement” in this Limited Offering Memorandum.

The initial outstanding balance of the Series 2018 Bonds, consisting of: (i) the Currently Delivered Series 2018A Bonds, shall be \$9,500,000 and (ii) the Series 2018 Bonds, shall be \$1,020,000.

Proceeds of the Series 2018 Bonds will be used by the Borrower for the purposes of funding the costs of (i) (a) the acquisition of an approximately 8,497-square-foot parcel of land located at 700 Gerard

^{**} Draw-down Series 2018A Bonds are issued on each draw-down date

[†] Maximum aggregate principal amount.

Avenue, Bronx, New York (the “**Site**”), (b) the demolition of a parking lot located on the Site, and (c) the design, construction, furnishing and equipping of an approximately 33,173-square-foot, five-story building located on the Site for general classroom and administrative use, together with related site improvements; (ii) capitalized interest on the Series 2018 Bonds through October, 2020; and (iii) the costs of issuing the Series 2018 Bonds (collectively, the “**Project**”). The Facility will be owned by the Borrower and leased by the Borrower to the School for use as a public charter school for students in grades 6-10 pursuant to a Lease Agreement, dated as of the Closing Date (the “**Lease**”). See “THE PROJECT AND PLAN OF FINANCE,” “SOURCES AND USES OF FUNDS” and “APPENDIX A—AMERICAN DREAM CHARTER SCHOOL” in this Limited Offering Memorandum.

Loan of Series 2018 Bond Proceeds; Mortgage and Other Security

Proceeds of the Series 2018 Bonds will be loaned by the Issuer to the Borrower pursuant to the Loan Agreement, and the Series 2018 Bonds will be payable primarily from and secured by a pledge of payments to be made by the Borrower (the “**Loan Payments**”) under the Loan Agreement and two certain Promissory Notes (one with respect to the Series 2018A Bonds and the other with respect to the Series 2018B Bonds) from the Borrower to the Issuer, and concurrently assigned by the Issuer to the Trustee (collectively, the “**Promissory Notes**”), which are required to be sufficient to pay when due the scheduled principal of, Sinking Fund Installments for, and interest on the Series 2018 Bonds and any Additional Bonds (collectively, the “**Bonds**”). The Series 2018 Bonds will also be secured by (i) mortgage liens on and security interests in the Borrower’s fee title interest in the Facility pursuant to a Mortgage and Security Agreement (Acquisition Loan), a Mortgage and Security Agreement (Building Loan) and a Mortgage and Security Agreement (Indirect Loan), each dated as of October 1, 2018, and each from the Borrower to the Issuer and the Trustee (as each of the same may hereafter be amended or supplemented, collectively, the “**Mortgages**”), as assigned by the Issuer to the Trustee under the terms of an Assignment of Mortgage and Security Agreement (Acquisition Loan), an Assignment of Mortgage and Security Agreement (Building Loan) and an Assignment of Mortgage and Security Agreement (Indirect Loan), each dated as of October 1, 2018 (the “**Assignments of Mortgage**”), (ii) the Assignment of Lease and Rents (Acquisition Loan), the Assignment of Lease and Rents (Building Loan) and the Assignment of Lease and Rents (Indirect Loan) relating to the Lease, each dated as of October 1, 2018, and each from the Borrower to the Issuer and the Trustee (collectively, the “**Assignment of Lease and Rents**”) all of which are to be assigned from the Issuer to the Trustee pursuant to the Assignment of Lease and Rents, and (iii) a lien and security interest in the Pledged Collateral pursuant to a Pledge and Security Agreement, dated as of October 1, 2018, from the Borrower to the Trustee (the “**Pledge and Security Agreement**”). See “APPENDIX F—CERTAIN DEFINITIONS FROM THE PLEDGE AND SECURITY AGREEMENT AND CONTINUING COVENANTS AGREEMENT AND FORMS OF LOAN AGREEMENT, INDENTURE, AND LEASE” in this Limited Offering Memorandum.

Pursuant to the terms of the Lease, the School will pay all Lease Rental Payments directly to the Borrower’s bank account that is subject to the Blocked Account Control Agreement (as defined below). The Charter Schools Act prohibits the School from pledging or assigning Education Aid, Facilities Access Payments, and other amounts payable by the New York State Department of Education (the “**Department of Education**”) to the School in connection with the construction, acquisition, reconstruction, rehabilitation, or improvement of a school facility. Pursuant to the terms of an Account Control Agreement, dated the Closing Date (the “**Blocked Account Control Agreement**”), between the Borrower, the Trustee, and The Bank of New York Mellon, as depositary bank for the Borrower (the “**Depository Bank**”), the Borrower will grant a security interest in the Borrower’s operating account to the Trustee and will direct the Depository Bank to transfer each Lease Rental Payment from the Borrower’s operating account to the Trustee for deposit to the Revenue Fund established under the Indenture (such payment of Lease Rental Payments is anticipated to be sufficient to make all regularly scheduled Loan Payments required under the Loan Agreement and the Promissory Notes except upon an

acceleration of the Series 2018 Bonds). Under the terms of the Blocked Account Control Agreement, upon an Event of Default under the Indenture, the Trustee will have control of and have the right to make withdrawals from such operating account. In the Blocked Account Control Agreement, the Borrower covenants to not open any additional bank accounts unless such accounts are subject to the Blocked Account Control Agreement.

Pursuant to the Indenture, the Issuer will pledge to the Trustee, for the benefit of the holders of the Series 2018 Bonds, all of its interest in the Promissory Notes and substantially all of its right, title and interest in and to the Loan Agreement and the amounts payable thereunder (other than the Issuer's Reserved Rights) to secure payment of the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Series 2018 Bonds. The obligation of the Borrower to make Loan Payments under the Loan Agreement and the Promissory Notes is an absolute and unconditional obligation of the Borrower. However, the Borrower will not have any other sources of revenue to make its Loan Payments other than the Lease Rental Payments received from the School under the Lease, and the ability of the Borrower to generate additional revenues is limited in the event that the Education Aid payments and Facilities Access Payments (as defined herein) received by the School are not sufficient to make the required payments of Lease Rental Payments under the Lease. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS" in this Limited Offering Memorandum.

Lease

Pursuant to the Lease, the Borrower, upon purchase of the Facility Site on the Closing Date, using proceeds of the Series 2018 Bonds, will lease the Facility to the School. Upon construction of the Facility, the School will operate its high school public charter school at the Facility. Lease Rental Payments payable to the Borrower by the School under the Lease will be sufficient to pay regularly scheduled Loan Payments under the Loan Agreement, but not in the event of any acceleration of the Series 2018 Bonds. The initial term of the Lease is equal to 49 years. The Lease is a triple net lease, and the School is to pay all amounts owed in connection with the operation of the Facility, including, but not limited to (i) real estate taxes, if any, (ii) property, casualty and liability insurance, (iii) utilities, (iv) water/sewer charges, and (v) all maintenance, cleaning and repairs (structural and non-structural of any nature whatsoever) as additional rent. Pursuant to the Assignment of Lease and Rents, as security for the Series 2018 Bonds, the Borrower will assign to the Trustee all of the Borrower's interest in and to the Lease, including all of its right, title and interest in all rents, income, receipts, revenue and profits arising from the Lease. The Borrower shall direct the School to pay all amounts of Lease Rental Payments directly to the Borrower's bank account that is subject to the terms of the Blocked Account Control Agreement. The Depositary Bank will transfer each Lease Rental Payment from the Borrower's operating account to the Trustee for deposit in the Revenue Fund established under the Indenture as required by the terms of the Blocked Account Control Agreement.

Continuing Disclosure

The Borrower and the School will agree in the Continuing Disclosure Agreement to provide certain annual financial reports, certain periodic quarterly and annual financial reports and notices of certain other events with respect to the Series 2018 Bonds. See "CONTINUING DISCLOSURE" in this Limited Offering Memorandum.

Special Covenants of the Borrower and the School; Additional Indebtedness

Pursuant to the Covenants Agreement, the Borrower and the School will make certain covenants for the benefit of the Bondholder Representative and the Trustee, including that the School will comply with the terms of the Lease, for the benefit of the holders of the Series 2018 Bonds and any Additional

Bonds issued under the Indenture. The Covenants Agreement requires the Borrower and the School to comply with certain financial covenants and places certain restrictions on the incurrence of indebtedness by the School and the Borrower. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS”

Bondholders’ Risks

Certain risks associated with an investment in the Series 2018 Bonds are discussed under “RISK FACTORS” in this Limited Offering Memorandum. Other risks may exist which are not discussed within “RISK FACTORS”.

Miscellaneous

This Limited Offering Memorandum (including the Appendices hereto) contains descriptions of, among other matters, the Indenture, the Loan Agreement, the Mortgage, the Lease, the Assignment of Lease and Rents, the Pledge and Security Agreement, the Blocked Account Control Agreement, the Covenants Agreement, the Continuing Disclosure Agreement, the Issuer, the Facility, the Project, the Borrower, the School, the Member and the Series 2018 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references to documents described herein are qualified in their entirety by reference to such documents, copies of which are available for inspection at the designated corporate trust office of the Trustee.

THE ISSUER

The Issuer, created in 2011, is a not-for-profit local development corporation organized pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York (the “**State**”) at the direction of the Mayor of The City of New York (the “**City**”). The Issuer is authorized by the Not-For-Profit Corporation Law of the State and the Issuer’s Certificate of Incorporation to promote community and economic development, and the creation of jobs in the non-profit and profit sectors for residents of the City by developing and providing programs for not-for-profit borrowers, manufacturing and industrial businesses and other entities to access low interest tax-exempt and non-tax-exempt financing for their eligible projects.

The Issuer has offered and plans to offer other obligations from time to time to finance projects for other not-for-profit borrowers and, under certain circumstances, manufacturing and industrial businesses, with respect to facilities located in the City. Such obligations have been and will be issued pursuant to and secured by instruments separate and apart from the Indenture.

The Issuer has not prepared or assisted in the preparation of this Limited Offering Memorandum, except for statements under the sections captioned “THE ISSUER” and “ABSENCE OF MATERIAL LITIGATION—The Issuer” and, except as aforesaid, the Issuer is not responsible for any statements made in this Limited Offering Memorandum. Except for the execution and delivery of documents required to effect the issuance of the Series 2018 Bonds, the Issuer has not otherwise assisted in the public offer, sale or distribution of the Series 2018 Bonds. Accordingly, except as aforesaid, the Issuer disclaims responsibility for the disclosures set forth in this Limited Offering Memorandum or otherwise made in connection with the offer, sale and distribution of the Series 2018 Bonds.

The Series 2018 Bonds are special limited revenue obligations of the Issuer payable solely from the payments made by the Borrower under the Loan Agreement and the Promissory Notes and from the Trust Estate as described in the Indenture. The Issuer has no taxing power. Neither the Issuer nor its members, directors, officers, agents, employees or representatives are personally liable with respect to the

Series 2018 Bonds. Accordingly, no financial information with respect to the Issuer or its members, directors, officers, agents, employees or representatives has been included in this Limited Offering Memorandum.

THE BORROWER

The Borrower is a limited liability company whose sole member is the Member. The Member is a New York not-for-profit corporation formed on July 31, 2013. The Member is an organization described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code (except with respect to “unrelated business taxable income” within the meaning of Section 512(a) of the Code) and which is not a “private foundation” as defined in Section 509(a) of the Code. The Borrower is a disregarded entity of the Member for federal tax purposes.

THE SCHOOL

The School is a not-for-profit education corporation incorporated under Article 56 of the New York Education Law and operates pursuant to a charter agreement with the Board of Regents of the State of New York (the “**Authorizer**”) for and on behalf of the Education Department of the State of New York. On December 17, 2013, the Board of Trustees of the School and the Authorizer entered into a proposed charter agreement (the “**Proposed Charter**”) to establish and operate the School. On July 1, 2014 (the “**Effective Date**”), the Authorizer granted the Proposed Charter to the School and incorporated the School by issuing a certificate of incorporation known as a provisional charter, which was initially valid for a term of five years through June 30, 2019. On March 2, 2017, the Authorizer voted to approve ADS’ request to amend the charter in order to increase the School’s enrollment from 300 students in grades 6-8 to serve 450 students in grades 6-10. The School submitted its renewal application on July 19, 2018. The Charter renewal application requests an expansion of grades through 12th grade. The School anticipates that its renewal application will be approved on or before January 31, 2019; however, there can be no guarantee of such result.

The School is an organization described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code (except with respect to “unrelated business taxable income” within the meaning of Section 512(a) of the Code) and which is not a “private foundation” as defined in Section 509(a) of the Code. The School operates as a New York not-for-profit education corporation and as such is governed by the law applicable to such entities and its Charter and bylaws. The School’s bylaws provide that the School is managed and controlled by a Board of Trustees. For more information with respect to the School and its history and operations, see “APPENDIX A—AMERICAN DREAM CHARTER SCHOOL” in this Limited Offering Memorandum. Although the School is a party to the Loan Agreement, the School will have no obligations thereunder or under the Promissory Notes to make Loan Payments under the Loan Agreement or pay debt service on the Series 2018 Bonds.

THE PROJECT AND PLAN OF FINANCE

Use of Proceeds of the Series 2018 Bonds. Proceeds of the Series 2018 Bonds will be used by the Borrower for the purposes of funding the costs of: (i) (a) the acquisition of an approximately 8,497-square-foot parcel of land located at 700 Gerard Avenue, Bronx, New York, (b) the demolition of a parking lot located on the Site, and (c) the design, construction, furnishing and equipping of an approximately 33,173-square-foot, five-story building located on the Site for general classroom and administrative use, together with related Site improvements; (ii) capitalized interest on the Series 2018 Bonds through October, 2020; and (iii) the costs of issuing the Series 2018 Bonds (collectively, the

“Project”). The Facility will be owned by the Borrower and leased by the Borrower to the School for use as a public charter school for students in grades 6-10 pursuant to the Lease.

Acquisition of the Site and construction of the Project. On January 11, 2018, the Member entered into a Real Estate Purchase and Sale Agreement with MP Gerard LLC, a New York limited liability company, for the acquisition of the Site, consisting of approximately 8,497 square feet, for a purchase price, as amended, equal to \$1,875,000. The Member assigned the Real Estate Purchase and Sale Agreement to the Borrower.

Following the acquisition of the Site, the parking lot located thereon will be demolished and there is to be constructed thereon an approximately 33,173 square-foot, five-story building for use as the School’s high school campus. The first floor of the Facility will be approximately 8,000 square feet, and each additional floor will be approximately 5,500 square feet. The Facility will include basement storage space, classroom space, office and administrative space, a cafeteria and a gymnasium. Once constructed, the Facility will serve a maximum of approximately 345 high school students. See “APPENDIX A—AMERICAN DREAM CHARTER SCHOOL—PLAN OF FINANCE AND THE FACILITY—The Facility” in this Limited Offering Memorandum. The approximate budget for the Project is set forth below:

Project Budget

Site Acquisition	\$ 2,037,320
Hard Costs (including contingency)	17,890,479
Soft Costs	948,086
Developer Fee	<u>1,125,123</u>
Total	<u>\$22,001,008</u>

Highmark School Development will be the developer of the Facility, and Hollister Construction Services will construct the Facility for an amount not to exceed \$16,440,479 pursuant to a guaranteed maximum price contract, subject to any change orders and terms and provisions contained therein, and anticipated to be executed on or before the Closing Date. Construction of the Project is planned to begin in November of 2018 and to be completed by the summer of 2020 for the 2020-2021 school year.

SOURCES AND USES OF FUNDS

Following are the estimated sources and uses for funds (excluding investment income) associated with the Project and the issuance of the Series 2018 Bonds:

Sources of Funds

Series 2018A Bond Proceeds	\$25,725,000.00
Series 2018B Bond Proceeds	1,020,000.00
Less Original Issue Discount	(1,337,250.00)
ADS Cash Contribution	<u>400,000.00</u>

Total Sources of Funds	<u>\$25,807,750.00</u>
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Uses of Funds

Deposit to Construction Accounts of Project Funds	\$22,001,008.60
Deposit to the Series 2018A Capitalized Interest Account*	2,261,491.19
Deposit to the Series 2018B Capitalized Interest Account*	89,668.45
Costs of Issuance and Real Estate Closing Costs†	<u>1,455,581.76</u>

Total Uses of Funds	<u>\$25,807,750.00</u>
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* Capitalized Interest through October, 2020.

† Includes Underwriter's compensation, legal fees and expenses, printing, title insurance, Trustee fees, Issuer fees, accountant fees, real estate costs and other expenses associated with the issuance of the Series 2018 Bonds.

DEBT SERVICE SCHEDULE

The table below sets forth the amounts required to be paid with respect to the Series 2018 Bonds, assuming no prepayments or redemption prior to maturity. All amounts shown in the table below are gross debt service prior to the application of any earnings on amounts deposited in the Funds and Accounts established under the Indenture. Interest on the Series 2018 Bonds will be paid on June 15 and December 15 of each year, commencing December 15, 2018. Principal of the Series 2018 Bonds will be paid on June 15 of each year, commencing (i) June 15, 2025 for the Series 2018A Bonds and (ii) June 15, 2022 for the Series 2018B Bonds. The table assumes four (4) draw-downs of the Series 2018A Bonds on each of the Closing Date, March 30, 2019, October 1, 2019, and March 1, 2020, and in the respective principal amounts of \$9,500,000, \$5,190,000, \$5,190,000 and \$5,845,000.

Year Ending (June 30)	Series 2018A Bonds		Series 2018B Bonds		Total Debt Service
	Principal Amount	Interest Amount	Principal Amount	Interest Amount	
2019	-	\$ 436,914	-	\$ 49,406	\$ 486,320
2020	-	1,177,373	-	79,050	1,256,423
2021	-	1,511,344	-	79,050	1,590,394
2022	-	1,511,343	\$ 230,000	79,051	1,820,394
2023	-	1,511,344	335,000	61,225	1,907,569
2024	-	1,511,344	360,000	35,262	1,906,606
2025	\$ 290,000	1,511,344	95,000	7,362	1,903,706
2026	405,000	1,494,306			1,899,306
2027	430,000	1,470,513			1,900,513
2028	455,000	1,445,250			1,900,250
2029	485,000	1,418,519			1,903,519
2030	510,000	1,390,025			1,900,025
2031	540,000	1,360,063			1,900,063
2032	575,000	1,328,338			1,903,338
2033	605,000	1,294,556			1,899,556
2034	645,000	1,259,012			1,904,012
2035	680,000	1,221,119			1,901,119
2036	720,000	1,181,169			1,901,169
2037	765,000	1,138,869			1,903,869
2038	810,000	1,093,925			1,903,925
2039	855,000	1,046,337			1,901,337
2040	905,000	996,106			1,901,106
2041	960,000	942,938			1,902,938
2042	1,015,000	886,537			1,901,537
2043	1,075,000	826,906			1,901,906
2044	1,135,000	763,750			1,898,750
2045	1,205,000	697,069			1,902,069
2046	1,275,000	626,275			1,901,275
2047	1,350,000	551,369			1,901,369
2048	1,430,000	472,056			1,902,056
2049	1,515,000	388,044			1,903,044
2050	1,600,000	299,037			1,899,037
2051	1,695,000	205,038			1,900,038
2052	1,795,000	105,456			1,900,456
TOTALS	<u>\$25,725,000</u>	<u>\$35,073,588</u>	<u>\$1,020,000</u>	<u>\$390,406</u>	<u>\$62,208,994</u>

CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK

This section provides a brief overview of New York’s current system for funding charter schools. Prospective purchasers of the Series 2018 Bonds should note that the overview contained below and the summary of relevant New York state law provisions contained in APPENDIX B hereto are provided for the convenience of prospective purchasers but are not and do not purport to be comprehensive. Potential purchasers should note that the law applicable to charter schools in New York has developed over time and is subject to further changes in the future. See “RISK FACTORS—Changes in Law; Annual Appropriation; Inadequate Education Aid Payments” in this Limited Offering Memorandum.

General

Charter schools in New York are eligible to receive funds from State, federal and private sources. The principal source of charter school funding in New York is “Charter School Basic Tuition” which is paid directly to a charter school by the school district of residence of each student enrolled in the charter school. The enrollment of students attending charter schools is included in the enrollment, attendance, membership and, if applicable, count of students with disabilities of the school district in which the pupil resides. The amount of Charter School Basic Tuition for a particular school year paid by a school district is derived from formulas based on the school district’s “Expense Per Pupil” as defined in the State Education Law. See “Charter School Basic Tuition” below for a more detailed description. In addition, the school district of residence of a student with a disability attending a charter school is required to pay directly to such charter school any federal or state aid attributable to such student in proportion to the level of services for such student with a disability that the charter school provides directly or indirectly. Such amounts may be reduced pursuant to an agreement between the school and the charter entity as set forth in the charter. See “Federal and State Aid Attributable to a Student with a Disability” below for further detail. In the event a school district fails to make the payments described above, the State comptroller is directed to deduct from any State funds which become due to such school district an amount equal to the unpaid obligation, which the State comptroller will then pay to the charter school. In 2014, the Charter Schools Act was amended to provide for facilities assistance to charter schools under certain circumstances. Such assistance may be in the form of co-located space within a school district facility, alternative private space or, under certain circumstances, rental subsidy payments in an amount determined pursuant to the Charter Schools Act. See “Facilities Access Payments/Rental Assistance” below for a more detailed description. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Limited Offering Memorandum.

Facilities Access Payments/Rental Assistance

In March 2014, Section 2853 of the Charter Schools Act was amended to grant a subset of New York charter schools a new statutory right to request access to facilities. Charter schools in New York City that commenced instruction or added grade levels in the 2014-2015 school year or thereafter are eligible to request co-location within a public school building. Upon such request, such charter school must be provided access to facilities pursuant to the Charter Schools Act, either in co-located space in a school district building, alternative private space provided by the school district at no cost to the charter school, or, upon a successful appeal by the charter school, in the form of rental assistance payments from the school district (“**Facilities Access Payments**”). For eligible charter schools that have expanded grade levels during the 2014-2015 school year or thereafter, the Facilities Access Payments are calculated, as described below, based on increases in enrollment from the school year prior to the first year of the expansion to the current school year.

ADS requested access to facilities from the New York City Department of Education on behalf of the 7th District for the 2014-2015 school year. The New York City Department of Education granted

ADS' request and provided space at 510 E. 141st Street, 4th Floor, Bronx, New York for grades 6-8. On March 2, 2017, the Board of Regents approved ADS' request to amend the charter in order to increase the School's enrollment from 300 students in grades 6-8 to serve 450 students in grades 6-10.

ADS requested access to facilities from the New York City Department of Education on behalf of the 7th District for the 2014-2015 school year. The New York City Department of Education granted ADS' request and provided space at 510 E. 141st Street, 4th Floor, Bronx, New York (the "**Temporary Facility**"), for grades 6-8. On March 2, 2017, the Board of Regents approved ADS' request to amend the charter in order to increase the School's enrollment from 300 students in grades 6-8 to serve 450 students in grades 6-10.

ADS is eligible to receive certain rental assistance payments from the school district ("**Facilities Access Payments**") for any students who must attend school at a different location than the Middle School Facility, which includes students in grade 9 and above. ADS receives Facilities Access Payments in the monthly amount of approximately \$75,000 for use of the Temporary Facility. The amount of Facilities Access Payments is determined pursuant to a formula set forth in the Charter Schools Act. The maximum amount of Facilities Access Payments available to eligible New York City charter schools for the 2017-2018 school year was 30% of the per pupil funding (\$4,358.10), to the extent such amount does not exceed actual rental costs. By the 2020-21 school year, ADS projects that it will have approximately 300 students in grades 9-12 who will generate Facilities Access Payments. See "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK—Facilities Access Payments/Rental Assistance," "APPENDIX C—BUDGET PROJECTION," and "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW" in this Limited Offering Memorandum for a more detailed discussion of Facilities Access Payments.

The amount of Facilities Access Payments is determined pursuant to a formula set forth in the Charter Schools Act. If an appeal of a school district's offer or failure to offer a co-location site in response to a charter school's request results in a determination in favor of the charter school, the city school district will pay the charter school an amount attributable to the grade level expansion or the formation of the new charter school that is equal to the lesser of:

- (a) the actual rental cost of an alternative privately owned site selected by the charter school, or
- (b) 30% of the product of the Charter School Basic Tuition for the current school year and (i) for a new charter school that first commences instruction on or after July 1, 2014, the charter school's current year enrollment; or (ii) for a charter school which expands its grade level, pursuant to the Charter Schools Act, the positive difference of the charter school's enrollment in the current school year minus the charter school's enrollment in the school year prior to the first year of the expansion.

A 2017 amendment to the Charter Schools Act increased the percentage in (b) above from 20% to 30%. Further, pursuant to the Charter Schools Act, there have been annual adjustments to the calculation of Charter School Basic Tuition, which have resulted in increases to the amount of Facilities Access Payments available to eligible New York City charter schools, to the extent such amount does not exceed a charter school's actual rental costs. Such available amounts of Facilities Access Payments have been as follows: (i) 2014-2015 school year, approximately \$2,755 per pupil; (ii) 2015-2016 school year, approximately \$2,805 per pupil; (iii) 2016-2017 school year, approximately \$2,805 per pupil; and (iv) 2017-2018 school year, approximately \$4,350 per pupil. Facilities Access Payments are paid by a city school district to a charter school in the same manner as federal or state aid attributable to a student with a disability is paid pursuant to the Charter Schools Act (i.e., in six substantially equal bi-monthly

installments each year beginning on the first business day of July and every two months thereafter). See also "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW" in this Limited Offering Memorandum.

Charter School Basic Tuition

Charter School Basic Tuition is calculated according to a series of statutory formulas, which are detailed and complicated. By way of overview, a description of the Charter School Basic Tuition formula is provided in this section. Pursuant to Section 2856 of the Charter Schools Act, Charter School Basic Tuition is equal to the school district's "Expense Per Pupil" for the year prior to the "Base Year" (i.e., the school year immediately preceding the current year) increased by the percentage change in the state total "Approved Operating Expense" from two years prior to the Base Year to the Base Year, with certain adjustments set forth for each school year. See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW—Financing of Charter Schools" for a detailed description of the Charter School Basic Tuition for each school year. The calculation for Expense Per Pupil is a function of Approved Operating Expense for the year prior to the Base Year divided by the sum, computed using year prior to the Base Year pupil counts, of: (i) "Total Aidable Pupil Units" and (ii) "Weighted Pupils With Disabilities." See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW—Charter School Basic Tuition" in this Limited Offering Memorandum for a detailed discussion of the Charter School Basic Tuition formula and applicable definitions, including "Approved Operating Expense."

For this purpose, "Total Aidable Pupil Units" is the sum of: (i) the school district's "Adjusted Average Daily Attendance" for the year prior to the Base Year multiplied by the "Enrollment Index" for the Base Year, plus (ii) the "Additional Aidable Pupil Units" for the year prior to the Base Year.

Adjusted Average Daily Attendance. For purposes of computing Adjusted Average Daily Attendance, the average daily attendance of public school pupils in a full-day kindergarten and grades 1-12 is counted as the basic unit, with the attendance of such pupils in one-half day kindergartens counted as one-half of such basic unit. The sum of all such units of attendance is the Adjusted Average Daily Attendance. Adjusted Average Daily Attendance is calculated by: (i) determining the number of religious holidays which fall on a school day within a school year according to regulations established by the Commissioner; (ii) deducting the aggregate attendance on such religious holidays from the total aggregate attendance, by grade level; (iii) deducting such religious holidays from the total number of days of session, by grade level; and (iv) computing the adjusted average daily attendance for the school year.

Enrollment Index. Enrollment Index is computed by dividing the public school enrollment for the current year by public school enrollment for the Base Year, with the result carried to three decimal places without rounding. "Enrollment" means the unduplicated count of all children registered to receive educational services in grades K-12, including children in ungraded programs, as registered on the date prior to November 1 that is specified by the Commissioner as the enrollment reporting date. "Public School District Enrollment" means the sum of: (1) the number of children on a regular enrollment register of a public school district on such date; (2) the number of children eligible to receive home instruction in the school district on such date; (3) the number of children for whom Equivalent Attendance must be computed on such date; (4) the number of children with disabilities who are residents of such district who are registered on such date to attend certain programs under the New York Education Law; (5) the number of children eligible to receive educational services on such date but not claimed for aid; and (6) the number of children registered on such date to attend certain programs pursuant to the New York Education Law.

Additional Aidable Pupil Units. Additional Aidable Pupil Units is the sum of: (i) the attendance of summer session pupils multiplied by 12%, and (ii) the “Weighted Pupils With Special Educational Needs.” Weighted Pupils With Special Educational Needs is calculated by multiplying pupils with special educational needs by 25%, with the result rounded up to the next whole number.

Weighted Pupils With Disabilities. Weighted Pupils With Disabilities is calculated as the attendance of pupils with disabilities who have been determined by a school district committee on special education to require any of the following types and levels of programs or services, and who receive such programs and services from the school district of attendance during the Base Year, multiplied by a special services weighting determined as follows:

- (a) for placement for 60% or more of the school day in a special class, or home or hospital instruction for a period of more than 60 days, or special services or programs for more than 60% of the school day, the special services weighting is 170%;
- (b) for placement for 20% or more of the school week in a resource room or special services or programs including related services required for 20% or more of the school week, or in the case of pupils in grades 7–12 or a multi-level middle school program or in the case of pupils in grades 4–6 in an elementary school operating on a period basis, the equivalent of five periods per week, but not less than the equivalent of 180 minutes in a resource room or in other special services or programs including related services, or for at least two hours per week of direct or indirect consultant teacher services, the special services weighting is 90%.

The Charter School Basic Tuition is set annually in June. School districts (in the case of the School, the NYC DOE on behalf of the New York City Community School District 7) are required to pay no later than the first business day of July, September, November, January, March and May the appropriate payment amounts as specified in the New York Education Law relating to the Charter School Basic Tuition. The payments are made in equal installments, adjusted for any supplemental payments due or overpayments to be recovered for the prior school year. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW—Financial Obligations of Charter Schools, Public School Districts and Education Department” in this Limited Offering Memorandum.

Federal and State Aid Attributable to a Student with a Disability

In addition to the Charter School Basic Tuition, school districts are required to pay directly to charter schools any federal or state aid attributable to a student with a disability attending the charter school in proportion to the level of services for such student with a disability that the charter school provides directly or indirectly. Such amounts may be reduced pursuant to an agreement between the school and the charter entity set forth in the charter. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW—Financing of Charter Schools” and “—Public School District Payments to Charter Schools” in this Limited Offering Memorandum.

State aid attributable to a student with a disability attending a charter school is calculated as the sum of: (i) “Excess Cost Aid” payable to a public school district pursuant to the New York Education Law based on the resident weighted enrollment in the charter school of pupils with disabilities receiving special services or programs provided directly or indirectly by the charter school in the current school year; and (ii) any apportionment payable to such public school district pursuant to the New York Education Law that is based on the cost of special services or programs provided directly or indirectly by the charter school to such pupil in the current school year. Excess Cost Aid is calculated as the product of: (i) excess cost aid per pupil calculated pursuant to the New York Education Law; (ii) the proportion of the weighting attributable to the student’s level of service provided directly or indirectly by the charter school

pursuant to the New York Education Law; and (iii) the student's enrollment in such charter school in the current school year.

Federal aid attributable to a student with a disability attending a charter school, and receiving special education services or programs provided directly or indirectly by the charter school, is calculated as follows:

(a) for the first year of operation of the charter school, the allocation that would be attributable to the charter school pursuant to 20 U.S.C. 1411 and 1419 for a pupil who is identified as a student with a disability, who is included in a report to the Commissioner of pupils so identified as of December 1st of the current school year, or for such other pupil count as specified by the federal government for the current school year, provided that the enrollment of such students in the charter school during the current school year is used for this purpose until such report, or a report of such other pupil count, has been received by the Commissioner; and

(b) for the second year of operation of the charter school and thereafter, the allocation that would be attributable to the charter school pursuant to 20 U.S.C. 1411 and 1419 for a pupil who is identified as a student with a disability, who is included in a report to the Commissioner of pupils so identified as of December 1st of the Base Year, or for such other pupil count as specified by the federal government.

Payments for federal or state aid attributable to a student with a disability to charter schools must be made by the school district in six substantially equal installments each year beginning on the first business day of July and every two months thereafter. See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW—Financing of Charter Schools" in this Limited Offering Memorandum.

THE SERIES 2018 BONDS

Interest; Maturity; Payment

The Series 2018A Bonds will be issued as draw-down bonds in the maximum aggregate principal amount of \$25,725,000 with the Currently Delivered Series 2018A Bonds in the principal amount of \$9,500,000, and the Series 2018B Bonds will be issued in the original aggregate principal amount of \$1,020,000. The Series 2018A Bonds will bear interest as to each principal installment from the respective draw-down date, and the Series 2018B Bonds will bear interest from their date, all as set forth on the inside front cover hereof. Interest on the Series 2018 Bonds will be payable semi-annually on June 15 and December 15 (each an "**Interest Payment Date**") of each year, commencing on December 15, 2018. Interest on the Series 2018 Bonds will be calculated on the basis of a 360-day year with twelve months of thirty days.

The Series 2018 Bonds will be issued in the form of fully registered bonds without coupons in Authorized Denominations. The principal of, Sinking Fund Installments for, interest on, and redemption premium, if any, on the Series 2018 Bonds will be payable when due by wire of the Trustee to The Depository Trust Company, New York, New York ("**DTC**"), which will in turn remit such principal, Sinking Fund Installments, interest and redemption premium, if any, to Participants, which Participants will in turn remit such principal, Sinking Fund Installments, interest and redemption premium, if any, to the Beneficial Owners of the Series 2018 Bonds as described in this Limited Offering Memorandum. See "APPENDIX I—BOOK-ENTRY ONLY SYSTEM" in this Limited Offering Memorandum.

In the event the Series 2018 Bonds are not registered in the name of Cede & Co., as nominee of DTC, or another eligible depository as described below, the principal of, Sinking Fund Installments for, and the Redemption Price of the Series 2018 Bonds will be payable by check or draft or wire transfer to the persons in whose names such Bonds are registered on the registration books maintained by the Trustee at the maturity or redemption thereof, or with respect to any payment in full of any Series 2018 Bond either at final maturity or upon redemption in whole, only at the designated corporate trust office of the Trustee, as described in the Indenture. Interest payable on each Series 2018 Bond on any Interest Payment Date will be paid by the Trustee to the registered owner of such Series 2018 Bond as shown on the bond registration books of the Trustee at the close of business on the regular Record Date for such interest, by check or draft mailed to such registered owner at his address as it appears on the bond registration books, or at the written request by any registered owner of Series 2018 Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer, as described in the Indenture.

Interest on any Series 2018 Bond that is due and payable but not paid on the date due (“**Defaulted Interest**”) shall cease to be payable to the owner of such Series 2018 Bond on the relevant regular Record Date and shall be payable to the owner in whose name such Series 2018 Bond is registered at the close of business on a special record date (the “**Special Record Date**”) for the payment of such Defaulted Interest, which Special Record Date shall be fixed as provided in the Indenture.

Redemption of Series 2018 Bonds

General Optional Redemption. The Series 2018A Bonds are subject to optional redemption, on or after November 1, 2028, in whole or in part on any date (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000), at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Borrower of its intention to prepay Loan Payments due under the Loan Agreement with respect to the Series 2018A Bonds), at the Redemption Price of 100% of unpaid principal amount of the Series 2018A Bonds to be redeemed, plus accrued interest to the date of redemption.

The Series 2018A Bonds are also subject to redemption, in whole (and not in part) on any date prior to November 1, 2028, at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Borrower of its intention to prepay Loan Payments due under the Loan Agreement with respect to the Series 2018A Bonds), at the Redemption Price equal to the greater of

- (y) the unpaid principal amount of the Series 2018A Bonds to be redeemed, or
- (z) the sum of (i) the unpaid principal amount of the Series 2018A Bonds to be redeemed, and (ii) the present value of the remaining scheduled payments of interest to but not including November 1, 2028, discounted to the Redemption Date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Applicable Tax-Exempt Municipal Bond Rate plus twenty-five (25) basis points,

plus, in each case, accrued interest to the Redemption Date.

“Applicable Tax-Exempt Municipal Bond Rate” is defined in the Indenture as the Comparable AAA General Obligations yield curve rate for the November 1, 2028 date as published by Municipal Market Data two Business Days prior to the date of redemption. If no such yield curve rate is established for the applicable year, the Comparable AAA General Obligations yield curve rate for the two published maturities most closely corresponding to the applicable year will be determined, and the Applicable Tax Exempt Municipal Bond Rate will be interpolated or extrapolated from those yield curve rates on a straight-line basis.

In calculating the Applicable Tax-Exempt Municipal Bond Rate, should Municipal Market Data no longer publish the Comparable AAA General Obligations yield curve rate, then the Applicable Tax-Exempt Municipal Bond Rate will equal the Consensus Scale yield curve rate for the applicable year (published by Municipal Market Advisors).

In the further event that Municipal Market Advisors no longer publishes the Consensus Scale, the Applicable Tax-Exempt Municipal Bond Rate will be determined by BVAL, or a successor determined by D.A. Davidson & Co. (or its successor), as the quotation agent, based upon the rate per annum equal to the semiannual equivalent yield to maturity of those tax-exempt general obligation bonds rated in the highest rating category by Moody's and S&P with a maturity date equal to the stated maturity date of said bonds having characteristics (other than the ratings) most comparable to those of said Series 2018A Bonds in the judgment of the quotation agent. The quotation agent's determination of the Applicable Tax-Exempt Municipal Bond Rate is final and binding in the absence of manifest error.

The Make-Whole Redemption Price will be determined by an independent accounting firm, investment banking firm or financial advisor (which accounting firm, investment banking firm or financial advisor shall be retained by the Borrower at the expense of the Borrower) in order to calculate such Redemption Price.

The Series 2018B Bonds are subject to limited optional redemption prior to maturity in part (and not in whole) on any date within ninety (90) days following a Draw-Down Date (other than the Closing Date), in integral multiples of \$5,000, at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Borrower of its intention to redeem the Series 2018B Bonds from Costs of Issuance Reimbursement (Tax-Exempt)), at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2018B Bonds to be redeemed, plus accrued interest to the Redemption Date.

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Mandatory Sinking Fund Installment Redemption. The Series 2018A Bonds are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date (June 15)	Sinking Fund Installment
2025	\$ 290,000
2026	405,000
2027	430,000
2028	455,000
2029	485,000
2030	510,000
2031	540,000
2032	575,000
2033	605,000
2034	645,000
2035	680,000
2036	720,000
2037	765,000
2038	810,000
2039	855,000
2040	905,000
2041	960,000
2042	1,015,000
2043	1,075,000
2044	1,135,000
2045	1,205,000
2046	1,275,000
2047	1,350,000
2048	1,430,000
2049	1,515,000
2050	1,600,000
2051	1,695,000
2052 (final maturity)	1,795,000

The Series 2018B Bonds are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date (June 15)	Sinking Fund Installment
2022	\$230,000
2023	335,000
2024	360,000
2025 (final maturity)	95,000

Extraordinary Optional Redemption. The Series 2018 Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Borrower (which option shall be exercised only upon the giving of notice by the Borrower of its intention to prepay Loan Payments due under the Loan Agreement), as a whole on any date, upon notice or waiver of notice as provided in the Indenture, at a Redemption Price equal to one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the date of redemption, if one or more of the following events shall have occurred:

(a) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of one year from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the School is thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

(b) Title to, or the temporary use of, all or substantially all of the Facility shall have been taken or condemned by a competent authority which taking or condemnation results, or is likely to result, in the School being thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such taking or condemnation, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee; or

(c) As a result of changes in the Constitution of the United States of America or of the State or of legislative or executive action of the State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by the Borrower and/or the School, the Loan Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or unreasonable burdens or excessive liabilities are imposed upon the Borrower and/or the School by reason of the operation of the Facility.

If the Series 2018 Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the School shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the School stating that, as a result of the occurrence of the event giving rise to such redemption, the School has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

Mandatory Redemption from Certain Other Amounts. The Series 2018 Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent: (i) in the case of the Series 2018A Bonds only, excess Series 2018A Bond proceeds shall remain after the completion of the Project, (ii) in the case of the Series 2018 Bonds but only on a Pro Rata Basis, excess title insurance or

property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and the Indenture, or (iii) in the case of the Series 2018 Bonds but only on a Pro Rata Basis, excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personalty, and in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2018A Bonds and/or the Series 2018B Bonds, as applicable, to be redeemed, together with interest accrued thereon to the Redemption Date.

Mandatory Redemption upon Failure to Operate the Facility for the Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Series 2018 Bonds are subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (w) the Borrower and/or the School is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project Operations, (x) the Borrower, the School, any Principal of the Borrower and/or of the School or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Borrower and/or the School has committed a material violation of a material Legal Requirement, (y) any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (z) a Required Disclosure Statement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its sole discretion, or (ii) the Borrower and/or the School shall fail to obtain or maintain the liability insurance with respect to the Facility required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Borrower and/or the School shall fail to cure any such default or failure within the applicable time periods set forth in the Loan Agreement following the receipt by the Borrower and/or the School of written notice of such default or failure from the Issuer and a demand by the Issuer on the Borrower and/or the School to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in the Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2018 Bonds, together with interest accrued thereon to the date of redemption.

Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the Series 2018 Bonds shall be redeemed prior to maturity on any date within forty-five (45) days following such Determination of Taxability, at the Redemption Prices (expressed as percentages of unpaid principal amount of the Series 2018 Bonds to be redeemed) set forth below, together with accrued interest to the Redemption Date:

Redemption Dates (both dates inclusive)	Redemption Prices
Closing Date through October 31, 2028	105%
November 1, 2028 and thereafter	100

The Series 2018 Bonds shall be redeemed in whole unless redemption of a portion of the Series 2018A Bonds Outstanding would have the result that interest payable on the Series 2018A Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Series 2018A Bond. In such event, the Series 2018A Bonds (and not the Series 2018B Bonds) shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

Purchase in Lieu of Optional Redemption. In lieu of calling the Series 2018A Bonds for optional redemption, the Series 2018A Bonds are subject to mandatory tender for purchase at the direction of the Issuer, upon the direction of the Borrower, in whole or in part (and, if in part, in such manner as determined by the Borrower) on any date on or after November 1, 2028, at a Purchase Price equal to the applicable Redemption Price for any optional redemption of such Series 2018A Bonds as

described above, plus accrued interest to the purchase date. Purchases of tendered Series 2018A Bonds may be made without regard to any provision of the Indenture relating to the selection of Series 2018A Bonds in a partial optional redemption. The Series 2018A Bonds purchased pursuant to any mandatory tender(s) are required to be cancelled, and until cancelled, shall not be deemed Outstanding.

Purchases in lieu of an optional redemption are permitted in the Indenture, with the consent of the Issuer, upon the delivery to the Issuer and the Trustee of (i) an opinion of Nationally Recognized Bond Counsel addressed to the Issuer and the Trustee substantially to the effect that (A) such purchases in lieu of optional redemption comply with the provisions of the Indenture and (B) neither such purchases in lieu of an optional redemption nor any transaction directly related thereto will adversely affect the exclusion from gross income of interest on the Series 2018A Bonds for purposes of federal income taxation, and (ii) such other opinions, certificates or documentation as the Issuer may require.

Notice of Redemption. When redemption of any Series 2018 Bonds is requested or required pursuant to the Indenture, the Trustee shall give notice of such redemption in the name of the Issuer, specifying the name of the Series, CUSIP number, Series 2018 Bond numbers, the date of original issue of such Series, the date of mailing of the notice of redemption, maturities, interest rates and principal amounts of the Series 2018 Bonds or portions thereof to be redeemed, the Redemption Date, the Redemption Price, and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at the Trustee) and specifying the principal amounts of the Series 2018 Bonds or portions thereof to be payable and, if less than all of the Series 2018 Bonds of any maturity are to be redeemed, the numbers of such Series 2018 Bonds or portions thereof to be so redeemed. Such notice shall further state that on such date there shall become due and payable upon each Series 2018 Bond or portion thereof to be redeemed the Redemption Price thereof together with interest accrued to the Redemption Date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice may set forth any additional information relating to such redemption. The Trustee, in the name and on behalf of the Issuer, (i) shall mail a copy of such notice by first class mail, postage prepaid, not more than 60 nor less than 30 days prior to the Redemption Date, to the registered owners of any Series 2018 Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of such Series 2018 Bonds with respect to which proper mailing was effected; and (ii) cause notice of such redemption to be sent to the national information service that disseminates redemption notices. Any notice mailed as described in this paragraph shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. In the event of a postal strike, the Trustee shall give notice by other appropriate means selected by the Trustee in its discretion. If any Series 2018 Bond shall not be presented for payment of the Redemption Price within 60 days of the Redemption Date, the Trustee shall mail a second notice of redemption to such Holder by first class mail, postage prepaid. Any amounts held by the Trustee due to non-presentment of Series 2018 Bonds for payments on or after any Redemption Date shall be retained by the Trustee for a period of at least one year after the final maturity date of such Series 2018 Bonds. Further, if any Holders of Series 2018 Bonds shall constitute registered depositories, the notice of redemption described in the first sentence of this paragraph shall be mailed to such Holders at least two (2) days prior to the mailing of such notice to all Holders.

If notice of redemption shall have been given as aforesaid, the Series 2018 Bonds of such Series called for redemption shall become due and payable on the Redemption Date, provided, however, that with respect to any optional redemption of the Series 2018 Bonds of a Series, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2018 Bonds of such Series to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem the Series 2018

Bonds of such Series. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of the Series 2018 Bonds of such Series so called for redemption at the place or places of payment, such Series of Series 2018 Bonds shall be redeemed.

Under no circumstances shall the Trustee be required to expend any of its own funds for any purpose for which funds are to be disbursed under the Indenture.

So long as the Securities Depository is effecting book entry transfers of the Series 2018 Bonds, the Trustee shall provide the notices specified above only to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Series 2018 Bond (having been mailed notice from the Trustee, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Series 2018 Bond so affected, shall not affect the validity of the redemption of such Series 2018 Bond.

Payment of Redeemed Series 2018 Bonds. Notice having been given in the manner provided in the Indenture, the Series 2018 Bonds or portions thereof so called for redemption shall become due and payable on the Redemption Dates so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date. If, on the Redemption Date, moneys for the redemption of all the Series 2018 Bonds or portions thereof to be redeemed, together with interest to the Redemption Date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date, (i) interest on the Series 2018 Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (ii) the Series 2018 Bonds or portions thereof so called for redemption shall cease to be entitled to any lien, benefit or security under the Indenture, and (iii) the Holders of the Series 2018 Bonds or portions thereof so called for redemption shall have no rights in respect thereof, except to receive payment of the Redemption Price together with interest accrued to the Redemption Date. If said moneys shall not be so available on the Redemption Date, such Series 2018 Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Payment of the Redemption Price plus interest accrued to the Redemption Date shall be made to or upon the order of the registered owner only upon presentation of such Series 2018 Bonds for cancellation and exchange as provided in the Indenture; provided, however, that any Holder of at least \$1,000,000 in original aggregate principal amount of the Series 2018 Bonds may, by written request to the Trustee no later than five (5) days prior to the Redemption Date, direct that payments of Redemption Price and accrued interest to the Redemption Date be made by wire transfer as soon as practicable after tender of the Series 2018 Bonds in federal funds at such wire transfer address as the owner shall specify to the Trustee in such written request.

Selection of Series 2018 Bonds for Redemption. In the event of redemption of less than all the Outstanding Series 2018 Bonds of the same Series and maturity, the particular Series 2018 Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair, except that (i) the Series 2018 Bonds to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the Trustee shall select the Series 2018 Bonds for redemption such that no Series 2018 Bond shall be of a denomination of less than the Authorized Denomination for such Series 2018 Bonds. In the event of redemption of less than all the

Outstanding Series 2018 Bonds of the same Series stated to mature on different dates, the principal amount of such Series of Series 2018 Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series 2018 Bonds to be redeemed and by lot within a maturity. The portion of the Series 2018 Bonds to be redeemed in part shall be in the principal amount of the minimum Authorized Denomination thereof or some integral multiple thereof and, in selecting Series 2018 Bonds for redemption, the Trustee shall treat each such Series 2018 Bond as representing that number of Series 2018 Bonds of such Series which is obtained by dividing the principal amount of such registered Series 2018 Bond by the minimum Authorized Denomination thereof (referred to below as a “unit”) then issuable rounded down to the integral multiple of such minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any such Series 2018 Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Series 2018 Bond shall forthwith surrender such Series 2018 Bond to the Trustee for (a) payment to such Holder of the Redemption Price of the unit or units of principal amount called for redemption and (b) delivery to such Holder of a new Series 2018 Bond or Series 2018 Bonds in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Series 2018 Bond. New Series 2018 Bonds of a maturity representing the unredeemed balance of the principal amount of such Series 2018 Bond shall be issued to the registered Holder thereof, without charge therefor. If the Holder of any such Series 2018 Bond of a denomination greater than a unit shall fail to present such Series 2018 Bond to the Trustee for payment and exchange as aforesaid, such Series 2018 Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only).

Purchase and Transfer Restrictions on Series 2018 Bonds

THE SERIES 2018 BONDS ARE BEING OFFERED ONLY TO, AND MAY BE TRANSFERRED ONLY (1) SO LONG AS THE SERIES 2018 BONDS ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A OF THE SECURITIES ACT, TO A PERSON CONSTITUTING A “QUALIFIED INSTITUTIONAL BUYER” WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (2) TO AN “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT; provided, however, that if the Series 2018 Bonds are rated investment grade by a Rating Agency, then, upon the Issuer and the Trustee receiving written notice of the occurrence of such event, the foregoing restrictions shall no longer apply.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS

Special Limited Revenue Obligations

THE SERIES 2018 BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, SINKING FUND INSTALLMENTS, REDEMPTION PRICE AND INTEREST, SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR INTEREST ON, THE SERIES 2018 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2018 BONDS. THE SERIES 2018 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2018 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE

CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR INTEREST ON, THE SERIES 2018 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, AGENT OR REPRESENTATIVE OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

General

Under the Loan Agreement, the Issuer agrees to issue the Series 2018 Bonds and to lend the proceeds thereof to the Borrower to finance the Project, and the Borrower is obligated unconditionally to repay the Loan in amounts sufficient, together with available funds held under the Indenture, to provide for the timely payment of the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Series 2018 Bonds when due (whether by maturity, mandatory sinking fund redemption or acceleration) and to perform certain other obligations set forth therein. Among other things, the Borrower will covenant not to grant any liens (other than the lien effected by the Loan Agreement and Permitted Encumbrances) on all or any portion of the Facility. The obligation of the Borrower to make Loan Payments under the Loan Agreement and the Promissory Notes sufficient to pay the Series 2018 Bonds is an absolute and unconditional obligation of the Borrower; provided, however, that the ability of the Borrower to generate additional revenues is limited in the event payments of the Lease Rental Payments by the School under the Lease are insufficient for the Borrower to make Loan Payments. Under the Loan Agreement, Loan Payment Dates are the tenth (10th) day of each month (or, if the tenth (10th) day shall not be a Business Day, the immediately preceding Business Day). See “APPENDIX F—CERTAIN DEFINITIONS FROM THE PLEDGE AND SECURITY AGREEMENT AND CONTINUING COVENANTS AGREEMENT AND FORMS OF LOAN AGREEMENT, INDENTURE, AND LEASE—Form of Loan Agreement” in this Limited Offering Memorandum.

Pursuant to the terms of the Mortgage, the Borrower will grant to the Issuer and the Trustee a mortgage lien on and a security interest in the Facility, subject to Permitted Encumbrances, which Mortgage will be assigned by the Issuer to the Trustee pursuant to the terms of the Assignment of Mortgage. The liens and security interests created by the Indenture and the Mortgage are for the equal and ratable benefit of the owners of the Series 2018 Bonds. The Loan Agreement and the Mortgage contain the general liability insurance and property insurance requirements for the Borrower. See “RISK FACTORS” in this Limited Offering Memorandum for a discussion of certain limitations on the enforceability of the security for the Series 2018 Bonds.

Lease

The Lease Rental Payments due from the School to the Borrower under the Lease will be in amounts anticipated to be sufficient to make Loan Payments under the Loan Agreement. Commencing on October 1, 2020, the period through which the interest is capitalized on the Series 2018 Bonds, and continuing on the 1st day of each month thereafter during the term of the Lease, the School is to pay the Borrower, as Lease Rental Payments, the amounts provided in the schedule attached to the Lease, which amounts are no less than the amount required to pay debt service on the Series 2018 Bonds as the same becomes due and payable under the Indenture. The Lease is a triple net lease, and the School is to pay on or before the date when same shall be due as additional rent all amounts owed in connection with the operation of the Facility including, but not limited to (i) real estate taxes, if any, (ii) property, casualty and liability insurance, (iii) utilities, (iv) water/sewer charges, and (v) all maintenance, cleaning and repairs (structural and non-structural of any nature whatsoever).

Except as provided to the contrary in the Lease, the obligations of the School under the Lease shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Borrower. Except as provided to the contrary in the

Lease, the School will not suspend or discontinue any such payment or terminate the Lease (other than in the manner provided for thereunder) for any cause, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, failure of title, or commercial frustration of purpose, or any damage to or destruction of the Facility, or the taking by eminent domain of title to or the right of temporary use of all or any part of the Facility, or any change in the tax or other laws of the United States, the State of New York or any political subdivision of either thereof, or any failure of the Borrower to pay, perform and observe any payment, agreement or covenant, whether expressed or implied, or any duty, liability or obligation arising out of or connected with the Lease.

The Borrower will direct the School to make the School's Lease Rental Payments directly to the Borrower's bank account that is subject to the Blocked Account Control Agreement. Pursuant to the terms of the Blocked Account Control Agreement, the Borrower will grant a security interest in the Borrower's operating account to the Trustee and authorize the Trustee to transfer the amounts required under the Indenture and the Loan Agreement to the Revenue Fund established under the Indenture. The Series 2018 Bonds are further secured by a lien and security interest in the Pledged Collateral pursuant to, and as defined in, the Pledge and Security Agreement from the Borrower to the Trustee.

Covenants of the School; Additional Indebtedness

Debt Service Coverage Ratio. Commencing on June 30, 2021 and continuing thereafter, the Borrower and the School covenant in the Covenants Agreement to comply with the Debt Service Coverage Ratio Requirement as of each Ratio Evaluation Date. Commencing thereupon and continuing thereafter, the Borrower and the School will include a computation of the Debt Service Coverage Ratio in the reports required to be submitted as described in "- Filing of Financial Statements and Other Information" below, together with any other documentation reasonably required by the Bondholder Representative to confirm such calculation.

If, on any Ratio Evaluation Date, the Borrower and the School shall have failed to meet the Debt Service Coverage Ratio Requirement applicable to such Ratio Evaluation Date, the Borrower and the School will immediately retain a Consultant (unless otherwise agreed to in writing by the Bondholder Representative) to submit a written report and make recommendations with respect to the lease payments, rates, fees, and other charges relating to the Facility and with respect to improvements or changes in the operations and scope of the services delivered by the Borrower and the School so as to permit the Borrower and the School to comply with the Debt Service Coverage Ratio Requirement, which report will set forth time periods for implementation of such recommendations and will state the extent to which prior recommendations (if any) of the Consultant may not have been complied with by the Borrower and the School. A copy of such report will be sent by the Borrower and the School to the Bondholder Representative and the Trustee as soon as practicable but in no event later than 60 days after the applicable Ratio Evaluation Date. Unless otherwise agreed to in writing by the Bondholder Representative, the Borrower and the School will adopt all Permitted Recommendations of the Consultant within 30 days (or within such other time period for adoption set forth in such report after receipt by the Borrower and the School thereof) and will follow each adopted Permitted Recommendation of the Consultant. At least quarterly, following the submission of its initial report, the Consultant will submit to the Bondholder Representative progress report(s) indicating whether or not the recommendations contained in its initial report (including applicable time periods for implementation set forth therein) are being complied with. If the Borrower and the School adopt and continuously comply with such Permitted Recommendations of the Consultant, failure to comply with the Debt Service Coverage Ratio Requirement for any Ratio Period will not constitute an Event of Default under the Covenants Agreement, except as provided therein. Failure by the Borrower and the School to adopt such Permitted Recommendations within 60 days after receipt thereof (or within such other time period for adoption set

forth in the applicable report of the Consultant and failure of the Borrower and the School to carry out all adopted Permitted Recommendations within the applicable period of time for implementation set forth in the applicable report of the Consultant will constitute an Event of Default as provided in the Covenants Agreement.

Days' Cash on Hand. The Borrower and the School covenant in the Covenants Agreement that they will meet the Days' Cash on Hand Requirement on each Liquidity Testing Date, and that they will calculate the Days' Cash on Hand on each Liquidity Testing Date, and will deliver Days' Cash on Hand reports as described in "- Filing of Financial Statements and Other Information" below, together with any other documentation reasonably required by the Bondholder Representative to confirm such calculation.

If the Borrower and the School fail to meet the Days' Cash on Hand Requirement as of any two (2) consecutive Liquidity Testing Dates as described in the paragraph above, the Borrower and the School shall immediately retain a Consultant (unless otherwise agreed to in writing by the Bondholder Representative) to submit a written report and make recommendations with respect to the lease payments, rates, fees and other charges of the Borrower and the School and the Borrower's and the School's methods of operation and other factors affecting their financial condition in order to increase the Days' Cash on Hand to the Days' Cash on Hand Requirement for future periods, which report will set forth time periods for implementation of such recommendations and will state the extent to which prior recommendations (if any) of the Consultant may not have been complied with by the Borrower and the School. A copy of such report will be sent by the Borrower and the School to the Bondholder Representative and the Trustee as soon as practicable but in no event later than 60 days after the date such Consultant is retained. Unless otherwise agreed to in writing by the Bondholder Representative, the Borrower and the School shall adopt all Permitted Recommendations of the Consultant within 30 days (or within such other time period for adoption set forth in such report) after receipt thereof by the Borrower and the School and will follow each adopted Permitted Recommendation of the Consultant. At least quarterly, following the submission of its initial report, the Consultant will submit to the Bondholder Representative progress report(s) indicating whether or not the recommendations contained in its initial report (including applicable time periods for implementation set forth therein) are being complied with. If the Borrower and the School continuously comply with the recommendations of the Consultant, failure to comply with the Days' Cash on Hand Requirement for any Liquidity Testing Date will not constitute an Event of Default under the Covenants Agreement, except as provided in the Covenants Agreement. Failure by the Borrower and the School to adopt such Permitted Recommendations within 60 days after receipt thereof (or within such other time period for adoption set forth in the applicable report of the Consultant) and failure of the Borrower and the School to carry out all Permitted Recommendations within the applicable period of time for implementation set forth in the applicable report of the Consultant will constitute an Event of Default as provided in the Covenants Agreement.

Rating Solicitation Covenant. Beginning with the first full academic year of the School's operations in the Facility (expected to commence in fall 2020), the Bondholder Representative shall have the right in the Covenants Agreement to seek a credit rating for the Series 2018 Bonds, such initial rating to be at the expense of the Bondholder Representative. The Borrower and the School shall cooperate in good faith in the process of requesting and obtaining such credit rating provided that S&P Global Ratings, Moody's Investor's Service, Inc. or Fitch Ratings (each, a "**Rating Agency**") provides an indicative rating of "BB" or "Ba2", as applicable, or higher. If more than one Rating Agency provides such an indicative rating, the Borrower and the School shall determine from which Rating Agency the Bondholder Representative shall seek a credit rating. If a credit rating is received, the Borrower and the School shall maintain such credit rating and will pay all costs of maintaining such credit rating for so long as the Series 2018 Bonds are Outstanding, including but not limited to the fees of the applicable Rating Agency.

Limitations on Indebtedness. The Borrower and/or the School agree not to incur or become liable for any Indebtedness except as follows (collectively, “**Permitted Indebtedness**”):

(a) Borrower and/or School may incur Indebtedness in the form of the issuance by the Issuer of Additional Bonds to complete the Project or incur other additional indebtedness from time to time pursuant to the terms and conditions of the Indenture with the prior written consent of the Bondholder Representative which will not be unreasonably withheld; provided, however, if there is no Bondholder Representative, upon satisfaction of the following conditions (in the case of Additional Bonds, in addition to those required under the Indenture): (i) with the prior written consent of the Holders of at least a majority of the aggregate principal amount of the Bonds at the time Outstanding, which consent shall not be unreasonably withheld, or (ii) for the last completed Fiscal Year, outstanding Indebtedness of the Borrower and the School divided by Revenues for such last completed Fiscal Year is equal to or less than 2.00 to 1.00, and, if applicable, on a prospective basis, in the first year following Stabilization after completion of the project to be acquired by and/or constructed from the proceeds of such Additional Bonds, forecasted outstanding Indebtedness of the Borrower and the School divided by Revenues for such last completed Fiscal Year is equal to or less than 2.00 to 1.00, as evidenced by an Officer’s Certificate of the Borrower and the School; or (iii) for the two (2) most recently completed Fiscal Years preceding the incurrence of such additional Indebtedness, Income Available for Debt Service divided by Maximum Annual Debt Service equals at least 1.20 to 1.00, and, if applicable, on a prospective basis, in the first year following Stabilization after completion of the project to be acquired by and/or constructed from the proceeds of such Additional Bonds, forecasted Income Available for Debt Service divided by Maximum Annual Debt Service equals at least 1.40 to 1.00.

(b) The Borrower and/or the School may incur up to \$250,000 of Indebtedness pursuant to installment sales, conditional sales and Capital Leases in connection with the financing of new or replacement Equipment used to service the Facility; provided however, any such Indebtedness is secured only by the Equipment acquired by the Borrower and the School with the proceeds of such Indebtedness.

(c) The Borrower and/or the School may incur unsecured Indebtedness or Indebtedness subordinate to the Series 2018 Bonds for working capital purposes of the Borrower and/or the School up to \$250,000 in the aggregate outstanding at any one time. The School and the Borrower shall notify the Bondholder Representative of the incurrence of any such unsecured or subordinate Indebtedness in excess of \$50,000 in the aggregate outstanding at any one time.

Filing of Financial Statements and Other Information.

The Borrower and the School agree in the Covenants Agreement to furnish or cause to be furnished to the Trustee and the Bondholder Representative (and prior to payment of the Developer’s Fee in full, with a copy to the Developer), all of the following: (a) Certificate of Occupancy / Construction Progress; (b) Quarterly Financial Statements; (c) Quarterly Enrollment Statistics; (d) Quarterly Bank and Investment Statements; (e) Annual Audited Financial Statements; (f) Annual Academic Performance Reports; (g) Annual Capital Budget; and (h) an Officer’s Certificate, each containing the information more fully described in the Covenants Agreement.

Additionally, the Borrower and the School agree to make available one or more representatives thereof for a telephone conference call, (i) during construction of the Facility, at least once per calendar quarter, or at least once per month if in the opinion of the Bondholder Representative construction of the Project so requires, and (ii) thereafter, semiannually; provided, however, that if an Event of Default has

occurred and is continuing, the Borrower and the School will make available one or more representatives of the Borrower and the School for a telephone conference call each month.

Certain Defined Terms

See “APPENDIX F—CERTAIN DEFINITIONS FROM THE PLEDGE AND SECURITY AGREEMENT AND CONTINUING COVENANTS AGREEMENT AND FORMS OF LOAN AGREEMENT, INDENTURE, AND LEASE” for certain definitions used in this Limited Offering Memorandum relating to the Covenants Agreement, the Indenture, the Lease, the Loan Agreement, and the Pledge and Security Agreement.

The Indenture

The Series 2018 Bonds are to be issued pursuant to the Indenture and will be equally and ratably secured thereby. As security for the Series 2018 Bonds, the Issuer has pledged and assigned to the Trustee the Trust Estate, which includes: (i) all right, title and interest of the Issuer in and to the Loan Agreement, including all loan payments, revenues and receipts payable or receivable thereunder (other than the Issuer’s Reserved Rights); (ii) all right, title and interest of the Issuer in and to the Promissory Notes; and (iii) all moneys and securities from time to time held by the Trustee under the Indenture (other than the Rebate Fund and the Repair and Replacement Fund). The Indenture provides that all Series 2018 Bonds issued thereunder shall be special limited revenue obligations of the Issuer, payable solely from and secured solely by the Trust Estate. Pursuant to the Mortgage, the Borrower will grant a mortgage lien on and security interest in the Facility to the Trustee and the Issuer, and the Issuer will assign its interest in the Mortgage to the Trustee. In the Loan Agreement, the Borrower will covenant not to further encumber the Facility other than for certain Permitted Encumbrances without the prior written consent of the Issuer and the Trustee. See “APPENDIX F—CERTAIN DEFINITIONS FROM THE PLEDGE AND SECURITY AGREEMENT AND CONTINUING COVENANTS AGREEMENT AND FORMS OF LOAN AGREEMENT, INDENTURE, AND LEASE—Form of Indenture of Trust” in this Limited Offering Memorandum.

Under the Indenture, there shall be deposited in the Revenue Fund as and when received, all Loan Payments and other amounts required to be paid by the Borrower to the Trustee.

Draw-Down Bonds. The Series 2018A Bonds are being issued as draw-down bonds, in that the Initial Beneficial Owners, as the purchasers thereof, will purchase the principal amount of the Series 2018A Bonds in installments, at a 5% discount. Accordingly, the principal amount of the Series 2018A Bonds which have been purchased and are Outstanding at any given time may be less than the maximum principal amount of the Series 2018A Bonds; provided, however, that it is anticipated that the principal amount of the Series 2018A Bonds will be drawn in full on November 1, 2020, the Final Draw Down Date. The records maintained by the Trustee in regard to draws following the Closing Date will be conclusive evidence of the principal amount of the Series 2018A Bonds which have been purchased and are Outstanding, absent manifest error. The initial draw on the Series 2018A Bonds shall be an amount equal to \$9,500,000; (i) subsequent Draw-Down Dates shall not occur more frequently than monthly; (ii) no draw-down shall be for less than \$1,000,000; (iii) there shall not be more than four (4) Draw-Down Dates including the Closing Date; and (iv) no subsequent Draw-Down Date shall occur after November 1, 2020.

After the Closing Date, the Borrower will request in accordance with the Advance Agreement an additional advance of the proceeds of the Series 2018A Bonds in writing at least ten (10) Business Days prior to the requested Draw-Down Date. This request shall be delivered to the Issuer, the Trustee and the Bondholder Representative, and include: (i) the requested Draw-Down Date, (ii) the amount of the

requested advance, (iii) a copy of the related requisition and supporting materials required for the disbursement of funds from the Project Fund in accordance with the Indenture, (iv) the items required by the Disbursement Agreement, and (v) any other information reasonably required by the Bondholder Representative. If the requirements set forth in the Indenture and the Disbursement Agreement have been satisfied, the Bondholder Representative is required pursuant to the Advance Agreement to fund each request up to the maximum aggregate principal amount of the Series 2018A Bonds.

If the maximum authorized principal amount of the Series 2018A Bonds has not been advanced by October 1, 2020, and there have been no more than three prior Draw-Down Dates (including the Closing Date), the remaining authorized principal amount of the Series 2018A Bonds shall be advanced on November 1, 2020; provided, however, that the Borrower shall deliver concurrently with such final advance a certificate of an Authorized Representative of the Borrower to the Issuer, the Trustee and the Bondholder Representative to the effect that unpaid and unfunded Project Costs (Tax-Exempt) are at least equal (in compliance with the terms of the Tax Regulatory Agreement) to the amount of such final advance. If such certificate shall evidence remaining unpaid and unfunded Project Costs (Tax-Exempt) in an amount less than such final advance, the amount of such final advance shall be reduced accordingly.

Flow of Funds. Amounts in the Revenue Fund shall be transferred by the Trustee on each Loan Payment Date, commencing on the September 10, 2020 Loan Payment Date, to the following Funds and Accounts in the following manner and in the order of priority indicated, provided, that, in the event funds on any Loan Payment Date are insufficient to make any one or more of such transfers, any and all of such deficiencies will be remedied prior to making any transfers to any lesser priority purposes (based on the following order of priority) on any future Loan Payment Date:

FIRST, on a Pro Rata Basis to each Bond Fund: (a) for deposit into the Interest Account of each Bond Fund, an amount equal (i) to one-sixth (1/6) (or such other pro-rated amount, adjusted as necessary) of the amount of interest that will become due on the Bonds on the next Interest Payment Date, including default interest (after taking into account any amounts on deposit in the related Interest Account of a Bond Fund, and as shall be available to pay interest on the Bonds on such next succeeding Interest Payment Date); (b) commencing on that Loan Payment Date as shall precede the first Principal Payment Date (other than such principal as shall become due as a mandatory Sinking Fund Installment payment) by twelve (12) Loan Payment Dates, for deposit into the Principal Account of each Bond Fund, an amount equal to one-twelfth (1/12) (or such other pro-rated amount, adjusted as necessary) of the amount of the principal of the Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments); and (c) commencing on that Loan Payment Date as shall precede the first Sinking Fund Installment payment date by twelve (12) Loan Payment Dates, for deposit into the Sinking Fund Installment Account of each Bond Fund, an amount equal to at least one-twelfth (1/12) (or such other pro-rated amount, adjusted as necessary) of the amount of the next Sinking Fund Installment to become due on the Bonds;

SECOND, if the amount on deposit in the Debt Service Reserve Fund (Tax-Exempt) shall be less than the Debt Service Reserve Fund Requirement (Tax-Exempt), an amount equal to one-twelfth (1/12) of the deficiency in the Debt Service Reserve Fund (Tax-Exempt) for deposit in the Debt Service Reserve Fund (Tax-Exempt);

THIRD, each June 30, commencing June 30, 2020 and continuing through and including June 30, 2027, an amount equal to one-eighth (1/8) of Series 2018A Bonds MADS for deposit in the Debt Service Reserve Fund (Tax-Exempt); provided, however, that no additional payments shall be made into the Debt Service Reserve Fund (Tax-Exempt) once the balance therein is equal to the Debt Service Reserve Fund Requirement (Tax-Exempt) as of such date;

FOURTH, to the Rebate Fund, to pay any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement;

FIFTH, to the Repair and Replacement Fund, initially \$50,000 until the amount on deposit in the Repair and Replacement Fund equals the Repair and Replacement Fund Requirement, and commencing July 10, 2023 and each Loan Payment Date thereafter, an amount equal to one-sixtieth (1/60) (or such other pro-rated amount, adjusted as necessary) of the amount necessary such that the amount on deposit in the Repair and Replacement Fund is equal to the Repair and Replacement Fund Requirement within the then-applicable five year period;

SIXTH, if at any time on or after July 1, 2028, the balance in the Repair and Replacement Fund is less than \$300,000, to the Repair and Replacement Fund, each month, the amount necessary, in addition to the amounts required to be deposited therein pursuant to clause "FIFTH" above, if necessary, such that the Repair and Replacement Fund shall have a balance of at least \$300,000 by the end of the following Fiscal Year;

SEVENTH, to the Bondholder Representative, to pay fees and expenses thereof; and

EIGHTH, all remaining funds shall be paid to the Borrower and used for any authorized purpose.

Acceleration

Upon the occurrence of certain events, payment of the principal of and accrued interest on the Series 2018 Bonds may be accelerated under the Indenture. See "RISK FACTORS"; "APPENDIX F—CERTAIN DEFINITIONS FROM THE PLEDGE AND SECURITY AGREEMENT AND CONTINUING COVENANTS AGREEMENT AND FORMS OF LOAN AGREEMENT, INDENTURE, AND LEASE—Form of Loan Agreement—*Events of Default*" and "—Remedies on Default"; and "APPENDIX F—CERTAIN DEFINITIONS FROM THE PLEDGE AND SECURITY AGREEMENT AND CONTINUING COVENANTS AGREEMENT AND FORMS OF LOAN AGREEMENT, INDENTURE, AND LEASE—Form of Indenture of Trust—*Events of Default*; *Acceleration of Due Date*" and "—Enforcement of Remedies" in this Limited Offering Memorandum.

Bondholder Representative

The Majority Holders may, but shall not be required to, from time to time appoint a representative or agent, the Bondholder Representative, by giving signed, written notice of such appointment to the Issuer, the Borrower, the School and the Trustee, to act on behalf of the Holders of the Bonds Outstanding under the Indenture to give any consents, authorizations, or approvals; exercise any rights of the Holders; or take any other action as may be taken by the Holders of the Bonds or a percentage in aggregate principal amount thereof under the Indenture, the Loan Agreement or any other Security Document. Upon such appointment, the Trustee shall accept the consent, authorization, or direction of such Bondholder Representative to the extent specified in such notice, as it would accept such action from such Majority Holders. A Bondholder Representative may be a Holder.

It is anticipated that an initial Bondholder Representative will be appointed on the Closing Date, and that Rosemawr Management LLC shall be the initial Bondholder Representative.

Unless otherwise specified in the notice delivered to the Issuer, the Borrower, the School and the Trustee appointing a Bondholder Representative, such Bondholder Representative shall be the sole representative of the Holders of the Bonds under the Indenture with respect to all matters specifically

listed in such notice (subject however, to certain specified provisions in the Indenture), until a signed, written notice of the removal of a Bondholder Representative shall be delivered to the Trustee (with a copy to the Issuer, the Borrower and the School) by the Majority Holders.

The permissive right of the Bondholder Representative to act pursuant to the Indenture shall not be construed as a duty, and the Bondholder Representative shall not be answerable with respect to any such permissive right other than for its gross negligence, bad faith or willful misconduct that the Bondholder Representative is finally adjudicated (sustained on appeal, if any) by a court of competent jurisdiction to have committed. The Bondholder Representative shall have no duties, including no fiduciary or contractual duties, to any Person which are not expressly set forth in the Indenture, and no such duties shall be implied or imposed under any principle of equity. Whenever the Indenture or any other Project Document makes reference to obtaining or granting Bondholder Representative consent or approval, such consent or approval may be granted or withheld by the Bondholder Representative in its sole, absolute and unreviewable discretion.

The Bondholder Representative (and its officers, directors, employees agents and representatives) shall: (i) not be liable to the Holders of the Bonds, or to any Beneficial Owner of Bonds, for any act or omission in its capacity as Bondholder Representative unless it is determined by a court of competent jurisdiction by a final and non-appealable order that the Bondholder Representative engaged in fraud, gross negligence, bad faith or willful misconduct; and (ii) be entitled to treat as genuine any letter or other document furnished to it in its capacity as Bondholder Representative that it believed to be genuine and to have been signed and presented by the proper party or parties. In addition, the Bondholders shall severally, and not jointly, in proportion to each Bondholders' pro rata interest in the Bonds, indemnify and hold harmless the Bondholder Representative (and its officers, directors, employees agents and representatives) against any claims, damages, judgments, loss, liability, cost or expense (including attorney's fees and costs) incurred on the part of the Bondholder Representative and arising out of or in connection with the acceptance, performance or administration of the Bondholder Representative's duties under the Indenture, including, without limitation, the Bondholder Representative having to indemnify the Trustee for any actions it takes under the Indenture or under any Project Document. The Bondholders covenant and agree not to commence any action or proceeding in any court against the Bondholder Representative (and its officers, directors, employees agents and representatives), all of which claims shall be subject to mandatory arbitration pursuant to the Indenture.

Debt Service Reserve Fund (Tax-Exempt)

The Indenture creates the Debt Service Reserve Fund (Tax-Exempt) for the benefit of the Series 2018A Bonds. The Debt Service Reserve Fund Requirement (Tax-Exempt) for the Debt Service Reserve Fund (Tax-Exempt) is, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) (i) from the Closing Date until, but not including June 30, 2020, equal to zero, and (ii) thereafter, \$1,904,012.52 (the "**Series 2018A Bonds MADS**"), such amount (w) to constitute the sum of the eight (8) periodic payments to be made by the Borrower as provided in clause (z) below, with the "Debt Service Reserve Fund Requirement (Tax-Exempt)" until June 30, 2027 to be equal to the then applicable sum of such one-eighth (1/8) annual payments, whether or not any such annual payment shall have been in fact made, or made in full, (x) to equal the greatest amount required in the then current or any future calendar year to pay the sum of the scheduled principal (including Sinking Fund Installments) and interest payable on Outstanding Series 2018A Bonds (y) to not be funded from any proceeds of the Series 2018 Bonds and (z) to be funded with periodic payments by the Borrower pursuant to the Loan Agreement of one-eighth (1/8) of the Series 2018A Bonds MADS commencing on June 30, 2020 and June 30 of each year thereafter through and including June 30, 2027. The failure of the Borrower to make all or any part of the eight (8) annual payments for deposit to the Debt Service Reserve Fund (Tax-Exempt) will not constitute a default under

the Loan Agreement, but upon the failure of the Borrower over any two successive years to make the required payment shall require the Borrower and the School to engage an Independent Consultant to make recommendations for changes in operations, which recommendations must be followed by the Borrower and the School.

If on any Interest Payment Date or Redemption Date on the Series 2018A Bonds, the amount in the Interest Account of the Bond Fund (Tax-Exempt) (after taking into account amounts available to be transferred to the Interest Account of the Bond Fund (Tax-Exempt) from the Project Fund (Tax-Exempt)) shall be less than the amount of interest then due and payable on the Series 2018A Bonds, or if on any Principal Payment Date on the Series 2018A Bonds the amount in the Principal Account of the Bond Fund (Tax-Exempt) shall be less than the amount of principal of the Series 2018A Bonds then due and payable, or if on any Sinking Fund Installment payment date for the Series 2018A Bonds the amount in the Sinking Fund Installment Account of the Bond Fund (Tax-Exempt) shall be less than the amount of the Sinking Fund Installment then due and payable on the Series 2018A Bonds, in each case, after giving effect to all payments received by the Trustee in immediately available funds by 10:00 a.m. (New York City time) on such date from or on behalf of the Borrower or the Issuer on account of such interest, principal or Sinking Fund Installment, the Trustee forthwith shall transfer moneys from the Debt Service Reserve Fund (Tax-Exempt), first, to such Interest Account, second, to such Principal Account, and third, to such Sinking Fund Installment Account, all to the extent necessary to make good any such deficiency.

In the event that the Borrower shall deliver written notice to the Trustee of its intention to redeem the Series 2018A Bonds, the Borrower may direct the Trustee to apply such amounts in the Debt Service Reserve Fund (Tax-Exempt) to effect such redemption such that the amount remaining in the Debt Service Reserve Fund (Tax-Exempt) upon such redemption shall not be less than the reduced Debt Service Reserve Fund Requirement (Tax-Exempt) as will be applicable to the remainder of the Series 2018A Bonds Outstanding.

No Reserve Fund for Series 2018B Bonds

The Series 2018B Bonds are not secured by a reserve fund and the owners thereof will not receive payments from the Debt Service Reserve Fund (Tax-Exempt) or any other reserve fund or account in the event the Borrower fails to make required payments of debt service under the Loan Agreement.

Partial Guaranty

The School anticipates that Local Initiatives Support Corporation (the “**Guarantor**”) will provide a partial guaranty (the “**Partial Guaranty**”) of up to approximately \$981,000 with respect to the Borrower’s obligation to make payments on the Promissory Notes under the Loan Agreement representing debt service on the Series 2018A Bonds and the Series 2018B Bonds.

The Partial Guaranty has not been executed as of the date hereof and there can be no assurance that it will be delivered on or after the Closing Date. If delivered, it is anticipated that the Partial Guaranty will be subject to various covenants and conditions, including payment of certain fees and expenses by the Borrower to the Guarantor. Further, no financial information is provided herein on the Guarantor, and investors should base their investment decisions on their review of the Borrower, and not on the Partial Guaranty or the Guarantor.

Defeasance

Upon certain terms and conditions specified in the Indenture, including provision for the payment of such Bonds, the Series 2018 Bonds or portions thereof will be deemed to be paid and the security

provided in the Indenture, the Mortgage and the other Security Documents may be discharged prior to maturity or redemption of the Series 2018 Bonds. In that case, the Series 2018 Bonds will be secured solely by the cash and securities deposited with the Trustee for such purpose. See “APPENDIX F—CERTAIN DEFINITIONS FROM THE PLEDGE AND SECURITY AGREEMENT AND CONTINUING COVENANTS AGREEMENT AND FORMS OF LOAN AGREEMENT, INDENTURE, AND LEASE—Form of Indenture of Trust” in this Limited Offering Memorandum.

Waivers of Default

The Trustee shall waive any default under the Indenture and its consequences and rescind any declaration of acceleration only upon the written request of the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders); provided, however, that there shall not be waived without the consent of the Holders of all the Bonds Outstanding (a) any default in the payment of the principal of any Outstanding Bonds at the date specified therein or (b) any default in the payment when due of the interest on any such Bonds, unless, prior to such waiver, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, and all arrears of payment of principal when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Borrower, the School, the Developer, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Issuer Approval of Non-Foreclosure Remedies

Notwithstanding any other remedy or other action available under the Indenture or otherwise under any other Security Document or at law, no remedy or other action (whether exercised by the Trustee, the Bondholder Representative or the Holders of the Bonds) shall have the effect of (x) continuing the exemption from the mortgage recording tax of the Mortgage upon any restructuring of the underlying indebtedness secured by the Mortgage (a “**Mortgage Restructuring**”), (y) modifying or terminating the Indenture or the Loan Agreement (other than a termination of the Indenture in connection with the retirement of all of the Outstanding Bonds in accordance with the discharge provisions of the Indenture) (a “**Security Document Action**”) or (z) substituting for the Borrower and/or the School, as applicable, a new Entity to either be a counterparty to the Issuer under the Loan Agreement or to use all or a portion of the Facility (a “**Substitute Entity**”), unless, in either case, all material facts relating to either the Mortgage Restructuring, the Security Document Action and/or the Substitute Entity shall have been set forth in a writing delivered to the Issuer and (i) the Mortgage Restructuring, the Security Document Action and/or the Substitute Entity shall be approved in writing by the Issuer, such approval not to be unreasonably withheld or delayed (and which approval may, in the sole discretion of the Issuer, be subject to action by the Issuer’s Board of Directors), and (ii) there shall be delivered to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such Mortgage Restructuring, Security Document Action and/or Substitute Entity shall not cause the interest on any Outstanding Tax-Exempt Bonds to become subject to federal income taxation by reason of any such Mortgage Restructuring, Security Document Action and/or Substitute Entity. For the avoidance of doubt, no Issuer consent is required by this provision for the commencement of a foreclosure action under the Mortgage. In connection with the retirement or surrender for cancellation of all of the Outstanding Bonds (other than as a result of the payment in full of all Outstanding Bonds), the Trustee agrees to provide written notice to the Issuer of such retirement or cancellation promptly upon the earlier of (i) the Trustee’s receipt of direction to effectuate such retirement or cancellation, and (ii) the Trustee’s receipt of

surrendered Bonds for cancellation, but in no event later than fourteen (14) Business Days after the occurrence of the event set forth in clause (i) or (ii).

TRANSFER RESTRICTIONS

The Series 2018 Bonds are to be offered and sold (including in secondary market transactions) ONLY (1) SO LONG AS THIS BOND IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A OF THE SECURITIES ACT, TO A PERSON CONSTITUTING A “QUALIFIED INSTITUTIONAL BUYER” WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (2) TO AN “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT; provided, however, that if the Series 2018 Bonds are rated investment grade by a Rating Agency, then, upon the Issuer and the Trustee receiving written notice of the occurrence of such event, such restrictions are no longer in effect.

RISK FACTORS

No person should purchase any Series 2018 Bonds without carefully reviewing the following information, which summarizes some, but not all, factors that should be carefully considered before such purchase.

Nature of Special, Limited Obligations

THE SERIES 2018 BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, SINKING FUND INSTALLMENTS, REDEMPTION PRICE AND INTEREST, SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR INTEREST ON, THE SERIES 2018 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2018 BONDS. THE SERIES 2018 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2018 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR INTEREST ON, THE SERIES 2018 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, AGENT OR REPRESENTATIVE OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

Dependence on Borrower’s Ability to Pay Loan Payments; Ability of School to Pay the Lease Rental Payments

Payment of principal of, redemption premium, if any, and interest on, the Series 2018 Bonds is intended to be made from Loan Payments made by the Borrower under the Loan Agreement and the Promissory Notes, except to the extent payment is intended to be made from other amounts held under the Indenture such as Series 2018 Bond proceeds or investment earnings. The Borrower has no significant assets or business other than the assets and business related to the Facility. The ability of the Borrower to make Loan Payments will depend on the Borrower’s ability to generate revenues sufficient to pay the Loan Payments, which will primarily depend on the ability of the School to make payments under the

Lease. See “APPENDIX A—AMERICAN DREAM CHARTER SCHOOL” and “APPENDIX C—BUDGET PROJECTION” in this Limited Offering Memorandum.

The School’s general revenues are a combination of state payments provided under several State and federal programs, including the Education Aid payments and Facilities Access Payments. See “CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK” in this Limited Offering Memorandum. Facilities Access Payments alone will likely be insufficient to make the total payments due under the Lease. Prior enrollment history of the School is no guaranty of future enrollment and revenues. See “APPENDIX A—AMERICAN DREAM CHARTER SCHOOL” and “APPENDIX C—BUDGET PROJECTION” in this Limited Offering Memorandum.

The amounts and the timing of future revenues of the School cannot be determined with assurance. Prior revenues and expenditures of the School are no guaranty as to future revenues and expenditures of the School. Any event that would cause a delay, reduction or elimination of Education Aid or Facilities Access Payments would have a material adverse effect on the ability of the School to pay the Lease Rental Payments under the Lease and therefore on the ability of the Borrower to make payments under the Loan Agreement and the Promissory Notes representing debt service on the Series 2018 Bonds.

No Acceleration of Lease Rental Payments Upon an Acceleration of the Series 2018B Bonds

The Lease Rental Payments payable by the School under the Lease are scheduled to pay amounts due under the Loan Agreement with respect to the regularly scheduled principal of and interest on the Series 2018 Bonds, but the Lease Rental Payments are not subject to acceleration even if there has been an acceleration of the principal of the Series 2018 Bonds.

No Taxing Authority; Dependence on Education Aid Payments and Facilities Access Payments

The Borrower and the School do not possess any taxing authority and the School is substantially dependent upon the State to continue to provide funding for public charter schools. The obligation of the State under the Charter and State law to fund the School is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. In the event the State were to withhold the payment of money from the School for any reason, even a reason that is ultimately determined to be invalid or unlawful, it is likely that the School would be forced to cease operations.

Failure of New York City Department of Education to Make Education Aid Payments or Facilities Access Payments to the School

The regulations adopted by the New York State Commissioner of Education (the “**Commissioner**”) provide that a charter school shall notify the Commissioner in the event that a school district (the NYC DOE on behalf of the New York City Community School District 7 with respect to the School) fails to make a required bi-monthly payment of Education Aid to a charter school such as the School. Such notice shall be given subsequent to the date a bi-monthly payment is due, but in no event later than May 31 of the school year in which such payments are due. Upon receipt of such notice, the Commissioner must certify to the State Comptroller (the “**Comptroller**”) the amount of the unpaid obligation of the school district, which said amount shall be deducted from any Education Aid payment due to such school district (the NYC DOE on behalf of the New York City Community School District 7 with respect to the School) and instead will be paid directly by the Comptroller to the School. There can be no assurance of the timing of receipt of any such amounts so paid by the Comptroller. The regulations that refer to payments required by Section 2856 of the Charter Schools Act (Charter School Basic Tuition and federal/state aid attributable to students with disabilities) do not directly address Facilities Access

Payments that are described in Section 2853 of the Charter Schools Act. The NYC DOE letter notifying the School that it will receive Facilities Access Payments stated that the Facilities Access Payments will be paid consistently with the bi-monthly basis outlined in Section 2856(1)(b) of the Charter Schools Act.

Delay in or Termination or Reduction of Education Aid or Facilities Access Payments

Even though New York State is obligated under its Constitution to provide for the maintenance and support of a system of free common schools, it is not obligated either to continue to authorize the operation of charter schools or to continue its current system of Education Aid or Facilities Access Payments. Any change in the Charter Schools Act or in the provisions of the New York State Education Law relating to the appropriation of Education Aid or Facilities Access Payments or failure by the State Legislature to appropriate funds sufficient to fund the operation of charter schools could have a material adverse effect on the ability of the School to make the Lease Rental Payments required under the Lease.

Although State law prescribes a detailed process applicable to the adoption by the State of its annual budget, the annual budgetary process has resulted in recent years in the adoption of annual budgets later, and in some instances substantially later, than April 1, which is the start of the State's fiscal year. No assurance can be given as to the date of adoption of future annual budgets or as to the availability of funds for public education purposes while the annual budget is pending. In addition, the State has had well publicized budget issues and deficits, and such State budgetary pressures could continue and cause revisions to the funding of charter schools in the State.

Budget Projection

The Budget Projection prepared by the School and contained in "APPENDIX C—BUDGET PROJECTION" is based upon certain assumptions made by the School. No assurance can be given that the results described in the Budget Projection will be achieved. The School does not intend to issue an additional Budget Projection and, accordingly, there are risks inherent in using the Budget Projection in the future as the Budget Projection becomes outdated. The Budget Projection is only for fiscal years ending June 30, 2019 through June 30, 2023, and does not cover the entire period during which the Series 2018 Bonds may be outstanding. See "APPENDIX C—BUDGET PROJECTION" in this Limited Offering Memorandum.

No guaranty can be made that the Budget Projection will correspond with the results actually achieved in the future by the School because there is no assurance that actual events will correspond with the assumptions made by the School. For example, the Budget Projection makes certain assumptions as to continued demand for educational facilities such as the School and future enrollment at the School. Actual operating results of the School may be affected by many factors, including, but not limited to, increased costs, lower than anticipated enrollment, reduced State funding, changes in demographic trends, and local and general economic conditions. The Budget Projection, which appears in "APPENDIX C—BUDGET PROJECTION" in this Limited Offering Memorandum, should be read in its entirety.

Termination or Revocation of Charter

The Charter may be terminated by the Board of Regents or the Authorizer for the grounds set forth in the Charter Schools Act. The Charter also provides that it may be terminated and revoked by mutual agreement of the parties. For more information regarding conditions under which the Charter may be revoked, the revocation procedure, and other information regarding the Charter and the Charter Schools Act, see "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK," "APPENDIX A—AMERICAN DREAM CHARTER SCHOOL—INTRODUCTION—The Charter Contract," and

“APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Limited Offering Memorandum.

While the School believes that it is in good standing with the Authorizer and is in material compliance with the Charter, no assurance can be given that the School will be able to maintain such good standing in the future. In addition, even though the School does not anticipate any non-renewal or revocation of its Charter, there can be no assurance that the Authorizer or the Board of Regents will not revoke the Charter in the future.

No Pledge of Revenues by the School

Under New York law, the School may not legally assign or pledge any interest in public education aid payable to the School pursuant to the Charter Schools Act to secure its obligations under the Lease.

Factors Associated with Education

There are a number of factors affecting schools in general, including the School, that could have an adverse effect on the School’s financial position and its ability to make the payments required under the Lease, and therefore on the ability of the Borrower to make Loan Payments under the Loan Agreement. These factors include, but are not limited to (i) the ability to attract a sufficient number of students; (ii) future legislation and regulations affecting charter schools and the educational system in general; (iii) increasing costs of compliance with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating persons with disabilities; (iv) increased costs of attracting and retaining or a decreased availability of a sufficient number of teachers, including as related to any unionization of the School’s work force with consequent impact on wage scales and operating costs of the School; (v) cost and availability of insurance for charter schools in the State; and (vi) changes in existing statutes pertaining to the powers of the School and legislation or regulations which may affect program funding. The School cannot assess or predict the ultimate effect of these factors on its operations or the financial results of operations.

Competition for Students

The School competes for students primarily within the geographic area of New York City Community School District No. 7 (the “7th District”) and other surrounding districts, and with other public schools and charter schools within the Bronx, New York area. There are currently 5 charter schools serving middle school grades and 1 charter school serving high school grades and 2 charter schools serving grades 6-12 within the 7th District. There is only one other charter school in the 7th District that provides dual language education programs for elementary and middle school students that competes with the School for middle school students. In the view of the School, these schools are representative of the schools with which the School competes for students. See “APPENDIX A—AMERICAN DREAM CHARTER SCHOOL—Service Area” and “—Competing Schools” in this Limited Offering Memorandum. No assurance can be given that the School will attract and retain the number of students that are needed to produce revenue necessary to pay the principal of and interest on the Series 2018 Bonds, or that additional schools will not be created in or near the School’s service area.

Foreclosure Delays and Deficiency

Should Loan Payments be insufficient to pay the principal of and interest on the Series 2018 Bonds, the Trustee may seek to foreclose the Mortgage and sell the Facility securing the Series 2018

Bonds. However, no assurance can be given that the value of the Facility at the time of such foreclosure or sale would be sufficient to meet all remaining principal and interest payments on the Series 2018 Bonds. In addition, the time necessary to institute and complete such proceedings could substantially delay receipt of funds from a foreclosure or sale. There could also be delays in regaining possession of the Facility from the Borrower and the School in the event of any default or dispute under the Loan Agreement. Under the Subordination, Non-Disturbance and Attornment Agreement (the “SNDA”) dated the Closing Date, by and among the School, the Borrower and the Trustee, so long as there is no event of default under the Lease, notwithstanding the existence of an Event of Default under the Indenture, foreclosure will not disturb the School’s right of possession and leasehold interest under the Lease.

Effect of Federal Bankruptcy Laws on Security for the Series 2018 Bonds

Bankruptcy proceedings and equity principles may delay or otherwise adversely affect the enforcement of Bondholders’ rights in the property granted as security for the Series 2018 Bonds. Furthermore, if the security for the Series 2018 Bonds is inadequate for payment in full of the Series 2018 Bonds, bankruptcy proceedings and equity principles may also limit any attempt by the Trustee to seek payment from other property of the Borrower, if any. See “ENFORCEABILITY OF OBLIGATIONS” in this Limited Offering Memorandum. Also, federal bankruptcy law permits adoption of a reorganization plan, even though it has not been accepted by the holders of a majority in the aggregate principal amount of the Series 2018 Bonds, if the Bondholders are provided with the benefit of their original lien or the “indubitable equivalent.” In addition, if the bankruptcy court concludes that the Bondholders have “adequate protection,” it may (i) substitute other security subject to the lien of the Bondholders, and (ii) subordinate the lien of the Bondholders (a) to claims by persons supplying goods and services to the Borrower after bankruptcy and (b) to the administrative expenses of the bankruptcy proceeding. The bankruptcy court may also have the power to invalidate certain provisions of the Mortgage that make bankruptcy and related proceedings by the Borrower an event of default thereunder.

Key Personnel

The School’s creation, curriculum, educational philosophy, and day-to-day operations reflect the vision and commitment of the individuals who serve on the School’s Board of Trustees and as the School’s administrators (the “Key Personnel”). The loss of any Key Personnel could adversely affect the School’s operations, its ability to attract and retain students and ultimately its financial results. For more information regarding the School’s Key Personnel, see “APPENDIX A—AMERICAN DREAM CHARTER SCHOOL—ADS Governance and Administration” in this Limited Offering Memorandum.

Additional Indebtedness

In the Covenants Agreement, the Borrower and the School will each covenant that it will only incur Indebtedness in accordance with the restrictions imposed by the Covenants Agreement. No assurance can be given that the Issuer will not issue Additional Bonds for the benefit of the Borrower or the School will not incur Additional Indebtedness in the future. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS—Covenants of the School; Additional Indebtedness” and “APPENDIX F—CERTAIN DEFINITIONS FROM THE PLEDGE AND SECURITY AGREEMENT AND CONTINUING COVENANTS AGREEMENT AND FORMS OF LOAN AGREEMENT, INDENTURE, AND LEASE—Form of Indenture of Trust” in this Limited Offering Memorandum.

Forward-Looking Statements

This Limited Offering Memorandum contains certain statements that are “forward-looking” statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities

Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this Limited Offering Memorandum, including, without limitation, statements that use terminology such as “estimate,” “plan,” “budget,” “expect,” “intend,” “anticipate,” “believe,” “may,” “will,” “continue,” and similar expressions, are forward-looking statements. These forward-looking statements include, among other things, the discussions related to the School’s operations and expectations regarding student enrollment, future operations, revenues, capital resources, and expenditures for capital projects. Although the Borrower and the School believe that the assumptions upon which the forward-looking statements contained in this Limited Offering Memorandum are based are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions also could be incorrect. All phases of the operations of the Borrower and the School involve risks and uncertainties, many of which are outside the control of the Borrower and the School and any one of which, or a combination of which, could materially affect the results of the Borrower’s or the School’s operations and whether the forward-looking statements ultimately prove to be correct. Factors that could cause actual results to differ from those expected include, but are not limited to, general economic conditions such as inflation and interest rates, both nationally and in New York where the Facility is located; the willingness of the State to fund charter school operations at present or increased levels; competitive conditions within the School’s market, including the acceptance of the education services offered by the School; lower enrollments than projected; unanticipated expenses; the capabilities of the School’s management; changes in government regulation of the education industry; future claims for accidents at the Facility and the extent of insurance coverage for such claims; and other risks discussed in this Limited Offering Memorandum. THE BUDGET PROJECTION CONTAINED IN APPENDIX C ATTACHED TO THIS LIMITED OFFERING MEMORANDUM IS NOT A HISTORICAL STATEMENT OF FINANCIAL PERFORMANCE OF THE SCHOOL, BUT IS A FORWARD LOOKING FORECAST OF FUTURE, PROJECTED FINANCIAL PERFORMANCE OF THE SCHOOL.

No representation or assurance can be given that the School will realize revenues in an amount sufficient to make the required payments under the Lease or, therefore, that the Borrower will realize revenues in amounts sufficient to make the required payments under the Loan Agreement. No market study or demand analysis has been prepared for the School to analyze the existing or future demand for the School’s charter school educational services. The realization of future revenues is dependent upon, among other things, the matters described in the foregoing paragraphs and future changes in economic and other conditions that are unpredictable and cannot be determined at this time. Neither the Issuer nor the Underwriter make any representation as to the accuracy of the projections contained herein or as to the assumptions on which the projections are based.

Property Tax Exemption

Under present State law and rulings, property used for charter school purposes is exempt from property taxes levied by political subdivisions of the State so long as such property is used for the exempt purpose of the School. The School is required to pay property taxes under the Lease. After acquiring the Site, the Borrower must file an application for exemption from real property taxes based on the fact that it is a charitable organization using the property in connection with its charitable purposes. Assuming such exemption is granted, such property tax exemption will be retroactive to the date the Borrower acquired the Site. Therefore, it is anticipated that from and after the date of acquisition of the Site, the Borrower will be exempt from property taxes with respect to the Site. Nevertheless, such laws, regulations and rulings are subject to change, and no assurance can be given that any future change in exempt status would not have a material adverse effect on the Borrower and the School. If the Borrower or the School is required to pay property taxes with respect to the Facility in the future, it would have a negative impact on the cashflow of the Borrower and the School. The School has assumed for purposes of the Budget

Projection that the Borrower and School will be exempt from property taxes with respect to the Facility; however, no assurance can be given that such exemption will be granted.

Tax-Exempt Status of the Borrower

The Borrower is a New York limited liability company whose sole member is the Member. The Member is a New York not-for-profit corporation. The Member has been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code. Under present federal law, regulations and rulings, the income and revenue of not-for-profit, 501(c)(3) qualified exempt organizations are exempt from federal income tax, except for any unrelated business income as defined in the Code, and their revenues are exempt from the State sales tax except for certain services. If the Member fails to meet the requirements necessary to preserve its status as a not-for-profit corporation and a tax-exempt charitable organization under Section 501(c)(3) of the Code, the Borrower, as a disregarded entity of the Member for federal and state tax purposes, could experience expenses which are greater than those projected in “APPENDIX C—BUDGET PROJECTION” and revenues which are lower than those projected in “APPENDIX C—BUDGET PROJECTION”, which would adversely affect the Borrower’s ability in the future to pay the Loan Payments due under the Loan Agreement and the Promissory Notes. In addition, if the Member were to lose its status as a not-for-profit corporation and a tax-exempt organization, the tax-exempt status of the Series 2018A Bonds would also be adversely affected. The Member will covenant in the Tax Regulatory Agreement that it will not take any actions or fail to take any actions, the result of which would adversely affect the Member’s status as a not-for-profit corporation and its status as a tax-exempt charitable organization under Section 501(c)(3) of the Code.

Tax-Exempt Status of the School

The School is a public charter school and a New York not-for-profit education corporation. The School has been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code. Under present federal law, regulations and rulings, the income and revenue of not-for-profit, 501(c)(3) qualified exempt organizations are exempt from federal income tax, except for any unrelated business income as defined in the Code, and their revenues are exempt from the State sales tax except for certain services. If the School fails to meet the requirements necessary to preserve its status as a not-for-profit education corporation and a tax-exempt charitable organization under Section 501(c)(3) of the Code, the School could experience expenses which are greater than those projected in “APPENDIX C—BUDGET PROJECTION” and revenues which are lower than those projected in “APPENDIX C—BUDGET PROJECTION”, which would adversely affect the School’s ability in the future to pay the Lease Rental Payments due under the Lease with respect to Series 2018 Bonds. In addition, if the School were to lose its status as a not-for-profit education corporation and a tax-exempt organization, the tax-exempt status of the Series 2018A Bonds would also be adversely affected. The School will covenant in the Loan Agreement that it will not take any actions or fail to take any actions, the result of which would adversely affect the School’s status as a not-for-profit corporation and its status as a tax-exempt charitable organization under Section 501(c)(3) of the Code.

IRS Compliance Program

The Internal Revenue Service has an active program of conducting examinations of tax-exempt bonds through its Tax-Exempt and Government Entities Division. Bond Counsel will render an opinion with respect to the tax-exempt status of interest on the Currently Delivered Series 2018A Bonds, as described under the caption “CERTAIN TAX MATTERS—Series 2018A Bonds” in this Limited Offering Memorandum. However, neither the Borrower nor the School has sought and neither is expected to seek, a ruling from the Internal Revenue Service with respect to the tax-exempt status of the Series 2018A Bonds. No assurance can be given that the Internal Revenue Service will not examine the Series

2018A Bonds. If the Internal Revenue Service examines the Series 2018A Bonds, such examination may have an adverse impact on the marketability and price of the Series 2018A Bonds. See “CERTAIN TAX MATTERS—Series 2018A Bonds” in this Limited Offering Memorandum.

Tax-Exempt Status of the Series 2018A Bonds

The tax-exempt status of the interest on the Series 2018A Bonds is conditioned upon the School, the Borrower and the Member complying with the requirements of the Code and applicable Treasury Regulations as they relate to the Series 2018A Bonds. Failure of the Borrower, the School or the Member to comply with the terms and conditions of the Loan Agreement, the Tax Regulatory Agreement, the Indenture, the Lease and other documents as described herein may result in the loss of the tax-exempt status of the interest on the Series 2018A Bonds retroactive to the date of issuance of the Series 2018A Bonds. If interest on the Series 2018A Bonds should become includable in gross income for purposes of federal income taxation, the market for and value of the Series 2018A Bonds would be adversely affected. See “CERTAIN TAX MATTERS—Series 2018A Bonds” in this Limited Offering Memorandum.

Resale of Series 2018 Bonds/Lack of Secondary Market

There is no guarantee that a secondary trading market will develop for the Series 2018 Bonds. The Series 2018 Bonds may only be bought by or transferred to Accredited Investors or Qualified Institutional Buyers and must be sold to a broker-dealer of securities to be transferable only to Accredited Investors or Qualified Institutional Buyers. See “TRANSFER RESTRICTIONS” in this Limited Offering Memorandum. Consequently, prospective bond purchasers should be prepared to hold their Series 2018 Bonds to maturity or prior redemption.

Changes in Law; Annual Appropriation; Inadequate Education Aid Payments

Future changes to the Charter Schools Act by the State Legislature could be adverse to the financial interests of the School and the Borrower and could adversely affect the security and sources of payment for the Series 2018 Bonds. There can be no assurance given that the State Legislature will not in the future amend the Charter Schools Act in a manner which is adverse to the interests of the owners of the Series 2018 Bonds.

Like in many states, lawsuits are occasionally filed in New York challenging the State’s system of funding public schools. The outcome of any such public school funding cases in the State in the future cannot be known.

New York may experience downturns in its economy and tax revenues in the future. The provisions of the Charter Schools Act are subject to amendment by the State Legislature, including the reduction of State funding, which could adversely affect the School. STATE BUDGET CONSIDERATIONS MAY ALSO ADVERSELY AFFECT APPROPRIATIONS FOR CHARTER SCHOOL FUNDING.

Construction Risk Relating to the Project

Construction, equipping and furnishing of a new building such as the Facility is subject to the risks of cost overruns and delays due to a variety of factors. Any delay in completion of the Facility could have an adverse effect on the School and the School’s operations at the Facility.

The Facility is expected to be completed by the start of the 2020-2021 school year. Whether the Facility will be completed on schedule depends upon a large number of factors, many of which may be

beyond the control of the Borrower and the general contractor for the Facility. These include, but are not limited to, adverse weather, strikes, delays in the delivery of or shortages of materials, delays in the issuance of required building permits, environmental restrictions or similar unknown or unforeseeable contingencies. Although construction work will be inspected periodically, there can be no assurance that the Facility will conform to construction specifications or state or local regulations. The occurrence of any of the foregoing could result in increases in construction costs or considerable delays, in, or the complete impossibility of, the completion of the Facility.

Project Funding—Conditional Nature of Future Advances

The costs of the Project are to be paid from the proceeds of the Series 2018 Bonds. On the Closing Date, only \$9,500,000 of the total maximum aggregate principal amount of the Series 2018A Bonds will be advanced by the Underwriter. While the Borrower expects the balance of the principal amount of the Series 2018 Bonds to be advanced in an amount sufficient to enable the Borrower to pay the remainder of the costs of the Project, there is no assurance that the total amount required to pay the costs of the Project will be available or obtainable by the Borrower. Neither the Underwriter nor the Bondholder Representative is legally required to make any such Advances. See “THE SERIES 2018 BONDS.”

Damage or Destruction

The Loan Agreement, the Mortgage and the Lease require that the Facility be insured against certain risks. There can be no assurance that the amount of insurance required to be obtained with respect to the Facility will be adequate or that the cause of any damage or destruction to the Facility will be as a result of a risk which is insured. Further, there can be no assurance of the ongoing creditworthiness of the insurance companies from which the Borrower and the School obtain insurance policies. The Borrower and the School each believe that the risks associated with its properties and its operations are adequately provided for through the insurance policies it maintains. The Borrower and the School will provide property insurance on the Facility through a standard commercial insurance policy.

Environmental Risks

The Facility is subject to various federal, State and local laws and regulations relating to human health and safety and the environment. In general, these laws and regulations could require the Borrower as owner of the Facility to implement mitigation to reduce the environmental impacts of the Facility or to remediate adverse environmental conditions on or relating to the Facility, regardless of whether arising from preexisting conditions or arising because of the activities conducted in connection with the ownership and operation of the Facility. Moreover, these laws and regulations can and often do change through legislative, judicial, or regulatory activities.

PVE, LLC, Poughkeepsie, New York (“PVE”) completed a Phase I Environmental Site Assessment dated January 30, 2018 for the Facility (the “**Phase I Report**”). PVE stated in its Phase I Report that it did not identify evidence of recognized environmental conditions or controlled recognized environmental conditions in connection with the Site during the course of its assessment. Additionally, PVE did not recommend further investigation of the Site.

Environmental Regulations and Permitting

Federal, state, and local environmental and health and safety laws, regulations, and standards regulate the Facility. Conditions or mitigation as required by these laws and regulations can be imposed either through permitting or by audit, any of which could result in increased costs to the School. While the

School believes that it is in material compliance with applicable environmental laws for the Facility, there is no assurance that the School, either under construction or in operation as currently contemplated, is now or will always be in compliance with these regulations or be able to obtain all required construction or operating permits. In addition, the costs incurred by the Borrower with respect to compliance with human health and safety and environmental laws and regulations could adversely affect its financial condition and its ability to own and operate the Facility.

Hazardous Materials

Hazardous materials laws, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, can and will impose joint and several liability, without regard to fault, for investigation and clean-up costs on persons who have disposed of or released hazardous substances into the environment and on current and former owners and operators of real property (and to any beneficiary of a Mortgage on the Facility, particularly following any sale or foreclosure proceeding). The Borrower may also be liable for such claims contractually, as the Borrower indemnified the Seller for any and all claims related to hazardous materials as part of the Borrower's acquisition of the Site. The Facility Site is less than one-half of an acre.

Even though the Phase I Report did not show any evidence of recognized environmental conditions for the Site, claims for material costs associated with hazardous materials may arise during the term of the Series 2018 Bonds and could adversely affect the Borrower's financial condition and its ability to own and operate the Facility. Furthermore, any such claims could result in the imposition of use limitations, such as restrictive covenants, that could impair the ability of the School to operate the Facility.

No Appraisal

An appraisal of the Facility will not be conducted until 90 days following the Borrower's receipt of a certificate of occupancy therefor. In the event of a foreclosure of the Mortgage, the value of the Facility in such event cannot be determined and may be substantially less than the cost of the acquisition, construction, equipping and furnishing of the Facility, and no assurance that the value received for the Facility will be sufficient to pay the principal of and interest due on the Series 2018 Bonds.

No Ratings

No recognized credit ratings for the Series 2018 Bonds have been applied for and there can be no assurance that one or more credit ratings will ever be applied for or would be obtained if applied for. Typically, unrated bonds lack liquidity in the secondary market in comparison with rated bonds. As a result of the foregoing, the Series 2018 Bonds are believed to bear interest at higher rates than would prevail for bonds with comparable maturities and redemption provisions that have investment grade credit ratings. Consequently, the Series 2018 Bonds should not be purchased by any investor who, because of financial condition, investment policies or otherwise, does not desire to assume, or have the ability to bear, the risks inherent in an investment in the Series 2018 Bonds.

Enforcement of Remedies

The remedies available to the Trustee or the owners of the Series 2018 Bonds upon an Event of Default under the Indenture or the Loan Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Indenture and the Loan Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of

the Series 2018 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the State and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Failure to Provide Ongoing Disclosure

The Borrower and the School will enter into the Continuing Disclosure Agreement pursuant to Rule 15c2-12, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “**Rule**”). Neither the Borrower nor the School has previously been subject to a continuing disclosure undertaking under Rule 15c2-12. Failure by the Borrower or the School to comply with the Continuing Disclosure Agreement and the Rule may adversely affect the liquidity of the Series 2018 Bonds and their market price in the secondary market. See “CONTINUING DISCLOSURE” and “APPENDIX H—FORM OF CONTINUING DISCLOSURE AGREEMENT” in this Limited Offering Memorandum.

Private School Vouchers

Various proposals offering private school vouchers to families to assist with the cost of private schools have been considered by the State Legislature and will likely be introduced again in the future.

Redemption Prior to Maturity

The Series 2018 Bonds are subject to redemption at the option of the Borrower and in the event of certain occurrences. See “THE SERIES 2018 BONDS—Redemption of Series 2018 Bonds” in this Limited Offering Memorandum.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2018 Bonds. In order for potential investors to identify risk factors and make an informed decision, potential investors should be thoroughly familiar with this entire Limited Offering Memorandum including the appendices hereto.

AUDITED FINANCIAL STATEMENTS OF THE SCHOOL

The audited financial statements of the School as of and for the fiscal years ended June 30, 2017 (including June 30, 2016 comparative information) and June 30, 2018 (including June 30, 2017 comparative information) (the “**Audited Financial Statements**”), are included in APPENDIX D and APPENDIX E, respectively, to this Limited Offering Memorandum. The Audited Financial Statements were audited by Lutz and Carr, Certified Public Accountants, LLP independent auditors, as stated in their report thereon. See “APPENDIX D—AUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2017 (INCLUDING JUNE 30, 2016 COMPARATIVE INFORMATION)” and “APPENDIX E—AUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2018 (INCLUDING JUNE 30, 2017 COMPARATIVE INFORMATION)” in this Limited Offering Memorandum.

The summarized comparative information for 2016 was derived from the School’s 2016 audited financial statements, not included in this Limited Offering Memorandum.

THE BUDGET PROJECTION

The School has prepared the Budget Projection and related assumptions included in APPENDIX C to this Limited Offering Memorandum. The Budget Projection is based on the assumptions made by management of the School as to, among other things, future enrollment levels, future costs and future revenues. The Budget Projection is for the five fiscal years of the School ending June 30, 2019 through June 30, 2023. **The Budget Projection (including the notes thereto) should be read in its entirety.**

The Budget Projection is based on various assumptions that represent only the beliefs of the School's management as to the most probable future events and are subject to material uncertainties. No assurances can be given that the School will, in fact, be able to generate sufficient revenue and attain the enrollment levels as stated in the Budget Projection, and variations from the Budget Projection for each of such matters should be expected to occur. Accordingly, the operations and financial condition of the School in the future will inevitably vary from those set forth in the Budget Projection, and such variance may be material and adverse. See "RISK FACTORS—Budget Projection" in this Limited Offering Memorandum.

The School has not assumed any responsibility to update the Budget Projection or to provide any financial forecasts or projections in the future. The Underwriter and the Issuer have made no independent inquiry as to the assumptions on which the Budget Projection is based and assume no responsibility therefor.

Lutz and Carr, Certified Public Accountants, LLP has not performed any procedures relating to the School's Budget Projection.

CERTAIN TAX MATTERS

Series 2018A Bonds

Opinion of Bond Counsel. In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Issuer, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Currently Delivered Series 2018A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2018A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Issuer, the Borrower, the Member, the School and others, in connection with the Series 2018A Bonds, and Bond Counsel has assumed compliance by the Issuer, the Borrower, the Member and the School with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Currently Delivered Series 2018A Bonds from gross income under Section 103 of the Code. In addition, in rendering its opinion, Bond Counsel has relied on the opinion of counsel to the Borrower, to the Member and to the School regarding, among other matters, the current qualifications of the Member and the School each as an organization described in Section 501(c)(3) of the Code.

In addition, in the opinion of Bond Counsel to the Issuer, under existing statutes, interest on the Currently Delivered Series 2018A Bonds is exempt from personal income taxation imposed by the State of New York or any political subdivision thereof.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Currently Delivered Series 2018A Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Currently Delivered Series 2018A Bonds.

As provided in the opinion of Bond Counsel, not all of the Series 2018A Bonds will be issued on the Closing Date. A bond (or a portion thereof) is treated as issued only to the extent money is exchanged therefor. Consequently, any Series 2018A Bonds that do not constitute Currently Delivered Series 2018A Bonds will be treated as issued only when money is exchanged therefor on one or more subsequent delivery dates (each, a “**Subsequent Delivery Date**”). Each draw-down of the Series 2018A Bonds on a Subsequent Delivery Date must constitute a valid obligation of the Issuer that is legally authorized by law existing on the date of the draw, when money is actually exchanged for the delivery of such Series 2018A Bonds on such Subsequent Delivery Date. The interest on such Series 2018A Bonds issued on a Subsequent Delivery Date is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code only if the Series 2018A Bonds issued on a Subsequent Delivery Date qualify for such exclusion under the law and regulations existing on such date. In addition, the interest on the Series 2018A Bonds issued on a Subsequent Delivery Date will be exempt from personal income taxes imposed thereon by the State of New York or any political subdivision thereof, including The City of New York, only if such Series 2018A Bonds issued on a Subsequent Delivery Date qualify for such exemption under existing statutes. Thus, for example, a change in New York state law or Federal income tax law (or interpretations thereof) subsequent to the Closing Date may adversely affect the validity of the Series 2018A Bonds to be issued on a Subsequent Delivery Date or the exclusion of interest on such Series 2018A Bonds to be issued on a Subsequent Delivery Date from gross income for Federal income tax purposes or from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), as the case may be. The occurrence of an event (a “**Non-Reliance Event**”) after the Closing Date that would adversely affect the validity of the Series 2018A Bonds to be issued on a Subsequent Delivery Date, or that would adversely affect the exclusion of interest on such Series 2018A Bonds to be issued on a Subsequent Delivery Date from gross income for Federal income tax purposes, or that would adversely affect the exemption of interest on the Series 2018A Bonds from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York, could result from: (i) a change in pertinent State of New York law or regulations existing on the Closing Date or a change in pertinent Federal income tax law or regulations existing on the Closing Date, or from a change in the interpretation thereof, including rulings or interpretations of the Internal Revenue Service or other Federal or State of New York governmental authorities, or (ii) court rulings or pending litigation affecting the issuance, legality or validity of the Series 2018A Bonds, the Indenture or the New York Not-for-Profit Corporation Law, or the exclusion of interest on the Series 2018A Bonds from gross income for Federal income tax purposes or from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), as applicable, or (iii) the untruthfulness or inaccuracy of, or non-compliance with, any of the representations, covenants, conditions and agreements contained in the Loan Agreement or in the Tax Regulatory Agreement, or in certain certificates executed and delivered by authorized officers of the Issuer, the Borrower, the School, the Member, the Underwriter or the initial beneficial owners of the Series 2018A Bonds or others on or before the Closing Date, in connection with the Series 2018A Bonds, as referred to above. On each Subsequent Delivery Date, Bond Counsel will allow the Issuer to rely upon

its opinion with respect to any Series 2018A Bonds issued on such Subsequent Delivery Date, as if such Series 2018A Bonds constitute Currently Delivered Series 2018A Bonds, on the condition that a Non-Reliance Event has not occurred. This opinion of Bond Counsel, with respect to the Series 2018A Bonds issued on a Subsequent Delivery Date, as such opinion may be permitted to be relied upon, should, if reliance is permitted, be considered to be rendered on such related Subsequent Delivery Date. Bond Counsel has the option, but not the obligation, to notify the Issuer if a Non-Reliance Event has occurred and that the Issuer may no longer rely on such opinion. With respect to Series 2018A Bonds issued on a Subsequent Delivery Date, Bond Counsel assumes no obligation to update, revise or supplement its opinion to reflect any action taken or not taken after the related Subsequent Delivery Date, for any facts or circumstances, for any changes in law or in interpretations thereof, that may arise or occur after the related Subsequent Delivery Date, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any change in law or interpretation thereof, or otherwise, that may be enacted, arise or occur after a related Subsequent Delivery Date, and Bond Counsel notes that such changes may take place or be proposed from time to time.

Certain Ongoing Federal Tax Requirements and Covenants. The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2018A Bonds in order that interest on the Series 2018A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2018A Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2018A Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Issuer, the Borrower, the Member and the School have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2018A Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences. The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2018A Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2018A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2018A Bonds.

Prospective owners of the Series 2018A Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Series 2018A Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount. “Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial

sale of the Series 2018A Bonds. In general, the issue price for each maturity of Series 2018A Bonds is expected to be the initial public offering price set forth on the inside cover page of this Limited Offering Memorandum. Bond Counsel further is of the opinion that, for any Series 2018A Bonds having OID (a “**Discount Bond**”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Currently Delivered Series 2018A Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant-yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium. In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that bond (a “**Premium Bond**”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant-yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2018A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2018A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2018A Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous. Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2018A Bonds under federal or state law or otherwise prevent beneficial owners of the Series 2018A Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2018A Bonds.

Prospective purchasers of the Series 2018A Bonds should consult their own tax advisors regarding the foregoing matters.

Series 2018B Bonds

In the opinion of Bond Counsel to the Issuer, interest on the Series 2018B Bonds (the “**Taxable Bonds**”) (i) is included in gross income for federal income tax purposes pursuant to the Code and (ii) is not exempt, under existing statutes, from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Taxable Bonds by original purchasers of the Taxable Bonds who are “U.S. Holders”, as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Taxable Bonds will be held as “capital assets”; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Taxable Bonds as a position in a “hedge” or “straddle”, holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire Taxable Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Holders of Taxable Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Taxable Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Original Issue Discount. In general, if Original Issue Discount (“OID”) is greater than a statutorily defined de minimis amount, a holder of a Taxable Bond must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such holder holds such Taxable Bond) the daily portion of OID, as it accrues (generally on a constant-yield method) and regardless of the holder's method of accounting. “OID” is the excess of (i) the “stated redemption price at maturity” over (ii) the “issue price”. For purposes of the foregoing: “issue price” means the first price at which a substantial amount of the Taxable Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); “stated redemption price at maturity” means the sum of all payments, other than “qualified stated interest”,

provided by such Taxable Bond; “qualified stated interest” is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and “de minimis amount” is an amount equal to 0.25 percent of the Taxable Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity. A holder may irrevocably elect to include in gross income all interest that accrues on a Taxable Bond using the constant-yield method, subject to certain modifications.

Bond Premium. In general, if a Taxable Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Taxable Bond other than “qualified stated interest” (a “**Taxable Premium Bond**”), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the holder of a Taxable Premium Bond elects to amortize the premium as “amortizable bond premium” over the remaining term of the Taxable Premium Bond, determined based on constant-yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the holder will make a corresponding adjustment to the holder’s basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the holder’s original acquisition cost.

Disposition and Defeasance. Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Taxable Bond, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder’s adjusted tax basis in the Taxable Bond.

The Issuer may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Bonds to be deemed to be no longer outstanding under the indenture of the Taxable Bonds (a “**defeasance**”). See “APPENDIX F—CERTAIN DEFINITIONS FROM THE PLEDGE AND SECURITY AGREEMENT AND CONTINUING COVENANTS AGREEMENT AND FORMS OF LOAN AGREEMENT, INDENTURE, AND LEASE—Form of Indenture of Trust” herein. For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Taxable Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding. In general, information reporting requirements will apply to non-corporate holders of the Taxable Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a Taxable Bond and the proceeds of the sale of a Taxable Bond before maturity within the United States. Backup withholding may apply to holders of Taxable Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders. The term “U.S. Holder” means a beneficial owner of a Taxable Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income

of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous. Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, could affect the market price or marketability of the Taxable Bonds.

Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding the foregoing matters.

CONSIDERATIONS FOR ERISA AND OTHER U.S. BENEFIT PLAN INVESTORS

The Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA (“**ERISA Plans**”). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein (“**Qualified Retirement Plans**”), and on Individual Retirement Accounts (“**IRAs**”) described in Section 408(b) of the Code (collectively, “**Tax-Favored Plans**”). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements. Additionally, such governmental and non-electing church plans are not subject to the requirements of Section 4975 of the Code. Accordingly, assets of such plans may be invested in the Series 2018 Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of applicable federal and state law.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan’s investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, “**Benefit Plans**”) and persons who have certain specified relationships to the Benefit Plans (“**Parties In Interest**” or “**Disqualified Persons**”), unless a statutory or administrative exemption is available. The definitions of “Party in Interest” and “Disqualified Person” are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) a fiduciary with respect to a plan; (2) a person providing services to a plan; and (3) an employer or employee organization any of whose employees or members are covered by the plan. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available.

Certain transactions involving the purchase, holding or transfer of the Series 2018 Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Issuer were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the “**Plan Assets Regulation**”), the assets of the Issuer would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 of the Code only if the Benefit Plan acquires an “equity interest” in the Issuer and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there can be no assurances in this regard, it appears that the

Series 2018 Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the Series 2018 Bonds, including the reasonable expectation of purchasers of Series 2018 Bonds that the Series 2018 Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features. The debt treatment of the Series 2018 Bonds for ERISA purposes could change subsequent to issuance of the Series 2018 Bonds. In the event of a characterization of the Series 2018 Bonds as other than indebtedness under applicable local law, the subsequent purchase of the Series 2018 Bonds or any interest therein by a Benefit Plan Investor is prohibited.

However without regard to whether the Series 2018 Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of Series 2018 Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Issuer or the Trustee or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Series 2018 Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Series 2018 Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by certain “in-house asset managers”; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts”; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving “adequate consideration” with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate’s) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Series 2018 Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Series 2018 Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a Plan, its fiduciary) is deemed to (a) represent and warrant that either (i) it is not acquiring the Series 2018 Bond (or interest therein) with the assets of a Benefit Plan Investor, governmental plan or church plan; or (ii) the acquisition and holding of the Series 2018 Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, and (b) acknowledge and agree that a Benefit Plan, governmental plan or church plan subject to similar laws may not purchase the Series 2018 Bonds at any time that the Series 2018 Bonds have been characterized as other than indebtedness for applicable local law purposes. A purchaser or transferee who acquires Series 2018 Bonds with assets of a Benefit Plan Investor represents that such purchaser or transferee has considered the fiduciary requirements of ERISA or other similar laws and has consulted with counsel with regard to the purchase or transfer.

Any ERISA Plan fiduciary considering whether to purchase the Series 2018 Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of

Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of any similar state or federal law.

ENFORCEABILITY OF OBLIGATIONS

On the date of delivery of the Series 2018 Bonds, Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Issuer, will deliver its opinion, dated the date of delivery, that the Currently Delivered Series 2018A Bonds, the Series 2018B Bonds, the Loan Agreement, the Bond Purchase Agreement and the Indenture are valid and legally binding obligations of the Issuer. Gilbride, Tusa, Last & Spellane LLC, New York, New York, as counsel to the Borrower, the Member and the School, will deliver its opinion that the various documents to which the Borrower, the Member or the School is a party are valid and legally binding agreements of the Borrower, the Member and the School, each enforceable in accordance with its respective terms. Paparone Law LLC, as special counsel for the Trustee, will deliver its opinion that the various documents to which the Trustee is a party are valid and legally binding agreements of the Trustee, each enforceable in accordance with its respective terms. The foregoing opinions will be generally qualified to the extent that the enforceability of the respective instruments may be limited by laws, decisions and equitable principles affecting remedies and by bankruptcy or insolvency or other laws, decisions and equitable principles affecting creditors' rights generally.

While the Series 2018 Bonds are secured or payable pursuant to the Lease, the Loan Agreement, the Promissory Notes, the Pledge and Security Agreement, the Indenture, the Blocked Account Control Agreement and all other Control Agreements, the Assignment of Development Agreement, the Assignment of Project Agreements, the Advance Agreement, the Environmental Indemnity Agreement, the Depositary Agreement, the Design Builder's Consent and Agreement, the Covenants Agreement, the Construction Disbursement Agreement, the Assignment of Lease and Rents, the Assignment of Assignment of Lease and Rents, the Tax Regulatory Agreement, the Building Loan Agreement, the Mortgage and the Assignments of Mortgage, the practical realization of payment from any security will depend upon the exercise of various remedies specified in the respective instruments. These and other remedies are dependent in many respects upon judicial action, which is subject to discretion and delay. Accordingly, the remedies specified in the above documents may not be readily available or may be limited.

LEGAL MATTERS

Certain legal matters incident to the issuance and sale of the Series 2018 Bonds and with regard to the tax-exempt status of interest on the Currently Delivered Series 2018A Bonds under existing laws are subject to the legal opinion of Hawkins Delafield & Wood LLP, New York, New York, as Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by its General Counsel, for the School, the Borrower and the Member by their counsel, Gilbride, Tusa, Last & Spellane LLC, New York, New York, and for the Trustee by its special counsel Paparone Law LLC, New York, New York. Ballard Spahr LLP, Denver, Colorado, represents the Underwriter in this transaction.

CONTINUING DISCLOSURE

The Rule imposes continuing disclosure obligations on the issuers of certain state and municipal securities to permit participating underwriters to offer and sell the issuer's securities. In order to comply with the requirements of the Rule, the Borrower and the School have entered into a Continuing Disclosure Agreement, dated the Closing Date, between the Borrower, the School, and the School Improvement Partnership, as dissemination agent. Neither the Borrower nor the School has been subject to any prior

continuing disclosure undertakings under Rule 15c2-12. See “APPENDIX H—FORM OF CONTINUING DISCLOSURE AGREEMENT” in this Limited Offering Memorandum.

The Issuer does not have any obligation with respect to the Continuing Disclosure Agreement because the Issuer is not an “obligated party” under the terms of Rule 15c2-12. The Issuer will not monitor the compliance by the Borrower or the School with the terms of the Continuing Disclosure Agreement.

NO RATINGS

No ratings have been applied for with respect to the Series 2018 Bonds. No representation can be made that ratings with respect to the Series 2018 Bonds, if applied for, could be obtained.

RELATIONSHIPS AMONG THE PARTIES

In connection with the issuance of the Series 2018 Bonds, the Issuer, the Borrower, the Member, the School and the Underwriter are being represented by the attorneys or law firms identified above under the heading “LEGAL MATTERS.” In other transactions not related to the Series 2018 Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Issuer, the Borrower, the Member, the School or the Underwriter or their affiliates, in capacities different from those described under “LEGAL MATTERS,” and there will be no limitations imposed as a result of the issuance of the Series 2018 Bonds on the ability of any of these firms or attorneys to act as bond counsel or represent any of these parties in any future transactions. Potential purchasers of the Series 2018 Bonds should not assume that the Issuer, the Borrower, the Member, the School and the Underwriter or their respective counsel or Bond Counsel have not previously engaged in or will not after the issuance of the Series 2018 Bonds engage in, other transactions with each other or with any affiliates of any of them, and no assurances can be given that there are or will be no past or future relationship or transactions between or among any of these parties or these attorneys or law firms.

ABSENCE OF MATERIAL LITIGATION

The Issuer

There is no pending litigation of which the Issuer has written notice restraining or enjoining the issuance or delivery of the Series 2018 Bonds or questioning or affecting the validity of the Series 2018 Bonds or the proceedings and authority under which the Series 2018 Bonds are to be issued or the validity or enforceability of the Indenture, the Loan Agreement or the Bond Purchase Agreement. Neither the creation, organization nor existence of the Issuer, nor the title of the present directors or other officials of the Issuer to their respective offices, is, to the best knowledge of the Issuer, being contested.

The Borrower

No litigation, investigations or proceedings are now pending or, to the best knowledge of the Borrower, are any threatened against the Borrower or the Member which would have a materially adverse effect on the financial condition or operations of the Borrower or the Member or in any manner challenge or adversely affect the existence or power of the Borrower or the Member to enter into and carry out the transactions described in or contemplated by, or the execution, delivery, validity or performance by the Borrower or the Member under the Loan Agreement, the Mortgage, the Pledge and Security Agreement, the Assignment of Lease and Rents, the Lease, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, the Covenants Agreement, the Blocked Account Control Agreement, or the Bond Purchase Agreement, or any other Project Document to which the Borrower is a party.

The School

No litigation, investigations or proceedings are now pending or, to the best knowledge of the School, are any threatened against the School which would have a materially adverse effect on the financial condition or operations of the School or in any manner challenge or adversely affect the existence or power of the School to enter into and carry out the transactions described in or contemplated by, or the execution, delivery, validity or performance by the School under the Loan Agreement, the Lease, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, the Covenants Agreement or any other Project Document to which the School is a party.

UNDERWRITING

The Series 2018 Bonds will be purchased for re-offering at a negotiated sale by D.A. Davidson & Co. (the “**Underwriter**”) from the Issuer. The Underwriter will enter into a Bond Purchase Agreement with the Issuer, the Borrower and the School, among other parties, that provides that the Underwriter will purchase the Currently Delivered Series 2018A Bonds and the Series 2018B Bonds at closing and, upon satisfaction of certain conditions, will purchase the remaining Series 2018A Bonds as advances made in accordance with the Indenture. The obligation of the Underwriter to accept delivery of the Series 2018 Bonds will be subject to various conditions contained in the Bond Purchase Agreement. Expenses associated with the issuance of the Series 2018 Bonds are being paid from proceeds of the Series 2018 Bonds. The right of the Underwriter to receive compensation in connection with the Series 2018 Bonds is contingent upon the actual sale and delivery of the Series 2018 Bonds. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2018 Bonds, if any Series 2018 Bonds are purchased.

The Underwriter intends to offer the Series 2018 Bonds in a limited offering at the offering prices set forth on the inside cover page of this Limited Offering Memorandum, less an underwriter’s discount of \$422,550, which offering prices may be subsequently changed from time to time by the Underwriter without any requirement of prior notice. The Underwriter will receive no fee (other than the underwriter’s discount described in the preceding sentence) from the Issuer, the Borrower or the School for underwriting the Series 2018 Bonds. The Underwriter has reserved the right to permit other securities dealers who are members of the Financial Industry Regulatory Authority to assist in selling the Series 2018 Bonds. The Underwriter may offer and sell the Series 2018 Bonds to certain dealers (including dealers depositing Series 2018 Bonds into investment trusts) at prices lower than the public offering prices set forth on the inside cover page of this Limited Offering Memorandum or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts or commissions that may be received by such dealers in connection with the sale of the Series 2018 Bonds will be deducted from the Underwriter’s underwriting discount.

THE TRUSTEE

The Issuer has appointed The Bank of New York Mellon to serve as Trustee, Bond Registrar and Paying Agent. The Trustee is a banking corporation organized and existing under the laws of the State of New York, having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System. The Trustee is to carry out those duties assignable to it under the Indenture and the other Security Documents. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Limited Offering Memorandum and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Limited Offering Memorandum or for the recitals contained in the Indenture or the Series 2018 Bonds (other than the Trustee’s certificate of authentication), or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Issuer of any of the Series 2018 Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Series 2018 Bonds by the Borrower. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2018 Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Series 2018 Bonds, or the investment quality of the Series 2018 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

The mailing address of the Trustee is 240 Greenwich, Floor 7W, New York, New York 10286, Attention: Corporate Trust Administration. Additional information about the Trustee may be found at its website at <http://www.bnymellon.com>. The Bank of New York Mellon website is not incorporated into this Limited Offering Memorandum by such reference and is not a part hereof.

MISCELLANEOUS

The foregoing does not purport to be comprehensive or definitive, and all references to any document herein are qualified in their entirety by reference to each such document. All references to the Series 2018 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of these documents are available for inspection during the period of the offering at the offices of the Underwriter in Denver, Colorado and thereafter at the principal corporate trust office of the Trustee. In addition to certain information provided herein, all information contained in APPENDICES A, B, C, D, and E, along with information regarding the Forecast and projected debt service coverage under the caption "SUMMARY INFORMATION," has been provided by the Borrower or the School or been derived from information provided by the Borrower or the School. Neither the Issuer nor the Underwriter make any representations or warranties as to the accuracy or completeness of the information in any of the Appendices.

No Registration of the Series 2018 Bonds

Registration or qualification of the offer and sale of the Series 2018 Bonds (as distinguished from registration of the ownership of the Series 2018 Bonds) is not required under the Securities Act. THE ISSUER ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE SERIES 2018 BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE SERIES 2018 BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

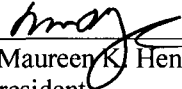
Interest of Certain Persons Named in this Limited Offering Memorandum

The fees to be paid to counsels to the Borrower, the Member and the School, counsel to the Underwriter, the Trustee, counsel to the Trustee, and the Underwriter are contingent upon the sale and delivery of the Series 2018 Bonds.

Limited Offering Memorandum Certification

The Borrower, the School and the Issuer have authorized and approved the use and distribution of this Limited Offering Memorandum. The Issuer has not reviewed or approved any matters herein and assumes no responsibility for the accuracy or completeness of the information herein except for the information under the caption "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION—The Issuer" in this Limited Offering Memorandum.

AMERICAN DREAM GERARD LLC,
a New York limited liability company

By:  _____
Name: Maureen K. Heneghan
Title: President

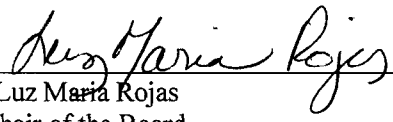
AMERICAN DREAM CHARTER SCHOOL,
a New York not-for-profit and education corporation

By: _____
Name: Luz Maria Rojas
Title: Chair of the Board

AMERICAN DREAM GERARD LLC,
a New York limited liability company

By: _____
Name: Maureen K. Heneghan
Title: President

AMERICAN DREAM CHARTER SCHOOL,
a New York not-for-profit and education corporation

By: 
Name: Luz Maria Rojas
Title: Chair of the Board

The preparation of this Limited Offering Memorandum and its distribution has been authorized by the Borrower and the School. This Limited Offering Memorandum is not to be construed as an agreement or contract between the Borrower or the School and any purchaser, owner or holder of any Series 2018 Bond.

AMERICAN DREAM GERARD LLC,
a New York limited liability company

By: /s/ Maureen K. Heneghan
Name: Maureen K. Heneghan
Title: President

AMERICAN DREAM CHARTER SCHOOL,
a New York not-for-profit and education corporation

By: /s/ Luz Maria Rojas
Name: Luz Maria Rojas
Title: Chair of the Board

APPENDIX A
AMERICAN DREAM CHARTER SCHOOL

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APPENDIX A
AMERICAN DREAM CHARTER SCHOOL

INTRODUCTION

Capitalized terms used but not otherwise defined in this Appendix A shall have the meanings set forth in the Limited Offering Memorandum to which this Appendix A is appended.

General

American Dream Charter School (“ADS” or the “School”) is a charter school located within the boundaries of New York City Community School District 7 (the “7th District”) in the Bronx, in the State of New York (the “State”), and currently offering sixth through tenth grades. Authorized in 2013 by the Board of Regents of the State of New York (the “Authorizer”), on behalf of the State Board of Education, ADS is organized pursuant to Article 56 of New York Education Law (the “Charter Schools Act”) as a public charter school and a not-for-profit education corporation. ADS received a 501(c)(3) determination letter on December 1, 2014 from the Internal Revenue Service. ADS will not be a borrower under the Loan Agreement (although a party thereto) or the Promissory Notes and will not be obligated to make payments under the Loan Agreement with respect to debt service on the Series 2018 Bonds. However, ADS will lease the Facility from the Borrower under the terms of the Lease and amounts payable by ADS to the Borrower under the Lease are scheduled to be sufficient to pay all scheduled debt service on the Series 2018 Bonds.

American Dream Gerard LLC (the “Borrower”) is a New York limited liability company whose sole member is Friends of the American Dream Charter School Inc. (the “Member”) which was organized pursuant to Section 402 of the New York State Not-for-Profit Corporation Law, was formed in June 2013, and is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Member was formed for the purpose of providing supplemental funding to ADS including funding facility rental, purchase, improvement and maintenance, staff salaries, students’ nutrition, supply and extracurricular needs, student and faculty recruitment, and operational costs of ADS. The Borrower will use proceeds of the Series 2018 Bonds to purchase the site, demolish the existing parking lot thereon, and construct the Facility thereon and will lease the Facility to ADS.

The Charter Contract

ADS operates pursuant to a charter agreement with the Authorizer for and on behalf of the Education Department of the State of New York. On December 17, 2013, the Board of Trustees of the School and the Authorizer entered into a proposed charter agreement (the “Proposed Charter”) to establish and operate a middle school. On July 1, 2014 (the “Effective Date”), the Authorizer granted the Proposed Charter to ADS and incorporated ADS by issuing a certificate of incorporation known as a provisional charter, which was initially valid for a term of five years through June 30, 2019. On March 2, 2017, the Authorizer voted to approve ADS’ request to amend the Charter in order to increase the School’s enrollment from 300 students in grades 6-8 to 450 students in grades 6-10. The School submitted its renewal application on July 19, 2018. The Charter renewal application requests an expansion of grades through 12th grade and a student body of 575 students. ADS anticipates that its renewal application will be approved on or before January 31, 2019; however, there can be no guarantee of such result or the approval of additional grades and increased student body.

The Charter governs such matters as ADS’ authority to operate, student performance, financial management, governance and operations. Pursuant to the Charter Schools Act, the term of a charter

cannot exceed five years and therefore must be renewed periodically while the Series 2018 Bonds are outstanding.

Enrollment Generally

ADS began operations at the start of the 2014-15 school year at its middle school facility located in the Mott Haven area of the Bronx (the “Middle School Facility”), with approximately 79 students in sixth grade. Additional grades were added annually, and ADS currently serves grades six through 10. For the 2017-2018 school year, approximately 345 students were enrolled in grades 6-9 and the enrollment for the 2018-2019 school year is approximately 405 students in grades 6-10. ADS anticipates adding grades 11 and 12 in the 2019-20 and 2020-21 school years, respectively.

Mission, Vision and Academic Program

Mission: ADS develops academic excellence in both Spanish and English, preparing students to excel in college and become leaders in their communities.

Vision: ADS’ vision is as follows: “We strongly believe in cultivating an environment that is welcoming and encouraging for English language learners (ELL) and immigrant students where learning and language development experience is supported. ADS’ students will graduate from ADS bilingual and bi-literate in English and Spanish. This model of instruction is designed to allow students to achieve academic success in two languages based on models that support language acquisition, both home language and new language acquisition.”

Academic Program: ADS is a dual-language school that is designed to target, recruit and enroll English language learners (ELLs). There are only 7 other dual-language charter schools in New York City. ADS is the only charter dual-language middle/high school in New York City. Unlike other dual-language schools, ADS does not offer a program within the school. Instead, it is a dual-language school where everyone is exposed to both languages for the same amount of time and with the same end goal: to obtain a Seal of Bi-literacy from the State of New York upon graduating 12th grade. ADS is a high-impact, high-performing school.

ADS is also committed to being a school where parents feel welcome, supported and understood. ADS received a near perfect rating of 4.99 from NYC Parents Survey for developing “Strong Family-Community Ties” based on a survey for the 2017/2018 academic year. Everything ADS does is intentional when it comes to building strong relationships with families including answering the phone in the primary language for most of ADS families (Spanish), having monthly meetings to address concerns, plan events, and think through solutions with parents, and bringing in outside experts when necessary.

Use of Student Achievement Data

ADS uses data in a network wide systematic process to impact large and small-scale instructional decisions and resource allocation. The data from internal and external tests drives the feedback and adaptation to improve teaching and learning at ADS. The ongoing collection of student achievement data through formal and informal assessments in all subjects is used by teachers and administrative staff to drive the instructional program at ADS in various ways such as the following:

- (a) Assessment data is tracked and regularly monitored by teachers to allow them to tailor instruction to the needs of the class and of individual students.

(b) Ongoing assessments allow teachers to provide continuous feedback to students and permit administrative staff to provide continuous feedback to teachers.

(c) Assessment data permits the school leadership team to evaluate the effectiveness of the curriculum content and delivery and of resource allocation in helping students to meet the State standards and grade level expectations.

PLAN OF FINANCE AND THE FACILITY

The Plan of Finance

Build NYC Resource Corporation (the “Issuer”) will issue its (i) Revenue Bonds (American Dream Charter School Project), Series 2018A and (ii) Revenue Bonds (American Dream Charter School Project), Series 2018B (Taxable), pursuant to the terms of an Indenture of Trust, dated as of October 1, 2018, between the Issuer and The Bank of New York Mellon, as trustee (the “Trustee”). The Issuer will loan the proceeds of the Series 2018 Bonds to the Borrower pursuant to a Loan and Use Agreement, dated as of October 1, 2018, between the Issuer and each of the Borrower and ADS. Proceeds of the Series 2018 Bonds will be used by the Borrower for the purposes of funding: (i) (a) the acquisition of an approximately 8,497-square-foot parcel of land located at 700 Gerard Avenue, Bronx, New York, (b) the demolition of a parking lot located thereon, and (c) the design, construction, furnishing and equipping of an approximately 33,173-square-foot, five-story building located thereon for general classroom and administrative use, together with related site improvements; (ii) a separate debt service reserve fund for each of the Series 2018A Bonds and the Series 2018B Bonds; (iii) capitalized interest on the Series 2018 Bonds through October, 2020; and (iv) the costs of issuing the Series 2018 Bonds.

The Borrower and ADS will enter into a Lease Agreement pursuant to which ADS will lease the Facility from the Borrower. The initial term of the Lease extends beyond the term of the Series 2018 Bonds. See “THE PROJECT AND PLAN OF FINANCE” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS — Lease” in this Limited Offering Memorandum for a further description of the Project and the Lease. See also “APPENDIX I – SUMMARY OF CERTAIN PROVISIONS OF THE LEASE” in this Limited Offering Memorandum. Commencing on August 10, 2020, the period through which the interest is capitalized on the Series 2018 Bonds, and continuing on the 10th day of each month thereafter during the term of the Lease, ADS is to pay the Borrower rent in the amounts required under the terms of the Lease, which annual amounts shall total no less than the annual debt service of the Series 2018 Bonds. The Lease is a triple net lease and expenses related to the operations of the Facility are to be paid as Additional Rents under the Lease.

The Existing Facilities

ADS currently has space for the Middle School Facility at 510 E. 141st Street, 4th Floor, Bronx, New York and leases space for the high school at 423 E. 138th Street, 7th Floor, Bronx, New York, which space will not be big enough to serve ADS students beginning in the 2019-2020 school year. Consequently, ADS has entered into a sublease with Civic 411 Wales Corporation (the “Sublandlord”), a New York not-for-profit corporation, dated August 3, 2018 (the “Sublease”) pursuant to which ADS will lease the second floor of a building located at 411 Wales Avenue, Bronx, New York (the “Temporary Facility”) to operate the high school for 11 months during the 2019-2020 school year. Under the Sublease, ADS will pay a fixed rent to the Sublandlord of \$100,793 per month. Upon completion of the Facility, for the 2020-2021 school year, ADS will move the high school from the Temporary Facility to the Facility.

ADS Facilities and Access Payments/Rental Assistance

ADS requested access to facilities from the New York City Department of Education on behalf of the 7th District for the 2014-2015 school year. The New York City Department of Education granted ADS' request and provided space at 510 E. 141st Street, 4th Floor, Bronx, New York, for grades 6-8. On March 2, 2017, the Board of Regents approved ADS' request to amend the charter in order to increase the School's enrollment from 300 students in grades 6-8 to serve 450 students in grades 6-10.

ADS is eligible to receive certain rental assistance payments from the school district ("Facilities Access Payments") for any students who must attend school at a different location than the Middle School Facility, which includes students in grade 9 and above. ADS receives Facilities Access Payments in the monthly amount of approximately \$75,000 for use of the Temporary Facility. The amount of Facilities Access Payments is determined pursuant to a formula set forth in the Charter Schools Act. The maximum amount of Facilities Access Payments available to eligible New York City charter schools for the 2017-2018 school year was 30% of the per pupil funding (\$4,358.10), to the extent such amount does not exceed actual rental costs. By the 2020-21 school year, it is projected that ADS will have approximately 328 students in grades 9-12 who will generate Facilities Access Payments. See "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK—Facilities Access Payments/Rental Assistance," "APPENDIX C—BUDGET PROJECTION," and "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW" in this Limited Offering Memorandum for a more detailed discussion of Facilities Access Payments.

The Facility

On January 11, 2018, the Member entered into a Real Estate Purchase and Sale Agreement, with MP Gerard LLC, a New York limited liability company, for the acquisition of the Facility site located at 700 Gerard Avenue, Bronx, New York and consisting of approximately 8,497 square feet, for a purchase price equal to \$1,875,000 to be financed with proceeds of the Series 2018 Bonds. This agreement is planned to be assigned by the Member to the Borrower prior to the issuance of the Series 2018 Bonds.

Following the acquisition of the Facility site, the parking lot located thereon will be demolished and an approximately 33,173 square-foot, five-story building to be constructed on the site, for use as ADS' high school campus. The first floor of the Facility will be approximately 8,000 square feet, and each additional floor will be approximately 5,500 square feet. The Facility will include basement storage space, classroom space, office and administrative space, a cafeteria and a gymnasium. Once constructed, the Facility will serve approximately 345 high school students. The approximate budget for the construction of the Facility is set forth below:

Project Budget

Site Acquisition	\$ 2,037,320
Hard Costs (including contingency)	17,890,479
Soft Costs	948,086
Developer Fee	<u>1,125,123</u>
Total	<u>\$22,001,008</u>

Highmark School Development will be the developer of Facility and Hollister Construction Services will construct the Facility for an amount estimated not to exceed \$16,440,479 pursuant to a guaranteed maximum price contract, subject to any change orders and terms and provisions contained therein, anticipated to be executed on or before the Closing Date. Construction of the Project is planned to begin in November of 2018 and to be completed by the summer of 2020 for the 2020-2021 school year.

Environmental Report

As part of its diligence for the construction of the Facility, ADS commissioned PVE, LLC, Poughkeepsie, New York (“PVE”) to complete a Phase I Environmental Site Assessment dated January 30, 2018 for the Facility (the “Phase I Report”). PVE stated in its Phase I Report that it did not identify evidence of recognized environmental conditions or controlled recognized environmental conditions in connection with the Facility site during the course of its assessment. Additionally, PVE did not recommend further investigation of the Facility site. See “RISK FACTORS—Hazardous Materials” in this Limited Offering Memorandum.

Appraisal

An appraisal of the value of the Facility will be complete within 90 days of the issuance of the Certificate of Occupancy. As of the date hereof, the “as-built” value of the Facility has not been determined. See “RISK FACTORS—Value of the Facility”.

AMERICAN DREAM CHARTER SCHOOL

ADS Governance and Administration

Board of Trustees

ADS is a not-for-profit education corporation and has no members. ADS is managed by a Board of Trustees (the “Board”). Trustees have no power as individuals and only act through the Board. Under ADS’ Bylaws, the Board consists of not less than five nor more than eleven trustees. Currently, there are six trustees who are elected to three-year terms. Trustees may be elected for successive terms.

The individuals who currently serve as trustees and officers of the Board are as follows:

Name	Position	Initial Start Date	Current Term Expiration
Luz Maria Rojas	Chair	January 2014	January 2020
Zuleika Martinez	Secretary	January 2015	January 2021
Roselin Espinal	Treasurer	January 2015	January 2019
Patricia Simon	Member	January 2018	January 2019
Robert Vargas	Member	January 2018	January 2019
Angelo Cabrera	Member	January 2016	January 2020

Below are biographies of the board members.

Luz Maria Rojas – Chair. Luz Maria Rojas holds a B.A. in History, Boston College; a M.S. Ed. in Childhood Education, Hunter College; and an Ed.M in Educational Leadership, Teachers College, Columbia University. She joined the American Dream Team with an impressive list of bilingual teaching experiences. As the lead teacher of the ESL program in an intermediate school in New York City, Ms. Rojas was a staple of the intermediate school where she played an active role for six years. She was a bilingual teacher of both math and social studies as well as being a crucial member of the ADS Leadership Team, the Language Allocation Policy Team and the Comprehensive Educational Plan Committee. She moved on to teach at a charter school in the Bronx before accepting an assistant principal position at a transfer high school in Queens. Prior to becoming a teacher, Ms. Rojas utilized her bilingual skills as an assistant media planner at McCann-Erickson.

Zuleika Martinez – Secretary. Zuleika Martinez was born and raised in Washington Heights in upper Manhattan. She attended New York City public schools and earned an undergraduate degree from State University of New York at Bingham. Ms. Martinez went on to obtain her master's degree from The New School in secondary education and her masters in school administration from City College of New York. She began her career in education 14 years ago and has been working for the New York City Department of Education. Throughout her professional career, she has worked on the middle and high school levels, serving thousands of students over the year, in the subject of social studies, humanities, and Spanish, and for general education at risk and gifted and talented population.

Roselin Espinal – Treasurer. Roselin Espinal was born and raised in the Dominican Republic. At the age of thirteen, along with her parents, she migrated to the United States to live in New York City in a predominantly working class, poor, Dominican neighborhood. She understands the educational and transitional challenges faced by immigrant students, as she herself did not speak nor write English as she entered the New York City public school system. As a former ESL student, Ms. Espinal has first-hand experience of the complexities of assimilating a new culture including its language. Ms. Espinal received a B.A. in 2000 from State University of New York at Binghamton with a double major in Financial Economics and Spanish Literature. She has been in the financial industry for the last 13+ years. She is currently a Vice President at Credit Suisse in their Latin America Private Banking division, where she utilizes her bilingual skills with offshore high net worth individuals.

Patricia Simon – Member. Patricia Simon holds an M.A. in Social Work from Touro College and a Bachelor of Applied Science in Social Work from the City University of New York. Ms. Simon has eight-plus years of professional experience in social community services, family/children welfare services and developmental disabilities population. She has gained practice in the following areas such as: case management, individualized service plans, substance abuse, biopsychosocial assessments, and person centered planning. Ms. Simon, as a child of immigrants, feels passionate about the ADS mission supporting the immigrant population.

Robert Vargas – Member. Robert Vargas holds a B.A. in accounting from Saint Peter's University and a Masters in Business Administration in Finance from Seton Hall University. Mr. Vargas was born and raised in the Washington Heights area of New York City. His parents met in New York and both immigrated from the Dominican Republic. He has a diverse financial background, including financial reporting, underwriting new real estate developments, portfolio asset management, and property management. He was the Real Estate Development Director for Services for the Underserved where he negotiated many deals with for-profit developers, and successfully secured the funding and managed a large pipeline of new housing projects from initial construction to certificate of occupancy. He is currently the Director of Asset Management for Volunteers of America—Greater New York and is the owner of a real estate development company.

Angelo Cabrera – Member. Angelo Cabrera holds a B.A. in Political Science, Baruch College and an M.A. in Public Administration, Baruch College. Having immigrated to the United States at the age of 15, Mr. Cabrera has first-hand experience and understanding of the many complex barriers minority youth residing in New York City face today. Since he was a teenager, he has been committed to public service and has volunteered at several non-profit organizations. He has also worked very closely with City University of New York officials and the office of the Mexican Consulate to engage the Mexican community in several initiatives through target outreach strategies. In addition, Mr. Cabrera is a columnist for El Diario de Mexico USA. Angelo is a CORO Fellow through the New York Immigrant Leadership Program and trained at the Harvard Kennedy School of Government in organizational leadership. He founded an organization that aims to help students during after school hours in Mott Haven, the community in which he lived. He currently is the President and Founder of MASA MexEd, a nonprofit organization that helps students in Mott Haven achieve academic success after school.

Administration

ADS employs the following key administrators: Principal, Assistant Principal and Director of Operations.

The individuals who currently hold administrative positions at ADS are as follows:

Melissa Melkonian – Principal. Melissa Melkonian has been an educator for over 15 years in New York City. She began her career as a bilingual special education teacher in Inwood, New York, working for the New York City Department of Education. While with the New York City Department of Education, Melissa taught students in grades 5-8 in both English and Spanish. Melissa then moved to a charter school in the Bronx where she continued to be a special educator for a few years before becoming the middle school assistant principal. Melissa is the Founder and Head of School for ADS. Melissa has earned a B.A. in Political Science and Public Policy from Trinity College, an M.A. in Bilingual and Special Education from Mercy College, and an Ed.M. in Educational Leadership at Columbia University's Teachers College.

Beatriz Bañuelos - Assistant Principal. Beatriz Bañuelos is originally from Los Angeles, California. She began her teaching career in Texas, through Teach for America, as a 2006 Rio Grande Valley corps member. She received a B.A. in Social Science with an emphasis in Multi-cultural Studies and a B.A. in Criminology, Law and Society from the University of California, Irvine in 2004. She also received an M.A. in Sociology from City University of New York - Brooklyn College and an Ed.M in Educational Leadership from Teachers College, Columbia University.

Nick Gallagher – Director of Operations. Nick Gallagher joined ADS in January of 2014. He is responsible for supporting Principal Melkonian in the role of Startup Coordinator making sure ADS runs smoothly behind-the-scenes. Nick has previously worked in education research, and has taught and worked with children and young adults in the public library setting as a librarian. Nick has earned his Master of Library and Information Science from UCLA and studied public health at Columbia University.

Teachers and Staff

ADS currently employs 34 full-time teachers, 5 full-time teacher aides/assistants, and 16 staff members (including operations and administration). ADS also employs 2 social workers, 1 dean and 3 part time coaches.

Each class has a maximum of 85 students per class and the current student to teacher ratio for the 2017-18 school year was approximately 9:1. The Student-Teacher Ratio over the past four school years is set forth in the table below.

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Student – Teacher Ratio	8:1	9:1	10:1	9:1

The following table shows the level of experience and education for teachers and teacher aides/assistants for the 2018-19 school year.

ADS Teacher Experience and Education

	2018-19
0-5 Years' Experience	55%
5-10 Years' Experience	25
Over 10 Years' Experience	20
Total	100%

The following table shows teacher and associate teacher retention rates for the previous four school years.

Historical Teacher Retention Rates

Year	Percent Retained
From 2014 to 2015	89%
From 2015 to 2016	80
From 2016 to 2017	75 ¹
From 2017 to 2018	92

¹ For the 2016-2017 school year, ADS had one instructor who decided to retire early, one instructor who went on maternity leave and didn't return, and three instructors who didn't return the following year due to out of state relocation

Professional Development. ADS provides all staff with extensive professional development throughout the year. Professional development is aligned with ADS' annual instructional goals. Professional development sessions are designed to build comprehensive expertise across ADS' teams in priority areas like the teaching framework, co-teaching, differentiation, SIOP (sheltered instruction observation protocol), and data-driven decision-making. Teachers receive extensive and multi-layered training through ADS' systems of professional development and instructional coaching. ADS also makes extensive use of lesson study to build a rigorous and intentional practice of planning both collaboratively and over time. Teachers are expected to work with co-teaching partners to meet the needs of all students.

Teacher Academy, which is a school run educational program for teachers that occurs two and a half weeks before the commencement of the school year, is used to communicate initiatives and areas of priority for the year. The focus of ADS' initial professional development session is, "to develop a coherent curriculum and to develop systems and structures for a successful year." As ADS progresses through the year, ADS' leaders work with teachers on the year-long structure of professional development sessions and the requirements and expectations of Professional Responsibilities. For the past two academic school years, ADS participated in the District-Charter Collaborative (DCC) with a focus on improving instruction and support for English Language Learners. Through this program, ADS selected a problem of practice and engaged in cycles of learning as a way of increasing teacher capacity and caliber of instruction for the students experience. In addition to the instruction strategies that were refined through the cycles of learning, the school-based DCC team designed and facilitated a series of professional development sessions, specifically on the topic of ELLs, to create a common language and expose teachers to a variety of resources, strategies and practices already in existence that will have high impact on student achievement.

Though ADS' membership in the DCC program has ended, ADS is participating in the Learning Partners Program (LPP) during the 2018-19 school year with a focus on culturally responsive pedagogy.

LPP will build on the data-driven practices started by the DCC program and will create opportunities for teachers to better examine gaps in student achievement within ADS' own student population. ADS has made teacher training a priority for the 2018-19 school year.

Charter Contract for ADS

General. New York Education Law, specifically Article 56, the New York Charter Schools Act of 1998, as amended, provides for the creation of public charter schools to provide educational opportunities for students, teachers, parents, and community members, and to establish and maintain schools that operate independently of existing schools and school districts in order to: (i) improve student learning and achievement; (ii) increase learning opportunities for all students, with special emphasis on expanded learning experiences for students who are at-risk of academic failure; (iii) encourage the use of different and innovative teaching methods; (iv) create new professional opportunities for teachers, school administrators and other school personnel; (v) provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; and (vi) provide schools with a method to change from rule-based to performance-based accountability systems by holding charter schools accountable for meeting measurable student achievement results.

Annual Reports. As part of the Charter, ADS is required to submit to the Authorizer annual accountability plan progress reports (each, an "Annual Report") to ensure that ADS is in compliance with the terms of the Charter. An Annual Report is to be submitted each August (and again on November 1, when updated data such as state test results becomes available). The Annual Report provides information about ADS' academic and fiscal standing, as well as operational information (i.e., student and teacher retention, percentage of students who are Economically Disadvantaged, are classified as Special Education, and/or are English Language Learners, testing data, etc.). This information is analyzed by representatives from the Authorizer. ADS also submits financial and operating data to the New York State Education Department pursuant to the Charter.

Charter Renewal. Under the terms of the Charter Schools Act, charters may be renewed, upon application for renewal, for a term of up to five years. In connection with charter renewal, the Charter Schools Act requires applicants such as ADS to submit: (a) a report of progress in achieving the educational objectives set forth in the charter; (b) a detailed financial statement that discloses the cost of administration, instruction and other spending categories for the charter school that will allow a comparison of such costs to other schools, both public and private; (c) copies of each of the annual reports of the charter school required by the Charter and the Charter Schools Act, including charter school report cards and certified financial statements; (d) indications of parent and student satisfaction; and (e) in the case of ADS, the Charter also requires that a renewal application contain such other material and information as is required by the Authorizer.

The Charter Schools Act requires that charter renewal applications be submitted to the charter entity, which in the case of ADS is the Authorizer, no later than six months prior to the expiration of a charter; provided, however, that the charter entity may waive the deadline for good cause shown. ADS' Charter provides that no later than the first of July in the year prior to expiration of the Charter, ADS may provide the Authorizer with an application to renew the Charter in accordance with the Charter Schools Act. ADS' Charter states that if the Authorizer does not approve a renewal application, the parties to the Charter shall fulfill their respective obligations through the full term of the Charter. ADS has begun the process of renewal of its charter application and expects to have approval of the renewal application prior to January 31, 2019.

Charter Revocation. A charter may be terminated by the charter entity or the Board of Regents upon any of the following statutory grounds: (a) if the charter school's outcome on student assessment

measures adopted by the Board of Regents falls below the level that would allow the Commissioner of Education to revoke the registration of another public school, and student achievement on such measures has not shown improvement over the preceding three school years; (b) serious violations of law; (c) material and substantial violation of the charter, including fiscal mismanagement; or (d) if the New York Public Employment Relations Board makes a determination that the charter school demonstrates a practice and pattern of egregious and intentional violations of subdivision one of § 209-A of the New York Civil Service Law involving interference with or discrimination against employee rights under Article 14 of the New York Civil Service Law.

In addition to the statutory revocation provisions, ADS' Charter provides that it may be terminated and revoked by mutual agreement of the parties.

The Charter Schools Act provides that notice of intent to revoke a charter must be provided to the board of trustees of a charter school at least 30 days prior to the effective date of the proposed revocation. Such notice must include a statement of reasons for the proposed revocation. The charter school must be given at least 30 days to correct the problems associated with the proposed revocation. Prior to revocation of the charter, a charter school must be provided an opportunity to be heard, consistent with the requirements of due process. Upon the termination of a charter, the charter school is required to proceed with dissolution pursuant to the procedures of the charter and direction of the authorizing entity and the Board of Regents.

In addition, the charter entity or the Board of Regents may place a charter school falling within the provisions of (a) through (d) above on probationary status to allow the implementation of a remedial action plan. The failure of a charter school to comply with the terms and conditions of a remedial action plan may result in summary revocation of the school's charter.

School Year and School Day Length

Breakfast is available at ADS for all students from 7:30 a.m. until 7:55 a.m. each school day. The school day at ADS starts at 8:00 a.m. and ends at 3:45 p.m. with the building being open for afterschool programs until 6:00 p.m. ADS has an extended school day, extended school year and built in professional development. There are 190 instructional school days. The school year begins in late August and ends at the end of June.

Transportation

Students less than half a mile away walk to ADS. Students living between half of a mile to a full mile from ADS receive a MetroCard at half price. Students living more than a mile from ADS receive a MetroCard at no cost. The MetroCards are provided by the New York City Department of Education.

Curriculum

In keeping with ADS' goals of meeting the needs of English language learners, ADS uses a number of strategies to hold students to a more rigorous standard because students are given the background, vocabulary, and grammatical and linguistic support to achieve high standards. At the high school level, ADS provides models that support students' linguistic or learning needs by providing ESL and SWD certified teachers for students who need them in the models that are most effective.

English, History and Spanish, and Project Based Learning (Science) are taught focusing on three different areas: word work and vocabulary development; reading; and writing. In all subject areas, including ELA, Social Studies, Science and Math, outcomes are based on the requirements of New York

State and Common Core Curriculum, with an end goal of earning a passing score on the New York State Regents or Common Core assessment. Students are expected to learn to write a number of different kinds of essays and narrative pieces.

The units continue to immerse students in vocabulary and contextualizing the theme they are focusing on through media, reading books aloud, and other methods for building background. While students are immersed in literature they will focus on note taking to support their learning and to use as a reference to support writing and PBL. Ultimately students are expected to write frequently about what they have learned, to think critically, to express their opinion in writing, and to create meaningful projects. Because students have a foundation with Project Based Learning across the different content areas in middle school, the scaffolds are in place to allow for ultimate success in developing two languages simultaneously.

Strategy Work and Balanced Literacy: ADS believes that literacy is a driving force behind all academic success. In order to be successful, students must achieve fluency and be able to comprehend texts. The Carnegie Corporation report (2005) outlines some possible solutions for building strong literacy skills in adolescents¹.

- Integrating all four language skills into instruction from the start
- Teaching the components and processes of reading and writing
- Focusing on vocabulary development
- Building and activate background knowledge
- Teaching language through content and themes
- Using native language strategically
- Pairing technology and existing interventions
- Motivating ELLs through choice

PBL (Science): ADS finds that the Project Based Learning (PBL) course to be essential to ensuring students' enduring understanding. ADS strongly believes this course will focus on analyzing and answering complex questions based on investigations in the sciences (physical, earth, biology and chemistry). Students are expected to come up with answers to questions and solutions to problems. Through teacher-mediated, inquiry-based discussions, students are to pose questions, plan projects, manage their time, implement and create their work, and present their findings. The work is based on students' point of view and understanding of their learning. Consequently, a variety of outcomes are possible. Students are to build models that demonstrate their perception of a complex idea. Students might stage an experiment that demonstrates an answer to an essential question being explored or contemplate essential questions that recur in a unit of study.

Students are to make a final presentation in PBL. In keeping with its mission, ADS expects students to present work in written form and orally, both in Spanish and English. During PBL, explicit instruction toward optimizing transfer between languages are used. For example, students label their work

¹ Fitzsimmons, S., & Short, D.J. (2007) Double the Work; Challenges and Solutions to Acquiring language and academic literacy for adolescent English Language Learners. A Report to the Carnegie Corporation of New York. New York: Alliance for Excellent Education.

in both languages, present final presentations to peers and staff in both languages, and write written explanations of work in both languages. Although this is not a standard format for Dual Language, ADS believes that teachers should “encourage cross-language transfer and the development of language awareness.”² By explicitly teaching students to transfer knowledge, it reinforces students’ responsibility for learning cognates and homophones, and supports building strategies that promote transfer.

Mathematics: Students at ADS continue with mathematics in the order of sequence recommended by New York State: Algebra I, Geometry, Algebra II and PreCalculus. Students who are prepared for advance level courses could take an intensive Geometry course in the summer of their 10th grade year and prepare to advance to Calculus or Statistics for their senior year.

Art and Music: ADS believes that art and music are essential to students’ engagement in ADS curriculum. Students must not only engage in discussing pieces of art and music that relate to content area instruction but they will also be engaged in experimenting with different media and techniques. ADS’ goal is to actively engage students in participating in problem-solving and creative expression. Art and music teachers will work with content area teachers to expose students to pieces that are relevant to areas of study. This will give students the chance to look at primary sources and to discuss how an artist’s world views are present in his/her work. Students are expected to discuss art and music through observation and an historical lens; and they are encouraged to discuss what they see or hear and how they react to it.

Physical Education: ADS subscribes to the philosophy that physical health and activity are essential to academic success. ADS students have physical education classes for 45 minutes 3 days a week. The focus of physical education will work on building physical strength and stamina as well as teaching students about team sports, traditional dance, and other forms of physical activity. The objective is to teach students to commit themselves to physical activity as a lifelong goal for general good health and focus. ADS strives to ensure that students meet the New York State requirement for Physical Education and Health.

English: Students at ADS have the following sequence of English classes: English I, English II, American Literature (or Advanced Placement English Language and Composition), and World Literature (or Advanced Placement Literature). Students also have the option of taking a writing intensive, research writing, or creative writing course during the summers to enhance their English writing skills.

Spanish: 50% of the students who enter 9th grade at ADS should come up having passed the Spanish Language Other Than English (“LOTE”). With this, this group of students go through this sequence for Spanish classes: Spanish III, Advanced Placement Spanish Language, Advanced Placement Spanish Literature, and will conclude with an independent study course that are tied to ADS’ study abroad program.

Students who are not as proficient in Spanish will follow this sequence for Spanish classes: Spanish I, Spanish II, Spanish III and will conclude with Advanced Placement Spanish Language. This group of students can also participate in ADS’ independent study course if the rest of their credits are up to date and they wish to participate in the study abroad program.

² Cummins, J. (September 2005) Teaching for Cross-Language Transfer in Dual Language Education: Possibilities and Pitfalls. In TESOL Symposium on Dual Language Education. Teaching and Learning Two Languages in EFL Setting. Symposium Conducted at Bogazici University, Istanbul, Turkey. Pg. 9.

History: Students at ADS commence with Global History I during their freshmen year. They then take Global History II, American History (or Advanced Placement United States History) with a final course of Government/Economics their senior year.

Extra: All students have a Senior Seminar course where they conduct original research in any area of the social sciences, including but not limited to sociology, psychology, economics, political science and religious and ethnic studies as it pertains to being a bilingual, biliterate and/or bicultural student in the United States.

Enrollment

The following table shows actual ADS student enrollment numbers by grade level for the current and four prior school years.

Historical and Current Enrollment by Grade

Grade	2014-15	2015-16	2016-17	2017-18	2018-19
6	79	83	82	87	85
7	--	82	82	86	85
8	--	--	82	86	85
9	--	--	--	86	75
10	--	--	--	--	75
Total Enrollment	79	165	246	345	405

Source: School records.

The following table shows projected ADS student enrollment numbers by grade level for the current and four upcoming school years.

Projected Enrollment by Grade Level

Grade	2018-19	2019-20	2020-21	2021-22	2022-23
6	85	85	85	85	85
7	85	85	85	85	85
8	85	85	85	85	85
9	75	75	75	75	75
10	75	75	75	75	75
11	--	75	75	75	75
12	--	--	75	75	75
Total Enrollment	405	480	555	555	555

Source: School records.

Student Retention

Listed below is the historical student enrollment retention at ADS for the prior five years.

Retention Rate by School Year

School Year	Percent Retention from Previous School Year
From 2013 to 2014	--
From 2014 to 2015	--
From 2015 to 2016	92%
From 2016 to 2017	93
From 2017 to 2018	87 ¹
From 2018 to 2019	98 ²

¹ This was a transitional year for ADS when ADS' high school was in the process of being approved. ADS was approved to expand after students had completed the high school application process. Many students who applied and were admitted to other high schools remained at ADS once the high school expansion was confirmed. However, this low retention rate for this school year reflects the students that ADS lost in 8th grade who applied to these other schools and accepted admission before the high school expansion was confirmed.

² Projected.

Lottery Admission Process

Under the Charter Schools Act, admission into charter schools is determined by a lottery process. Beginning on November 1st, ADS will accept applications for the next school year. All applications received up to the day prior to the date of the lottery are included in the lottery. The lottery takes place in April. The exact date of the lottery is determined in October of the previous year. A lottery will only be conducted if the number of applications exceeds the number of seats. ADS accepts applications for admission to 6th grade, for which 75 students are accepted. Vacancies in other grades are filled by students on the waitlist. Students on the waitlist are accepted based on their waitlist number. For the 2017-2018 school year, there were a total of 251 applications for grades 6-9; however, there were only 91 openings for new students. Admission preference is granted in the following manner: first, to returning students; second, to siblings of students already enrolled at ADS; third, to children of current ADS employees; fourth, to students indicating on the admissions application that they speak a language other than English at home or are currently receiving English Language Learner services who live in the 7th District; fifth, to students who reside in New York State but outside of the 7th District indicating on the admissions application that they speak a language other than English at home or are currently receiving English Language Learner services; sixth, to students who reside in the 7th District; and seventh, to students who reside in New York State but outside of the 7th District. If a lottery is held, names will be pulled from each preference area until all names are pulled. Students whose names are not chosen from the lottery are placed on a waiting list, which is kept for three years. About 10% or less of ADS' students reside out of the 7th District.

Wait List as of July 10, 2018

Listed below is the current school year waitlist, by grade.

Current 2018-2019 Waitlist

Grade	Waitlisted Students ¹
6	97
7	24
8	9
9	47
10	<u>10</u>
Total	187

¹ Waitlist numbers change daily and ADS continually recruits students throughout the year.

ADS is enrolled at its desired capacity for the 2018-19 school year, with 425 students in grades 6-10 enrolled as of August, 2018. Schools in New York City do not announce final enrollment until the end of October because of fluctuation of enrollment at the beginning of the school year. The aforementioned enrollment count is tentative and may change. Listed below is the 2014-15 through 2017-18 historical waitlist information:

Historical Waitlist Information

School Year	Waitlisted Students
2014-15	85
2015-16	95
2016-17	114
2017-18	160

ADS does not have a defined cut-off date to accept additional students. Vacancies are generally filled immediately from the waitlist according to the lottery process; however, ADS takes into consideration the timing of the acceptance of new students during the school year as it may affect the potential success of said students.

Academic Achievement Indicators

ADS' assessment system for formative, diagnostic and summative assessments is mission aligned and reflective of ADS' commitment to ongoing curriculum review, data analysis and progress monitoring. The series of diagnostic assessments provide ADS' instructional leadership team with the data baseline for targeting resources and support to students. ADS' continuous formative assessments comprise items such as exit tickets and a rubric-based grading system developed by teachers in close collaboration with one another and with department chairs. Summative assessments allow ADS to measure the extent to which students achieve mastery or proficiency in a given academic area.

Assessments. Students are given several assessments every academic school year. These include:

- (a) New York State English Language Arts and Math Exam. The tests are designed to measure how well students are mastering the learning standards that guide classroom

instruction and help to ensure that students are on track to graduate from high school with the critical thinking, problem solving, and reasoning skills needed for success in college and the workplace. The tests also show how schools and districts are progressing with the learning standards and can be used to support professional development for teachers.

(b) Scholastic Reading Inventory (SRI) Lexile Framework. The Scholastic Reading Inventory (SRI) is a criterion-referenced test intended to measure reading comprehension and match students to text so they can read with confidence and control. Results from SRI are reported as scale scores (Lexile® measures).

(c) NYSESLAT. The NYSESLAT is given to all students who are identified as ELL/MLL by the New York State Identification Test for English Language Learners (NYSITELL). The purpose of the NYSESLAT is to annually assess the English language proficiency level of ELLs/MLLs enrolled in Grades K–12 in New York State schools. The test gives the State, schools, parents, and teachers important information about the English language development of ELLs/MLLs.

(d) LAS Links Placement Test. The LAS Links exam is designed to measure students' language proficiency in correspondence with the goals of the Common Core State Standards (CCSS), and with the Council of Chief State School Officers' (CCSSO) Framework for English Language Proficiency Development Standards. These standards reflect general language abilities that are associated with language proficiency, rather than the knowledge and skills that are associated with a specific curriculum.

(e) New York State Spanish Regents Exam. English (or Language Other Than English or "LOTE") Equivalency Exam is a tool to help schools determine if a student in grades 8-12 has the proficiency in Spanish, French, Mandarin, Arabic, and Korean to be placed in its course sequence and be validated to meet the minimum requirement for languages other than English for graduation. The exam consists of reading comprehension and writing composition. Students who pass both parts of the exam have satisfied the minimum requirement for languages other than English for graduation.

(f) Scholastic Math Inventory. Scholastic Math Inventory (SMI), developed by Scholastic Inc., is an objective assessment of a student's readiness for mathematics instruction. SMI quantifies a student's path to and through Algebra I (or a High School Integrated Math I course) and can be administered to students in Grades 2–12.

State Testing Performance. The following is a summary of student performance at ADS for the past two school years for which such data is available in ELA and mathematics. Performance on State assessments is reported in terms of mean scores and percentages of tested students scoring at or above Level 3 and 4. Level 3 is the "meets proficiency" standard that means students demonstrate an understanding of the subject and the knowledge and skills expected at their grade level.

**Percentage of students that scored at or above
Level 3 in English Language Arts**

	2015-16		2016-17	
	ADS	7th District	ADS	7th District
Grade 6	13.9%	15.1%	35%	13%
Grade 7	32.5	14.4	23	20
Grade 8			45	27

**Percentage of students that scored at or above
Level 3 in Mathematics**

	2015-16		2016-17	
	ADS	7th District	ADS	7th District
Grade 6	31.3%	12.8%	38%	13%
Grade 7	29.6	10.2	25	11
Grade 8			29	9

The following table shows the average ADS and State student performance scores in science for the past year for which data is available.

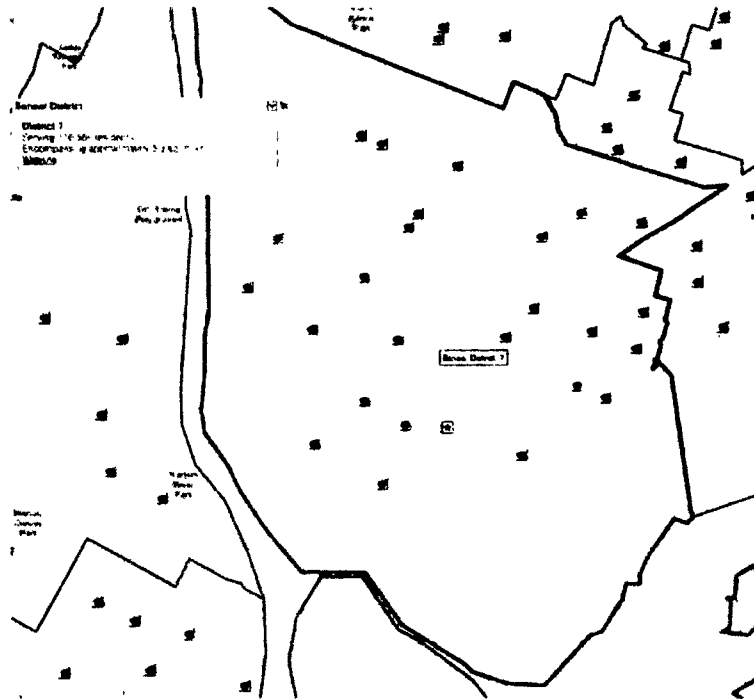
Average Student Performance Scores: 8th Grade Science

School Year	Score at or above 3%	
	ADS	State
2016-17	78	68

The foregoing represents test results of only 20 8th grade students who elected to take the test on a Saturday as it is not required by State law that 8th graders participate.

Service Area

ADS is located in New York City, Bronx County. According to U.S. Census data, Bronx County had a population of 1,455,720 in 2016. ADS' students all reside in Bronx County. Mott Haven is a residential neighborhood geographically located in the South Bronx. The neighborhood is part of Bronx Community Board 7. Its boundaries are 161st Street to the north, East River to the east, Bronx Kill Waterway to the south, and Harlem River to the west 138th Street is the primary thoroughfare. Zip codes include 10454, 10451 and 10455. Below is a map of the 7th District service area.



The Bronx has a land area of 42 square miles (109 km), making it the fourth-largest in land area of the five boroughs, the fourth most populated, and the third-highest in density of population. The Bronx contains one of the five poorest Congressional Districts in the U.S., the 16th, but it also includes the affluent and middle to upper class Riverdale, Schuylerville and Country Club neighborhoods.

In the 2014-15, 2015-16, 2016-17 and 2017-18 school years, 96%, 96%, 96% and 97%, respectively, of ADS' students qualified for the Federal free and reduced price lunch program. Approximately 72% of current ADS' students are current or former English Language Learners.

ADS' student population is 95% Hispanic. For comparison, the racial demographics of Bronx County and the State, as presented in the U.S. Department of Commerce's 2010 Census, are also included.

ADS, Bronx County and State Racial Demographics

Race	7 th District	Bronx County	State
African American	26%	37%	16%
Asian	1	4	7
Hispanic	70	54	18
White	1	28	66
Other	--	25	7

Source: U.S. Census, 2010

Population

The following table sets forth population statistics for the Bronx County and the State of New York.

Year	Comparative Population			
	Bronx County	Percent Change	State of New York	Percent Change
1990	1,203,789	--	17,990,778	--
2000	1,332,650	10.7%	18,976,821	5.5%
2010	1,385,108	3.9	19,378,102	2.1

Source: US Department of Commerce, Bureau of the Census, 2010 Census of Population and Housing

Median Age

According to the U.S. Census Bureau, 2012-16 American Community Survey, the estimated median age for the residents of Bronx County was 33.3 years and for residents of the State was 38.2 years. (Source: U.S. Department of Commerce, Bureau of the Census, American Fact Finder.)

Income

The following table set forth per capita personal income for Bronx County, the State of New York and the United States.

	Per Capita Personal Income			
	2013	2014	2015	2016
Bronx	\$30,414	\$31,269	\$32,586	\$33,154
State of New York	32,382	32,829	33,236	34,212
United States	28,155	28,555	28,930	29,829

Source: US Department of Commerce, Bureau of the Census, American Fact Finder

Competing Schools

ADS competes for students primarily within the geographic area of the 7th District and other surrounding districts, and with other public schools and charter schools within the Bronx, New York area. There are currently five charter schools serving middle school grades and one charter school serving high school grades and two charter schools serving grades 6-12 within the 7th District. There is only one other charter school in the 7th District that provides dual language education programs for elementary and middle school students that competes with ADS for middle school students. In the view of ADS, these schools are representative of the schools with which ADS competes for students.

FINANCIAL DATA FOR THE AMERICAN DREAM SCHOOL

Charter School Funding

Historic Per Pupil Funding Chart New York State Funding	
School Year	Per Pupil Allocation ¹
2012-13	\$13,527
2014-15	13,777
2015-16	13,877
2016-17	14,027
2017-18	14,527
2018-19	15,308

¹ Per pupil allocation does not include supplemental aid which may have been available in any year.

Source:

<http://www.nyccharterschools.org/sites/default/files/resources/Charter-Center-Memo-on-2018-State-Budget.pdf>

New York State's 2018-19 annual fiscal budget includes significant legislative change affecting all charter school in New York City.

The statutory formula for calculating charter per pupil funding had been frozen for several years at the 2010-11 funding level (\$13,527 in NYC), delinking it effectively from changes in district school expenditures. In 2014, legislation was enacted that provided small supplemental increases to the per pupil funding (while providing a reimbursement to school districts for those increases). These increases kept charter per pupil funding relatively flat, increasing just 3.7% through the 2016-17 school year.

In 2017-18 the legislature raised the per pupil funding level to \$14,527. In addition, the State Senate has also provided, as it has of the over the last three years, a one-time appropriations to charter schools in the 2017-18 school year of approximately \$300 per pupil.

Beginning in 2018-19, the State legislature changed the statutory formula for charter school per pupil funding and it will once again be calculated using the existing statutory formula tied to direct expenditures, thus effectively making the per pupil once again a function of average per pupil operating expenses of the district.

The following provisions were approved as part of 2018-19 budget:

- In 2018-19 a per pupil amount of \$15,308 plus a one-time supplemental grant of approximately \$267 per student payable to schools directly from the state after April 1, 2019.
- As a one-time appropriation, charter schools in New York City will also receive an additional \$184 per student payable to schools directly from the state after April 1, 2019.

With the additional \$451 in supplemental aid, it is estimated that charter schools will receive approximately \$15,759 per student for the 2018-19 school year. This represents a 6% increase (\$882) in charter school funding from the 2017-18 amount.

Budgeting of Funds and Reports

ADS' financial consultant firm, Accounting Solutions New York (ASNY) prepares and presents monthly financial reporting to the Board which includes a Statement of Financial Position and a Statement of Activities for the current period and year-to-date prepared as an actual versus budget on a GAAP basis. ASNY also prepares all required annual and quarterly financial reporting to the State and the New York City Department of Education. Required reporting to the New York City Department of Education includes quarterly financials consisting of a Statement of Financial Position, a Statement of Activities prepared as a budget versus actual, a Statement of Cash Flows, and an Annual Budget. Required reporting to the State includes an annual budget presented as a breakdown between program and supporting services prepared on a GAAP basis, and an annual budget and expenditure reports for federal grants including Title IA and Title IIA.

On or before July 1st of each year, ADS will adopt an annual budget for the following fiscal year. The budgeting process involves the administration personnel of the School. The budget allocates general funds received from the New York City Department of Education, special education funds received from the New York City Department of Education and federal funds from the IDEA grant, and Title I and Title II federal grant funds.

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The following table sets forth the budgeted financial data of ADS as compared to the financials for the Fiscal Year ending June 30, 2018 and the data for the Fiscal Year ending June 30, 2019 through September 30, 2018.

	2017-18 Budget	2017-18 Financials	2018-19 Budget	2018-19 Year to Date ¹
Revenue and Support:				
Per Pupil Revenue	\$4,721,275	\$4,917,026	\$6,229,949	\$1,607,235
Special Education Revenue	1,001,956	865,342	967,224	256,395
Stimulus Grants	97,500	122,058	183,557	--
Federal Funding	118,750	291,449	160,625	5,500
Local and Other Revenue	<u>371,072²</u>	<u>391,387²</u>	<u>476,000</u>	<u>141,052</u>
Total Revenue & Support	<u>\$6,310,553</u>	<u>\$6,587,262</u>	<u>\$8,017,355</u>	<u>\$2,010,181</u>
Expenses:				
Administrative Staff Personnel	\$ 961,982	\$ 848,902	\$1,296,734	\$ 220,948
Instructional Personnel	2,991,092	2,994,135	3,952,535	683,558
Payroll Taxes and Benefits	968,738	719,440	1,017,361	199,574
Contracted Services	158,750	161,143	178,750	79,211
School Operations	594,870	706,015	879,000	255,103
Facility Operation and Maintenance	571,250	524,113	680,000	159,806
Interest and Depreciation Expense	--	<u>129,195</u>	--	--
Total Expenses	<u>\$6,246,682</u>	<u>\$6,082,943</u>	<u>\$8,004,380</u>	<u>\$1,598,200</u>
Net Income	<u>\$ 63,870</u>	<u>\$ 504,319</u>	<u>\$ 12,975</u>	<u>\$ 411,981</u>

¹ Year to date unaudited financials through September 30, 2018

² These amounts include facility funding and other revenue, which are classified as "revenue from state sources" on June 30, 2018 budget vs. actual.

Source: ADS

Annual Financial Audit

ADS is required to have an annual audit conducted by an outside independent accounting firm. Financial audits are conducted in accordance with generally accepted auditing standards. Upon completion, audits are reviewed by Lutz and Carr, Certified Public Accountants, LLP before being submitted to the full Board for review. Lutz and Carr, Certified Public Accountants, LLP has been ADS' auditor since 2015.

The audited financial statements of ADS for the fiscal years ended June 30, 2017 and June 30, 2018 are included in "APPENDIX D—AUDITED FINANCIAL STATEMENTS OF ADS FOR THE FISCAL YEAR ENDED JUNE 30, 2017 (INCLUDING JUNE 30, 2016 COMPARATIVE INFORMATION)" and "APPENDIX E—AUDITED FINANCIAL STATEMENTS OF ADS FOR THE FISCAL YEAR ENDED JUNE 30, 2018 (INCLUDING JUNE 30, 2017 COMPARATIVE INFORMATION)", respectively, in this Limited Offering Memorandum.

Historical Financial Data

The following financial data presents selected historical financial data of ADS, as shown in ADS' audited financial statements for the stated years.

Historical Balance Sheet

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
ASSETS			
Cash and cash equivalents (Unrestricted)	\$232,531	\$ 813,042	\$1,304,642
Cash and cash equivalents (Restricted)	25,000	50,039	75,104
Grants Receivables	172,566	86,944	171,501
Prepaid expenses and Other Receivable	19,277	33,967	50,144
Security Deposits	--	--	63,334
Fixed assets, net	<u>120,336</u>	<u>210,792</u>	<u>156,872</u>
TOTAL ASSETS	<u>\$569,710</u>	<u>\$1,194,784</u>	<u>\$1,821,597</u>
LIABILITIES			
Account payable & accrued expenses	\$ 20,490	\$ 65,872	\$ 48,201
Accrued payroll & payroll taxes	<u>91,965</u>	<u>181,638</u>	<u>295,938</u>
Total Liabilities	<u>\$112,455</u>	<u>\$247,510</u>	<u>\$344,139</u>
NET ASSETS			
Unrestricted	\$432,255	\$897,235	\$1,402,354
Restricted	<u>25,000</u>	<u>50,039</u>	<u>75,104</u>
Total Net Assets	<u>\$457,255</u>	<u>\$947,274</u>	<u>\$1,477,458</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$569,710</u>	<u>\$1,194,784</u>	<u>\$1,821,597</u>

Source: ADS

Historical Income Statement

	<u>2014-15¹</u>	<u>2015-16</u>	<u>2016-17</u>
Revenue and Support:			
Student enrollment fees	\$1,420,406	\$2,765,368	\$4,126,781
Federal grants	621,162	352,249	342,773
NYC rent support & other income	6,245	15,162	34,811
Interest Income	252	599	1,006
Contributions	<u>8,710</u>	<u>--</u>	<u>--</u>
Total Revenue & Support	<u>\$2,056,775</u>	<u>\$3,133,378</u>	<u>\$4,505,371</u>
Expenses:			
Program services	\$1,120,636	\$2,160,561	\$3,251,458
Supporting services	<u>478,884</u>	<u>482,798</u>	<u>723,729</u>
Total Expenses	<u>\$1,599,520</u>	<u>\$2,643,359</u>	<u>\$3,975,187</u>
 Change in Unrestricted Net Assets			
Net Assets - Beginning	--	457,255	947,275
Net Assets - Ending	<u>457,255</u>	<u>947,274</u>	<u>1,477,458</u>
 Change in Net Assets	<u>\$ 457,255</u>	<u>\$ 490,019</u>	<u>\$ 530,183</u>

¹ Results are for 18-month period ended June 30, 2015
Source: ADS

Investment Policy

ADS is considering future investment policies, but does not have an investment policy in place at this time.

Employee Benefit Plan

ADS currently offers employees a variety of benefits, some of which are dependent on employee classifications. Generally, ADS offers eligible employees the ability to participate in a 403(b), a tax-sheltered annuity, retirement savings plan, group health and life insurance plans, which include life insurance, accidental death and dismemberment insurance and medical and dental coverage. Additionally, ADS complies with State disability and workers' compensation laws.

Insurance

ADS and the Borrower will maintain the insurance coverages required in the Continuing Covenant Agreement, the Mortgage (in the case of the Borrower) and the Loan Agreement.

No Litigation

No material action, suit proceeding, or investigation at law or in equity, before or by any court, any governmental agency, or any public board or body is pending or, to the best of the knowledge of ADS, the Borrower, or the Member, as applicable, is overtly threatened against ADS, the Borrower or the Member.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW

The following summarizes certain provisions of the New York Charter Schools Act of 1998, Article 56, §§ 2850-2857 of the New York Education Law, as amended (the “Act”), other applicable provisions of the New York Education Law, and related regulations. The following provides a summary only, and is only for informational purposes. Potential investors should refer to and independently evaluate applicable provisions of the Act in their entirety, with assistance from counsel as necessary, for a complete understanding of their terms. Further, potential investors should note that the provisions summarized below are subject to change, and this summary only pertains to certain aspects of currently existing law. See “RISK FACTORS—Changes in Law; Annual Appropriation; Inadequate Education Aid Payments” in this Limited Offering Memorandum.

Purpose (New York Education Law § 2850)

The purpose of the Act is to authorize a system of charter schools to provide opportunities for teachers, parents, and community members to establish and maintain schools that operate independently of existing schools and school districts in order to accomplish the following objectives:

- (a) Improve student learning and achievement;
- (b) Increase learning opportunities for all students, with special emphasis on expanded learning experiences for students who are at-risk of academic failure;
- (c) Encourage the use of different and innovative teaching methods;
- (d) Create new professional opportunities for teachers, school administrators and other school personnel;
- (e) Provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; and
- (f) Provide schools with a method to change from rule-based to performance-based accountability systems by holding the schools established under the Act accountable for meeting measurable student achievement results.

Eligible Applicants; Applications; Submission (New York Education Law §§ 2851(1), 2851(2) and 2851(3))

An application to establish a charter school may be submitted by teachers, parents, school administrators, community residents or any combination thereof. Such application may be filed in conjunction with a college, university, museum, educational institution, not-for-profit corporation exempt from taxation under § 501(c)(3) of the Internal Revenue Code or for-profit business or corporate entity authorized to do business in New York state. Provided however, for-profit business or corporate entities shall not be eligible to submit an application to establish a charter school pursuant to § 2852(9-a) (a request for proposals process) of the Act, or operate or manage a charter school for a charter issued pursuant to § 2852(9-a) (a request for proposals process) of the Act. For charter schools established in conjunction with a for-profit business or corporate entity, the charter shall specify the extent of the entity’s participation in the management and operation of the school.

The information provided on the application shall be consistent with the provisions of the Act and other applicable laws, rules and regulations.

An applicant shall submit the application to a charter entity for approval. For purposes of the Act, a charter entity shall be:

(a) The board of education of a school district eligible for an apportionment of aid under § 3602(4) (apportionment of public moneys to school districts employing eight or more teachers) of the New York Education Law; provided that a board of education shall not approve an application for a school to be operated outside the school district's geographic boundaries and further provided that in a city having a population of 1,000,000 or more, the chancellor of any such city school district shall be the charter entity established by this paragraph;

(b) The Board of Trustees of the State University of New York; or

(c) The Board of Regents. The Board of Regents shall be the only entity authorized to issue a charter pursuant to the Act.

Notwithstanding any provision of this section to the contrary, an application for the conversion of an existing public school to a charter school shall be submitted to, and may only be approved by, the charter entity set forth in paragraph (a) of this section. Notwithstanding any law, rule or regulation to the contrary, any such § 2852(9-a) application for conversion shall be consistent with this section but shall not be subject to the process pursuant to the Act, and the charter entity shall require that the parents or guardians of a majority of the students then enrolled in the existing public school vote in favor of converting the school to a charter school.

Charter Renewal (New York Education Law § 2851(4))

Charters may be renewed, upon application, for a term of up to five (5) years in accordance with the provisions of the Act for the issuance of such charters pursuant to § 2852 of the Act; provided however, that a renewal application shall include:

(a) A report of the progress of the charter school in achieving the educational objectives set forth in the charter.

(b) A detailed financial statement that discloses the cost of administration, instruction and other spending categories for the charter school that will allow a comparison of such costs to other schools, both public and private. Such statement shall be in a form prescribed by the Board of Regents.

(c) Copies of each of the annual reports of the charter school required by § 2857 of the Act, including the charter school report cards and the certified financial statements.

(d) Indications of parent and student satisfaction.

(e) The means by which the charter school will meet or exceed enrollment and retention targets as prescribed by the Board of Regents or the Board of Trustees of the State University of New York, as applicable, of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program which shall be considered by the charter entity prior to approving such charter school's application for renewal. When developing such targets, the Board of Regents and the Board of Trustees of the State University of New York shall ensure (1) that such enrollment targets are comparable to the enrollment figures of such categories of students attending the

public schools within the school district, or in a city school district in a city having a population of 1,000,000 or more inhabitants, the community school district, in which the charter school is located; and (2) that such retention targets are comparable to the rate of retention of such categories of students attending the public schools within the school district, or in a city school district in a city have a population of 1,000,000 or more inhabitants, the community school district, in which the proposed charter school would be located.

Such renewal application shall be submitted to the charter entity no later than six months prior to the expiration of the charter; provided, however, that the charter entity may waive such deadline for good cause shown.

Charter School Organization (New York Education Law § 2853(1))

(a) Upon the approval of a charter by the Board of Regents, the Board of Regents shall incorporate the charter school as an education corporation for a term not to exceed five (5) years, provided however in the case of charters issued pursuant to § 2852(9-a) of the Act the Board of Regents shall incorporate the charter school as an education corporation for a term not to exceed five (5) years in which instruction is provided to pupils plus the period commencing with the effective date of the charter and ending with the opening of the school for instruction. Such certificate of incorporation shall not modify or limit any terms of the charter approved by the Board of Regents. Upon approval of an application to renew a charter, the Board of Regents shall extend the certificate of incorporation for a term not to exceed five (5) years. Upon termination or nonrenewal of the charter of a charter school pursuant to § 2855 of the Act, the certificate of incorporation of the charter school shall be revoked by the Board of Regents pursuant to § 219 (change of charter) of the New York Education law, provided that compliance with the notice and hearing requirements of the Act shall be deemed to satisfy the notice and hearing requirements of § 219 of the New York Education law. It shall be the duty of the trustees of the charter school to obtain federal tax-exempt status no later than one year following approval of a charter school by the Board of Regents. For purposes of the Act, "certificate of incorporation" shall mean the provisional charter issued by the Board of Regents to form the charter school as an educational corporation pursuant to §§ 216 (charters) and 217 (provisional charters) of the New York Education Law.

(b) An education corporation organized to operate a charter school shall have all corporate powers necessary and desirable for carrying out a charter school program in accordance with the provisions of the Act, other applicable laws and regulations and the terms of the charter, including all of the powers of an education corporation formed to operate an elementary or secondary school and those powers granted under the provisions of the not-for-profit corporation law that are made applicable to charter schools by § 216-a (applicability of not-for-profit corporation law) of the New York Education Law. The powers of the trustees of the charter school shall include those powers specified in § 226 (powers of trustees of institutions) of the New York Education Law.

(b-1) An education corporation operating a charter school shall be authorized to operate more than one school or house any grade at more than one site, provided that a charter must be issued for each such additional school or site in accordance with the requirements for the issuance of a charter pursuant to the Act and that each such additional school or site shall count as a charter issued pursuant to § 2852(9) of the Act; and provided further that:

- (i) a charter school may operate in more than one building at a single site; and
- (ii) a charter school which provides instruction to its students at different locations for a portion of their school day shall be deemed to be operating at a single site.

(c) A charter school shall be deemed an independent and autonomous public school, except as otherwise provided in the Act and a political subdivision having boundaries coterminous with the school district or community school district in which the charter school is located. The charter entity and the Board of Regents shall be deemed to be the public agents authorized to supervise and oversee the charter school.

(d) The powers granted to a charter school under the Act constitute the performance of essential public purposes and governmental purposes of the state. A charter school shall be exempt to the same extent as other public schools from all taxation, fees, assessments or special ad valorem levies on its earnings and its property, including property leased by the charter school. Instruments of conveyance to or from a charter school and any bonds or notes issued by a charter school, together with the income therefrom, shall at all times be exempt from taxation.

(e) A charter school shall not have the power to levy taxes or to acquire property by eminent domain.

(f) The Board of Trustees of the charter school shall have final authority for policy and operational decisions of the school. Nothing herein shall prohibit the Board of Trustees of a charter school from delegating decision-making authority to officers and employees of the school in accordance with the provisions of the charter.

(g) Notwithstanding any provision of law to the contrary, no civil liability shall attach to any charter entity, the Board of Regents, or to any of their members or employees, individually or collectively, for any acts or omissions of the charter school. Neither the local school district, the charter entity nor the state shall be liable for the debts or financial obligations of a charter school or any person or corporate entity who operates a charter school.

Public and Private Assistance to Charter Schools (New York Education Law § 2853(4))

Effective until June 30, 2018:

For purposes of §§ 701 (power to designate text-books; purchase and loan of text-books; purchase of supplies), 711 (aid for purchase of school library materials), 751 (aid for computer software purchases) and 912 (health and welfare services to all children) of the New York Education Law, a charter school shall be deemed a nonpublic school in the school district within which the charter school is located. Special education programs and services shall be provided to students with a disability attending a charter school in accordance with the individualized education program recommended by the committee or subcommittee on special education of the student's school district of residence. The charter school may arrange to have such services provided by such school district of residence or by the charter school directly or by contract with another provider. Where the charter school arranges to have the school district of residence provide such special education programs or services, such school district shall provide services in the same manner as it serves students with disabilities in other public schools in the school district, including the provision of supplementary and related services on site to the same extent to which it has a policy or practice of providing such services on the site of such other public schools.

Effective June 30, 2018:

(a) For purposes of §§ 701 (power to designate text-books; purchase and loan of text-books; purchase of supplies), 711 (aid for purchase of school library materials), 751 (aid for computer software purchases) and 912 (health and welfare services to all children) of the New York Education Law, a charter school shall be deemed a nonpublic school in the school district within which the charter school is

located. Special education programs and services shall be provided to students with a disability attending a charter school in accordance with the individualized education program recommended by the committee or subcommittee on special education of the student's school district of residence. The charter school may arrange to have such services provided by such school district of residence or by the charter school directly or by contract with another provider.

(b) For purposes of § 3635 (transportation) of the New York Education Law, a charter school shall be deemed a nonpublic school. The charter and application therefor shall set forth the manner in which students ineligible for transportation pursuant to § 3635 of the New York Education Law shall be transported to and from school. Any supplemental transportation provided by a charter school shall comply with all transportation safety laws and regulations applicable to other public schools. A school district may enter into a contract for the provision of supplemental transportation services to a charter school, and any such services shall be provided by the school district at cost.

(c) A charter school may contract with the governing body of a public college or university for the use of a school building and grounds, the operation and maintenance thereof. Any such contract shall provide such services or facilities at cost. A school district shall permit any charter school granted approval to co-locate, to use such services and facilities without cost. Notwithstanding any provision of law to the contrary, any approval prior to January 1, 2014, pursuant to § 2590-g(1)(h) of New York Education Law, of a significant change in school utilization relating to the co-location of a school authorized pursuant to the Act or to allocate such school space in a district school building made prior to the implementation of the requirements of § 2590-g(1)(h) of New York Education Law shall not, on or after January 21, 2014, be altered, revised, amended, overturned or withdrawn by the board of education or the chancellor as of January 21, 2014 fail to be implemented without the consent of the charter school approved for co-location in a public school building unless such charter school is no longer authorized pursuant to the Act.

(d) Private persons and organizations are encouraged to provide funding and other assistance to the establishment or operation of charter schools.

(e) The school district of residence of children attending a charter school may, but is not required to, allow such children to participate in athletic and extra-curricular activities of the district's schools.

Applicability of Other Laws (New York Education Law § 2854(1))

(a) Notwithstanding any provision of law to the contrary, to the extent that any provision of the Act is inconsistent with any other state or local law, rule or regulation, the provisions of the Act shall govern and be controlling.

(b) A charter school shall meet the same health and safety, civil rights, and student assessment requirements applicable to other public schools, except as otherwise specifically provided in the Act. A charter school shall be exempt from all other state and local laws, rules, regulations or policies governing public or private schools, boards of education, school districts and political subdivisions, including those relating to school personnel and students, except as specifically provided in the school's charter or in the Act. Nothing in this section shall affect the requirements of compulsory education of minors established by Part 1 of Article 65 (compulsory education) of the New York Education Law.

(c) A charter school shall be subject to the financial audits, the audit procedures, and the audit requirements set forth in the charter and shall be subject to audits of the comptroller of the city school district of the city of New York for charter schools located in New York city, and to audits of the

New York State Comptroller for charter schools located in the rest of the state, at his or her discretion, with respect to the school's financial operations. Such procedures and standards shall be consistent with generally accepted accounting and audit standards. Independent fiscal audits shall be required at least once annually.

(d) A charter school shall design its educational programs to meet or exceed the student performance standards adopted by the Board of Regents and the student performance standards contained in the charter. Students attending charter school shall be required to take Regents examinations to the same extent such examinations are required of other public school students. A charter school offering instruction in the high school grades may grant Regents diplomas and local diplomas to the same extent as other public schools, and such other certificates and honors as are specifically authorized by their charter, and in testimony thereof give suitable certificates, honors and diplomas under its seal; and every certificate and diploma so granted shall entitle the conferee to all privileges and immunities which by usage or statute are allowed for similar diplomas of corresponding grade granted by any other public school.

(e) A charter school shall be subject to the provisions of the New York Freedom of Information Law and New York Open Meetings Law.

(f) A charter school shall be subject to the provisions of §§ 800 (definitions), 801 (conflicts of interest prohibited), 802 (exceptions), 803 (disclosure of interest), 804 (contracts void), 804-a (certain interests prohibited), 805 (violations), 805-a (certain action prohibited), 805-b (solemnization of marriages) and 806 (code of ethics) of the General Municipal Law to the same extent such sections apply to school districts.

Admission; Enrollment; Students (New York Education Law § 2854(2))

(a) A charter school shall be nonsectarian in its programs, admission policies, employment practices, and all other operations and shall not charge tuition or fees; provided that a charter school may require the payment of fees on the same basis and to the same extent as other public schools. A charter school shall not discriminate against any student, employee or any other person on the basis of ethnicity, national origin, gender, or disability or any other ground that would be unlawful if done by a school. Admission of students shall not be limited on the basis of intellectual ability, measures of achievement or aptitude, athletic ability, disability, race, creed, gender, national origin, religion, or ancestry; provided, however, that nothing in the Act shall be construed to prevent the establishment of a single-sex charter school or a charter school designed to provide expanded learning opportunities for students at-risk of academic failure or students with disabilities and English language learners; and provided, further, that the charter school shall demonstrate good faith efforts to attract and retain a comparable or greater enrollment of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program when compared to the enrollment figures for such students in the school district in which the charter school is located. A charter shall not be issued to any school that would be wholly or in part under the control or direction of any religious denomination, or in which any denominational tenet or doctrine would be taught.

(b) Any child who is qualified under the laws of this state for admission to a public school is qualified for admission to a charter school. Applications for admission to a charter school shall be submitted on a uniform application form created by the department and shall be made available by a charter school in languages predominately spoken in the community in which such charter school is located. The school shall enroll each eligible student who submits a timely application by the first day of April each year, unless the number of applications exceeds the capacity of the grade level or building. In such cases, students shall be accepted from among applicants by a random selection process, provided,

however, that an enrollment preference shall be provided to pupils returning to the charter school in the second or any subsequent year of operation and pupils residing in the school district in which the charter school is located, and siblings of pupils already enrolled in the charter school. Preference may also be provided to children of employees of the charter school or charter management organization, provided that such children of employees may constitute no more than 15% of the charter school's total enrollment. The Commissioner shall establish regulations to require that the random selection process conducted pursuant to this paragraph be performed in a transparent and equitable manner and to require that the time and place of the random selection process be publicized in a manner consistent with the requirements of §104 of the Public Officers Law and be open to the public. For purposes of this paragraph and paragraph (a) above, the school district in which the charter school is located shall mean, for the city school district of the city of New York, the community district in which the charter school is located.

(c) A charter school shall serve one or more of the grades one through twelve, and shall limit admission to pupils within the grade levels served. Nothing in the Act shall prohibit a charter school from establishing a kindergarten program.

(d) A student may withdraw from a charter school at any time and enroll in a public school. A charter school may refuse admission to any student who has been expelled or suspended from a public school until the period of suspension or expulsion from the public school has expired, consistent with the requirements of due process.

Causes for Revocation or Termination (New York Education Law § 2855)

The charter entity, or the Board of Regents, may terminate a charter upon any of the following grounds:

(a) When a charter school's outcome on student assessment measures adopted by the Board of Regents falls below the level that would allow the Commissioner to revoke the registration of another public school, and student achievement on such measures has not shown improvement over the preceding three school years;

(b) Serious violations of law;

(c) Material and substantial violation of the charter, including fiscal mismanagement;

(d) When the public employment relations board makes a determination that the charter school demonstrates a practice and pattern of egregious and intentional violations of § 209-a(i) (improper employer practices) of the Civil Service Law involving interference with or discrimination against employee rights under Article 14 (Public Employees' Fair Employment Act) of the Civil Service Law; or

(e) Repeated failure to comply with the requirement to meet or exceed enrollment and retention targets of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program pursuant to targets established by the Board of Regents or the Board of Trustees of the State University of New York, as applicable. Provided, however, if no grounds for terminating a charter are established pursuant to § 2855 of the Act other than pursuant to this paragraph (e), and the charter school demonstrates that it has made extensive efforts to recruit and retain such students, including outreach to parents and families in the surrounding communities, widely publicizing the lottery for such school, and efforts to academically support such students in such charter school, then the charter entity or Board of Regents may retain such charter.

Notice of intent to revoke a charter shall be provided to the Board of Trustees of a charter school at least 30 days prior to the effective date of the proposed revocation. Such notice shall include a statement of reasons for the proposed revocation. The charter school shall be allowed at least 30 days to correct the problems associated with the proposed revocation. Prior to revocation of the charter, a charter school shall be provided an opportunity to be heard, consistent with the requirements of due process. Upon the termination of a charter, the charter school shall proceed with dissolution pursuant to the procedures of the charter and direction of the charter entity and the Board of Regents.

In addition to the provisions of the paragraph above, the charter entity or the Board of Regents may place a charter school falling within the provisions of paragraphs (a) through (e) above on probationary status to allow the implementation of a remedial action plan. The failure of a charter school to comply with the terms and conditions of a remedial action plan may result in summary revocation of the school's charter.

Any individual or group may bring a complaint to the Board of Trustees of a charter school alleging a violation of the provisions of the Act, the charter, or any other provision of law relating to the management or operation of the charter school. If, after presentation of the complaint to the Board of Trustees of a charter school, the individual or group determines that such board has not adequately addressed the complaint, they may present that complaint to the charter entity, which shall investigate and respond. If, after presentation of the complaint to the charter entity, the individual or group determines that the charter entity has not adequately addressed the complaint, they may present that complaint to the Board of Regents, which shall investigate and respond. The charter entity and the Board of Regents shall have the power and the duty to issue appropriate remedial orders to charter schools under their jurisdiction to effectuate the provisions of this section.

The regulatory power of the Board of Regents and the Commissioner shall not extend to charter schools except as otherwise specifically provided in the Act.

Review and Assessment (New York Education Law §§ 2857(2), 2857(3) and 2857(5))

Each charter school shall submit to the charter entity and to the Board of Regents an annual report. Such report shall be issued no later than the first day of August of each year for the preceding school year and shall be made publicly available by such date and shall be posted on the charter school's website. The annual report shall be in such form as shall be prescribed by the Commissioner and shall include at least the following components:

(a) a charter school report card, which shall include measures of the comparative academic and fiscal performance of the school, as prescribed by the Commissioner in regulations adopted for such purpose. Such measures shall include, but not be limited to, graduation rates, dropout rates, performance of students on standardized tests, college entry rates, total spending per pupil and administrative spending per pupil. Such measures shall be presented in a format that is easily comparable to similar public schools. In addition, the charter school shall ensure that such information is easily accessible to the community including making it publicly available by transmitting it to local newspapers of general circulation and making it available for distribution at board of trustee meetings;

(b) discussion of the progress made towards achievement of the goals set forth in the charter;

(c) a certified financial statement setting forth, by appropriate categories, the revenues and expenditures for the preceding school year, including a copy of the most recent independent fiscal audit of the school and any audit conducted by the New York State Comptroller; and

(d) efforts taken by the charter school in the existing school year, and a plan for efforts to be taken in the succeeding school year, to meet or exceed enrollment and retention targets set by the Board of Regents or the Board of Trustees of the State University of New York, as applicable, of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program established pursuant to § 2851(4)(e) of the Act.

The Board of Regents shall report annually to the governor, the temporary president of the senate, and the speaker of the assembly the following information:

(1) The number, distribution, and a brief description of new charter schools established during the preceding year;

(a-1) A list including the number of charter schools closed during the preceding year, and a brief description of the reasons therefor including, but not limited to, non-renewal of the charter or revocation of the charter;

(b) The department's assessment of the current and projected programmatic and fiscal impact of charter schools on the delivery of services by school districts;

(c) The academic progress of students attending charter schools, as measured against comparable public and nonpublic schools with similar student population characteristics wherever practicable;

(d) A list of all actions taken by a charter entity on charter application and the rationale for the renewal or revocation of any charters; and

(e) Any other information regarding charter schools that the Board of Regents deems necessary. The format for this annual report shall be developed in consultation with representatives of school districts and charter school officials.

The Board of Regents shall on an annual basis review and make available to school districts best educational practices employed by charter schools.

Facilities (New York Education Law § 2853-3)

(1) A charter school may be located in part of an existing public school building, in space provided on a private work site, in a public building or in any other suitable location. Provided, however, before a charter school may be located in part of an existing public school building, the charter entity shall provide notice to the parents or guardians of the students then enrolled in the existing school building and shall hold a public hearing for purposes of discussing the location of the charter school. A charter school may own, lease or rent its space.

(a-1) (i) For charters issued pursuant to § 2852(9-a) of the Act located outside a city school district in a city having a population of 1,000,000 or more inhabitants, the department shall approve plans and specifications and issue certificates of occupancy for such charter schools. Such charter schools shall comply with all department health, sanitary, and safety requirements applicable to facilities and shall be treated the same as other public schools for purposes of local zoning, land use regulation and building code compliance. Provided however, that the department shall be authorized to grant specific exemptions from the requirements of this paragraph to charter schools upon a showing that compliance with such requirements creates an undue economic hardship or that some other good cause exists that

makes compliance with this paragraph extremely impractical. A demonstrated effort to overcome the stated obstacles must be provided.

a. (ii) In a city school district in a city with a population of 1,000,000 or more, all charters authorized to be issued by the chapter of the laws of 2010 which amended this subdivision shall be obligated to comply with the department's health, safety and sanitary requirements applicable to facilities to the same extent as non-charter public schools in such a city school district.

(a-2) A charter school shall be deemed a nonpublic school for purposes of local zoning, land use regulation and building code compliance if it has been granted an exemption by the department pursuant to paragraph (a-1) above or if its charter was not issued pursuant to § 2852(9-a) of the Act.

(a-3) (i) Before a charter school may be located or co-located in an existing public school building in a city school district in a city having a population of 1,000,000 or more inhabitants, the chancellor shall identify which public school buildings may be subject to location or co-location, provide the rationale as to why such public school building is identified for location or co-location and shall make all such information publicly available, including via the city board's official internet website. In addition, the chancellor shall provide widespread notice of such information including to the community superintendent, community district education council and the school-based management team. After a public school building has been selected for a proposed location or co-location, the chancellor shall develop a building usage plan in accordance with the Act.

(a-4) In a city school district in a city having a population of 1,000,000 or more inhabitants, a shared space committee shall be established in each public school building in which one or more charter schools are located or co-located within a public school building with non-charter public schools. The shared space committee shall be comprised of the principal, a teacher, and a parent of each co-located school. Such committee shall conduct regular meetings, at least four times per school year, to review implementation of the building usage plan developed pursuant to the Act.

(a-5) Notwithstanding any provision to the contrary, in a city school district in a city having a population of 1,000,000 or more inhabitants, the determination to locate or co-locate a charter school within a public school building and the implementation of and compliance with the building usage plan developed pursuant to the Act that has been approved by the board of education of such city school district pursuant to the New York Education law and after satisfying the requirements of the New York Education law may be appealed to the commissioner pursuant to applicable provisions of the New York Education law. Provided further, the revision of a building usage plan approved by the board of education consistent with the requirements pursuant to the New York Education law may also be appealed to the commissioner on the grounds that such revision fails to meet the standards set forth in the Act. Following a petition for such appeal pursuant to this paragraph, such city school district shall have ten days to respond. The petition must be dismissed, adjudicated or disposed of by the commissioner within ten days of the receipt of the city school district's response.

(b) A charter school may pledge, assign or encumber its assets to be used as collateral for loans or extensions of credit; provided, however, that a charter school shall not pledge or assign monies provided, or to be provided, pursuant to § 2856(1) of the Act in connection with the purchase or construction, acquisition, reconstruction, rehabilitation or improvement of a school facility.

(c) The office of general services shall annually publish a list of vacant and unused buildings and vacant and unused portions of buildings that are owned by the state and that may be suitable for the operation of a charter school. Such list shall be provided to applicants for charter schools and to existing

charter schools. At the request of a charter school or a prospective applicant, a school district shall make available a list of vacant and unused school buildings and vacant and unused portions of school buildings, including private school buildings, within the school district that may be suitable for the operation of a charter school.

(d) Notwithstanding any other provision to the contrary, in a city school district in a city having a population of 1,000,000 or more inhabitants, the chancellor must first authorize in writing any proposed capital improvements or facility upgrades in excess of \$5,000, regardless of the source of funding, made to accommodate the co-location of a charter school within a public school building. For any such improvements or upgrades that have been approved by the chancellor, capital improvements or facility upgrades shall be made in an amount equal to the expenditure of the charter school for each non-charter public school within the public school building. For any capital improvements or facility upgrades in excess of \$5,000 that have been approved by the chancellor, regardless of the source of funding, made in a charter school that is already co-located within a public school building, matching capital improvements or facility upgrades shall be made in an amount equal to the expenditure of the charter school for each non-charter public school within the public school building within three months of such improvements or upgrades.

(e) In a city school district in a city having a population of 1,000,000 or more inhabitants, charter schools that first commence instruction or that require additional space due to an expansion of grade level, pursuant to the Act, approved by their charter entity for the 2014-2015 school year or thereafter and request co-location in a public school building shall be provided access to facilities pursuant to § 2853-3(e) of the Act for such charter schools that first commence instruction or that require additional space due to an expansion of grade level, pursuant to the Act, approved by their charter entity for those grades newly provided.

(1) Notwithstanding any other provision of law to the contrary, within the later of (i) five months after a charter school's written request for co-location and (ii) 30 days after the charter school's charter is approved by its charter entity, the city school district shall either: (A) offer at no cost to the charter school a co-location site in a public school building approved by the Board of Education as provided by law, or (B) offer the charter school space in a privately owned or other publicly owned facility at the expense of the city school district and at no cost to the charter school. The space must be reasonable, appropriate and comparable and in the community school district to be served by the charter school and otherwise in reasonable proximity.

(2) No later than 30 days after approval by the Board of Education or expiration of the offer period prescribed in paragraph (1) above, the charter school shall either accept the city school district's offer or appeal in accordance with paragraph (3) below. If no appeal is taken, the city's offer or refusal to make an offer is final and non-reviewable. The charter school may appeal as early as issuance of an educational impact statement for the proposed co-location.

(3) The charter school shall have the option of appealing the city school district's offer or failure to offer a co-location site through binding arbitration in accordance with the Act, an expedited appeal to the Commissioner pursuant to applicable provisions of the New York Education Law, or a special proceeding pursuant to Article 78 of the civil practice law and rules. In any such appeal, the standard of review is the standard prescribed in § 7803 of the civil practice law and rules.

(4) If the appeal results in a determination in favor of the city school district, the city's offer is final and the charter school may either accept such offer and move into the space offered by the city school district at the city school district's expense, or locate in another site at the charter school's expense.

(5) For a new charter school whose charter is granted or for an existing charter school whose expansion of grade level, pursuant to the Charter Schools Act, is approved by their charter entity, if the appeal results in a determination in favor of the charter school, the city school district will pay the charter school an amount attributable to the grade level expansion or the formation of the new charter school that is equal to the lesser of:

(A) the actual rental cost of an alternative privately owned site selected by the charter school or

(B) 30% of the product of the Charter School Basic Tuition for the current school year and (i) for a new charter school that first commences instruction on or after July 1, 2014, the charter school's current year enrollment; or (ii) for a charter school which expands its grade level, pursuant to the Act, the positive difference of the charter school's enrollment in the current school year minus the charter school's enrollment in the school year prior to the first year of the expansion.

Financing of Charter Schools (New York Education Law § 2856)

Effective Until June 30, 2018:

(1) The enrollment of students attending charter schools shall be included in the enrollment, attendance, membership and, if applicable, count of students with disabilities of the school district in which the pupil resides. The charter school shall report all such data to the school districts of residence in a timely manner. Each school district shall report such enrollment, attendance and count of students with disabilities to the department. The school district of residence shall pay directly to the charter school for each student enrolled in the charter school who resides in the school district the Charter School Basic Tuition which shall be:

(i) for school years prior to the 2009-2010 school year, an amount equal to 100% of the amount calculated pursuant §3602(1)(f) of the New York Education Law for the school district for the year prior to the Base Year increased by the percentage change in the State Total Approved Operating Expense calculated pursuant to §3602(1)(t) of the New York Education Law from two years prior to the Base Year to the Base Year;

(ii) for the 2009-2010 school year, the Charter School Basic Tuition shall be the amount payable by such district as Charter School Basic Tuition for the 2008-2009 school year;

(iii) for the 2010-2011 through 2013-2014 school years, the Charter School Basic Tuition shall be the basic tuition computed for the 2010-2011 school year pursuant to the provisions of subparagraph (i) above;

(iv) for the 2014-2015 through 2016-2017 school years, the Charter School Basic Tuition shall be the sum of the lesser of the Charter School Basic Tuition computed for the 2010-2011 school year pursuant to the provisions of subparagraph (i) above or the Charter School Basic Tuition computed for the current year pursuant to the provisions of subparagraph (i) above plus the supplemental basic tuition;

(v) for the 2017-2018 school year, the Charter School Basic Tuition shall be the sum of (A) the Charter School Basic Tuition for the 2016-2017 school year plus (B) \$500;

(vi) for the 2018-2019 school year, the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year five years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(l)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year, provided that the highest and lowest annual quotients shall be excluded from the calculation of such average or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(l)(n) of the New York Education Law for the year prior to the Base Year;

(vii) for the 2019-2020 school year the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the Base Year and finishing with the year prior to the base year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(l)(t) of the New York Education Law for each such year divided by the total approved operating expense for such district for the immediately preceding year provided that the highest annual quotient calculated pursuant to this subparagraph shall be replaced by the average quotient calculated pursuant to subparagraph (vi) of this paragraph or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the base year divided by the total estimated public enrollment for the school district pursuant to § 3602(l)(n) of the New York Education Law for the year prior to the Base Year;

(viii) for the 2020-2021 school year and thereafter, the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(l)(n) of the New York Education Law for the year prior to the Base Year.

For the purposes of this subdivision, the “supplemental basic tuition” shall be (A) for a school district for which the Charter School Basic Tuition for the current year is greater than or equal to the Charter School Basic Tuition for the 2010-2011 school year pursuant to the provisions of subparagraph (i) of this paragraph, (1) for the 2014-2015 school year \$250, (2) for the 2015-2016 school year \$350, (3) for the 2016-2017 school year \$500, and (4) for the 2017-2018 school year and thereafter, the sum of (i) the supplemental basic tuition calculated for the 2016-2017 school year plus (ii) \$500, and (B) for school years prior to the 2017-2018 school year, for a school district for which the Charter School Basic Tuition for the 2010-2011 school year is greater than the Charter School Basic Tuition for the current year pursuant to the

provisions of subparagraph (i) of this paragraph, the positive difference of the Charter School Basic Tuition for the 2010-2011 school year minus the Charter School Basic Tuition for the current year pursuant to the provisions of subparagraph (i) of this paragraph and (C) for school years following the 2016-2017 school years, for a school district for which the Charter School Basic Tuition for the 2010-2011 school year is greater than the Charter School Basic Tuition for the current year pursuant to the provisions of subparagraph (i) of this paragraph, the sum of (i) the supplemental basic tuition calculated for the 2016- 2017 school year plus (ii) \$500.

(b) The school district shall also pay directly to the charter school any federal or state aid attributable to a student with a disability attending charter school in proportion to the level of services for such student with a disability that the charter school provides directly or indirectly. Notwithstanding anything in this section to the contrary, amounts payable pursuant to this section from State or local funds may be reduced pursuant to an agreement between the school and the charter entity set forth in the charter. Payments made pursuant to this section shall be made by the school district in six substantially equal installments each year beginning on the first business day of July and every two months thereafter. Amounts payable under this section shall be determined by the Commissioner. Amounts payable to a charter school in its first year of operation shall be based on the projections of initial-year enrollment set forth in the charter until actual enrollment data is reported to the school district by the charter school. Such projections shall be reconciled with the actual enrollment as actual enrollment data is so reported and at the end of the school's first year of operation and each subsequent year based on a final report of actual enrollment by the charter school, and any necessary adjustments resulting from such final report shall be made to payments during the school's following year of operation.

(c) Notwithstanding any other provision of this subdivision to the contrary, payment of the federal aid attributable to a student with a disability attending a charter school shall be made in accordance with the requirements of § 8065-a of Title 20 of the United States Code and §§ 76.785-76.799 and 300.209 of Title 34 of the code of federal regulations.

(d) School districts shall be eligible for an annual apportionment equal to the amount of the supplemental basic tuition for the charter school in the Base Year for the expenses incurred in the 2014-2015, 2015-2016, and 2016-2017 school years and thereafter.

Effective June 30, 2018:

(1) The enrollment of students attending charter schools shall be included in the enrollment, attendance and, if applicable, count of students with disabilities of the school district in which the pupil resides. The charter school shall report all such data to the school districts of residence in a timely manner. Each school district shall report such enrollment, attendance and count of students with disabilities to the department. The school district of residence shall pay directly to the charter school for each student enrolled in the charter school who resides in the school district the Charter School Basic Tuition which shall be:

(i) for school years prior to the 2009-2010 school year, an amount equal to 100% of the amount calculated pursuant §3602(1)(f) of the New York Education Law for the school district for the year prior to the Base Year increased by the percentage change in the State Total Approved Operating Expense calculated pursuant to §3602(1)(t) of the New York Education Law from two years prior to the Base Year to the Base Year;

(ii) for the 2009-2010 school year, the Charter School Basic Tuition shall be the amount payable by such district as Charter School Basic Tuition for the 2008-2009 school year;

(iii) for the 2010-2011 through 2013-2014 school years, the Charter School Basic Tuition shall be the basic tuition computed for the 2010-2011 school year pursuant to the provisions of subparagraph (i) above;

(iv) for the 2014-2015 through 2016-2017 school years, the Charter School Basic Tuition shall be the sum of the lesser of the Charter School Basic Tuition computed for the 2010-2011 school year pursuant to the provisions of subparagraph (i) above or the Charter School Basic Tuition computed for the current year pursuant to the provisions of subparagraph (i) above plus the supplemental basic tuition;

(v) for the 2017-2018 school year, the Charter School Basic Tuition shall be the sum of (A) the Charter School Basic Tuition for the 2016-2017 school year plus (B) \$500;

(vi) for the 2018-2019 school year, the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year five years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(l)(t) of the New York Law Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year, provided that the highest and lowest annual quotients shall be excluded from the calculation of such average or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(l)(n) of the New York Education Law for the year prior to the Base Year;

(vii) for the 2019-2020 school year the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(l)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year provided that the highest annual quotient calculated pursuant to this subparagraph shall be replaced by the average quotient calculated pursuant to subparagraph (vi) of this paragraph or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the base year divided by the total estimated public enrollment for the school district pursuant to § 3602(l)(n) of the New York Education Law for the year prior to the Base Year;

(viii) for the 2020-2021 school and thereafter, the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(l)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York

Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(l)(n) of the New York Education Law for the year prior to the Base Year;

For the purposes of this subdivision, the “supplemental basic tuition” shall be (A) for a school district for which the Charter School Basic Tuition for the current year is greater than or equal to the Charter School Basic Tuition for the 2010-2011 school year pursuant to the provisions of subparagraph (i) of this paragraph, (1) for the 2014-2015 school year \$250, (2) for the 2015-2016 school year \$350, (3) for the 2016-2017 school year \$500, and (4) for the 2017-2018 school year and thereafter, the sum of (i) the supplemental basic tuition calculated for the 2016-2017 school year plus (ii) \$500, and (B) for school years prior to the 2017-2018 school year, for a school district for which the Charter School Basic Tuition for the 2010-2011 school year is greater than the Charter School Basic Tuition for the current year pursuant to the provisions of subparagraph (i) of this paragraph, the positive difference of the Charter School Basic Tuition for the 2010-2011 school year minus the Charter School Basic Tuition for the current year pursuant to the provisions of subparagraph (i) of this paragraph and (C) for school years following the 2016-2017 schools years, for a school district for which the Charter School Basic Tuition for the 2010-2011 school year is greater than the Charter School Basic Tuition for the current year pursuant to the provisions of subparagraph (i) of this paragraph, the sum of (i) the supplemental basic tuition calculated for the 2016- 2017 school year plus (ii) \$500.

(b) The school district shall also pay directly to the charter school any federal or state aid attributable to a student with a disability attending charter school in proportion to the level of services for such student with a disability that the charter school provides directly or indirectly. Notwithstanding anything in this section to the contrary, amounts payable pursuant to this section from State or local funds may be reduced pursuant to an agreement between the school and the charter entity set forth in the charter. Payments made pursuant to this section shall be made by the school district in six substantially equal installments each year beginning on the first business day of July and every two months thereafter. Amounts payable under this section shall be determined by the Commissioner. Amounts payable to a charter school in its first year of operation shall be based on the projections of initial-year enrollment set forth in the charter. Such projections shall be reconciled with the actual enrollment at the end of the school’s first year of operation, and any necessary adjustments shall be made to payments during the school’s second year of operation.

(c) School districts shall be eligible for an annual apportionment equal to the amount of the supplemental basic tuition for the charter school in the Base Year for the expenses incurred in the 2014-2015, 2015-2016, and 2016-2017 school years and thereafter.

In the event of the failure of the school district to make payments required by this section, the state comptroller shall deduct from any state funds which become due to such school district an amount equal to the unpaid obligation. The comptroller shall pay over such sum to the charter school upon certification of the commissioner. The commissioner shall promulgate regulations to implement the provisions of this subdivision.

Nothing in the Act shall be construed to prohibit any person or organization from providing funding or other assistance to the establishment or operation of a charter school. The board of trustees of a charter school is authorized to accept gifts, donations or grants of any kind made to the charter school and to expend or use such gifts, donations or grants in accordance with the conditions prescribed by the donor; provided, however, that no gift, donation or grant may be accepted if subject to a condition that is contrary to any provision of law or term of the charter.

Charter School Basic Tuition (New York Education Law § 3602)

As referenced in § 2856 of the Act, the amount calculated pursuant to § 3602(1)(f) of the New York Education Law is "Expense per Pupil" which is defined as Approved Operating Expense for the year prior to the Base Year divided by the sum, computed using year prior to the Base Year pupil counts, of the Total Aidable Pupil Units plus Weighted Pupils with Disabilities. Expense per Pupil for each borough in the city school district of the City of New York shall be the Expense per Pupil of the entire city school district.

"Base Year" shall mean the school year immediately preceding the current year.

"Weighted Pupils With Disabilities" shall be computed as follows:

(2) "Pupils with disabilities" shall mean pupils of school age who are identified as students with disabilities pursuant to Article 89 (Children with Handicapping Conditions) of the New York Education Law and the regulations of the Commissioner and who receive special education services or attend special education programs which meet criteria established by the Commissioner, operated by a school district eligible for total foundation aid pursuant to this section or by a board of cooperative educational services, whether or not the school district is a component of such board.

(b) "Weighted Pupils with Disabilities" shall mean the attendance, as defined in the regulations of the Commissioner, of pupils with disabilities who have been determined by a school district committee on special education to require any of the following types and levels of programs or services specified in this paragraph, and who receive such programs and services from the school district of attendance during the Base Year, multiplied by a special services weighting determined as follows:

(i) for placement for 60% or more of the school day in a special class, or home or hospital instruction for a period of more than 60 days, or special services or programs for more than 60% of the school day, the special services weighting shall be 170%;

(ii) for placement for 20% or more of the school week in a resource room or special services or programs including related services required for 20% or more of the school week, or in the case of pupils in grades 7-12 or a multi-level middle school program as defined by the Commissioner or in the case of pupils in grades 4-6 in an elementary school operating on a period basis, the equivalent of five periods per week, but not less than the equivalent of 180 minutes in a resource room or in other special services or programs including related services, or for at least two hours per week of direct or indirect consultant teacher services, in accordance with regulations of the Commissioner adopted for such purpose, the special services weighting shall be 90%.

Computation of Total Aidable Pupil Units. A district's Total Aidable Pupil Units shall be the sum of the district's Adjusted Average Daily Attendance computed pursuant to this section for the year prior to the Base Year multiplied by the Enrollment Index computed pursuant to this section for the Base Year plus the Additional Aidable Pupil Units computed for the year prior to the Base Year under paragraph (b) below.

(a) For purposes of this section Adjusted Average Daily Attendance of a school district for any school year shall be computed as follows:

i. Adjusted Average Daily Attendance shall be determined by using the average daily attendance of public school pupils in a full-day kindergarten and grades 1-12 as the basic unit, with

the attendance of such pupils in one-half day kindergartens measured at one-half of such basic unit. The sum of all such units of attendance shall be the Adjusted Average Daily Attendance.

(1) In computing such attendance, the school district shall (i) determine the number of religious holidays which fall on a school day within a school year according to regulations established by the Commissioner, such religious holidays to be duly recognized as such for purposes of this section by duly adopted resolution of the board of education; (ii) deduct the aggregate attendance on such religious holidays from the total aggregate attendance, by grade level; (iii) deduct such religious holidays from the total number of days of session, by grade level; (iv) compute the Adjusted Average Daily Attendance for the school year.

(2) In any instance where a pupil is a resident of another state or an Indian pupil is a resident of any portion of a reservation located wholly or partly within the borders of the state pursuant to § 4101(4) (duties of Commissioner regarding Indian children) of the New York Education Law or a pupil is living on federally owned land or property, such pupil's attendance shall be counted as part of the Adjusted Average Daily Attendance of the school district in which such pupil is enrolled.

(b) *Computation of Additional Aidable Pupil Units.* The Additional Aidable Pupil Units used to compute Total Aidable Pupil Units pursuant to this section shall be the sum of the attendance of summer session pupils multiplied by 12% and the Weighted Pupils with Special Educational Needs. Nothing contained in this paragraph shall be construed to result in the inclusion of the attendance of summer session pupils in the computation of weighted or Adjusted Average Daily Attendance pursuant to this section.

"Enrollment Index" shall be computed by dividing the public school enrollment for the current year by public school enrollment for the Base Year, both as defined in the New York Education Law, with the result carried to three places without rounding.

"Enrollment" shall mean the unduplicated count of all children registered to receive educational services in grades kindergarten through twelve, including children in ungraded programs, as registered on the date prior to November first that is specified by the Commissioner as the enrollment reporting date for the school district or nonpublic school, as reported to the Commissioner.

"Public school district enrollment" shall mean the sum of: (1) the number of children on a regular enrollment register of a public school district on such date; (2) the number of children eligible to receive home instruction in the school district on such date; (3) the number of children for whom Equivalent Attendance must be computed pursuant to this Section on such date; (4) the number of children with disabilities who are residents of such district who are registered on such date to attend programs under the provisions of paragraph (c) of § 4401(2) (children with handicapping conditions definitions) of the New York Education Law; (5) the number of children eligible to receive educational services on such date but not claimed for aid pursuant to § 3202(7) (public schools free to resident pupils; tuition from nonresident pupils) of the New York Education Law; and (6) the number of children registered on such date to attend programs (i) pursuant to § 355(2) (powers and duties of trustees – administrative and fiscal functions) of the New York Education Law or (ii) pursuant to an agreement between the New York City School District and Hunter College pursuant to § 6216 of the New York Education Law.

"Equivalent Attendance" shall mean the quotient of the total number of student hours of instruction in programs in a public school of a school district or a board of cooperative educational services leading to a high school diploma or a high school equivalency diploma as defined in regulations of the Commissioner for pupils under the age of 21 not on a regular day school register of the district, divided by 1,000.

The "Approved Operating Expense" for the apportionments to any school district under the New York Education Law shall mean the amount computed as follows: The apportionment to any school district for operating expense shall be based upon the total expenditures from its general fund and from its capital fund and from its risk retention fund for purposes of employee benefit claims related to salaries paid from the general fund, and for any city school districts with a population of more than one hundred twenty-five thousand inhabitants its expenditures from the special aid fund of grant moneys for improving pupil performance and categorical aid for special reading programs as provided in the aid to localities budget during the applicable year as approved by the Commissioner, and in accordance with the classification of expenditures in use by the Commissioner for the reporting by school districts of receipts, expenditures and other financial data. For the purpose of this paragraph "Operating Expense" shall be defined as total cash expenditures during the applicable year, but shall exclude:

- (1) any balances and transfers;
- (2) any payments for transportation of pupils to and from school during the regular school year inclusive of capital outlays and debt service therefor;
- (2-a) a portion of any payments for transportation of pupils to and from district operated summer school programs pursuant to § 3622-a(6) (aidable regular transportation) of the New York Education Law, inclusive of capital outlays and debt service therefor, equal to the product of such expenditures multiplied by the quotient of the total apportionment after the proration, if any, required by such subdivision 6 of the New York Education Law divided by the total apportionment prior to such proration;
- (3) any payments for capital outlay and debt service for school building purposes, provided, however, that in the case of a school district which has entered into a contract with state university pursuant to § 355(2)(o) (conduct of research and experiments) of the New York Education Law, under which the school district makes payment to state university on account of capital outlay relating to certain children residing in such school district, such payments shall not be so excluded;
- (4) any payments for cafeteria or school lunch programs;
- (5) any proceeds of short term borrowings in the general fund and any payments from the proceeds of the sale of obligations in the capital fund;
- (6) any cash receipts which reduce the cost of an item when applied against the expenditure therefor, except gifts, donations and earned interest and any refunds made;
- (7) any payments made to boards of cooperative educational services for purposes or programs for which an apportionment is paid pursuant to other sections of the New York Education Law, except that payments attributable to eligible pupils with disabilities and ineligible pupils residing in noncomponent districts shall be included in operating expense;
- (8) any tuition payments made to other school districts inclusive of payments made to a central high school district by one of its component school districts;
- (9) any apportionment or payment received from the state for experimental or special programs paid under provisions other than those found in this section and other than any apportionments or payments received from the state by the city school district of the city of Yonkers for the purpose of funding an educational improvement program pursuant to a court order and other than any other state

grants in aid identified by the Commissioner for general use as specified by the board of education pursuant to § 1718(2) (limitation upon expenditures) of the New York Education Law;

(10) any funds received from the federal government except the federal share of Medicaid subject to the provisions of § 3600 (9-a) (moneys apportioned, when and how payable commencing July 1, 2007) of the New York Education Law and except Impact Aid funds received pursuant to Public Law 81- 874 or §§ 2 and 6 or any law superseding such law in any such district which received aid pursuant to both such sections; provided further, however, that there shall be excluded from such federal funds or other apportionments any payments from such funds already deducted pursuant to this paragraph;

(11) any payments made for which an apportionment is disallowed pursuant to regulations of the Commissioner;

(12) any expenditures made for accounting, tabulation, or computer equipment, in excess of \$10,000 unless such expenditures shall have been specifically approved by the Commissioner;

(13) any rental payments received pursuant to the provisions of § 403-a (leasing of school property) of the New York Education Law;

(14) any rentals or other annual payments received pursuant to the provisions of § 403-b (Leasing of school buildings and facilities) of the New York Education Law;

(15) any expenditures made for persons 21 years of age or over attending employment preparation education programs pursuant to subdivision 11 of this section;

(16) any tuition payments made pursuant to a contract under the provisions of § 4401(2)(e) through (i) and (l) ("special services or programs" definition) of the New York Education Law or any tuition payments on behalf of pupils attending a state school under paragraph d of such subdivision;

(17) in any year in which expenditures are made to the New York state teachers' retirement system or the New York state and local employees' retirement system for both the prior school year and the current school year, any expenditures made to such retirement systems and recorded in the school year prior to the school year in which such obligations are paid; and

(18) any payments to the Commissioner of taxation and finance pursuant to Article 23 (Metropolitan Commuter Transportation Mobility Tax) of the tax law.

Public School District Payments to Charter Schools (N.Y. Comp. Codes & Regs. Title 8, § 119.1(a), (b))

The following summarizes certain provisions of the New York Codes, Rules and Regulations concerning charter schools.

In the event of the failure of a school district to make payments to a charter school as required by § 2856 of the New York Education Law, the Commissioner shall certify the amount of the unpaid obligation to the Comptroller to be deducted from any State aid payments which become due to such school district. The amount of each school district's obligation shall be calculated in accordance with this section.

For the purposes of this section:

(a) Legally absent means to be absent for: personal illness, illness or death in the family, impassable roads or weather, religious observance, quarantine, required court appearances, attendance at health clinics, approved college visits, military obligations, disciplinary detention of an incarcerated youth, or for such other reasons as may be approved by the Commissioner.

(b) Period of enrollment means that period commencing on the first day of the school year that a pupil is enrolled in and is physically present at, or legally absent from, an educational program or service of a charter school and ending on the last day of the school year that such pupil is so enrolled and physically present at, or legally absent from, such program or service.

(c) Enrollment for each charter school student shall mean the quotient, calculated to three decimals without rounding, obtained when the total number of weeks of the period of enrollment of such student is divided by the total number of weeks in the full school year of the educational program or service of the charter school. For the purposes of this section, three consecutive days of enrollment within the same week and within the same month shall be the equivalent of one week of enrollment, provided that no more than four weeks of enrollment may be counted in any calendar month.

(d) Levels of service shall mean the categories of programs for students with disabilities specified in § 3602(19)(b)(1)-(4) of the New York Education Law.

(e) Approved operating expense shall mean the amount calculated pursuant to § 3602(11) of the New York Education Law.

(f) Expense per pupil shall mean the amount calculated pursuant to § 3602(1)(f) of the New York Education Law for the school district using year prior to the Base Year expenditures and pupils, as established by the Commissioner based on the electronic data file prepared by the Commissioner on May 15th of the Base Year pursuant to § 305(21)(b) of the New York Education Law. Where the expense per pupil is not available for a school district, the expense per pupil shall be deemed to be the average expense per pupil for the county in which the school district is located.

(g) Adjusted expense per pupil shall be the district's expense per pupil increased by the percent change in the State total approved operating expense calculated pursuant to § 3602(11) of the New York Education Law from two years prior to the Base Year to the Base Year, as established by the Commissioner based on the electronic data file prepared by the Commissioner on May 15th of the Base Year pursuant to § 305(21)(b) of the New York Education Law.

(h) State aid attributable to a student with a disability attending a charter school shall mean the sum of excess cost aid payable to a public school district pursuant to § 3602(19)(4) of the New York Education Law based on the resident weighted enrollment in the charter school of pupils with disabilities receiving special services or programs provided directly or indirectly by the charter school in the current school year and any apportionment payable to such public school district pursuant to § 3602(19)(5) of the New York Education Law that is based on the cost of special services or programs provided directly or indirectly by the charter school to such pupil in the current school year. Excess cost aid for the purposes of this section shall equal the product of excess cost aid per pupil calculated pursuant to § 3602(19)(3) of the New York Education Law, the proportion of the weighting attributable to the student's level of service provided directly or indirectly by the charter school pursuant to § 3602(19)(b)(1)-(4) of the New York Education Law, and the student's enrollment in such charter school in the current school year.

(i) Federal aid attributable to a student with a disability attending a charter school, and receiving special education services or programs provided directly or indirectly by the charter school, shall mean:

(i) for the first year of operation of the charter school, the allocation that would be attributable to the charter school pursuant to 20 U.S.C. 1411 and 1419 (United States Code, 1994 edition, Supplement III, Volume 2; Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402-9328; 1998 – available at the Office of Vocational and Educational Services for Individuals with Disabilities, Room 1624, One Commerce Plaza, Albany, New York 12234) for a pupil who is identified as a student with a disability, as such term is defined in the New York Education Law § 200.1, who is included in a report to the Commissioner of pupils so identified as of December 1st of the current school year, or for such other pupil count as specified by the Federal government for the current school year, provided that the enrollment of such students in the charter school during the current school year shall be used for this purpose until such report, or a report of such other pupil count, has been received by the Commissioner; and

(ii) for the second year of operation of the charter school and thereafter, the allocation that would be attributable to the charter school pursuant to 20 U.S.C. 1411 and 1419 (United States Code, 1994 edition, Supplement III, Volume 2; Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402-9328; 1998 – available at the Office of Vocational and Educational Services for Individuals with Disabilities, Room 1624, One Commerce Plaza, Albany, New York 12234) for a pupil who is identified as a student with a disability, as such term is defined in the New York Education Law § 200.1, who is included in a report to the Commissioner of pupils so identified as of December 1st of the Base Year, or for such other pupil count as specified by the Federal government.

Financial Obligations of Charter Schools, Public School Districts and Education Department (N.Y. Comp. Codes & Regs. Title 8, § 119.1(c)–(e))

Charter school obligations:

(a) No later than 30 days prior to the first business day of July, September, November, January, March and May, each charter school shall report to each public school district with resident pupils attending the charter school and to the department an updated estimate of the enrollment of students attending the charter school in the current school year who are residents of such public school district and any reduced amounts per pupil that shall be payable to the charter school for such students pursuant to subdivision one of § 2856 of the New York Education Law that has been established pursuant to an agreement between the charter school and the charter school entity as set forth in the charter. For each student with a disability attending such charter school, such report shall also indicate the level of special programs or services to be provided directly or indirectly to such student by the charter school and an estimated annual cost to be incurred by the charter school in providing such special programs or services.

(b) On or before the last day of July, each charter school shall provide a final report of actual enrollment to the department and to each school district with resident pupils attending the charter school in the prior school year. For each student with a disability attending such charter school, such report shall also indicate the level of special programs or services actually provided directly or indirectly to such student by the charter school and the annual cost incurred by the charter school in providing such special programs or services.

(c) In the event of the failure of a school district to fulfill the financial obligation required by § 2856 of the New York Education Law equal to the amounts calculated pursuant to this section, the charter school shall notify the Commissioner no later than May 31st of the school year in which the payments were due.

Public school district of residence obligations:

(a) No later than the first business day of July, September, November, January, March and May of the current school year, each public school district with resident pupils attending a charter school shall pay directly to such charter school the appropriate payment amounts as specified in subdivision one of § 2856 of the New York Education Law that are attributable to the enrollment of such pupils as reported to the public school district by the charter school no later than 30 days prior to each such payment date.

(b) The total amount of payments due and payable to a charter school for the current school year by a public school district shall be paid as follows:

(i) on or before the first business day of July, one sixth of the total amount due, as adjusted for any supplemental payments due or overpayments to be recovered for the prior school year;

(ii) on or before the first business day of September, two sixths of the total amount due, as adjusted for any supplemental payments due or overpayments to be recovered for the prior school year, minus any payments made before such date pursuant to subparagraph (i) of this subsection;

(iii) on or before the first business day of November, three sixths of the total amount due, as adjusted for any supplemental payments due on overpayments to be recovered for the prior school year, minus any payments made before such date pursuant to subparagraphs (i) and (ii) of this subsection;

(iv) on or before the first business day of January, four sixths of the total amount due, as adjusted for any supplemental payments due or overpayments to be recovered for the prior school year, minus any payments made before such date pursuant to subparagraphs (i), (ii) and (iii) of this subsection;

(v) on or before the first business day of March, five sixths of the total amount due, as adjusted for any supplemental payments due or overpayments to be recovered for the prior school year, minus any payments made before such date pursuant to subparagraphs (i), (ii), (iii) and (iv) of this subsection and

(vi) on or before the first business day of May, the total amount due, as adjusted for any supplemental payments due or overpayments to be recovered for the prior school year, minus any payments made before such date pursuant to subparagraphs (i), (ii), (iii), (iv) and (v) of this subsection.

(c) The school district financial obligation per resident student enrolled in a charter school shall equal the sum of:

(i) the product of the school district's adjusted expense per pupil and the current year enrollment of the pupil in the charter school as defined in paragraph b(3) of this subsection; and

(ii) the amounts of State and Federal aid, if any, that may be attributable to such pupil as defined in paragraphs (b)(8) and (9) of this subsection, or the amount established pursuant to an agreement between the charter school and the charter entity as set forth in the charter.

(d) The total annual obligation due to a charter school by a public school district shall be the sum of the annual financial obligations for all resident students enrolled at any time during the current school year in the charter school.

(e) School districts shall include the enrollment of resident students attending charter schools in the enrollment, attendance and, if applicable, count of students with disabilities reported to the department for the purposes of claiming State aid.

Department obligations:

(a) On or before the first day of June of each year, or as soon as practicable upon the receipt of Federal notice of the estimated State appropriation for the next school year, the Commissioner shall notify all school districts and all charter schools of the adjusted expense per pupil of each public school district and the estimated per pupil allocation under part B of the Federal Individuals with Disabilities Education Act to be used in the calculation of payments due to charter schools in next school year. Notice of final Federal per pupil allocation will be issued as soon as practicable upon the State's receipt of the notice of final allocation from the Federal government.

(b) In the event of the failure of a school district to fulfill the financial obligation required by § 2956 of the New York Education Law equal to the amounts calculated pursuant to this section, upon notification by the charter school, the Commissioner shall certify the amounts of the unpaid obligations to the comptroller to be deducted from State aid due the school district and paid to the applicable charter schools.

APPENDIX C
BUDGET PROJECTION

American Dream Charter School - Bronx
Financial Projections

Fiscal Year	2019	2020	Move In		2023
			2021	2022	
Budgeted Enrollment	407	480	555	560	575
REVENUE					
Revenue from State Sources	7,380,730	9,008,386	10,021,656	10,873,784	11,357,671
Lease Aid from State	450,000	900,000	1,500,000	1,500,000	1,612,218
Revenue from Federal Sources	180,625	215,781	269,727	324,658	393,323
Local & Other Revenue	6,000	6,000	6,000	6,000	6,000
<i>Total Revenues</i>	8,017,355	10,130,167	11,797,383	12,704,442	13,369,211
EXPENSES					
Administrative Staff Personnel Costs	1,296,734	1,269,860	1,307,956	1,347,195	1,387,610
Instructional Personnel Costs	3,952,535	4,882,888	5,747,585	5,785,967	5,964,271
Payroll Taxes & Benefits	1,017,361	1,189,022	1,360,553	1,375,301	1,416,857
Contracted Services	178,750	196,625	216,288	237,916	261,708
School Operations	878,500	1,068,155	1,414,901	1,471,621	1,537,336
Facility Operation & Maintenance	680,000	1,148,750	1,199,188	1,801,484	2,101,133
<i>Total Expenses</i>	8,003,880	9,755,300	11,246,469	12,019,484	12,668,916
Net Income/Deficit	13,475	374,867	550,913	684,958	700,296
Add Back: Building Rent/Lease	0	0	927,000	1,500,000	1,785,000
Revenues Available for Debt Service	13,475	374,867	1,477,913	2,184,958	2,485,296
Principal				230,000	335,000
Interest	486,320	1,268,442	1,602,413	1,602,413	1,584,588
Less: Capitalized Interest	-486,320	-1,268,442	-596,398		
Senior Debt Service	0	0	1,006,015	1,832,413	1,919,588
Senior Debt Outstanding	26,745,000	26,745,000	26,745,000	26,745,000	26,515,000
<i>Debt Service Coverage</i>			1.47	1.19	1.29
<i>Debt Service as % of Revenue</i>	0.00	0.00	0.09	0.14	0.14
<i>Debt/Student</i>	65,713	55,719	48,189	47,759	46,113
<i>Lease Aid Available</i>	450,000	900,000	1,500,000	1,500,000	1,612,218
<i>Net Debt Service</i>	-	-	1,006,015	1,832,413	1,919,588
<i>Surplus/Deficit Lease Aid to Cover Debt Service</i>	450,000	900,000	493,985	(332,413)	(307,370)
<i>Encroached Funds as a % of Revenues</i>			-4.8%	3.0%	2.6%
Less: Deposit to DSRF (8 Year Fund Up)	0	-238,222	-238,222	-238,222	-238,222
Less: Contribution for COI	-400,000	0	0	0	0
LISC Credit Enhancement Available (10 Year Burn Down)	987,000	987,000	987,000	987,000	952,888
Reserve & Guaranty Funds Available	987,000	1,225,222	1,463,444	1,701,666	1,905,775
Cumulative DSRF Replenishment	0	238,222	476,444	714,666	952,888
Less: Payment of 3 Year Developer Note	0	0	-187,521	-114,323	-260,718
Cumulative Developer Note	0	0	187,521	301,844	562,562
Beginning Cash Position	1,600,000	1,613,475	1,750,120	1,796,276	1,796,276
Revenues Available after Debt Service/Rent	13,475	136,645	46,156	0	66,768
Ending cash Position	1,613,475	1,750,120	1,796,276	1,796,276	1,863,045
<i>Days' Cash on Hand</i>	74	65	58	55	54

APPENDIX D

**AUDITED FINANCIAL STATEMENTS OF THE SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017 (INCLUDING
JUNE 30, 2016 COMPARATIVE INFORMATION)**

AMERICAN DREAM CHARTER SCHOOL

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2017 AND 2016

AMERICAN DREAM CHARTER SCHOOL

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
American Dream Charter School

We have audited the accompanying financial statements of American Dream Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Dream Charter School as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2017, on our consideration of American Dream Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering American Dream Charter School's internal control over financial reporting and compliance.

Lutz + Carr, LLP

New York, New York
September 30, 2017

AMERICAN DREAM CHARTER SCHOOL

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents (Notes 1b and 6)	\$1,304,642	\$ 813,042
Restricted cash - New York City Department of Education reserve (Note 5b)	75,104	50,039
Unconditional promises to give - unrestricted (Notes 1c and 2)	171,501	86,944
Prepaid expenses and other current assets	50,144	33,967
Security deposit	<u>63,334</u>	<u>-</u>
	1,664,725	983,992
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 3)	<u>156,872</u>	<u>210,792</u>
Total Assets	<u><u>\$1,821,597</u></u>	<u><u>\$1,194,784</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 48,201	\$ 65,872
Salaries, payroll taxes and benefits payable	<u>295,938</u>	<u>181,638</u>
Total Liabilities	<u>344,139</u>	<u>247,510</u>
Commitments and Contingency (Note 5)		
Net Assets		
Unrestricted		
Other	1,402,354	897,235
New York City Department of Education Reserve (Note 5b)	<u>75,104</u>	<u>50,039</u>
Total Net Assets	<u>1,477,458</u>	<u>947,274</u>
Total Liabilities and Net Assets	<u><u>\$1,821,597</u></u>	<u><u>\$1,194,784</u></u>

See notes to financial statements.

AMERICAN DREAM CHARTER SCHOOL

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Changes in Unrestricted Net Assets		
Revenues and Other Support		
Public School District:		
Resident student enrollment - New York City		
Department of Education (Note 4)	\$4,126,781	\$2,765,368
Federal and state grants	342,773	352,249
Interest income	1,006	599
Other income	<u>34,811</u>	<u>15,162</u>
 Total Revenues and Other Support	 <u>4,505,371</u>	 <u>3,133,378</u>
 Expenses		
Program Services		
Regular Education	2,682,452	1,744,551
Special Education	<u>569,006</u>	<u>416,010</u>
Total Program Services	<u>3,251,458</u>	<u>2,160,561</u>
Supporting Services		
Management and general	723,729	482,611
Fundraising	<u>-</u>	<u>187</u>
Total Supporting Services	<u>723,729</u>	<u>482,798</u>
 Total Expenses	 <u>3,975,187</u>	 <u>2,643,359</u>
 Increase in net assets	 530,184	 490,019
Net assets, beginning of year	<u>947,274</u>	<u>457,255</u>
 Net Assets, End of Year	 <u><u>\$1,477,458</u></u>	 <u><u>\$ 947,274</u></u>

See notes to financial statements.

AMERICAN DREAM CHARTER SCHOOL

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 530,184	\$ 490,019
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	106,930	66,571
(Increase) decrease in:		
Unconditional promises to give	(84,557)	85,622
Prepaid expenses and other current assets	(16,177)	(14,690)
Security deposit	(63,334)	-
Increase (decrease):		
Accounts payable and accrued expenses	(17,671)	45,382
Salaries, payroll taxes and benefits payable	114,300	89,673
Net Cash Provided By Operating Activities	<u>569,675</u>	<u>762,577</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	<u>(53,010)</u>	<u>(157,027)</u>
Net increase in cash and cash equivalents	516,665	605,550
Cash and cash equivalents, beginning of year	<u>863,081</u>	<u>257,531</u>
 Cash and Cash Equivalents, End of Year	 <u><u>\$1,379,746</u></u>	 <u><u>\$ 863,081</u></u>

See notes to financial statements.

AMERICAN DREAM CHARTER SCHOOL**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017 AND 2016****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

American Dream Charter School's ("ADCS") mission is to develop academic excellence in both Spanish and English, preparing students in grades 6 - 8 to excel in college.

The ADCS strongly believes that to facilitate success, it is important to cultivate a welcoming, encouraging environment for English language learners and immigrant students where learning and language development is supported. ADCS served the 6th, 7th and 8th grades in 2017 and the 6th and 7th grades in 2016.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, ADCS considers all highly liquid debt instruments, including money market funds, to be cash equivalents.

c - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to ADCS, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets. Temporarily restricted net assets are reclassified to unrestricted net assets.

d - Property and Equipment

Property and equipment are stated at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets.

e - Financial Statement Presentation

ADCS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

f - Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

g - Tax Status

ADCS is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

AMERICAN DREAM CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

h - Subsequent Events

ADCS has evaluated subsequent events through September 30, 2017, the date that the financial statements are considered available to be issued.

Note 2 - Unconditional Promises to Give

Unconditional promises to give are due within one year. Uncollectible promises are expected to be insignificant.

Note 3 - Property and Equipment

A summary of property and equipment at June 30 is as follows:

	<u>Life</u>	<u>2017</u>	<u>2016</u>
Computer equipment	3 years	\$281,110	\$256,616
Furniture and fixtures	5 years	<u>81,582</u>	<u>53,066</u>
		362,692	309,682
Less: Accumulated depreciation		<u>(205,820)</u>	<u>(98,890)</u>
		<u>\$156,872</u>	<u>\$210,792</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$106,930 and \$66,571, respectively.

Note 4 - Resident Student Enrollment

ADCS's per pupil allocation is determined by the New York State Education Department using New York State's charter school funding formula.

AMERICAN DREAM CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

Note 5 - Commitments and Contingency

- a - As part of a building utilization plan with the New York City Department of Education (the "Department"), ADCS is located in PS 30. The Department provides utilities and other maintenance and security services for the building during regular school hours.
- b - Under its current charter from the New York State Board of Regents, ADCS is required to maintain a cash reserve which it maintains in a separate bank account. ADCS is required to add \$25,000 per year for the first three years of its charter term so that the reserve eventually totals \$75,000.
- c - Government supported projects are subject to audit by the applicable granting agency.
- d - In June 2017, ADCS entered into a lease agreement for new classroom space with a term commencing on July 15, 2017 and ending on July 15, 2019. The future minimum annual obligation under this agreement is as follows:

<u>Year Ending June 30,</u>	
2018	\$364,167
2019	447,083
2020	18,750

Note 6 - Concentration of Credit Risk

ADCS's cash and cash equivalents is maintained in one financial institution.

Note 7- Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and the supporting services benefited.

SUPPLEMENTARY INFORMATION



**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Trustees of
American Dream Charter School

We have audited the financial statements of American Dream Charter School as of and for the years ended June 30, 2017 and 2016, and our report thereon dated September 30, 2017, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2017 with comparative totals for 2016 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lutz + Carr, LLP

New York, New York
September 30, 2017

AMERICAN DREAM CHARTER SCHOOL

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017 WITH COMPARATIVE TOTALS FOR 2016

	No. of Positions	2017						2016	
		Program Services			Supporting Services			Total Expenses	Total Expenses
		Regular Education	Special Education	Total	Management and General	Fundraising	Total		
Personnel Services Costs									
Administrative staff personnel	8	\$ 150,978	\$ 32,026	\$ 183,004	\$ 446,284	\$ -	\$446,284	\$ 629,288	\$ 413,496
Instructional personnel	33	1,607,866	341,062	1,948,928	-	-	-	1,948,928	1,296,272
Total Personnel Services Costs		1,758,844	373,088	2,131,932	446,284	-	446,284	2,578,216	1,709,768
Employee benefits and payroll taxes		383,925	81,439	465,364	97,415	-	97,415	562,779	294,912
Legal fees		-	-	-	7,690	-	7,690	7,690	3,747
Accounting and audit fees		-	-	-	105,400	-	105,400	105,400	73,796
Other purchased professional and consulting services		27,977	5,934	33,911	-	-	-	33,911	42,395
Repairs and maintenance		819	174	993	207	-	207	1,200	1,688
Insurance		20,829	4,418	25,247	5,286	-	5,286	30,533	42,475
Supplies		60,801	12,897	73,698	-	-	-	73,698	57,388
Equipment and furnishings		5,144	1,091	6,235	1,306	-	1,306	7,541	5,155
Board and staff development		27,441	5,821	33,262	6,962	-	6,962	40,224	53,804
Student and staff recruitment fees		27,025	5,733	32,758	1,698	-	1,698	34,456	22,322
Food service		-	-	-	-	-	-	-	2,855
Student services		166,752	35,372	202,124	-	-	-	202,124	106,062
Office expenses		129,259	27,419	156,678	32,797	-	32,797	189,475	153,933
Miscellaneous		689	146	835	175	-	175	1,010	6,488
Total expenses before depreciation		2,609,505	553,532	3,163,037	705,220	-	705,220	3,868,257	2,576,788
Depreciation		72,947	15,474	88,421	18,509	-	18,509	106,930	66,571
Total Expenses, 2017		<u>\$2,682,452</u>	<u>\$569,006</u>	<u>\$3,251,458</u>	<u>\$ 723,729</u>	<u>\$ -</u>	<u>\$723,729</u>	<u>\$3,975,187</u>	
Total Expenses, 2016		<u>\$1,744,551</u>	<u>\$416,010</u>	<u>\$2,160,561</u>	<u>\$ 482,611</u>	<u>\$ 187</u>	<u>\$482,798</u>		<u>\$2,643,359</u>

See independent auditors' report on supplementary information.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of
American Dream Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of American Dream Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered American Dream Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of American Dream Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether American Dream Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

New York, New York
September 30, 2017

APPENDIX E

**AUDITED FINANCIAL STATEMENTS OF THE SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 (INCLUDING
JUNE 30, 2017 COMPARATIVE INFORMATION)**

AMERICAN DREAM CHARTER SCHOOL

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2018 AND 2017

AMERICAN DREAM CHARTER SCHOOL

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
American Dream Charter School

We have audited the accompanying financial statements of American Dream Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Dream Charter School as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2018, on our consideration of American Dream Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering American Dream Charter School's internal control over financial reporting and compliance.

Lutz + Carr, LLP

New York, New York
October 5, 2018

AMERICAN DREAM CHARTER SCHOOL

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents (Notes 1b and 6)	\$1,739,225	\$1,304,642
Restricted cash - New York City Department of Education reserve (Note 5b)	75,180	75,104
Unconditional promises to give - unrestricted (Notes 1c and 2)	357,003	171,501
Prepaid expenses and other current assets	100,017	50,144
Security deposit	<u>63,334</u>	<u>63,334</u>
	2,334,759	1,664,725
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 3)	<u>222,288</u>	<u>156,872</u>
Total Assets	<u><u>\$2,557,047</u></u>	<u><u>\$1,821,597</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 83,898	\$ 48,201
Salaries, payroll taxes and benefits payable	457,831	295,938
Deferred rental liability	<u>33,541</u>	<u>-</u>
Total Liabilities	<u>575,270</u>	<u>344,139</u>
Commitments and Contingency (Note 5)		
Net Assets		
Unrestricted		
Other	1,906,597	1,402,354
New York City Department of Education Reserve (Note 5b)	<u>75,180</u>	<u>75,104</u>
Total Net Assets	<u>1,981,777</u>	<u>1,477,458</u>
Total Liabilities and Net Assets	<u><u>\$2,557,047</u></u>	<u><u>\$1,821,597</u></u>

See notes to financial statements.

AMERICAN DREAM CHARTER SCHOOL

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Changes in Unrestricted Net Assets		
Revenues and Other Support		
Public School District:		
Resident student enrollment - New York City		
Department of Education (Note 4)	\$5,782,368	\$4,126,781
Federal and state grants	795,533	342,773
Interest income	997	1,006
Other income	<u>8,364</u>	<u>34,811</u>
Total Revenues and Other Support	<u>6,587,262</u>	<u>4,505,371</u>
Expenses		
Program Services		
Regular Education	4,378,776	2,682,452
Special Education	<u>767,053</u>	<u>569,006</u>
Total Program Services	<u>5,145,829</u>	<u>3,251,458</u>
Supporting Services		
Management and general	937,114	723,729
Fundraising	<u>-</u>	<u>-</u>
Total Supporting Services	<u>937,114</u>	<u>723,729</u>
Total Expenses	<u>6,082,943</u>	<u>3,975,187</u>
Increase in net assets	504,319	530,184
Net assets, beginning of year	<u>1,477,458</u>	<u>947,274</u>
Net Assets, End of Year	<u><u>\$1,981,777</u></u>	<u><u>\$1,477,458</u></u>

See notes to financial statements.

AMERICAN DREAM CHARTER SCHOOL

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 504,319	\$ 530,184
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	128,809	106,930
Increase in:		
Unconditional promises to give	(185,502)	(84,557)
Prepaid expenses and other current assets	(49,873)	(16,177)
Security deposit	-	(63,334)
Increase (decrease):		
Accounts payable and accrued expenses	35,697	(17,671)
Salaries, payroll taxes and benefits payable	161,893	114,300
Deferred rental liability	33,541	-
Net Cash Provided By Operating Activities	<u>628,884</u>	<u>569,675</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	<u>(194,225)</u>	<u>(53,010)</u>
Net increase in cash and cash equivalents	434,659	516,665
Cash and cash equivalents, beginning of year	<u>1,379,746</u>	<u>863,081</u>
Cash and Cash Equivalents, End of Year	<u><u>\$1,814,405</u></u>	<u><u>\$1,379,746</u></u>

See notes to financial statements.

AMERICAN DREAM CHARTER SCHOOL**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018 AND 2017****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

American Dream Charter School's ("ADCS") mission is to develop academic excellence in both Spanish and English, preparing students in grades 6 - 9 to excel in college.

The ADCS strongly believes that to facilitate success, it is important to cultivate a welcoming, encouraging environment for English language learners and immigrant students where learning and language development is supported. ADCS served the 6th, 7th, 8th grades ("Middle School") and 9th grade ("High School") in 2018 and Middle School 6th, 7th and 8th grades in 2017.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, ADCS considers all highly liquid debt instruments, including money market funds, to be cash equivalents.

c - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to ADCS, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets. Temporarily restricted net assets are reclassified to unrestricted net assets.

d - Property and Equipment

Property and equipment are stated at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets.

e - Financial Statement Presentation

ADCS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

f - Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

g - Tax Status

ADCS is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

AMERICAN DREAM CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

h - Subsequent Events

ADCS has evaluated subsequent events through October 5, 2018, the date that the financial statements are considered available to be issued.

Note 2 - Unconditional Promises to Give

Unconditional promises to give are due within one year. Uncollectible promises are expected to be insignificant.

Note 3 - Property and Equipment

A summary of property and equipment at June 30 is as follows:

	<u>Life</u>	<u>2018</u>	<u>2017</u>
Computer equipment	3 years	\$428,267	\$281,110
Furniture and fixtures	5 years	<u>128,651</u>	<u>81,582</u>
		556,918	362,692
Less: Accumulated depreciation		<u>(334,630)</u>	<u>(205,820)</u>
		<u>\$222,288</u>	<u>\$156,872</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$128,809 and \$106,930, respectively.

Note 4 - Resident Student Enrollment

ADCS's per pupil allocation is determined by the New York State Education Department using New York State's charter school funding formula.

AMERICAN DREAM CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 5 - Commitments and Contingency

- a - As part of a building utilization plan with the New York City Department of Education (the "Department"), the Middle School of ADCS is located in PS 30. The Department provides utilities and other maintenance and security services for the building during regular school hours.
- b - Under its current charter from the New York State Board of Regents, ADCS is required to maintain a cash reserve which it maintains in a separate bank account. ADCS is required to add \$25,000 per year for the first three years of its charter term so that the reserve eventually totals \$75,000.
- c - Government supported projects are subject to audit by the applicable granting agency.
- d - In June 2017, ADCS entered into a lease agreement for new classroom space to house the High School with a term commencing on July 15, 2017 and ending on July 15, 2019. In August 2018, ADCS entered into a sublease to lease a portion of 411 Wales Avenue in the Bronx, NY with a term commencing on August 1, 2019 and ending on June 30, 2020.

The future minimum annual obligation under these agreements is as follows:

<u>Year Ending June 30,</u>	
2019	\$ 447,083
2020	1,127,473

In addition to the minimum base rent, the sublease at 411 Wales Avenue requires ADCS to pay 50% of the actual maintenance and repair costs of the building.

- e - In June 2018, the Board of Directors of Build NYC Resource Corporation ("Build NYC") adopted a resolution to issue up to \$29,700,000 of tax-exempt and/or taxable municipal bonds; the proceeds of which will be loaned to Friends of American Dream Charter School, Inc. ("FOADS"), an affiliate organization. The proceeds of the loan will be used by FOADS to finance the construction of a facility which will be leased to ADCS for general classroom and administrative use for students in grades 9 through 12.

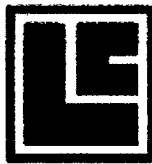
Note 6 - Concentration of Credit Risk

ADCS's cash and cash equivalents is maintained in one financial institution.

AMERICAN DREAM CHARTER SCHOOL**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018 AND 2017****Note 7- Functional Allocation of Expenses**

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and the supporting services benefited.

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Trustees of
American Dream Charter School

We have audited the financial statements of American Dream Charter School as of and for the years ended June 30, 2018 and 2017, and our report thereon dated October 5, 2018, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2018 with comparative totals for 2017 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lutz + Carr, LLP

New York, New York
October 5, 2018

AMERICAN DREAM CHARTER SCHOOL

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE TOTALS FOR 2017

	No. of Positions	2018						2017	
		Program Services			Supporting Services			Total Expenses	Total Expenses
		Regular Education	Special Education	Total	Management and General	Fundraising	Total		
Personnel Services Costs									
Administrative staff personnel	16	\$ 253,236	\$ 44,417	\$ 297,653	\$ 551,249	\$ -	\$551,249	\$ 848,902	\$ 629,288
Instructional personnel	69	2,553,828	440,308	2,994,136	-	-	-	2,994,136	1,948,928
Total Personnel Services Costs		2,807,064	484,725	3,291,789	551,249	-	551,249	3,843,038	2,578,216
Employee benefits and payroll taxes		525,500	90,743	616,243	103,197	-	103,197	719,440	562,779
Legal fees		-	-	-	9,374	-	9,374	9,374	7,690
Accounting and audit fees		-	-	-	113,232	-	113,232	113,232	105,400
Occupancy		308,925	53,345	362,270	60,667	-	60,667	422,937	-
Other purchased professional and consulting services		22,362	3,926	26,288	12,249	-	12,249	38,537	33,911
Repairs and maintenance		21,590	3,728	25,318	4,240	-	4,240	29,558	1,200
Insurance		50,332	8,691	59,023	9,885	-	9,885	68,908	30,533
Supplies		61,501	10,603	72,104	-	-	-	72,104	73,698
Equipment and furnishings		13,415	2,317	15,732	2,634	-	2,634	18,366	7,541
Board and staff development		19,441	14,290	33,731	3,371	-	3,371	37,102	40,224
Student and staff recruitment fees		52,473	9,051	61,524	2,813	-	2,813	64,337	34,456
Student services		166,358	28,682	195,040	-	-	-	195,040	202,124
Office expenses		232,848	40,208	273,056	45,727	-	45,727	318,783	189,475
Miscellaneous		2,881	497	3,378	-	-	-	3,378	1,010
Total expenses before depreciation		4,284,690	750,806	5,035,496	918,638	-	918,638	5,954,134	3,868,257
Depreciation		94,086	16,247	110,333	18,476	-	18,476	128,809	106,930
Total Expenses, 2018		<u>\$4,378,776</u>	<u>\$767,053</u>	<u>\$5,145,829</u>	<u>\$ 937,114</u>	<u>\$ -</u>	<u>\$937,114</u>	<u>\$6,082,943</u>	
Total Expenses, 2017		<u>\$2,682,452</u>	<u>\$569,006</u>	<u>\$3,251,458</u>	<u>\$ 723,729</u>	<u>\$ -</u>	<u>\$723,729</u>		<u>\$3,975,187</u>

See independent auditors' report on supplementary information.


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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of
American Dream Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of American Dream Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 5, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered American Dream Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of American Dream Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether American Dream Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

New York, New York
October 5, 2018

APPENDIX F

CERTAIN DEFINITIONS FROM THE PLEDGE AND SECURITY AGREEMENT AND CONTINUING COVENANTS AGREEMENT AND FORMS OF LOAN AGREEMENT, INDENTURE, AND LEASE

CERTAIN DEFINITIONS FROM PLEDGE AND SECURITY AGREEMENT AND CONTINUING COVENANTS AGREEMENT

“Capital Lease” means a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

“Consultant” means a Person or firm selected as described in the following sentence that is not (and no member, stockholder, director, officer or employee of which is) an officer or employee of the School or the Borrower, the Bondholder Representative, or any Affiliate thereof, that is an independent professional consultant with substantial experience and recognized expertise in the operation and management of charter schools in the state of New York. The Consultant shall be chosen and appointed by the School and the Borrower from a pool of at least three consultants provided and approved by the Bondholder Representative. Any report prepared by the Consultant shall set forth the time periods for compliance. Any and all fees, costs and expenses of the Consultant shall be borne by the School and the Borrower.

“Days’ Cash on Hand” means (i) with respect to each June 30 Liquidity Testing Date: (a) Cash on Hand of the School and the Borrower as shown on the financial statements for each Fiscal Year for such June 30 Liquidity Testing Date divided by (b) the quotient of Operating Expenses, as shown on the financial statements of the School and the Borrower for such Fiscal Year, divided by 365; and (ii) with respect to each December 31 Liquidity Testing Date: (a) Cash on Hand of the School and the Borrower as shown on the interim unaudited financial statements for the period ending December 31 for such December 31 Liquidity Testing Date divided by (b) the quotient of Operating Expenses of the School and the Borrower, as shown on such interim unaudited financial statements for such previous twelve-month period, divided by 365. With respect to both clause (i) and (ii), “Cash on Hand of the School and the Borrower” in clause (a) shall be determined by adding together the applicable amounts shown in the line items on the applicable financial statements of each of the School and the Borrower, and “Operating Expenses of the School and the Borrower” in clause (b) shall be determined by adding together the applicable amounts shown in the line items on the applicable financial statements of each of the School and the Borrower.

“Days’ Cash on Hand Requirement” means no less than forty (40) Days’ Cash on Hand.

“Debt Service” means, with respect to any period, the sum of the aggregate amount of all scheduled principal and interest payments (including accrued but unpaid interest) with respect to Indebtedness of the School and the Borrower during such period, whether or not payment was made during the measurement period.

“Debt Service Coverage Ratio” means, for any period of time, the ratio determined by dividing the Income Available for Debt Service by Maximum Annual Debt Service.

“Debt Service Coverage Ratio Requirement” means a Debt Service Coverage Ratio of at least 1.15:1.

“Debt Service Requirement” means, for any date of determination, when used with respect to any particular Indebtedness, the aggregate of the payments to be made in respect of principal and interest on such Indebtedness, for a particular Fiscal Year, during the trailing twelve (12) months, or other period, as the case may be.

“Developer’s Fee” has the meaning set forth in Section 3 of the Development Agreement.

“Equipment” means equipment (as that term is defined in the New York Uniform Commercial Code).

“Income Available for Debt Service” means, as to any period of twelve (12) consecutive calendar months, the excess of revenues over expenses (excluding contributions to the Repair and Replacement Fund and any deposits to the Debt Service Reserve Fund (Tax-Exempt) during such twelve (12) month period) before depreciation, amortization and interest expense on long-term Indebtedness (greater than one year), as determined in accordance with GAAP.

“Indebtedness” as to any Person means (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, or other similar instruments and all reimbursement or other obligations in respect of letters of credit, bankers acceptances, or other financial products, or obligations to bonding companies, (c) all obligations of such Person as a lessee under Capital Leases, (d) all obligations or liabilities of others secured by a Lien on any asset of such Person, irrespective of whether such obligation or liability is assumed, (e) all obligations of such Person to pay the deferred purchase price of assets (other than trade payables incurred in the ordinary course of business and repayable in accordance with customary trade practices and, for the avoidance of doubt, other than royalty payments payable in the ordinary course of business in respect of non-exclusive licenses), and (f) any obligation of such Person guaranteeing or intended to guarantee (whether directly or indirectly guaranteed, endorsed, co-made, discounted, or sold with recourse) any obligation of any other Person that constitutes Indebtedness under any of clauses (a) through (e) above. For purposes of this definition, (i) the amount of any Indebtedness represented by a guaranty or other similar instrument shall be the lesser of the principal amount of the obligations guaranteed and still outstanding and the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Indebtedness, and (ii) the amount of any Indebtedness which is limited or is non-recourse to a Person or for which recourse is limited to an identified asset shall be valued at the lesser of (A) if applicable, the limited amount of such obligations, and (B) if applicable, the fair market value of such assets securing such obligation.

“Lien” means any mortgage, deed of trust, pledge, hypothecation, assignment, charge, deposit arrangement, encumbrance, easement, lien (statutory or other), security interest, or other security arrangement and any other preference, priority, or preferential arrangement of any kind or nature whatsoever, including any conditional sale contract or other title retention agreement, the interest of a lessor under a Capital Lease and any synthetic or other financing lease having substantially the same economic effect as any of the foregoing.

“Liquidity Testing Date” means each June 30 and December 31, commencing June 30, 2020.

“Maximum Annual Debt Service” means, at the time of calculation, with respect to any particular Indebtedness, the largest Debt Service Requirement for the current or any future Fiscal Year, which calculation does not include, for the Series 2018A Bonds, the final payment on the Series 2018A Bonds to the extent moneys are available therefor in the Debt Service Reserve Fund (Tax-Exempt) for the Series 2018A Bonds. The Fiscal Year with the largest Debt Service Requirement is expected to be Fiscal Year ending June 30, 2023.

“Officer’s Certificate” means a certificate signed by each of the School and the Borrower which shall state that it is being delivered pursuant to (and shall identify the section or subsection of) the Covenants Agreement, and shall incorporate by reference and use in all appropriate instances all terms defined in the Covenants Agreement. Each Officer’s Certificate shall state that (i) the terms thereof are in compliance with the requirements of the Section or subsection pursuant to which such Officer’s Certificate is

delivered, or shall state in reasonable detail the nature of any non-compliance and the steps being taken to remedy such non-compliance, (ii) no Default or Event of Default has occurred and is continuing, and (iii) it is being delivered together with any opinions, schedules, statements, pro forma financial statements or other documents required in connection therewith. Any Officer's Certificate made with respect to compliance with the sections of the Covenants Agreement regarding Debt Service Coverage Ratio and Days' Cash on Hand shall be accompanied with the appropriate documentation evidencing such compliance as reasonably requested by the Bondholder Representative and shall be prepared in good faith by the School and the Borrower.

"Operating Expenses" means the sum of all fees and expenses of the School and the Borrower, including maintenance, repair expenses, utility expenses, administrative and legal expenses, miscellaneous operating expenses, advertising costs, payroll expenses (including taxes), the cost of the material and supplies used for current operations of the School and the Borrower, the cost of vehicles, equipment leases and service contracts, payment of management fees, taxes upon the operations of the School and the Borrower not otherwise mentioned in the Covenants Agreement, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with GAAP, all in such amounts as reasonably determined by the School and the Borrower; provided however, "Operating Expenses" shall not include (i) depreciation and amortization, or other expenses up to 10% of annual expenses which are actually paid from any revenues of the School and the Borrower which are not Revenues, (ii) solely when calculating the Debt Service Coverage Ratio, interest paid on Indebtedness and Additional Indebtedness, and (iii) replenishments of the Debt Service Reserve Fund (Tax-Exempt).

"Permitted Indebtedness" has the meaning set forth in section of the Covenants Agreement regarding Limitations on Indebtedness.

"Permitted Recommendations" means all recommendations of the Consultant other than any recommendations which violate the Charter of the School, State or local law or the Charter Agreement of the School, as evidenced by an opinion of counsel or are otherwise not approved by the Authorizer.

"Pledged Collateral" shall mean all assets of the Borrower, including but not limited to the following property, whether now owned or hereafter acquired, created or arising and wherever located: (i) all Pledged Revenues; (ii) all claims and causes of action arising from or otherwise related to any of the foregoing, and all rights and judgments related to any legal actions in connection with such claims or causes of action, and all cash (or evidences of cash or of rights to cash) or other property or rights thereto relating to such claims or causes of action; and (iii) all Proceeds (including, without limitation, insurance proceeds and condemnation awards), whether cash or non-cash, of any of the above.

"Pledged Revenues" shall mean all accounts, investment property, payment intangibles, general intangibles, monies, receipts, earnings (inclusive of any investment income), revenues, rentals, income, insurance proceeds, fees, gifts, donations, contributions, charges and other moneys received or receivable by or on behalf of the Borrower, including, but without limiting the generality of the foregoing, (i) fees and charges of the Borrower including fees or charges derived from the ownership or operation of the Facility, including, without limitation, all rental and other payments under the Lease, federal grants and aid, extended daycare payments, food services sales, proceeds derived from insurance, condemnation proceeds and all rights to receive any of the above, whether in the form of accounts, payment intangibles, contract rights, general intangibles or other rights, and the proceeds of such rights, whether now owned or held or hereafter coming into existence; and (ii) gifts, grants, bequests, donations and contributions heretofore or hereafter made to the Borrower; provided, however, that, there shall be expressly excluded from "Pledged Revenues" any Restricted Gifts received by the Borrower. Notwithstanding the foregoing, "Pledged Revenues" (i) are limited to the extent permitted by law and (ii) shall include all income,

distributions, dividends, earnings and revenues derived from Restricted Gifts (unless otherwise prohibited by the terms of a Restricted Gift).

“Ratio Evaluation Date” means each June 30 and December 31, commencing June 30, 2021.

“Restricted Gifts” shall mean gifts, grants, bequests, donations and contributions made to the Borrower and designated or specified by the granting authority, donor or maker thereof as being for specified purposes that would prohibit the use of such amounts for the payment of the principal of and interest on the Series 2018 Bonds or operating expenses.

“Restricted Revenues” has the meaning given to the term Restricted Gifts in the Pledge and Security Agreement.

“Revenues” means shall mean all accounts (banking, investment), investment property, payment intangibles, general intangibles, monies, receipts, earnings (inclusive of any investment income), revenues, rentals, income, insurance proceeds, fees, gifts, donations, contributions, charges and other moneys received or receivable by or on behalf of any of the School and the Borrower, including, but without limiting the generality of the foregoing, (i) fees and charges of any of the School and the Borrower including fees or charges derived from the ownership or operation of the Facility, and all rights to receive any of the above, whether in the form of accounts, payment intangibles, contract rights, general intangibles or other rights, and the proceeds of such rights, whether now owned or held or hereafter coming into existence; and (ii) gifts, grants, bequests, donations and contributions heretofore or hereafter made to any of the School and the Borrower; provided, however, that, there shall be expressly excluded from “Revenues” (w) any account that (i) provides security to a government agency or other body created or approved by law or regulation as a condition to the transaction of any business or the exercise of any privilege or license, (ii) is required to enable any of the School and the Borrower to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers’ compensation, unemployment insurance, pension or profit sharing plans or other benefits program (including any accounts with respect to benefits plans related to employees covered by collective bargaining agreements), and (y) Restricted Revenues. Notwithstanding the foregoing, “Revenues” shall include all income, distributions, dividends, earnings and revenues derived from Restricted Revenues (unless otherwise prohibited by the terms thereof).

“Stabilization” means the first year of projected full enrollment for the Facility.

FORM OF LOAN AGREEMENT

LOAN AND USE AGREEMENT

Dated as of October 1, 2018

by and between

BUILD NYC RESOURCE CORPORATION,

a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038,
as **“Issuer”**,

and each of

AMERICAN DREAM CHARTER SCHOOL,

a not-for-profit education corporation and a charter school organized and existing under the laws of the State of New York, having its principal office in New York City at 510 East 141st Street, Bronx, New York 10454, as **“School”** and an **“Obligor”**

and

AMERICAN DREAM GERARD LLC,

a limited liability company organized and existing under the laws of the State of New York, having its principal office in New York City at 510 East 141st Street, Bronx, New York 10454, as **“Borrower”** and an **“Obligor”**

\$25,725,000

Build NYC Resource Corporation
Revenue Bonds

(American Dream Charter School Project), Series 2018A

and

\$1,020,000

Build NYC Resource Corporation
Revenue Bonds

(American Dream Charter School Project), Series 2018B (Taxable)

LOAN AND USE AGREEMENT

This **LOAN AND USE AGREEMENT**, dated as of October 1, 2018 (this “**Agreement**”), is by and between **BUILD NYC RESOURCE CORPORATION**, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038 (the “**Issuer**”), party of the first part, and each of **AMERICAN DREAM GERARD LLC**, a limited liability company organized and existing under the laws of the State of New York (the “**Borrower**”), having its principal office in New York City at 510 East 141st Street, Bronx, New York 10454 and **AMERICAN DREAM CHARTER SCHOOL**, a not-for-profit education corporation and a charter school organized and existing under the laws of the State of New York (the “**School**”; the Borrower and the School being collectively, the “**Obligors**” and severally an “**Obligor**”), having its principal office in New York City at 510 East 141st Street, Bronx, New York 10454, parties of the second part (capitalized terms used herein shall have the respective meanings assigned to such terms throughout this Agreement).

WITNESSETH:

WHEREAS, the Issuer is authorized pursuant to Section 1411(a) of the Not-for-Profit Corporation Law of the State of New York, as amended, and its Certificate of Incorporation and By-Laws (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of The City of New York (the “**City**”) by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their eligible projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other eligible projects that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to the City or by encouraging the development of or retention of an industry in the City, and lessening the burdens of government and acting in the public interest; and

WHEREAS, the Certificate of Incorporation of the Issuer further provides that the lessening of the burdens of government and the exercise of the powers conferred on the Issuer are the performance of an essential governmental function, which activities will assist the City in reducing unemployment and promoting additional job growth and economic development; and

WHEREAS, the Obligors have entered into negotiations with officials of the Issuer for the Issuer’s assistance with a tax-exempt and a taxable bond transaction, the proceeds of which, together with other funds of the Obligors, will be used by the Obligors for the acquisition, construction, equipping and furnishing of the Improvements as part of the Project; and

WHEREAS, the Issuer has determined that the providing of financial assistance to the Borrower for the Project will promote and is authorized by and will be in furtherance of the corporate purposes of the Issuer; and

WHEREAS, as a result of such negotiations, the Obligors have requested the Issuer to issue its bonds to finance a portion of the costs of the Project; and

WHEREAS, the Issuer adopted the Approving Resolution authorizing the Project and the Bond Resolution authorizing the issuance of its revenue bonds to finance a portion of the costs of the Project; and

WHEREAS, the Facility will be owned by the Borrower and leased to the School pursuant to the Facility Lease; and

WHEREAS, to facilitate the Project and the issuance by the Issuer of its revenue bonds from time to time to finance a portion of the costs of the Project, the Issuer and the Obligors have entered into negotiations pursuant to which (i) the Issuer will make the Loan of the proceeds of the Initial Bonds, in the aggregate principal amount of the Initial Bonds, to the Borrower pursuant to this Agreement, and (ii) the Borrower will execute the Promissory Notes in favor of the Issuer to evidence the Borrower's obligation under this Agreement to repay the Loan, and the Issuer will endorse the Promissory Notes to the Trustee; and

WHEREAS, to provide funds for a portion of the costs of the Project and for incidental and related costs and to provide funds to pay the costs and expenses of the issuance of the Initial Bonds, the Issuer has authorized the issuance of the Initial Bonds in the Authorized Principal Amount pursuant to the Bond Resolution and the Indenture; and

WHEREAS, concurrently with the execution hereof, in order to further secure the Initial Bonds, among other collateral, (i) the Borrower will grant a lien and security interest in the Pledged Collateral pursuant to the Pledge and Security Agreement in favor of the Trustee, subject only to the lien of the Mortgage; (ii) the Borrower will grant a mortgage lien on and a security interest in its fee interest in the Mortgaged Property, including its interest in the Facility Lease, to the Issuer and the Trustee pursuant to the Mortgage, and the Issuer will assign its right, title and interest under the Mortgage to the Trustee pursuant to the Assignment of Mortgage; and (iii) the Depositary Bank, the Trustee and the Borrower will execute and deliver the Blocked Account Control Agreement, pursuant to which the Borrower will grant a security interest in the Borrower's operating account to the Trustee and authorize the Trustee to transfer the amounts required under the Indenture and this Agreement to the Revenue Fund;

NOW, THEREFORE, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.1 Definitions. The following capitalized terms shall have the respective meanings specified for purposes of this Agreement:

Additional Bonds shall mean one or more Series of additional bonds issued, executed, authenticated and delivered under the Indenture.

Additional Improvements shall have the meaning specified in Section 3.4(a).

Advance Agreement shall mean the Agreement to Advance, dated as of the Closing Date, among the Borrower, the Bondholder Representative, the Underwriter, the Trustee and the Initial Beneficial Owners, and shall include any and all amendments thereof and supplements thereto.

Affiliate shall mean, with respect to a given Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such given Person.

Agreement shall mean this Loan and Use Agreement, dated as of the date set forth in the first paragraph hereof, between the Issuer and the Obligors, and shall include any and all amendments hereof and supplements hereto hereafter made in conformity herewith and with the Indenture.

Annual Administrative Fee shall mean that annual administrative fee established from time to time by the Issuer's Board of Directors as generally applicable to Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from such general applicability as may be established by the Issuer's Board of Directors).

Approved Facility shall mean the Facility as owned by the Borrower and occupied, used and operated by the School substantially for the Approved Project Operations, including such other activities as may be substantially related to or substantially in support of such operations, all to be effected in accordance with this Agreement.

Approved Project Operations shall mean the facility located at 700 Gerard Avenue, Bronx, New York, for use for general classroom and administrative use by the School.

Approving Resolution shall mean the resolution of the Issuer adopted on June 12, 2018 authorizing the Project, and undertaking to permit the issuance of the Initial Bonds to finance a portion of the costs of the Project.

Asserted Cure shall have the meaning specified in Section 8.30(k)(i).

Asserted LW Violation shall have the meaning specified in Section 8.30(k)(i).

Assignment of ALR shall mean, collectively, the Assignment of Assignment of Lease and Rents (Acquisition Loan), the Assignment of Assignment of Lease and Rents (Building Loan) and the Assignment of Assignment of Lease and Rents (Indirect Loan), each dated as of even date herewith, and each from the Issuer to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Assignment of Development Agreement shall mean the Assignment of Development Agreement and Subordination of Developer Fees, dated as of the Closing Date, from the Borrower to the Trustee, and consented and agreed to by the Developer, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Assignment of Lease and Rents shall mean, collectively, the Assignment of Lease and Rents (Acquisition Loan), the Assignment of Lease and Rents (Building Loan) and the Assignment of Lease and Rents (Indirect Loan) relating to the Facility Lease, each dated as of even date herewith, and each from the Borrower to the Issuer and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Assignment of Mortgage shall mean, collectively, the Assignment of Mortgage and Security Agreement (Acquisition Loan), the Assignment of Mortgage and Security Agreement (Building Loan) and the Assignment of Mortgage and Security Agreement (Indirect Loan) relating to the Facility, each dated as of even date herewith, and each from the Issuer to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Assignment of Project Agreements shall mean the Assignment of Project Agreements, Licenses, Permits and Contracts, dated as of the Closing Date, from the Borrower and the Developer to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Authorized Denomination shall mean,

(i) (A) in the case of the Series 2018A Bonds, (y) from the Closing Date until the Final Drawdown Date, the Outstanding principal amount thereof, and (z) thereafter, \$100,000 or any integral multiple of \$5,000 in excess thereof; and (B) in the case of the Series 2018B Bonds, \$100,000 or any integral multiple of \$5,000 in excess thereof;

provided, however, that if the Series 2018A Bonds or the Series 2018B Bonds are rated investment grade by a Rating Agency, then, upon the Issuer and the Trustee receiving written notice of the occurrence of such event, the Authorized Denomination with respect to the Series 2018A Bonds so rated or the Series 2018B Bonds so rated, as applicable, shall be \$5,000 or any integral multiple thereof; and

(ii) in the case of any Series of Additional Bonds, such denominations as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Series of Additional Bonds.

Authorized Principal Amount shall mean, (i) in the case of the Series 2018A Bonds, \$25,725,000, (ii) in the case of the Series 2018B Bonds, \$1,020,000, and (iii) in the case of any Series of Additional Bonds, such authorized principal amount as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Series of Additional Bonds.

Authorized Representative shall mean, (i) in the case of the Issuer, the Chairperson, Vice Chairperson, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, or any other officer or employee of the Issuer who is authorized to perform specific acts or to discharge specific duties, (ii) in the case of the Borrower, a person named in Exhibit C — “Authorized Representative”, or any other officer or employee of the Borrower who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the Borrower has given written notice to the Issuer and the Trustee; (iii) in the case of the School, a person named in Exhibit C — “Authorized Representative”, or any other officer or employee of the School who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the School has given written notice to the Issuer and the Trustee; (iv) in the case of the Developer, a person named in Exhibit C — “Authorized Representative”, or any other officer or employee of the Developer who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the Developer has given written notice to the Issuer and the Trustee; and (v) in the case of the Member, a person named in Exhibit C — “Authorized Representative”, or any other officer or employee of the Member who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the Member has given written notice to the Issuer and the Trustee; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of this Agreement or any other Project Document, (A) such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement; and (B) a copy of such certificate or statement shall also be delivered to the Bondholder Representative (if then in effect).

Beneficial Owner shall mean, whenever used with respect to an Initial Bond, the Person in whose name such Initial Bond is recorded as the Beneficial Owner of such Initial Bond by the respective systems of DTC and each of the Participants of DTC. If at any time the Initial Bonds are not held in the Book-Entry System, Beneficial Owner shall mean “Holder” for purposes of the Security Documents.

Benefits shall have the meaning set forth in Section 5.1(a).

Blocked Account Control Agreement shall mean the Account Control Agreement, dated as of even date herewith, among the Borrower, the Depositary Bank and the

Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in accordance therewith and with the Indenture.

Bond Funds shall mean, collectively or individually, as applicable, the Bond Fund (Taxable) and/or the Bond Fund (Tax-Exempt).

Bond Fund (Taxable) shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Bond Fund (Tax-Exempt) shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Bondholder, Holder of Bonds, Holder or holder shall mean any Person who shall be the registered owner of any Bond or Bonds.

Bondholder Representative shall mean, initially, Rosemawr Management LLC, acting through its officers and agents, and any successor or assign thereto which shall be designated as the Bondholder Representative in accordance with Section 9.12 of the Indenture.

Bond Purchase Agreement shall mean the Bond Purchase Agreement, dated October 25, 2018, among the Issuer, the Borrower, the School, the Underwriter and the Initial Beneficial Owners, as acknowledged and agreed to by the Bondholder Representative.

Bond Registrar shall mean the Trustee acting as registrar as provided in Section 3.10 of the Indenture.

Bond Resolution shall mean the resolution of the Issuer adopted on June 12, 2018 authorizing the issuance of the Initial Bonds.

Bonds shall mean the Initial Bonds and any Series of Additional Bonds.

Borrower shall mean American Dream Gerard LLC, a limited liability company organized and existing under the laws of the State of New York, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the Borrower under Section 8.9 or 8.20.

Building Loan Agreement shall mean the Building Loan Agreement, dated as of even date herewith, among the Issuer, the Borrower and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Business Day shall mean any day that shall not be:

- (i) a Saturday, Sunday or legal holiday;
- (ii) a day on which banking institutions in the City are authorized by law or executive order to close; or

(iii) a day on which the New York Stock Exchange or the payment system of the Federal Reserve System is closed.

Business Incentive Rate shall mean the discount energy transportation and delivery rate provided through the Business Incentive Rate program co-administered by NYCEDC and Consolidated Edison Company of New York, Inc.

Capital Needs Assessment shall mean an evaluation by an Independent Consultant of the capital needs of the Facility and the total cost thereof for a five (5) year period commencing on July 1, 2023 and every fifth anniversary thereafter as long as the Bonds are Outstanding.

Certificate shall have the meaning set forth in Section 8.1(a).

CGL shall have the meaning set forth in Section 8.1(a).

Charter School Act shall mean the New York Charter Schools Act of 1998, as amended (N.Y. Educ. Law Section 2850 et seq.).

City shall mean The City of New York, New York.

Claims shall have the meaning set forth in Section 8.2(a).

Closing Date shall mean October 30, 2018, the date of the initial issuance and delivery of the Initial Bonds.

CM shall have the meaning set forth in Section 8.1(a).

Code shall mean the Internal Revenue Code of 1986, as amended, including the regulations thereunder. All references to Sections of the Code or regulations thereunder shall be deemed to include any such Sections or regulations as they may hereafter be renumbered in any subsequent amendments to the Code or such regulations.

Completed Improvements Square Footage shall mean approximately 33,173 square feet, the square footage of the Improvements upon completion of the Project Work.

Completion Deadline shall mean December 31, 2020.

Comptroller shall have the meaning specified in Section 8.30(b).

Concessionaire shall have the meaning specified in Section 8.30(b).

Conduct Representation shall mean any representation by the Borrower or the School under Section 2.2(x), or by any other Person in any Required Disclosure Statement delivered to the Issuer.

Construction shall have the meaning set forth in Section 8.1(a).

Construction Consultant shall mean CBRE, Inc., a corporation organized and existing under the laws of the State of Delaware, and its permitted successors and assigns approved in writing by the Trustee (which approval shall not be unreasonably withheld or delayed).

Construction Contract shall mean that certain Consensus Docs 410, Standard Design-Build Agreement and General Conditions between Owner and Design-Builder (Cost of the Work Plus a Fee with a GMP), dated the Closing Date, between the Borrower, the Developer and the Design Builder, as the same may be amended or supplemented in accordance with its terms and the Assignment of Project Agreements.

Construction Disbursement Agreement shall mean the Construction Disbursement and Monitoring Agreement, dated as of the Closing Date, among the Borrower, the Construction Consultant, the Bondholder Representative and the Developer, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Continuing Covenants Agreement shall mean the Continuing Covenants Agreement, dated as of the Closing Date, among the Borrower, the School, the Trustee and the Bondholder Representative, and shall include any and all amendments thereof and supplements thereto hereafter made in accordance therewith and with the Indenture.

Continuing Disclosure Agreement shall mean, with respect to the Initial Bonds, the Continuing Disclosure Agreement, dated as of the Closing Date, among the Borrower, the School and the School Improvement Partnership, as dissemination agent, and, as to any Series of Additional Bonds, the continuing disclosure agreement executed by the Obligors.

Contractor shall have the meaning set forth in Section 8.1(a).

Control or **Controls**, including the related terms “controlled by” and “under common control with”, shall mean the power to direct the management and policies of a Person (x) through the ownership, directly or indirectly, of not less than a majority of its voting securities, (y) through the right to designate or elect not less than a majority of the members of its board of directors or trustees or other Governing Body, or (z) by contract or otherwise.

Control Agreement shall mean any and all agreements, whether there be one or more, between the Borrower, as “Debtor,” the Depositary Bank and the Trustee, as “Secured Party,” pursuant to which the Borrower agrees to grant the Trustee a security interest in one or more of the Borrower’s depository accounts in order to secure the Borrower’s repayment obligations under the Security Documents; the initial Control Agreement being the Blocked Account Control Agreement.

Costs of Issuance shall mean issuance costs with respect to the Initial Bonds described in Section 147(g) of the Code and any regulations thereunder, including but not limited to the following: the Underwriter’s Fee; counsel fees (including bond counsel, the Underwriter’s counsel, the Initial Beneficial Owners’ counsel, the Borrower’s counsel, the Developer’s counsel, the School’s counsel, the Trustee’s counsel, the Issuer’s counsel, the Bondholder Representative’s counsel, as well as any other specialized counsel fees incurred in connection

with the borrowing); financial advisor fees of any financial advisor to the Issuer or the Obligors incurred in connection with the issuance of the Initial Bonds; engineering and feasibility study costs; guarantee fees (other than Qualified Guarantee Fees, as defined in the Tax Regulatory Agreement); Rating Agency fees; Trustee and Paying Agent fees; accountant fees and other expenses related to issuance of the Initial Bonds; printing costs for the Initial Bonds and for the preliminary and final offering documents relating to the Initial Bonds; public approval and process costs; fees and expenses of the Issuer incurred in connection with the issuance of the Initial Bonds; Blue Sky fees and expenses; and similar costs.

Covered Counterparty shall have the meaning specified in Section 8.30(b).

Covered Employer shall have the meaning specified in Section 8.30(b).

DCA shall have the meaning specified in Section 8.30(b).

Debt Service Reserve Fund shall mean the Debt Service Reserve Fund (Tax-Exempt).

Debt Service Reserve Fund (Tax-Exempt) shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Debt Service Reserve Fund Requirement (Tax-Exempt) shall mean, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) (i) from the Closing Date until, but not including June 30, 2020, equal to zero, and (ii) thereafter, \$_____ (the “**Series 2018A Bonds MADS**”), such amount (w) to constitute the sum of the eight (8) periodic payments to be made by the Borrower as provided in clause (z) below, with the “Debt Service Reserve Fund Requirement (Tax-Exempt)” until June 30, 2027 to be equal to the then applicable sum of such one-eighth (1/8) annual payments, whether or not any such annual payment shall have been in fact made, or made in full, (x) to equal the greatest amount required in the then current or any future calendar year to pay the sum of the scheduled principal (including Sinking Fund Installments) and interest payable on Outstanding Series 2018A Bonds, (y) to not be funded from any proceeds of the Initial Bonds, and (z) to be funded with periodic payments by the Borrower pursuant to Section 4.3(a)(i)(5) of one-eighth (1/8) of the Series 2018A Bonds MADS commencing on June 30, 2020 and on June 30 of each year thereafter through and including June 30, 2027.

Defeasance Obligations shall mean Government Obligations that are not subject to redemption prior to maturity.

Depository Agreement shall mean the Depository Agreement, dated as of the Closing Date, among the Borrower, the Depository Bank and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in accordance therewith and with the Indenture.

Depository Bank shall mean The Bank of New York Mellon, in its capacity as the financial institution receiving under the Blocked Account Control Agreement all amounts payable by the School under the Facility Lease, together with its successors and assigns, and any successor Depository Bank pursuant to the Blocked Account Control Agreement.

Design Builder shall mean Hollister Construction Services, LLC, a limited liability company organized and existing under the laws of the State of New Jersey, and its permitted successors and assigns under the Construction Contract.

Design Builder's Consent and Agreement shall mean the Design Builder's Consent and Agreement to Assignment, dated as of the Closing Date, from the Design Builder to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Determination of Taxability shall mean:

(i) (A) the adoption, promulgation or enactment of any federal statute or regulation, or any determination, decision, decree or ruling made by the Commissioner or any District Director of the Internal Revenue Service;

(B) the issuance of a public or private ruling or a technical advice memorandum by the Internal Revenue Service in which the Borrower has participated or has been given the opportunity to participate, and which ruling or memorandum the Borrower, in its discretion, does not contest or from which no further right of judicial review or appeal exists;

(C) a determination from which no further right of appeal exists of any court of competent jurisdiction in the United States in a proceeding in which the Borrower has participated or has been a party, or has been given the opportunity to participate or be a party; or

(D) the admission in writing by the Borrower;

in any case, to the effect that the interest payable on the Tax-Exempt Bond of a Holder or a former Holder thereof is includable in gross income for federal income tax purposes; or

(ii) the receipt by the Trustee of a written opinion of Nationally Recognized Bond Counsel to the effect that the interest payable on the Tax-Exempt Bonds is includable in gross income for federal income tax purposes or the refusal of any such counsel to render a written opinion that the interest on the Tax-Exempt Bonds is not so includable when required pursuant to a request by a Holder of a Tax-Exempt Bond in accordance with the procedures set forth in the Indenture;

provided, however, that no such Determination of Taxability described in clauses (i)(B) or (i)(C) of this definition shall be considered to exist unless (1) the Holder or former Holder of the Tax-Exempt Bond involved in such proceeding (a) gives the Borrower, the Issuer and the Trustee prompt notice of the commencement thereof and (b) (if the Borrower agrees to pay all expenses in connection therewith) offers the Borrower the opportunity to control the defense thereof and (2) either (a) the Borrower does not agree within thirty (30) days of receipt of such offer to pay such expenses and to control such

defense or (b) the Borrower shall exhaust or choose not to exhaust all available proceedings for the contest, review, appeal or rehearing of such decree, judgment or action which the Borrower determines to be appropriate. A Holder of a Tax-Exempt Bond shall have the right to request the Trustee to obtain a written opinion of Nationally Recognized Bond Counsel pursuant to clause (ii) above, at the expense of the Borrower, upon delivery by such Holder to the Borrower of a letter from such Holder's accountant stating that, in his or her reasonable opinion, interest on the Tax-Exempt Bonds is includable in the gross income of such Holder for federal income tax purposes and stating the reasons for such determination. No Determination of Taxability described above will result from the inclusion of interest on any Tax-Exempt Bond in the computation of minimum or indirect taxes.

Developer shall mean ADS Project Development, LLC, a limited liability company organized and existing under the laws of the State of Utah, and its successors and assigns under the Development Agreement, this Agreement and the Assignment of Project Agreements.

Development Agreement shall mean the Development Agreement, dated the Closing Date between the Borrower and the Developer, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Assignment of the Project Agreements.

DOL shall have the meaning set forth in Section 8.7(a).

Draw-Down Date shall mean the Closing Date and such subsequent dates on which a draw-down for the Series 2018A Bonds shall occur; provided, however, that (i) subsequent Draw-Down Dates shall not occur more frequently than monthly; (ii) no draw-down shall be for less than \$1,000,000; (iii) there shall not be more than four (4) Draw-Down Dates including the Closing Date; and (iv) no subsequent Draw-Down Date shall occur after November 1, 2020.

DTC shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

Due Date shall have the meaning set forth in Section 9.9(a).

Earnings Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

EMMA shall mean the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

Employment Information shall have the meaning set forth in Section 8.7(c).

Entity shall mean any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

Environmental Audit shall mean that certain Phase I Environmental Site Assessment Report dated January 30, 2018, prepared by the Environmental Auditor.

Environmental Auditor shall mean PVE, LLC.

Environmental Indemnity Agreement shall mean the Environmental Indemnity Agreement, dated as of the Closing Date, from the Borrower and the School to the Trustee and the Bondholder Representative, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Estimated Project Cost shall mean \$28,370,000.

Event of Default shall have the meaning specified in Section 9.1.

Event of Taxability shall mean the date specified in a Determination of Taxability as the date interest paid or payable on any Tax-Exempt Bond becomes includable for federal income tax purposes in the gross income of any Holder thereof as a consequence of any act, omission or event whatsoever, including any change of law, and regardless of whether the same was within or beyond the control of the Borrower or the School.

Existing Facility Property shall have the meaning set forth in Section 3.5(a).

Facility shall mean, collectively, the Facility Personalty and the Facility Realty.

Facility Lease shall mean that certain Lease Agreement, dated as of the Closing Date, between the Borrower as landlord, and the School as tenant, pursuant to which the Borrower leases the Facility to the School, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with Section 8.31.

Facility Lease Rental Payments shall mean all rents and other amounts paid or payable under the Facility Lease.

Facility Personalty shall mean those items of machinery, equipment, furniture and other items of personalty the acquisition and/or the installation of which is to be financed in whole or in part with the proceeds of the Bonds for installation or use at the Facility Realty as part of the Project pursuant to Section 3.2 and described in Exhibit B — “Description of the Facility Personalty”, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Personalty shall, in accordance with the provisions of Sections 3.5 and 6.4, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so substituted for or replaced, and further exclude all items of Facility Personalty removed as provided in Section 3.5.

Facility Realty shall mean, collectively, the Land and the Improvements.

Final Draw-Down Date shall mean the final date on which a draw-down for the Series 2018A Bonds shall occur.

Final Project Cost Budget shall mean that certain budget of costs paid or incurred for the Project to be submitted by the Borrower pursuant to Section 3.2(f) upon completion of the Project.

Fiscal Year shall mean a year of 365 or 366 days, as the case may be, commencing on July 1 and ending on June 30 of the next calendar year, or such other fiscal year of similar length used by the Obligors for accounting purposes as to which the Obligors shall have given prior written notice thereof to the Issuer, the Bondholder Representative and the Trustee at least ninety (90) days prior to the commencement thereof.

Fitch shall mean Fitch Ratings, Inc., a Delaware corporation, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Fixed Date Deliverables shall have the meaning set forth in Section 9.9(a)(ii).

GAAP shall mean those generally accepted accounting principles and practices that are recognized as such by the American Institute of Certified Public Accountants or by the Financial Accounting Standards Board or through other appropriate boards or committees thereof, and that are consistently applied for all periods, after the Closing Date, so as to properly reflect the financial position of the Obligors, except that any accounting principle or practice required to be changed by the Financial Accounting Standards Board (or other appropriate board or committee of the said Board) in order to continue as a generally accepted accounting principle or practice may be so changed.

GC shall have the meaning set forth in Section 8.1(a).

Governing Body shall mean, when used with respect to any Entity, its board of directors, board of trustees or individual or group of individuals by, or under the authority of which, the powers of such Entity are exercised.

Government Obligations shall mean the following:

- (i) direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America;
- (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States of America for the timely payment thereof; or
- (iii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in clauses (i) or (ii) above.

Hazardous Materials shall include any petroleum, flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 5101, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation.

Impositions shall have the meaning set forth in Section 8.17(a).

Improvements shall mean:

(i) all buildings, structures, foundations, related facilities, fixtures and other improvements of every nature whatsoever existing on the Closing Date and hereafter erected or situated on the Land;

(ii) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land (including any improvements or demolitions made as part of the Project Work pursuant to Section 3.2); and

(iii) all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

Indemnification Commencement Date shall mean June 12, 2018, the date on which the Issuer first adopted a resolution with respect to the Project.

Indemnified Parties shall have the meaning set forth in Section 8.2(a).

Indenture shall mean the Indenture of Trust, dated as of even date herewith, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XI of the Indenture.

Independent Accountant shall mean an independent certified public accountant or firm of independent certified public accountants selected by the Borrower and approved by the Issuer and the Trustee (such approvals not to be unreasonably withheld or delayed).

Independent Consultant shall mean a Person (not an employee of any of the Issuer, the Borrower or the School or an Affiliate of any thereof) which is chosen and appointed by the Borrower from a pool of at least three (3) consultants provided and approved by the Bondholder Representative (or if not in effect, by the Majority Holders) for the purpose of passing on questions related to the capital needs or operations of the School, has a favorable reputation for skill and experience in performing similar services in respect of entities of a comparable size and nature as the School, and is not unsatisfactory to the Issuer and the Trustee.

Independent Engineer shall mean a Person (not an employee of any of the Issuer, the Borrower or the School or an Affiliate of any thereof) registered and qualified to

practice engineering or architecture under the laws of the State, selected by the Borrower, and approved in writing by the Trustee (which approval shall not be unreasonably withheld or delayed) and shall be given at the direction of the Bondholder Representative, if then in effect, or if not in effect, by the Majority Holders.

Information Recipients shall have the meaning set forth in Section 8.7(c).

Initial Annual Administrative Fee shall mean \$1,250.

Initial Beneficial Owners shall mean, collectively, Rosemawr Capital III LP, Rosemawr Municipal Partners Fund LP, RMPF Investments D LLC and RC3 Investments D LLC, the initial purchasers and Beneficial Owners of the Initial Bonds.

Initial Bonds shall mean, collectively or individually, as applicable, the Series 2018A Bonds and/or the Series 2018B Bonds.

Insured shall have the meaning set forth in Section 8.1(a).

Insurer shall have the meaning set forth in Section 8.1(a).

Interest Account shall mean the special trust account of the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable, so designated, established pursuant to Section 5.01 of the Indenture.

Interest Payment Date shall mean, with respect to the Initial Bonds, June 15 and December 15 of each year, commencing December 15, 2018 (or, if any such day is not a Business Day, the immediately succeeding Business Day), and with respect to any Series of Additional Bonds, the dates set forth therefor in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

ISO shall have the meaning set forth in Section 8.1(a).

ISO Form CG-0001 shall have the meaning set forth in Section 8.1(a).

Issuer shall mean Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State at the direction of the Mayor of the City, and its successors and assigns.

Issuer's Reserved Rights shall mean, collectively,

(i) the right of the Issuer in its own behalf to receive all Opinions of Counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Issuer under this Agreement;

(ii) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under this Agreement;

(iii) the right of the Issuer to enforce in its own behalf the obligation of the Borrower under this Agreement to complete the Project;

(iv) the right of the Issuer to enforce or otherwise exercise in its own behalf all agreements of the Obligors under this Agreement with respect to ensuring that the Facility shall always constitute the Approved Facility;

(v) the right of the Issuer to amend with the Obligors the provisions of Section 5.1 without the consent of the Trustee, any Bondholder or any other Person;

(vi) the right of the Issuer in its own behalf (or on behalf of the appropriate taxing authorities) to enforce, receive amounts payable under or otherwise exercise its rights under Article III (except for Section 3.1), Sections 4.4, 4.5 and 4.6, Article V, Article VI, Article VIII (except for Section 8.26), Article IX, Article X, Sections 11.1, 11.3 and 11.5, and Article XII (except Section 12.2);

(vii) the right of the Issuer to approve any user of all or a portion of the Facility pursuant to a lease or license or other use or occupancy agreement; and

(viii) the right of the Issuer in its own behalf to declare a default with respect to any of the Issuer's Reserved Rights and exercise the remedies set forth in Section 9.2(b).

Land shall mean that certain lot, piece or parcel of land in the Borough of the Bronx, Block 2473 and Lot 8, generally known by the street address 700 Gerard Avenue, Bronx, New York, all as more particularly described in Exhibit A — "Description of the Land", together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 8.10(c).

Land Square Footage shall mean approximately 8,497 square feet.

Legal Requirements shall mean the Constitutions of the United States and the State of New York and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, certificates of occupancy, directions and requirements (including zoning, land use, planning, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wage, living wage, prevailing wage, sick leave, healthcare, benefits and employment practices) of all governments, departments, commissions,

boards, courts, authorities, agencies, officials and officers, including those of the City, foreseen or unforeseen, ordinary or extraordinary, that are applicable now or may be applicable at any time hereafter to (i) the Borrower or the School, (ii) the Facility or any part thereof, or (iii) any use or condition of the Facility or any part thereof.

Letter of Representation and Indemnity Agreement shall mean the Letter of Representation and Indemnity Agreement, dated the Closing Date, from the Obligors and the Member to the Issuer, the Trustee, the Underwriter and the Initial Beneficial Owners.

Liability shall have the meaning set forth in Section 8.2(a).

Liens shall have the meaning specified in Section 8.11(a).

Loan shall mean the loan made by the Issuer to the Borrower pursuant to this Agreement as described in Section 4.1.

Loan Payment Date shall mean the tenth (10th) day of each month (or, if the tenth (10th) day shall not be a Business Day, the immediately preceding Business Day).

Loss Event shall have the meaning specified in Section 6.1.

LW shall have the meaning specified in Section 8.30(b).

LW Agreement shall have the meaning specified in Section 8.30(b).

LW Agreement Delivery Date shall have the meaning specified in Section 8.30(b).

LW Event of Default shall have the meaning specified in Section 8.30(b).

LW Law shall have the meaning specified in Section 8.30(b).

LW Term shall have the meaning specified in Section 8.30(b).

LW Violation Final Determination shall have the meaning specified in Section 8.30(k)(i)(1), Section 8.30(k)(i)(2)(A) or Section 8.30(k)(i)(2)(B), as applicable.

LW Violation Initial Determination shall have the meaning specified in Section 8.30(k)(i)(2).

LW Violation Notice shall have the meaning specified in Section 8.30(k)(i).

LW Violation Threshold shall have the meaning specified in Section 8.30(b).

Majority Holders shall mean the Beneficial Owners of at least a majority in aggregate principal amount of the Bonds Outstanding, or, if the Bonds shall cease to be in book-entry form, the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding.

Maturity Date shall mean, (i) in the case of the Series 2018A Bonds, June 15, 2052, and (ii) in the case of the Series 2018B Bonds, June 15, 2025.

Member shall mean Friends of the American Dream Charter School Inc., a not-for-profit corporation organized and existing under the laws of the State of New York, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the Member under the Tax Regulatory Agreement.

Member IRS Determination Letter shall mean that certain ruling letter dated May 22, 2018 issued by the Internal Revenue Service to the Member confirming that the Member is a Tax-Exempt Organization.

Merge shall have the meaning specified in Section 8.20(a)(v).

Moody's shall mean Moody's Investors Service Inc., a Delaware corporation, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Mortgage shall mean, collectively, the Mortgage and Security Agreement (Acquisition Loan), the Mortgage and Security Agreement (Building Loan) and the Mortgage and Security Agreement (Indirect Loan) relating to the Facility, each dated as of even date herewith, and each from the Borrower to the Issuer and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Mortgaged Property shall have the meaning specified in the Mortgage.

MSRB shall mean the Municipal Securities Rulemaking Board or its successor entity.

Nationally Recognized Bond Counsel shall mean Hawkins Delafield & Wood LLP or other counsel acceptable to the Issuer and the Trustee and experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions.

Net Proceeds shall mean, when used with respect to any insurance proceeds or condemnation award, compensation or damages, the gross amount of any such proceeds, award, compensation or damages less all expenses (including reasonable attorneys' fees and any extraordinary expenses of the Issuer or the Trustee) incurred in the collection thereof.

Notice Parties shall mean the Issuer, the Borrower, the School, the Developer, the Bondholder Representative, the Bond Registrar, the Paying Agents and the Trustee.

Notification of Failure to Deliver shall have the meaning specified in Section 9.9(b).

NYCDOF shall mean the New York City Department of Finance.

NYCEDC shall mean New York City Economic Development Corporation, a New York not-for-profit corporation, and any successor thereof.

NYCIDA shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

Obligor or Obligors shall mean, collectively or severally, the Borrower and the School.

Obligors' Property shall have the meaning specified in Section 3.4(d).

Operations Commencement Date shall have the meaning set forth in Section 5.1(a).

Opinion of Counsel shall mean a written opinion of counsel for the Obligors or any other Person (which counsel shall be reasonably acceptable to the Issuer and the Trustee) with respect to such matters as required under any Project Document or as the Issuer or the Trustee may otherwise reasonably require, and which shall be in form and substance reasonably acceptable to the Issuer and the Trustee.

Organizational Documents shall mean, (i) in the case of an Entity constituting a limited liability company, the articles of organization or certificate of formation, and the operating agreement of such Entity, (ii) in the case of an Entity constituting a corporation, the charter, articles of incorporation or certificate of incorporation, and the bylaws of such Entity, and (iii) in the case of an Entity constituting a general or limited partnership, the partnership agreement of such Entity.

Outstanding, when used with reference to a Bond or Bonds, as of any particular date, shall mean all Bonds which have been issued, executed, authenticated and delivered under the Indenture, except:

(i) Bonds cancelled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee under the Indenture for cancellation;

(ii) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with Article X of the Indenture, there has been separately set aside and held in the Redemption Account of the Bond Fund (Tax-Exempt) or in the Redemption Account of the Bond Fund (Taxable), as applicable, either:

(A) moneys, and/or

(B) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys,

in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or Redemption Date, which payment or Redemption Date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article III of the Indenture,

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any other Security Document, Bonds owned by the Borrower or the School or any Affiliate of either thereof shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded. Bonds which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Borrower or the School or any Affiliate of either thereof.

Owed Interest shall have the meaning specified in Section 8.30(b).

Owed Monies shall have the meaning specified in Section 8.30(b).

Participants shall mean those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

Paying Agent shall mean any paying agent for the Bonds appointed pursuant to the Indenture (and may include the Trustee) and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

Per Diem Fees shall mean, collectively, the Per Diem Late Fee and the Per Diem Supplemental Late Fee.

Per Diem Late Fee shall mean that per diem late fee established from time to time by the Issuer's Board of Directors generally imposed upon Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from such general applicability as may be established by the Issuer's Board of Directors) and that have not (x) paid to the Issuer the Annual Administrative Fee on the date required under Section 8.3, (y) delivered to the Issuer all or any of the Fixed Date Deliverables on the respective dates required under Section 8.14 or 8.16, and/or (z) delivered to the Issuer all or any of the Requested Document Deliverables under Section 8.15 within five (5) Business Days of the Issuer having made the request therefor.

Per Diem Supplemental Late Fee shall mean that supplemental per diem late fee established from time to time by the Issuer's Board of Directors generally imposed upon Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from general applicability as may be established by the Issuer's Board of Directors).

Permitted Encumbrances shall mean:

(i) the Facility Lease, the Mortgage (as assigned by the Assignment of Mortgage), the Building Loan Agreement, the Pledge and Security Agreement and any other Project Document;

(ii) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not yet due and payable;

(iii) any mechanic's, workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien, security interest, encumbrance or charge or right in respect thereof, placed on or with respect to the Facility or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to Section 8.11(b);

(iv) utility, access and other easements and rights of way, restrictions and exceptions that an Authorized Representative of the School certifies to the Issuer and the Trustee will not materially interfere with or impair the School's use and enjoyment of the Facility as provided in this Agreement and in the Facility Lease;

(v) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to property similar in character to the Facility as do not, as set forth in a certificate of an Authorized Representative of the Borrower delivered to the Issuer and the Trustee, either singly or in the aggregate, render title to the Facility unmarketable or materially impair the property affected thereby for the purpose for which it was acquired or purport to impose liabilities or obligations on the Issuer;

(vi) those exceptions to title to the Mortgaged Property enumerated in the title insurance policy delivered pursuant to Section 3.7 insuring the Trustee's mortgagee interest in the Mortgaged Property, a copy of which is on file at the offices of the Issuer and at the designated corporate trust office of the Trustee;

(vii) liens arising by reason of good faith deposits with the Borrower or the School in connection with the tenders, leases of real estate, bids or contracts (other than contracts for the payment

of money), deposits by the Borrower or the School to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(viii) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Borrower or the School to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(ix) any judgment lien against the Borrower or the School, so long as the finality of such judgment is being contested in good faith and execution thereon is stayed;

(x) any purchase money security interest in movable personal property, including equipment leases and financing, but not to exceed the limitations on incurrence of such indebtedness as set forth in the Project Documents;

(xi) liens on property due to rights of governmental entities or third party payors for recoupment of excess reimbursement paid;

(xii) a lien, restrictive declaration or performance mortgage with respect to the operation of the Facility arising by reason of a grant or other funding received by the Borrower or the School from the City, the State or any governmental agency or instrumentality;

(xiii) any lien on money (or the investment made with such money) held in any depreciation reserve, debt service reserve, construction, debt service or similar fund and granted by the Borrower or the School to secure payment of indebtedness permitted by the Continuing Covenants Agreement (including any commitment indebtedness, whether or not then drawn upon), and any lien on money (or the investment made with such money) held in any escrow or similar fund to defease indebtedness permitted by the Continuing Covenants Agreement;

(xiv) any lien on pledges, gifts or grants to be received in the future, including any income derived from the investment thereof and liens on or in property given, bequested or devised to the owner thereof existing at the time of such gift, bequest or devise, provided that (A) such liens attach solely to the property which is the subject of such gift, bequest or devise, and (B) the indebtedness secured by such liens is not assumed by the Borrower or the School; and

(xv) any lien, security interest, encumbrances or charge which exists in favor of the Trustee or to which the Trustee shall consent in writing (and given at the direction of the Bondholder Representative or, if there is no Bondholder Representative, the Majority Holders).

Person shall mean an individual or any Entity.

Plans and Specifications shall mean the plans and specifications prepared for the Project by or on behalf of the Borrower, as amended from time to time by or on behalf of the Borrower in accordance with the Construction Disbursement Agreement and this Agreement, to reflect any remodeling or relocating of the Project or substitutions, additions, modifications and improvements to the Project made by the Borrower in compliance with this Agreement and the Construction Disbursement Agreement, said plans and specifications being duly certified by an Authorized Representative of the Borrower and filed in the designated corporate trust office of the Trustee and available to the Issuer.

Pledge and Security Agreement shall mean the Pledge and Security Agreement, dated as of even date herewith, from the Borrower to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Pledged Collateral shall have the meaning assigned for such term in the Pledge and Security Agreement.

Pledged Revenues shall mean the meaning assigned for such term in the Pledge and Security Agreement.

Policy(ies) shall have the meaning specified in Section 8.1(a).

Predecessor Entity shall have the meaning specified in Section 8.20.

Prevailing Wage Law shall have the meaning specified in Section 8.30(b).

Principal Account shall mean the special trust account of the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable, so designated, established pursuant to Section 5.01 of the Indenture.

Principal Payment Date shall mean with respect to the Initial Bonds, June 15, commencing June 15, 2022 (or, if any such day is not a Business Day, the immediately succeeding Business Day), and with respect to any Series of Additional Bonds, the dates set forth therefor in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

Principals shall mean, with respect to any Entity, the most senior three officers of such Entity, any Person with a ten percent (10%) or greater ownership interest in such Entity and any Person as shall have the power to Control such Entity, and “principal” shall mean any of such Persons.

Project shall mean the acquisition of the Land, the demolition of a parking lot located thereon, and the design, construction, furnishing and equipping of an approximately 33,173 square-foot, five-story building located thereon for general classroom and administrative use by the School, together with related site improvements.

Project Application Information shall mean the eligibility application and questionnaire submitted to the Issuer by or on behalf of the Borrower and the School, for approval by the Issuer of the Project and the providing of financial assistance by the Issuer therefor, together with all other letters, documentation, reports and financial information submitted in connection therewith.

Project Completion Date shall mean the date by which all of the following conditions have been satisfied: (i) the Issuer shall have received a signed and complete certificate of an Authorized Representative of the Borrower in substantially the form set forth in Exhibit G – “Form of Project Completion Certificate”, together with all attachments required thereunder, (ii) the Project Work shall have been finished and shall have been completed substantially in accordance with the Plans and Specifications therefor, (iii) the Issuer shall have received from the Borrower a copy of a certificate of occupancy or a temporary certificate of occupancy issued by the New York City Department of Buildings, (iv) there shall be no certificate, license, permit, authorization, written approval or consent or other document required to permit the occupancy, operation and use of the Facility as the Approved Facility that has not already been obtained or received, except for such certificates, licenses, permits, authorizations, written approvals and consents that will be obtained in the ordinary course of business and the issuance of which are ministerial in nature, and (v) the Facility shall be ready for occupancy, use and operation for the Approved Project Operations in accordance with all applicable laws, regulations, ordinances and guidelines.

Project Cost Budget shall mean that certain budget for costs of the Project Work as set forth by the Borrower in Exhibit E — “Project Cost Budget”.

Project Costs shall mean, collectively, Project Costs (Taxable) and Project Costs (Tax-Exempt).

Project Costs (Taxable) shall mean:

- (i) the payment of the Costs of Issuance with respect to the Initial Bonds;

(ii) the interest on the Series 2018B Bonds during the construction and renovation of the Project; and

(iii) any Project Costs (Tax-Exempt).

Project Costs (Tax-Exempt) shall mean:

(i) all costs of engineering and architectural services with respect to the Project Work, including the cost of test borings, surveys, estimates, permits, plans and specifications and for supervising demolition, construction and renovation, as well as for the performance of all other duties required by or consequent upon the proper construction of, and the making of alterations, renovations, additions and improvements in connection with, the completion of the Project Work;

(ii) all costs paid or incurred for labor, materials, services, supplies, machinery, equipment and other expenses and to contractors, developers, suppliers, builders and materialmen in connection with the completion of the Project Work;

(iii) the interest on the Series 2018A Bonds during the construction and renovation of the Project;

(iv) all costs of contract bonds and of insurance that may be required or necessary during the period of Project Work construction and renovation;

(v) the cost of acquisition of the Facility Realty;

(vi) all costs of title insurance as provided in Section 3.7;

(vii) the payment of the Costs of Issuance with respect to the Initial Bonds;

(viii) the payment of the fees and expenses of the Trustee during the period of construction and renovation of the Project Work;

(ix) all costs which the Borrower shall be required to pay, under the terms of any contract or contracts, for the completion of the Project Work, including any amounts required to reimburse the Borrower for advances made for any item otherwise constituting a Project Cost (Tax-Exempt) or for any other costs incurred and for work done which are properly chargeable to the Project Work; and

(x) all other costs and expenses relating to the completion of the Project Work or the issuance of a Series of Additional Bonds.

“Project Costs (Tax-Exempt)” shall not include (i) fees or commissions of real estate brokers, (ii) moving expenses, (iii) operational costs or (iv) payments due under the Facility Lease.

Project Documents shall mean, collectively, the Construction Contract, the Development Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Security Documents.

Project Fee shall mean \$_____, representing the \$_____ Issuer’s financing fee, less the application fee of \$5,000.

Project Funds shall mean, collectively or individually, as applicable, the Project Fund (Taxable) and/or the Project Fund (Tax-Exempt).

Project Fund (Taxable) shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Project Fund (Tax-Exempt) shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Project Work shall mean (i) the design, construction and/or renovation of the Improvements, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Promissory Notes shall mean, (i) with respect to the Initial Bonds, those certain Series 2018A Promissory Note and Series 2018B Promissory Note in substantially the forms of Exhibit H-1 and Exhibit H-2, respectively, to this Agreement, (ii) with respect to any Series of Additional Bonds, that certain Promissory Note in substantially the form of any related Exhibit to an amendment to this Agreement, and (iii) with respect to the Bonds, collectively, those certain Promissory Notes described in clauses (i) and (ii) above, and shall include in each case any and all amendments thereof and supplements thereto made in conformity with this Agreement and the Indenture.

Pro Rata Basis shall mean, when used in the context of a deposit of moneys to be made in any Fund or Account under the Indenture with respect to Tax-Exempt Bonds and Taxable Bonds, that portion of such deposit determined:

(y) with respect to Tax-Exempt Bonds, by multiplying such deposit by a fraction the numerator of which is the Outstanding principal amount of all Tax-Exempt Bonds, and the denominator of which is the Outstanding principal amount of all Bonds, and

(z) with respect to Taxable Bonds, by multiplying such deposit by a fraction the numerator of which is the Outstanding principal amount of all Taxable Bonds, and the denominator of which is the Outstanding principal amount of all Bonds,

and then rounding the respective products down to the nearest whole dollar.

Qualified Investments shall mean, to the extent permitted by applicable law, the following:

- (i) Government Obligations;
- (ii) Commercial paper, rated at least P-1 by Moody's or at least A-1 by S&P, issued by a corporation or banking institution organized under the laws of the United States of America or any state thereof;
- (iii) Direct and general long term obligations of any state of the United States of America to which the full faith and credit of the state is pledged and that are rated in either of the two highest rating categories by Moody's and S&P;
- (iv) Direct and general short term obligations of any state of the United States to which the full faith and credit of the state is pledged and that are rated in the highest rating category by Moody's and S&P;
- (v) Interest-bearing demand or time deposits with or certificates of deposit issued by a national banking association or a state bank or trust company that is a member of the Federal Deposit Insurance Corporation ("FDIC") and that are (a) continuously and fully insured by the FDIC, or (b) with a bank that has outstanding debt, or which is a subsidiary of a holding company which has outstanding debt, rated in either of the two highest rating categories by Moody's and S&P, or (c) continuously and fully secured by obligations of the type described in (i) and (ii) above that have a market value at all times at least equal to the principal amount of the deposit and are held by the Trustee or its agent or, in the case of uncertificated securities, are registered in the name of the Trustee as pledgee;
- (vi) Repurchase agreements, the maturity of which are less than thirty (30) days, entered into (a) with a bank or trust company rated at least P-1 by Moody's and A-1 by S&P and organized under the laws of the United States, (b) with a national banking association, insurance company, or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York and which is a member of the Security Investors Protection Corporation, in each case rated at least P-1 by Moody's and A-1 by S&P, or (c) with a dealer which is rated at least P-1 by Moody's and A-1 by S&P. The repurchase agreement must be continuously and fully secured by obligations of the type described in (i), (ii), (iii), (iv) or (v) above which have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreement and which are held by the Trustee or its agent or, in the case of uncertificated securities, are registered in the name of the Trustee as pledgee;
- (vii) Money market mutual funds with assets in excess of \$2,000,000,000 investing in obligations of the type specified in (i), (ii), (iii), (iv), (v) or (vi) above, including funds for which the Trustee or an affiliate of the Trustee serves as investment advisor, administrator, shareholder, servicing agent and/or custodian or sub-custodian, notwithstanding that (a) the Trustee charges and collects fees and expenses

from such funds for services rendered, (b) the Trustee charges and collects fees and expenses for services rendered pursuant to the Indenture and (c) services performed for such funds and pursuant to the Indenture may converge at any time; and

(viii) An investment agreement or other investment arrangement with any bank, trust company, national banking association or bank holding company in the United States, with any domestic branch of a foreign bank, or with any surety or insurance company, provided, that, (i) such investment agreement or other investment arrangement shall permit the full principal amount of the moneys so placed together with the investment income agreed to be paid to be available for use as and when required under the Indenture, and (ii) the Person with whom such investment agreement or other investment arrangement is made must be a Person whose unsecured or uncollateralized short term debt obligations are assigned a rating by S&P of SP 1+ or better or a Person assigned a financial strength rating of AAA by S&P, and whose domestic assets shall be in excess of \$10,000,000,000.

Qualified Workforce Program shall have the meaning specified in Section 8.30(b).

Rating Agency shall mean any of S&P, Moody's or Fitch and such other nationally recognized securities rating agency as shall have awarded a rating to the Initial Bonds.

Rebate Amount shall have the meaning assigned to that term in the Tax Regulatory Agreement.

Rebate Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Recapture Event shall have the meaning set forth in Section 5.1(a).

Recapture Period shall have the meaning set forth in Section 5.1(a).

Redemption Account shall mean the special trust account of the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable, so designated, established pursuant to Section 5.01 of the Indenture.

Redemption Date shall mean the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

Redemption Price shall mean, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

Renewal Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Repair and Replacement Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Repair and Replacement Fund Requirement shall mean the greater of (y) \$300,000, or (z) the amount determined pursuant to the most recent Capital Needs Assessment.

Requested Document Deliverables shall have the meaning set forth in Section 9.9(a).

Required Disclosure Statement shall mean that certain Required Disclosure Statement in the form of Exhibit F — “Form of Required Disclosure Statement”.

Revenue Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

S&P shall mean S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, a Delaware limited liability company, its successors and assigns, and if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Sales Taxes shall mean City and State sales and/or compensating use taxes imposed pursuant to Sections 1105, 1107, 1109 and 1110 of the New York State Tax Law, as each of the same may be amended from time to time (including any successor provisions to such statutory sections).

School shall mean American Dream Charter School, a not-for-profit education corporation and a charter school organized and existing under the laws of the State of New York, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the School under Section 8.9 or 8.20.

School IRS Determination Letter shall mean that certain ruling letter dated December 1, 2014 issued by the Internal Revenue Service to the School confirming the School is a Tax-Exempt Organization.

Securities Act shall mean the Securities Act of 1933, as amended, together with any rules and regulations promulgated thereunder.

Securities Depository shall mean any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book-entry interests in the Bonds, and to effect transfers of book-entry interests in the Bonds in book-entry form, and includes and means initially DTC.

Securities Exchange Act shall mean the Securities Exchange Act of 1934, as amended, together with any rules and regulations promulgated thereunder.

Security Documents shall mean, collectively, the Facility Lease, this Agreement, the Promissory Notes, the Pledge and Security Agreement, the Indenture, the Blocked Account Control Agreement and all other Control Agreements, the Assignment of Development Agreement, the Assignment of Project Agreements, the Subordination and Non-Disturbance

Agreement, the Advance Agreement, the Environmental Indemnity Agreement, the Depositary Agreement, the Design Builder's Consent and Agreement, the Continuing Covenants Agreement, the Construction Disbursement Agreement, the Assignment of Lease and Rents, the Assignment of ALR, the Tax Regulatory Agreement, the Building Loan Agreement, the Mortgage and the Assignment of Mortgage.

Series shall mean all of the Bonds designated as being of the same series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Indenture.

Series 2018A Bonds shall mean the Issuer's \$25,725,000 Revenue Bonds (American Dream Charter School Project), Series 2018A authorized, issued, executed, authenticated and delivered under the Indenture.

Series 2018B Bonds shall mean the Issuer's \$1,020,000 Revenue Bonds (American Dream Charter School Project), Series 2018B (Taxable) authorized, issued, executed, authenticated and delivered under the Indenture.

Series 2018A Promissory Note shall mean the Promissory Note in substantially the form of Exhibit H-1 to this Agreement.

Series 2018B Promissory Note shall mean the Promissory Note in substantially the form of Exhibit H-2 to this Agreement.

Sign shall have the meaning specified in Section 8.5.

Sinking Fund Installment shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds pursuant to the Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to the Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

Sinking Fund Installment Account shall mean the special trust account of the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable, so designated, which is established pursuant to Section 5.01 of the Indenture.

SIR shall have the meaning set forth in Section 8.1(a).

Site Affiliates shall have the meaning specified in Section 8.30(b).

Site Employee shall have the meaning specified in Section 8.30(b).

Small Business Cap shall have the meaning specified in Section 8.30(b).

Specified Contract shall have the meaning specified in Section 8.30(b).

State shall mean the State of New York.

Subordination, Non-Disturbance and Attornment Agreement shall mean the Subordination, Non-Disturbance and Attornment Agreement, dated as of the Closing Date, among the Borrower, the School and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Successor Entity shall have the meaning specified in Section 8.20.

Supplemental Indenture shall mean any indenture supplemental to or amendatory of the Indenture, executed and delivered by the Issuer and the Trustee in accordance with Article XI of the Indenture.

Taxable Bonds shall mean the Series 2018B Bonds and any Series of Additional Bonds which are not Tax-Exempt Bonds.

Tax-Exempt Bonds shall mean the Series 2018A Bonds and any Series of Additional Bonds as to which, at the time of original issuance, there shall be delivered to the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that the interest on such Bonds is excluded from gross income for federal income tax purposes.

Tax-Exempt Organization shall mean an Entity organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from Federal income taxes under 501(a) of Code, or corresponding provisions of Federal income tax laws from time to time in effect.

Tax Regulatory Agreement shall mean the Tax Regulatory Agreement, dated the Closing Date, from the Issuer, the Borrower, the Member and the School to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Termination Date shall mean such date on which this Agreement may terminate pursuant to Article X.

Transfer shall have the meaning specified in Section 8.20(a)(iv).

Trustee shall mean The Bank of New York Mellon, New York, New York, in its capacity as trustee under the Indenture, and its successors in such capacity and their assigns hereafter appointed in the manner provided in the Indenture.

Trust Estate shall mean all property, interests, revenues, funds, contracts, rights and other security granted to the Trustee under the Security Documents.

U/E shall have the meaning set forth in Section 8.1(a).

Underwriter shall mean D.A. Davidson & Co., as underwriter of the Initial Bonds.

Workers' Compensation shall have the meaning set forth in Section 8.1(a).

Section 1.2 Construction. In this Agreement, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Agreement, refer to this Agreement, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the Closing Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

(e) Unless the context indicates otherwise, references to designated "Exhibits", "Articles", "Sections", "Subsections", "clauses" and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Agreement.

(f) The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(g) The word "will" shall be construed to have the same meaning and effect as the word "shall".

(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein or herein).

(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person's successors and assigns or such Person's successors in such capacity, as the case may be.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties by Issuer. The Issuer makes the following representations and warranties:

(a) The Issuer is a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State at the direction of the Mayor of the City, and is duly organized and validly existing under the laws of the State.

(b) Assuming the accuracy of representations made by the Obligor, the Issuer is authorized and empowered to enter into the transactions contemplated by this Agreement and any other Project Documents to which the Issuer is a party and to carry out its obligations hereunder and thereunder and to issue and sell the Initial Bonds.

(c) By proper action of its board of directors, the Issuer has duly authorized the execution and delivery of this Agreement and each of the other Project Documents to which the Issuer is a party.

(d) In order to finance a portion of the cost of the Project, the Issuer proposes to issue the Initial Bonds in the Authorized Principal Amount. The Initial Bonds will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture.

(e) The Issuer is that not-for-profit local development corporation formed and existing on behalf of the City to act as a governmental issuer of tax-exempt and taxable bonds and notes for the purpose of providing financial assistance to not-for-profit institutions and manufacturing and industrial companies and other businesses.

(f) The Issuer has all requisite power, authority and legal right to execute and deliver the Project Documents to which it is a party and all other instruments and documents to be executed and delivered by the Issuer pursuant hereto and thereto and to perform its obligations under the Project Documents and all such other instruments and documents to which it is a party. All corporate action on the part of the Issuer which is required for the execution, delivery, performance and observance by the Issuer of the Project Documents and all such other instruments and documents to which it is a party has been duly authorized and effectively taken, and such execution, delivery, performance and observance by the Issuer do not contravene the Issuer's Organizational Documents or any applicable Legal Requirements or any contractual restriction binding on or affecting the Issuer.

(g) There is no action or proceeding before any court, governmental agency or arbitrator pending or, to the knowledge of the Issuer, threatened against the Issuer, which seeks (i) to restrain or enjoin the issuance or delivery of the Initial Bonds, the pledge and grant of the Trust Estate or the collection of any revenues pledged under the Indenture, (ii) to contest or affect in any way the authority for the issuance of the Initial Bonds or the validity of any of the Project Documents, or (iii) to contest in any way the existence or powers of the Issuer.

Section 2.2 Representations and Warranties by the Obligors. The Obligors jointly and severally make the following representations and warranties:

(a) The Borrower is a limited liability company duly organized, validly existing and in good standing under the laws of the State, is not in violation of any provision of its Organizational Documents, has the requisite power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Agreement and each other Project Document to which it is or shall be a party.

(b) The School is a not-for-profit education corporation and a chartered school duly organized, validly existing and in good standing under the laws of the State, is not in violation of any provision of its Organizational Documents, has the requisite power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Agreement and each other Project Document to which it is or shall be a party.

(c) This Agreement and the other Project Documents to which the Borrower is a party (x) have been duly authorized by all necessary action on the part of the Borrower, (y) have been duly executed and delivered by the Borrower, and (z) constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms.

(d) This Agreement and the other Project Documents to which the School is a party (x) have been duly authorized by all necessary action on the part of the School, (y) have been duly executed and delivered by the School, and (z) constitute the legal, valid and binding obligations of the School, enforceable against the School in accordance with their respective terms.

(e) The execution, delivery and performance of this Agreement and each other Project Document to which the Borrower is or shall be a party and the consummation of the transactions herein and therein contemplated will not (x) violate any provision of law, any order of any court or agency of government, or any of the Organizational Documents of the Borrower, or any indenture, agreement or other instrument to which the Borrower is a party or by which it or any of its property is bound or to which it or any of its property is subject, (y) be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or (z) result in the imposition of any lien, charge or encumbrance of any nature whatsoever other than Permitted Encumbrances.

(f) The execution, delivery and performance of this Agreement and each other Project Document to which the School is or shall be a party and the consummation of the transactions herein and therein contemplated will not (x) violate any provision of law, any order of any court or agency of government, or any of the Organizational Documents of the School, or any indenture, agreement or other instrument to which the School is a party or by which it or any of its property is bound or to which it or any of its property is subject, (y) be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or (z) result in the imposition of any lien, charge or encumbrance of any nature whatsoever other than Permitted Encumbrances.

(g) There is no action or proceeding pending or, to the best of the Borrower's knowledge, after diligent inquiry, threatened, by or against the Borrower by or before any court or administrative agency that would adversely affect the ability of the Borrower to perform its obligations under this Agreement or any other Project Document to which it is or shall be a party.

(h) There is no action or proceeding pending or, to the best of the School's knowledge, after diligent inquiry, threatened, by or against the School by or before any court or administrative agency that would adversely affect the ability of the School to perform its obligations under this Agreement or any other Project Document to which it is or shall be a party.

(i) The financial assistance provided by the Issuer to the Borrower as contemplated by this Agreement is necessary to induce the Obligors to proceed with the Project.

(j) Undertaking the Project is anticipated to serve the corporate public purposes of the Issuer by preserving permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in the State.

(k) The Facility will be the Approved Facility.

(l) Except as permitted by Section 8.9, no Person other than the Borrower or the School, or the School's staff, employees or students, is or will be in use, occupancy or possession of any portion of the Facility.

(m) Each Obligor has obtained all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by it as of the Closing Date in connection with the execution and delivery of this Agreement and each other Project Document to which it shall be a party or in connection with the performance of its obligations hereunder and under each of the Project Documents.

(n) The Project will be designed, and the operation of the Facility will be, in compliance with all applicable Legal Requirements.

(o) Each of the Obligors is in compliance, and will continue to comply, with all applicable Legal Requirements relating to the Project, the Project Work and the operation of the Facility.

(p) The Borrower has delivered to the Issuer a true, correct and complete copy of the Environmental Audit.

(q) Neither of the Obligors has used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and except as set forth in the Environmental Audit, to the best of the knowledge of each of the Obligors, no prior owner or occupant of the Facility has used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements.

(r) The Project Cost Budget attached as Exhibit E — “Project Cost Budget” represents a true, correct and complete budget as of the Closing Date of the proposed costs of the Project; the Estimated Project Cost is a fair and accurate estimate of the Project Cost as of the Closing Date. Expenses for supervision by the officers or employees of the Borrower and expenses for work done by such officers or employees in connection with the Project will be included as a Project Cost only to the extent that such Persons were specifically employed for such particular purpose, the expenses do not exceed the actual cost thereof and are to be treated on the books of the Borrower as a capital expenditure in conformity with GAAP. Any costs incurred with respect to that part of the Project paid from the proceeds of the sale of the Initial Bonds shall be treated on the books of the Borrower as capital expenditures in conformity with GAAP.

(s) The total cost of the Project Work being funded with the Initial Bonds is not less than the Authorized Principal Amount. That portion of the Estimated Project Cost as shall not derive from the proceeds of the Initial Bonds shall be provided from equity on the part of the Obligors. The amounts provided to the Borrower from the proceeds of the Initial Bonds, together with other moneys available to the Borrower, are sufficient to pay all costs in connection with the completion of the Project.

(t) All of the Land comprises a single complete tax lot and no portion of any other tax lot.

(u) Subject to Section 3.5 and Article VI, no property constituting part of the Facility shall be located at any site other than at the Facility Realty.

(v) The Completed Improvements Square Footage and the Land Square Footage are true and correct.

(w) The Fiscal Year is true and correct.

(x) None of the Borrower, the Member, the School, the Principals of the Borrower or the School, or any Person that is an Affiliate of the Borrower, the Member or the School:

(i) is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Issuer, the NYCIDA, the NYCEDC or the City, unless such default or breach has been waived in writing by the Issuer, the NYCIDA, the NYCEDC or the City, as the case may be;

(ii) has been convicted of a misdemeanor related to truthfulness and/or business conduct in the past five (5) years;

(iii) has been convicted of a felony in the past ten (10) years;

(iv) has received formal written notice from a federal, state or local governmental agency or body that such Person is currently under investigation for a felony criminal offense; or

(v) has received written notice of default in the payment to the City of any taxes, sewer rents or water charges, which have not been paid, unless such default is currently being contested with due diligence in proceedings in court or other appropriate forum.

(y) The Project Application Information was true, correct and complete as of the date submitted to the Issuer, and no event has occurred or failed to occur since such date of submission which would cause any of the Project Application Information to include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make such statements not misleading.

(z) The Principals of the Borrower and of the School, and their respective titles, as set forth in Exhibit D — “Principals of the Borrower and of the School”, are true, correct and complete.

(aa) The representations, warranties, covenants and statements of expectation of the Borrower and of the School set forth in the Tax Regulatory Agreement are by this reference incorporated in this Agreement as though fully set forth herein.

(bb) The property included in the Project is either property of the character subject to the allowance for depreciation under Section 167 of the Code, or land.

(cc) No part of the proceeds of the Initial Bonds will be used to finance or refinance inventory or will be used for working capital, or will be used for any other property not constituting part of the Facility.

(dd) The Borrower has fee title in the Facility, and the School (pursuant to the Facility Lease) has a valid leasehold interest in the Facility, and neither the Borrower nor the School has any present intention to sell, directly or indirectly, in whole or in part, its respective interest in the Facility.

(ee) The Facility Lease is in full force and effect without default on the part of the Borrower or the School thereunder, and the lease term expires on the forty-ninth (49th) anniversary of the Closing Date.

(ff) Each of the Obligors is in compliance with the provisions of the Code and any applicable regulations thereunder necessary to maintain its exempt status under Section 501(a) of the Code.

(gg) Each of the Obligors is exempt from Federal income taxes under Section 501(a) of the Code.

(hh) The Member is an organization described in Section 501(c)(3) of the Code and has received the Member’s IRS Determination Letter. The facts and circumstances which

form the basis of the Member's IRS Determination Letter continue substantially to exist as represented to the Internal Revenue Service. The Member's IRS Determination Letter has not been modified, limited or revoked, and the Member is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of the Member's IRS Determination Letter.

(ii) The School is an organization described in Section 501(c)(3) of the Code and has received the School's IRS Determination Letter. The facts and circumstances which form the basis of the School's IRS Determination Letter continue substantially to exist as represented to the Internal Revenue Service. The School's IRS Determination Letter has not been modified, limited or revoked, and the School is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of the School's IRS Determination Letter.

(jj) Neither of the Obligor is a "private foundation", as defined in Section 509 of the Code.

(kk) The School is registered with the New York State Department of Education as an eligible education school.

(ll) The School is formed under the Education Law of the State of New York and is chartered by the New York Board of Regents (which charter expires on June 30, 2019).

(mm) The School has been duly established as a charter school under the Charter School Act, and its charter has been duly issued thereunder and has not been amended, revoked, surrendered or terminated, nor are there any pending or threatened proceedings to effect any such revocation, surrender or termination.

(nn) The School has not pledged or assigned moneys provided, or to be provided, pursuant to Section 2856(1) of the State Education Law, in connection with the purchase or construction, acquisition, reconstruction, rehabilitation or improvement of the Facility.

(oo) The School is in compliance with all of the terms and provisions of the Charter School Act, including, without limitation, all reporting requirements thereunder.

(pp) Neither the Borrower, the School nor any of their respective Subsidiaries (as such term is defined in the Continuing Covenants Agreement) have made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment. The Borrower and the School and their Subsidiaries, as applicable, have instituted and maintained policies and procedures designed to promote and achieve compliance with all applicable anti-corruption laws and regulations.

(qq) The Member is the sole member of the Borrower. The Borrower is an Entity disregarded from the Member for federal and state tax purposes.

ARTICLE III

THE PROJECT; MAINTENANCE; REMOVAL OF PROPERTY AND TITLE INSURANCE

Section 3.1 Agreement to Undertake Project; Deposit of Equity Contribution.

The Borrower covenants and agrees to undertake and complete the Project Work in accordance with this Agreement, including, without limitation:

- (i) effecting the Project Work,
- (ii) making, executing, acknowledging and delivering any contracts, orders, receipts, writings and instructions with any other Persons, and in general doing all things which may be requisite or proper, all for the purposes of undertaking the Project Work,
- (iii) paying all fees, costs and expenses incurred in the Project Work from funds made available therefor in accordance with or as contemplated by this Agreement and the Indenture, and
- (iv) asking, demanding, suing for, levying, recovering and receiving all such sums of money, debts due and other demands whatsoever that may be due, owing and payable to the Borrower under the terms of any contract, order, receipt or writing in connection with the Project Work and to enforce the provisions of any contract, agreement, obligation, bond or other performance security entered into or obtained in connection with the Project Work.

On the Closing Date, the School will use its own funds and deposit \$400,000 with the Trustee for deposit in the Series 2018B Costs of Issuance Account of the Project Fund (Taxable).

Section 3.2 Manner of Project Completion.

(a) The Borrower will complete the Project Work, or cause the Project Work to be completed, by the Completion Deadline, in a first class workmanlike manner, free of defects in materials and workmanship (including latent defects), and in accordance with the Plans and Specifications, the Construction Contract, the Development Agreement and the Construction Disbursement Agreement; provided, however, the Borrower may revise the scope of the Project Work, subject to the prior written consents of the Issuer, the Bondholder Representative and the Trustee (which consents shall not be unreasonably withheld, delayed or conditioned). The Borrower will cause the Project Completion Date to occur by the Completion Deadline.

(b) In undertaking the Project Work, the Borrower shall take such action and institute such proceedings as shall be necessary to cause and require all contractors, manufacturers and suppliers to complete their agreements relating to the Project Work in accordance with the terms of the contracts therefor including the correction of any defective work. Upon request, the Borrower will extend to the Issuer or the Trustee all vendors'

warranties received by the Borrower in connection with the Project, including any warranties given by contractors, manufacturers or service organizations who perform the Project Work.

(c) Project Costs (Tax-Exempt) shall be paid from the Project Fund (Tax-Exempt) or other funds provided by the Borrower. In the event that moneys in the Project Fund (Tax-Exempt) are not sufficient to pay the costs necessary to complete the Project in full, the Borrower shall pay that portion of such costs of the Project as may be in excess of the moneys therefor in the Project Fund (Tax-Exempt) and shall not be entitled to any reimbursement therefor from the Issuer, the Bondholder Representative, the Trustee or the Holders of any of the Bonds (except from the proceeds of a Series of Additional Bonds which may be issued for that purpose), nor shall the Borrower be entitled to any diminution of the loan payments payable or other payments to be made under this Agreement, under the Promissory Notes or under any other Project Document. All expenses incurred by the Borrower or the Issuer in connection with the performance of its obligations under this Section 3.2(c) shall be considered a Project Cost (Tax-Exempt). Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery, if recovered prior to the date of completion of the Project, shall be deposited into the Series 2018A Construction Account of the Project Fund (Tax-Exempt) and made available for payment of Project Costs (Tax-Exempt), or if recovered after such date of completion, be deposited, on a Pro Rata Basis, in the Redemption Accounts of each of the Bond Funds.

(d) The Borrower shall pay all costs, charges, fees, expenses or claims incurred in connection with the Project Work.

(e) The Borrower will perform or cause to be performed the Project Work in accordance with all applicable Legal Requirements and with the conditions and requirements of all policies of insurance with respect to the Facility and the Project Work. Promptly upon finishing of the Project Work and the completion of the Improvements, the Borrower will obtain or cause to be obtained all required permits, authorizations and licenses from appropriate authorities, if any be required, authorizing the occupancy, operation and use of the Facility as an Approved Facility and shall furnish copies of same to the Trustee immediately upon the receipt thereof and to the Issuer immediately upon demand therefor.

(f) Upon completion of the Project Work, the Borrower shall (y) deliver to the Issuer the Final Project Cost Budget, which budget will include a comparison with the Project Cost Budget, and indicate the source of funds (i.e., Bond proceeds, equity, etc.) for each cost item, and (z) evidence the completion of the Project and the occurrence of the Project Completion Date by delivering to the Issuer, the Bondholder Representative and the Trustee a certificate of an Authorized Representative of the Borrower in substantially the form set forth in Exhibit G – “Form of Project Completion Certificate”, together with all attachments required thereunder. If the Borrower submits a temporary certificate of occupancy in connection with the submission of such certificate, the Borrower shall deliver the final certificate of occupancy to the Issuer, the Trustee and the Bondholder Representative promptly upon the Borrower’s receipt thereof.

(g) Upon request by the Issuer, the Bondholder Representative or the Trustee, the Borrower shall make available to the Issuer, the Bondholder Representative and the Trustee

copies of any bills, invoices or other evidences of costs as shall have been incurred in the effectuation of the Project Work.

(h) In the event that the aggregate costs of the Project Work upon the completion thereof shall be significantly different from the estimated costs thereof set forth in the Project Cost Budget (i.e., more than a ten percent (10%) difference in either total Project costs or in major categories of Project Work cost), on request of the Issuer, the Borrower shall provide evidence to the reasonable satisfaction of the Issuer as to the reason for such discrepancy, and that the scope of the Project Work as originally approved by the Issuer has not been modified in a material manner without the prior written consent of the Issuer.

Section 3.3 Maintenance. (a) During the term of this Agreement, the Obligors will:

(i) keep the Facility in good and safe operating order and condition, ordinary wear and tear excepted,

(ii) occupy, use and operate the Facility, or cause the Facility to be occupied, used and operated, as the Approved Facility, and

(iii) make or cause to be made all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to ensure that (x) the interest on the Tax-Exempt Bonds shall not cease to be excludable from gross income for federal income tax purposes, (y) the operations of the Obligors at the Facility shall not be materially impaired or diminished in any way, and (z) the security for the Bonds shall not be materially impaired.

(b) All replacements, renewals and repairs shall be similar in quality, class and value to the original work and be made and installed in compliance with all applicable Legal Requirements.

(c) The Issuer shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Facility, to effect the replacement of any inadequate, obsolete, worn out or unsuitable parts of the Facility, or to furnish any utilities or services for the Facility, and the Obligors hereby agree to assume full responsibility therefor.

Section 3.4 Alterations and Improvements.

(a) The Borrower or the School shall have the privilege of making such alterations of or additions to the Facility Realty ("**Additional Improvements**") or any part thereof from time to time as it in its discretion may determine to be desirable for its uses and purposes, provided that:

(i) as a result of the Additional Improvements, the fair market value of the Facility is not reduced below its fair market value

immediately before the Additional Improvements are made and the usefulness, structural integrity or operating efficiency of the Facility is not materially impaired,

(ii) the Additional Improvements are effected with due diligence, in a good and workmanlike manner and in compliance with all applicable Legal Requirements,

(iii) the Additional Improvements are promptly and fully paid for by the Borrower or the School in accordance with the terms of the applicable contract(s) therefor, and

(iv) the Additional Improvements do not change the nature of the Facility so that it would not constitute the Approved Facility.

(b) All Additional Improvements shall constitute a part of the Facility, subject to the Facility Lease, this Agreement and the Mortgage.

(c) If at any time after the Operations Commencement Date, the Borrower or the School shall make any Additional Improvements, the Borrower or the School, as the case may be, shall notify the Issuer and the Trustee of such Additional Improvements by delivering written notice thereof within thirty (30) days after the completion of the Additional Improvements.

(d) In addition to the Facility Personalty, the Borrower or the School shall have the right to install or permit to be installed at the Facility Realty, machinery, equipment and other personal property at its own cost and expense (the "**Obligors' Property**"). Once so installed, the Obligors' Property shall not constitute part of the Facility Personalty and shall not be subject to this Agreement, nor constitute part of the Facility, or subject to the lien and security interest of the Mortgage, provided that the same is not made fixtures appurtenant to the Facility Realty. Each of the Obligors shall have the right to create or permit to be created any mortgage, encumbrance, lien or charge on, or conditional sale or other title retention agreement with respect to, the Obligors' Property, without the consent of or notice to the Issuer or the Trustee, provided that such mortgage encumbrance, lien, charge, conditional sale or other title retention agreement complies with the provisions of the Continuing Covenants Agreement and the other Project Documents.

Section 3.5 Removal of Property of the Facility.

(a) The Borrower or the School, as the case may be, shall have the right from time to time to remove from that property constituting part of the Facility any fixture constituting part of the Facility Realty or any machinery, equipment or other item of personal property constituting part of the Facility Personalty (in any such case, the "**Existing Facility Property**") and thereby removing such Existing Facility Property from that property constituting part of the Facility and the lien and security interest of the Mortgage, provided, however:

(i) such Existing Facility Property is substituted or replaced by property (y) having equal or greater fair market value, operating efficiency and utility and (z) free of all mortgages, liens, charges, encumbrances, claims and security interests other than Permitted Encumbrances, or

(ii) if such Existing Facility Property is not to be substituted or replaced by other property but is instead to be sold, scrapped, traded-in or otherwise disposed of in an arms'-length bona fide transaction for consideration, the Borrower or the School, as applicable, shall pay to the Trustee for deposit on a Pro Rata Basis in the Redemption Accounts of each of the Bond Funds and thereby cause a redemption of Bonds to be effected in an amount (to the nearest integral multiple of Authorized Denomination) equal to the amounts derived from such sale or scrapping, the trade-in value credit received or the proceeds received from such other disposition; provided that no such redemption shall be required when such amount received in connection with any removal or series of removals does not exceed, in the aggregate, \$25,000.

No such removal set forth in paragraph (i) or (ii) above shall be effected if (v) such removal would cause the interest on the Tax-Exempt Bonds to cease to be excludable from gross income for federal income tax purposes, (w) such removal would change the nature of the Facility as the Approved Facility, (x) such removal would materially impair the usefulness, structural integrity or operating efficiency of the Facility, (y) such removal would materially reduce the fair market value of the Facility below its fair market value immediately before such removal (except by the amount by which the Bonds are to be redeemed as provided in paragraph (ii) above), or (z) there shall exist and be continuing an Event of Default hereunder. Any amounts received pursuant to paragraph (ii) above in connection with any removal or series of removals, which are not in excess of \$25,000, shall be retained by the Borrower or the School, as the case may be.

(b) The removal from the Facility of any Existing Facility Property pursuant to the provisions of Section 3.5(a) shall not entitle the Borrower to any abatement or reduction in the loan payments and other amounts payable by the Borrower under this Agreement, under the Promissory Notes or under any other Project Document.

Section 3.6 Implementation of Additional Improvements and Removals.

(a) In the event of any Additional Improvements or substitution or replacement of property pursuant to Section 3.4 or 3.5, the Obligors shall deliver or cause to be delivered to the Issuer and the Trustee any necessary documents in order to subject such Additional Improvements or substitute or replacement property to the lien and security interest of the Mortgage (in each case to the extent such Additional Improvements or substitute or replacement property relates to the Mortgaged Property) and to cause all of same to be made part of the Facility and the property subject to the Facility Lease and the Mortgage.

(b) The Obligors agree to pay all costs and expenses (including reasonable counsel fees) in subjecting, in accordance with Section 3.4, Additional Improvements to, or releasing, in accordance with Section 3.5, Existing Facility Property from the lien and security interest of the Mortgage.

(c) The Obligors agree, upon request of the Issuer, the Trustee or the Bondholder Representative, to furnish to the Issuer, the Trustee and the Bondholder Representative with a certificate of an Authorized Representative of the Borrower and/or of the School, indicating whether or not the Borrower or the School, as the case may be, has taken any action to (i) effect Additional Improvements in compliance with Section 3.4 and (ii) effect the removal of Existing Facility Property in compliance with Section 3.5(a), pursuant to Sections 8.15(d) and (e), respectively.

Section 3.7 Title Insurance. On or prior to the Closing Date, the Borrower will obtain and deliver (w) to the Issuer a title report (in form and substance acceptable to the Issuer) reflecting all matters of record with respect to the Land and existing Improvements, (x) to the Issuer a full set of municipal department search results showing only Permitted Encumbrances, (y) to the Trustee a mortgagee title insurance policy in an amount not less than the Authorized Principal Amount of the Initial Bonds, insuring the Trustee's interest under the Mortgage as a holder of a mortgage lien on the Mortgaged Property, subject only to Permitted Encumbrances, and (z) a current or updated survey of each of the Land and the Improvements constituting part of the Mortgaged Property, certified to the Trustee, the Issuer and the title company issuing such title insurance policy. The title insurance policy shall be subject only to Permitted Encumbrances and shall provide for, among other things, the following: (1) full coverage against mechanics' liens; (2) no exceptions other than those approved by the Trustee; (3) an undertaking by the title insurer to provide the notice of title continuation or endorsement; and (4) such other matters as the Trustee shall request. Any proceeds of such mortgagee title insurance shall be paid to the Trustee for deposit in the Renewal Fund and applied to remedy the applicable defect in title in respect of which such proceeds shall be derived (including the reimbursement to the Borrower or the School, as applicable, for any costs incurred by the Borrower or the School in remedying such defect in title). If not so capable of being applied or if a balance remains after such application, the amounts in the Renewal Fund shall be transferred by the Trustee on a Pro Rata Basis to the Redemption Account of each of the Bond Funds and used to redeem an equivalent principal amount of the Initial Bonds to the nearest integral multiple of Authorized Denominations.

Section 3.8 No Warranty of Condition or Suitability. THE ISSUER HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE FACILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE FACILITY, OR THE SUITABILITY OF THE FACILITY FOR THE PURPOSES OR NEEDS OF THE BORROWER OR THE SCHOOL OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE BONDS WILL BE SUFFICIENT TO PAY THE COST OF COMPLETION OF THE PROJECT. THE BORROWER AND THE SCHOOL ACKNOWLEDGE THAT THE ISSUER IS NOT THE MANUFACTURER OF THE FACILITY PERSONALTY NOR THE MANUFACTURER'S

AGENT NOR A DEALER THEREIN. THE BORROWER AND THE SCHOOL ARE SATISFIED THAT THE FACILITY IS SUITABLE AND FIT FOR PURPOSES OF THE BORROWER AND THE SCHOOL. THE ISSUER SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE BORROWER OR THE SCHOOL OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE FACILITY OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIR, SERVICE OR ADJUSTMENT THEREOF, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, REPAIRS, SERVICE OR ADJUSTMENT, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS HOWSOEVER CAUSED.

ARTICLE IV

LOAN; PAYMENT PROVISIONS

Section 4.1 Loan of Proceeds. The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to loan the proceeds from the sale of the Initial Bonds to the Borrower (the “Loan”). The Loan shall be made by depositing on the Closing Date and on each Draw-Down Date thereafter the proceeds from the sale of the Initial Bonds in accordance with Section 4.01 of the Indenture. Such proceeds shall be disbursed to or on behalf of the Borrower as provided in Section 3.2(c) and Section 5.02 of the Indenture.

Section 4.2 Promissory Notes. The Borrower’s obligation to repay the Loan shall be evidenced by this Agreement and the Promissory Notes. On the Closing Date, the Borrower shall execute and deliver the Promissory Notes payable to the Issuer, and the Issuer will endorse the Promissory Notes to the Trustee. The Borrower acknowledges that the original principal amount payable under the respective Promissory Notes may be more or less than the original principal amount of the Loan if the Series 2018A Bonds or the Series 2018B Bonds are sold at a discount or at a premium, respectively, and agrees that repayment of the Loan and the Promissory Notes will be made in accordance with Section 4.3.

Section 4.3 Loan Payments; Pledge of this Agreement and of the Promissory Notes.

(a) (i) The Borrower covenants to pay the Series 2018A Promissory Note and repay the Loan made pursuant to this Agreement with respect to the Series 2018A Bonds by making loan payments which the Issuer agrees shall be paid in immediately available funds by the Borrower directly to the Trustee no later than on each Loan Payment Date (except as provided in Section 4.3(a)(i),(2),(4), (5) and (6) below which shall be paid on the respective due dates thereof) for deposit in the Bond Fund (Tax-Exempt) (except to the extent that amounts are on deposit in the Bond Fund (Tax-Exempt) and available therefor) in an amount equal to the sum of:

(1) with respect to interest due and payable on the Series 2018A Bonds, an amount equal to the quotient obtained by dividing the amount of interest on the Series 2018A Bonds Outstanding payable on the first Interest Payment Date with respect to the Series 2018A Bonds (after taking into account any amount on deposit in the Interest Account of the Bond Fund (Tax-Exempt), and as shall be available to pay interest on the Series 2018A Bonds on such first Interest Payment Date) by the number of Loan Payment Dates between the Closing Date and the first Interest Payment Date with respect to the Series 2018A Bonds, and thereafter in an amount equal to one-sixth (1/6) of the amount of interest which will become due and payable on the Series 2018A Bonds on the next succeeding Interest Payment Date with respect to the Series 2018A Bonds (after taking into account any amounts on deposit in the Interest Account of the Bond Fund (Tax-Exempt), and as shall be available to pay interest on the Series 2018A Bonds on such next succeeding Interest Payment Date); provided that in any event the aggregate amount so paid with respect to interest on the Series

2018A Bonds on or before the Loan Payment Date immediately preceding an Interest Payment Date with respect to the Series 2018A Bonds shall be an amount sufficient to pay the interest next becoming due on the Series 2018A Bonds on such immediately succeeding Interest Payment Date;

(2) with respect to principal due on the Series 2018A Bonds (other than such principal amount as shall become due as a mandatory Sinking Fund Installment payment with respect to the Series 2018A Bonds), commencing on that Loan Payment Date as shall precede the first principal payment date with respect to the Series 2018A Bonds by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the principal of the Series 2018A Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments with respect to the Series 2018A Bonds) within the next succeeding thirteen (13) month period (or, if the first principal payment date with respect to the Series 2018A Bonds following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first principal amount, an amount equal to the quotient obtained by dividing such principal amount by the number of Loan Payment Dates between the Closing Date and such first principal payment date with respect to the Series 2018A Bonds), and thereafter for each principal payment date with respect to the Series 2018A Bonds commencing on that Loan Payment Date as shall precede such principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the principal of the Series 2018A Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments with respect to the Series 2018A Bonds) within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to principal on the Series 2018A Bonds on or before the Loan Payment Date immediately preceding a principal payment date of the Series 2018A Bonds shall be an amount sufficient to pay the principal of the Series 2018A Bonds Outstanding becoming due on such next succeeding principal payment date of the Series 2018A Bonds; and provided further that in the event of the acceleration of the principal of the Series 2018A Bonds, a loan payment in the amount of the principal amount of the Series 2018A Bonds Outstanding (together with all interest accrued thereon to the date of payment), shall be due and payable on such date of acceleration;

(3) with respect to Sinking Fund Installment payments due on the Series 2018A Bonds, commencing on that Loan Payment Date as shall precede the first Sinking Fund Installment payment date with respect to the Series 2018A Bonds by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the Sinking Fund Installment on the Series 2018A Bonds first becoming due within the next succeeding thirteen (13) month period (or, if the first Sinking Fund Installment payment date with respect to the Series 2018A Bonds following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first Sinking Fund Installment, an amount equal to the

quotient obtained by dividing such Sinking Fund Installment by the number of Loan Payment Dates between the Closing Date and such first Sinking Fund Installment payment date), and thereafter for each Sinking Fund Installment payment date with respect to the Series 2018A Bonds commencing on that Loan Payment Date as shall precede such Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the Sinking Fund Installment of the Series 2018A Bonds Outstanding becoming due within such next succeeding thirteen (13) month period; and provided that in any event the aggregate amount so paid with respect to Sinking Fund Installments on the Series 2018A Bonds on or before the Loan Payment Date immediately preceding a Sinking Fund Installment payment date of the Series 2018A Bonds shall be an amount sufficient to pay the Sinking Fund Installment of the Series 2018A Bonds Outstanding becoming due on such next succeeding Sinking Fund Installment payment date;

(4) on each Redemption Date with respect to the Series 2018A Bonds, with respect to the Redemption Price (other than by Sinking Fund Installments with respect to the Series 2018A Bonds) due and payable on the Series 2018A Bonds, whether as an optional or mandatory redemption, an amount equal to the Redemption Price together with accrued interest on the Series 2018A Bonds being redeemed on such Redemption Date;

(5) on each June 30, commencing June 30, 2020 to and including June 30, 2027, an amount equal to one-eighth of the Debt Service Reserve Fund Requirement (Tax-Exempt) such that the Series 2018A Bonds MADS shall be on deposit in the Debt Service Reserve Fund (Tax-Exempt) as of June 30, 2027; provided, however, that the failure of the Borrower to make any such payment in whole or in part as required in this paragraph (6) shall not be deemed an Event of Default if the Borrower shall be performing and observing its covenants and agreements under Section 8.33;

(6) except as provided in Section 8.33 and paragraph (5) above, upon receipt by the Borrower of notice from the Trustee pursuant to Section 5.09(f) of the Indenture that the amount on deposit in the Debt Service Reserve Fund (Tax-Exempt) shall be less than the Debt Service Reserve Fund Requirement (Tax-Exempt), the Borrower shall pay to the Trustee for deposit in the Debt Service Reserve Fund (Tax-Exempt) on the first day of the month immediately following the receipt by the Borrower of notice of such deficiency, and on the first day of each of the eleven (11) succeeding months, or over such longer time period as shall be consented to in writing by the Bondholder Representative (or, if there is no Bondholder Representative, by the Majority Holders), an amount equal to one twelfth (1/12) of such original deficiency in the Debt Service Reserve Fund (Tax-Exempt); provided, however, that the failure of the Borrower to make any such payment in whole or in part as required in this paragraph (6) shall not be deemed an Event of Default.

(ii) The Borrower covenants to pay the Series 2018B Promissory Note and repay the Loan made pursuant to this Agreement with respect to the Series 2018B Bonds by making loan payments which the Issuer agrees shall be paid in immediately available funds by the Borrower directly to the Trustee no later than on each Loan Payment Date (except as provided in Section 4.3(a)(ii),(2),(4) and (5) below which shall be paid on the respective due dates thereof) for deposit in the Bond Fund (Taxable) (except to the extent that amounts are on deposit in the Bond Fund (Taxable) and available therefor) in an amount equal to the sum of:

(1) with respect to interest due and payable on the Series 2018B Bonds, an amount equal to the quotient obtained by dividing the amount of interest on the Series 2018B Bonds Outstanding payable on the first Interest Payment Date with respect to the Series 2018B Bonds (after taking into account any amount on deposit in the Interest Account of the Bond Fund (Taxable), and as shall be available to pay interest on the Series 2018B Bonds on such first Interest Payment Date) by the number of Loan Payment Dates between the Closing Date and the first Interest Payment Date with respect to the Series 2018B Bonds, and thereafter in an amount equal to one-sixth (1/6) of the amount of interest which will become due and payable on the Series 2018B Bonds on the next succeeding Interest Payment Date with respect to the Series 2018B Bonds (after taking into account any amounts on deposit in the Interest Account of the Bond Fund (Taxable), and as shall be available to pay interest on the Series 2018B Bonds on such next succeeding Interest Payment Date); provided that in any event the aggregate amount so paid with respect to interest on the Series 2018B Bonds on or before the Loan Payment Date immediately preceding an Interest Payment Date with respect to the Series 2018B Bonds shall be an amount sufficient to pay the interest next becoming due on the Series 2018B Bonds on such immediately succeeding Interest Payment Date;

(2) with respect to principal due on the Series 2018B Bonds (other than such principal amount as shall become due as a mandatory Sinking Fund Installment payment with respect to the Series 2018B Bonds), commencing on that Loan Payment Date as shall precede the first principal payment date with respect to the Series 2018B Bonds by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the principal of the Series 2018B Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments with respect to the Series 2018B Bonds) within the next succeeding thirteen (13) month period (or, if the first principal payment date with respect to the Series 2018B Bonds following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first principal amount, an amount equal to the quotient obtained by dividing such principal amount by the number of Loan Payment Dates between the Closing Date and such first principal payment date with respect to the Series 2018B Bonds), and thereafter for each principal payment date with respect to the Series 2018B Bonds commencing on

that Loan Payment Date as shall precede such principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the principal of the Series 2018B Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments with respect to the Series 2018B Bonds) within such next succeeding thirteen (13) month period; and provided that in any event the aggregate amount so paid with respect to principal on the Series 2018B Bonds on or before the Loan Payment Date immediately preceding a principal payment date of the Series 2018B Bonds shall be an amount sufficient to pay the principal of the Series 2018B Bonds Outstanding becoming due on such next succeeding principal payment date of the Series 2018B Bonds; provided further that in the event of the acceleration of the principal of the Series 2018B Bonds, a loan payment in the amount of the principal amount of the Series 2018B Bonds Outstanding (together with all interest accrued thereon to the date of payment), shall be due and payable on such date of acceleration;

(3) with respect to Sinking Fund Installment payments due on the Series 2018B Bonds, commencing on that Loan Payment Date as shall precede the first Sinking Fund Installment payment date with respect to the Series 2018B Bonds by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the Sinking Fund Installment on the Series 2018B Bonds first becoming due within the next succeeding thirteen (13) month period (or, if the first Sinking Fund Installment payment date with respect to the Series 2018B Bonds following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first Sinking Fund Installment, an amount equal to the quotient obtained by dividing such Sinking Fund Installment by the number of Loan Payment Dates between the Closing Date and such first Sinking Fund Installment payment date), and thereafter for each Sinking Fund Installment payment date with respect to the Series 2018B Bonds commencing on that Loan Payment Date as shall precede such Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the Sinking Fund Installment of the Series 2018B Bonds Outstanding becoming due within such next succeeding thirteen (13) month period; and provided that in any event the aggregate amount so paid with respect to Sinking Fund Installments on the Series 2018B Bonds on or before the Loan Payment Date immediately preceding a Sinking Fund Installment payment date of the Series 2018B Bonds shall be an amount sufficient to pay the Sinking Fund Installment of the Series 2018B Bonds Outstanding becoming due on such next succeeding Sinking Fund Installment payment date; and

(4) on each Redemption Date with respect to the Series 2018B Bonds, with respect to the Redemption Price (other than by Sinking Fund Installments with respect to the Series 2018B Bonds) due and payable on the Series 2018B Bonds, whether as an optional or mandatory redemption, an amount equal to the Redemption Price together with accrued interest on the Series 2018B Bonds being redeemed on such Redemption Date.

(iii) The Issuer hereby acknowledges that the above payments may be made by the application by the Trustee of amounts in the Revenue Fund pursuant to Section 5.16 of the Indenture, and the Borrower shall receive credit hereunder for any such transfers made by the Trustee.

(b) In the event the Borrower should fail to make or cause to be made any of the payments required under the foregoing provisions of this Section, the item or installment not so paid shall continue as an obligation of the Borrower until the amount not so paid shall have been fully paid.

(c) (i) The Borrower has the option to make advance loan payments for deposit in the Bond Fund (Tax-Exempt) to effect the retirement, defeasance or redemption of the Series 2018A Bonds in whole or in part, all in accordance with the terms of the Indenture; provided, however, that no partial redemption of the Series 2018A Bonds may be effected through advance loan payments hereunder if there shall exist and be continuing an Event of Default. The Borrower shall exercise its option to make such advance loan payments by delivering a written notice of an Authorized Representative of the Borrower to the Trustee and the Bondholder Representative, if any, in accordance with the Indenture, with a copy to the Issuer, setting forth (u) the amount of the advance loan payment, (v) the principal amount of Series 2018A Bonds Outstanding requested to be redeemed with such advance loan payment (which principal amount shall be in such minimum amount or integral Authorized Denomination as shall be permitted in the Indenture), and (w) the date on which such principal amount of Series 2018A Bonds are to be redeemed (which date shall be not earlier than forty-five (45) days after the date of such notice). In the event the Borrower shall exercise its option to make advance loan payments to effect the redemption in whole of the Series 2018A Bonds, and such redemption is expressly permitted under the Indenture as a result of the damage, destruction or condemnation of the Facility, or changes in law, or executive or judicial action, the Obligors shall further deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Obligors stating that, as a result of the occurrence of the event giving rise to such redemption, the School has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes. Such advance loan payment shall be paid to the Trustee in legal tender, for deposit in the Redemption Account of the Bond Fund (Tax-Exempt) on or before the Redemption Date and shall be an amount which, when added to the amounts on deposit in the Bond Fund (Tax-Exempt) and available therefor, will be sufficient to pay the Redemption Price of the Series 2018A Bonds to be redeemed, together with interest to accrue to the date of redemption and all expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents in connection with such redemption.

(ii) The Borrower has the option to make advance loan payments for deposit in the Bond Fund (Taxable) to effect the retirement, defeasance or redemption of the Series 2018B Bonds in whole or in part, all in accordance with the terms of the Indenture; provided, however, that no partial redemption of the Series 2018B Bonds may be effected through advance loan payments

hereunder if there shall exist and be continuing an Event of Default. The Borrower shall exercise its option to make such advance loan payments by delivering a written notice of an Authorized Representative of the Borrower to the Trustee and the Bondholder Representative, if any, in accordance with the Indenture, with a copy to the Issuer, setting forth (u) the amount of the advance loan payment, (v) the principal amount of Series 2018B Bonds Outstanding requested to be redeemed with such advance loan payment (which principal amount shall be in such minimum amount or integral Authorized Denomination as shall be permitted in the Indenture), and (w) the date on which such principal amount of Series 2018B Bonds are to be redeemed (which date shall be not earlier than forty-five (45) days after the date of such notice). In the event the Borrower shall exercise its option to make advance loan payments to effect the redemption in whole of the Series 2018B Bonds, and such redemption is expressly permitted under the Indenture as a result of the damage, destruction or condemnation of the Facility, or changes in law, or executive or judicial action, the Obligors shall further deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Obligors stating that, as a result of the occurrence of the event giving rise to such redemption, the School has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes. Such advance loan payment shall be paid to the Trustee in legal tender, for deposit in the Redemption Account of the Bond Fund (Taxable) on or before the Redemption Date and shall be an amount which, when added to the amounts on deposit in the Bond Fund (Taxable) and available therefor, will be sufficient to pay the Redemption Price of the Series 2018B Bonds to be redeemed, together with interest to accrue to the date of redemption and all expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents in connection with such redemption.

(iii) In the event the Bonds are to be redeemed in whole or otherwise retired, the Borrower shall further pay on or before such Redemption Date, in legal tender, to the Issuer, the Trustee, the Bond Registrar and the Paying Agent all fees and expenses owed such party or any other party entitled thereto under this Agreement or the Indenture together with (x) all other amounts due and payable under this Agreement and the other Security Documents, and (y) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement.

(d) At its option, to be exercised on or before the forty-fifth (45th) day next preceding the date any Bonds of a Series are to be redeemed from mandatory Sinking Fund Installments, the Borrower may deliver to the Trustee Bonds of such Series which are subject to

mandatory Sinking Fund Installment redemption in an aggregate principal amount not in excess of the principal amount of Bonds of such Series to be so redeemed on such date. Each such Bond so delivered shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof in inverse chronological order against the obligation of the Issuer on future Sinking Fund Installments, and the principal amount of Bonds of such Series to be redeemed by operation of the mandatory Sinking Fund Installments shall be accordingly reduced.

(e) No further loan payments need be made to the Issuer on account of the Bonds when and so long as the amount of cash and/or Defeasance Obligations on deposit in the Bond Funds is sufficient to satisfy and discharge the obligations of the Issuer under the Indenture and pay the Bonds as provided in Article X of the Indenture.

(f) Any amounts remaining in the Earnings Fund, the Rebate Fund, the Bond Fund (Tax-Exempt), the Bond Fund (Taxable), the Debt Service Reserve Fund (Tax-Exempt), the Project Fund (Tax-Exempt), the Project Fund (Taxable), the Revenue Fund, the Repair and Replacement Fund or the Renewal Fund after payment in full of (w) the Bonds (in accordance with Article X of the Indenture), (x) the fees, charges and expenses of the Issuer, the Trustee, the Bondholder Representative, if any, the Bond Registrar and the Paying Agents in accordance with the Indenture, (y) all amounts required to be rebated to the Federal government pursuant to the Tax Regulatory Agreement or the Indenture, and (z) all amounts required to be paid under any Security Document, shall have been so paid, shall belong to and be paid to the Borrower by the Trustee as overpayment of the loan payments.

(g) In the event that the Borrower fails to make any loan payment required in this Section 4.3, the installment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid.

(h) Notwithstanding anything in the foregoing to the contrary, (y) if the amount on deposit and available in the Bond Fund (Tax-Exempt) is not sufficient to pay the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Series 2018A Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Borrower shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in the Bond Fund (Tax-Exempt), and (z) if the amount on deposit and available in the Bond Fund (Taxable) is not sufficient to pay the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Series 2018B Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Borrower shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in the Bond Fund (Taxable).

(i) In the event Defaulted Interest (as defined in Section 2.02(d) of the Indenture) shall become due on any Initial Bond, the Borrower shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on such Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with Section 2.02(d) of the Indenture), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest

or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment.

Section 4.4 Loan Payments and Other Payments Payable Absolutely Net. The obligation of the Borrower to pay the loan payments and other payments under this Agreement and under the Promissory Notes shall be absolutely net to the Issuer and to the Trustee without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that this Agreement and the Promissory Notes shall yield, net, to the Issuer and to the Trustee, the loan payments and other payments provided for herein, and all costs, expenses and charges of any kind and nature relating to the Facility, arising or becoming due and payable under this Agreement, shall be paid by the Borrower, and the Indemnified Parties shall be indemnified by the Obligors for, and the Obligors shall hold the Indemnified Parties harmless from, any such costs, expenses and charges.

Section 4.5 Nature of Borrower's Obligation Unconditional. The Borrower's obligation under this Agreement and under the Promissory Notes to pay the loan payments and all other payments provided for in this Agreement and in the Promissory Notes shall be absolute, unconditional and a general obligation of the Borrower, irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Issuer, the Trustee, the Bondholder Representative or the Holder of any Bond and the obligation of the Borrower shall arise whether or not the Project has been completed as provided in this Agreement and whether or not any provider of a credit facility or liquidity facility or swap arrangement with respect to the Bonds or any other party to a Project Document, shall be honoring its obligations thereunder. The Borrower will not suspend or discontinue any such payment or terminate this Agreement (other than such termination as is provided for hereunder), or suspend the performance or observance of any covenant or agreement required on the part of the Borrower hereunder, for any cause whatsoever, and the Borrower waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender this Agreement or any obligation of the Borrower under this Agreement except as provided in this Agreement or to any abatement, suspension, deferment, diminution or reduction in the loan payments or other payments hereunder or under the Promissory Notes.

Section 4.6 Advances by the Issuer, the Bondholder Representative or the Trustee. In the event the Borrower and/or the School fails to make any payment or to perform or to observe any obligation required of it under this Agreement, under the Promissory Notes or under any other Security Document, the Issuer, the Bondholder Representative or the Trustee, after first notifying the Obligors in writing of any such failure on the part of the Borrower and/or the School (except that no prior notification of the Obligors shall be required in the event of an emergency condition that, in the reasonable judgment of the Issuer, the Bondholder Representative or the Trustee, as applicable, necessitates immediate action), may (but shall not be obligated to), and without waiver of any of the rights of the Issuer or the Trustee under this Agreement or any other Security Document to which the Issuer or the Trustee is a party, make such payment or otherwise cure any failure by the Borrower and/or the School to perform and to observe its or their other obligations hereunder or thereunder. All amounts so advanced therefor by the Issuer, the Bondholder Representative or the Trustee shall become an additional obligation of the Borrower and/or the School to the Issuer, the Bondholder Representative or the

Trustee, as the case may be, which amounts, together with interest thereon at the rate of twelve percent (12%) per annum, compounded daily, from the date advanced, the Borrower and/or the School will pay upon demand therefor by the Issuer, the Bondholder Representative or the Trustee, as applicable. Any remedy vested in the Issuer or the Trustee herein or in any other Security Document for the collection of the loan payments or other payments or other amounts due hereunder, under the Promissory Notes or under any other Security Document shall also be available to the Issuer, the Bondholder Representative or the Trustee for the collection of all such amounts so advanced. No advance shall be made by the Trustee except as specified in the Indenture.

ARTICLE V

RECAPTURE OF BENEFITS

Section 5.1 Recapture of Benefits. It is understood and agreed by the parties to this Agreement that the Issuer is entering into this Agreement in order to provide financial assistance to the Borrower for the Project and to accomplish its corporate public purposes. In consideration therefor, the Obligors hereby agree as follows:

(a) The following capitalized terms shall have the respective meanings specified below:

Benefits shall mean the exemption from any applicable mortgage recording taxes, and filing and recording fees.

Operations Commencement Date shall mean the date by which the Issuer shall have received a signed certificate of an Authorized Representative of the Borrower certifying that the Project Completion Date has occurred and that the Facility is in fact being occupied, used and operated for the Approved Project Operations.

Recapture Event shall mean any one of the following events:

(i) The Borrower shall have failed to cause the Project Completion Date to occur by the Completion Deadline.

(ii) Except as permitted by written consent of the Issuer pursuant to and in accordance with Section 8.20, the Borrower or the School shall have liquidated all or substantially all of its operating assets or shall have ceased all or substantially all of its operations.

(iii) The Borrower or the School shall have transferred all or substantially all of its employees to a location outside of the City.

(iv) The Facility has ceased to be the Approved Facility and/or the Borrower or the School shall have substantially changed the scope and nature of its operations at the Facility Realty.

(v) Except as permitted by written consent of the Issuer pursuant to and in accordance with Section 8.20, the Borrower or the School shall have sold, leased or otherwise disposed of all or substantially all of the Facility Realty.

(vi) The Borrower or the School shall have subleased all or part of the Facility Realty in violation of Section 8.9.

(vii) The Borrower or the School shall have relocated all or substantially all of its operations at the Facility Realty to another site; provided, however, and notwithstanding the foregoing, such relocation shall not be a Recapture Event if (A) the School has relocated its operations at the Facility Realty and at least 90% of its

employees employed at the Facility Realty prior to the relocation, to another site within the City, (B) the School maintains, for the remaining balance of the Recapture Period, an employment level equal to at least 90% of the number of employees employed by the School at the Facility Realty prior to relocation, and (C) the Obligors shall satisfy such other additional conditions as the Issuer may from time to time impose provided such additional conditions are reasonable and uniformly imposed, at the time, to other similar transactions under similar circumstances. There shall arise another Recapture Event upon the failure of the School to satisfy continuously the foregoing requirements for the remaining balance of the Recapture Period. Upon the occurrence of such subsequent Recapture Event, the Issuer shall have the right to demand payment of all amounts due under Section 5.1(b) or (c), and the calculation of interest pursuant to Section 5.1(c)(iii) shall assume that the subsequent Recapture Event replaces the original Recapture Event for purposes of that computation. The determination of the pre-relocation, 90%-employment level shall be done in a manner, and in respect of a date or period of time, that the Issuer deems appropriate in its sole discretion.

Notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event:

(A) shall have arisen as a direct, immediate result of (x) force majeure as defined in Section 12.1, (y) a taking or condemnation by governmental authority of all or substantially all of the Facility Realty, or (z) the inability at law of the Obligors to rebuild, repair, restore or replace the Facility Realty after the occurrence of a Loss Event to substantially its condition prior to such Loss Event, which inability shall have arisen in good faith through no fault on the part of the Borrower or the School or any Affiliate, or

(B) is deemed, in the sole discretion of the Issuer, to be (x) as necessitated by law, (y) minor in nature, or (z) a cause of undue hardship to the School were the Issuer to recapture any Benefits.

Recapture Period shall mean the period of time commencing on the Closing Date, and expiring on the date which is the tenth anniversary of the Operations Commencement Date.

(b) If there shall occur a Recapture Event during the Recapture Period, but such Recapture Event is prior to the Operations Commencement Date, the Obligors shall pay to the Issuer as a return of financial assistance conferred by the Issuer, the following amounts upon demand by the Issuer: (i) all Benefits; and (ii) interest described in Section 5.1(c)(iii).

(c) If there shall occur a Recapture Event during the Recapture Period, but such Recapture Event occurs after the Operations Commencement Date, the Obligors shall pay to the Issuer as a return of financial assistance conferred by the Issuer, the following amounts (as applicable) upon demand by the Issuer:

(i) If the Recapture Event occurs within the first six (6) years after the Operations Commencement Date, one hundred percent (100%) of the Benefits.

(ii) If the Recapture Event occurs within any month during any one of the seventh, eighth, ninth or tenth years after the Operations Commencement Date, X percent of the Benefits (where "X" is a percent equal to 100% less Y, and where "Y" equals the product of 1.666% and the number of months elapsed commencing with the first month of the seventh year through and including the month in which the Recapture Event occurs).

(iii) The principal of the Benefits to be recaptured, whether pursuant to clause (i) or (ii) above, shall bear interest at a rate equal to the lesser of (x) the maximum amount of interest permitted by law, and (y) the statutory judgment rate, compounded daily, commencing from the date that any amount of Benefit principal has accrued to the Borrower or the School, through and including the date such principal is repaid in full; such that Benefit principal comprising the dollar amount of the exemption from mortgage recording taxes, and filing and recording fees, shall be deemed to have accrued to the Obligors on the Closing Date. The "statutory judgment rate" shall be the statutory judgment rate in effect on the date of the Issuer's demand.

For purposes of this Section 5.1, demand for payment by the Issuer shall be made in accordance with the notice requirements of this Agreement and the due date for payment shall be not less than seven (7) Business Days from the date of the notice.

(d) The Obligors shall furnish the Issuer with written notification of any Recapture Event within ten (10) days of its occurrence and shall subsequently provide to the Issuer in writing any additional information that the Issuer may request.

(e) The provisions of this Section 5.1 shall survive the termination of this Agreement for any reason whatsoever, notwithstanding any provision of this Agreement to the contrary.

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 6.1 Damage, Destruction and Condemnation. In the event that the whole or part of the Facility shall be damaged or destroyed, or taken or condemned by a competent authority for any public use or purpose, or by agreement to which the Borrower and those authorized to exercise such right are parties, or if the temporary use of the Facility shall be so taken by condemnation or agreement (a “**Loss Event**”):

(i) the Issuer shall have no obligation to rebuild, replace, repair or restore the Facility or to advance funds therefor,

(ii) there shall be no abatement, postponement or reduction in the loan payments or other amounts payable by the Borrower or the School under this Agreement or the Promissory Notes or any other Security Document to which either is a party, and the Obligors hereby waive, to the extent permitted by law, any provisions of law which would permit either or both of the Obligors to terminate this Agreement, the Promissory Notes or any other Security Document, or eliminate or reduce their respective payments hereunder, under the Promissory Notes or under any other Security Document, and

(iii) the Obligors will promptly give written notice of such Loss Event to the Issuer, the Bondholder Representative and the Trustee, generally describing the nature and extent thereof.

Section 6.2 Loss Proceeds.

(a) The Issuer, the Trustee and the Obligors shall cooperate and consult with each other in all matters pertaining to the settlement, compromise, arbitration or adjustment of any claim or demand on account of any Loss Event, and the settlement, compromise, arbitration or adjustment of any such claim or demand shall, as between the Issuer and the Obligors, be subject to the written approval of the Obligors and the Trustee (such approvals not to be unreasonably withheld).

(b) The Net Proceeds with respect to the Facility shall be paid to the Trustee and deposited in the Renewal Fund (except as provided in Section 3.11(d) of the Mortgage in respect of property insurance proceeds that are less than a threshold amount). Pending the disbursement or transfer thereof, the Net Proceeds in the Renewal Fund shall be applied, and may be invested, as provided in the Indenture. The Borrower and the School, as applicable, shall be entitled to the Net Proceeds of any insurance proceeds or condemnation award, compensation or damages attributable to the Obligors' Property.

Section 6.3 Election to Rebuild or Terminate.

(a) In the event a Loss Event shall occur, the Borrower shall either:

(i) at its own cost and expense (except to the extent paid from the Net Proceeds), within one (1) year of the Loss Event, promptly and diligently rebuild, replace, repair or restore the Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, regardless of whether or not the Net Proceeds derived from the Loss Event shall be sufficient to pay the cost thereof, and neither the Borrower nor the School shall, by reason of payment of any such excess costs, be entitled to any reimbursement from the Issuer, the Trustee or any Bondholder, nor shall the loan payments or other amounts payable by the Borrower or the School under this Agreement or the Promissory Notes or any other Security Document be abated, postponed or reduced, or

(ii) if, to the extent and upon the conditions permitted to do so under Sections 10.1 and 10.2 and under the Indenture, exercise its option to terminate this Agreement and cause the Bonds to be redeemed in whole;

provided that if all or substantially all of the Facility shall be taken or condemned, or if the taking or condemnation renders the Facility unsuitable for use by the School as contemplated hereby, the Obligors shall exercise their option to terminate this Agreement pursuant to Sections 10.1 and 10.2.

Not later than sixty (60) days (which period may be extended for an additional thirty (30) days upon a written request of the Borrower to the Trustee) after the occurrence of a Loss Event, the Borrower shall advise the Issuer, the Bondholder Representative and the Trustee in writing of the action to be taken by the Borrower under this Section 6.3(a), a failure to so timely notify being deemed an election in favor of Section 6.3(a)(ii) to be exercised in accordance with the provisions of Section 6.3(a)(ii).

(b) If the Borrower shall elect to or shall otherwise be required to rebuild, replace, repair or restore the Facility as set forth in Section 6.3(a)(i), the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in Section 5.03 of the Indenture to pay or reimburse the Borrower, at the election of the Borrower, either as such work progresses or upon the completion thereof, provided, however, the amounts so disbursed by the Trustee to the Borrower shall not exceed the actual cost of such work. If the Borrower shall exercise its option in Section 6.3(a)(ii), the amount of the Net Proceeds so recovered shall be transferred from the Renewal Fund and deposited on a Pro Rata Basis in the Redemption Accounts of each of the Bond Funds, and the Borrower shall thereupon pay to the Trustee for deposit in the Redemption Accounts of each of the Bond Funds an amount which, when added to any amounts then in each Bond Fund and available for that purpose, shall be sufficient to retire and redeem the Bonds in whole at the earliest possible date (including, without limitation, principal and

interest to the maturity or Redemption Date and redemption premium, if any), and shall pay the expenses of redemption, the fees and expenses of the Issuer, the Trustee, the Bondholder Representative, if any, the Bond Registrar and the Paying Agents, together with all other amounts due under the Indenture, under this Agreement and under each other Security Document, as well as any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement and such amount so deposited shall be applied, together with such other available amounts in the Bond Funds, if applicable, to such redemption or retirement of the Bonds on said redemption or Maturity Date.

Section 6.4 Effect of Election to Build.

(a) All rebuilding, replacements, repairs or restorations of the Facility in respect of or occasioned by a Loss Event shall:

(i) automatically be deemed a part of the Facility under this Agreement and the Facility Lease and, with respect to Mortgaged Property, shall be subject to the lien and security interest of the Mortgage,

(ii) be commenced as soon as reasonably possible (but in any event no later than sixty (60) days after such Loss Event (which period may be extended to an additional thirty (30) days upon written request of the Borrower to the Trustee) after such Loss Event and be effected only if the Borrower shall deliver to the Issuer and the Trustee a certificate from an Authorized Representative of the Borrower acceptable to the Issuer and the Trustee to the effect that such rebuilding, replacement, repair or restoration shall not change the nature of the Facility as the Approved Facility,

(iii) be effected with due diligence in a good and workmanlike manner, in compliance with all applicable Legal Requirements and be promptly and fully paid for by the Borrower in accordance with the terms of the applicable contract(s) therefor,

(iv) restore the Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, and to a state and condition that will permit the School to use and operate the Facility as the Approved Facility,

(v) be effected only if the Borrower shall have complied with Section 8.1(c),

(vi) be preceded by the furnishing by the Borrower to the Trustee of a labor and materials payment bond, or other security, satisfactory to the Trustee, and

(vii) if the estimated cost of such rebuilding, replacement, repair or restoration is in excess of \$250,000, be effected under the supervision of an Independent Engineer.

(b) The date of completion of the rebuilding, replacement, repair or restoration of the Facility shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Borrower stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment, reasonably satisfactory to the Trustee, has been made (iii) that the Facility has been rebuilt, replaced, repaired or restored to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, (iv) that all property constituting part of the Facility is subject to this Agreement and the Facility Lease and, if applicable, subject to the mortgage lien and security interest of the Mortgage, subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Borrower against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of this Section and Section 5.03 of the Indenture and (z) that no Person other than the Issuer or the Trustee may benefit therefrom.

(c) The certificate delivered pursuant to Section 6.4(b) shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if it is a temporary certificate of occupancy, the Borrower will proceed with due diligence to obtain a permanent certificate of occupancy), if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by this Agreement; (ii) a certificate of an Authorized Representative of the Borrower that all costs of rebuilding, repair, restoration and reconstruction of the Facility have been paid in full, together with releases of mechanics' liens by all contractors and materialmen who supplied work, labor, services, materials or supplies in connection with the rebuilding, repair, restoration and reconstruction of the Facility (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence to the Trustee that such costs have been appropriately bonded or that the Borrower shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company, or other evidence satisfactory to the Trustee, indicating that there has not been filed with respect to the Facility any mechanic's, materialmen's or any other lien in connection with the rebuilding, replacement, repair and restoration of the Facility and that there exist no encumbrances other than Permitted Encumbrances and those encumbrances consented to by the Issuer and the Trustee.

ARTICLE VII

COVENANTS OF THE ISSUER

Section 7.1 Assignment of Promissory Notes and Assignment of Mortgage. On the Closing Date, the Issuer will endorse and assign the Promissory Notes to the Trustee, and execute and deliver to the Trustee the Assignment of Mortgage and the Assignment of ALR.

Section 7.2 Issuance of Initial Bonds. On the Closing Date, subject to the satisfaction of the conditions to the issuance of the Initial Bonds, the Issuer will sell and deliver the Initial Bonds (including the first drawdown of the Series 2018A Bonds) under and pursuant to the Bond Resolution and under and pursuant to the Indenture. The proceeds of sale of the Initial Bonds shall be deposited and applied in accordance with the provisions of the Indenture.

Section 7.3 Issuance of Additional Bonds. Under the provisions of and subject to the conditions set forth in the Indenture, the Issuer is authorized to enter into a Supplemental Indenture and issue one or more series of Additional Bonds on a parity with the Initial Bonds for the purpose of (w) completing the Project, (x) providing funds in excess of the Net Proceeds of insurance or eminent domain to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (y) providing extensions, additions or improvements to the Facility, or (z) refunding Outstanding Bonds. If neither the Borrower nor the School is in default hereunder or under any other Project Document, the Issuer will consider the issuance of a Series of Additional Bonds in a principal amount as is specified in a written request in accordance with the applicable provisions set forth in the Indenture.

Section 7.4 Pledge and Assignment to Trustee. As security for the payment of the Bonds and the obligations of the Borrower and the School under the Security Documents:

(a) the Borrower shall, pursuant to the Mortgage, grant to the Issuer and the Trustee, for the benefit of the Bondholders, a mortgage lien on and security interest in its fee interest in the Mortgaged Property;

(b) the Issuer shall assign its right, title and interest in the Mortgage to the Trustee pursuant to the Assignment of Mortgage; and

(c) the Issuer shall pledge and assign to the Trustee, for the benefit of the Bondholders, pursuant to the Indenture all of the Issuer's right, title and interest in the Promissory Notes and all of the Issuer's right, title and interest in this Agreement (except for the Issuer's Reserved Rights), including all loan payments hereunder and under the Promissory Notes, and in furtherance of such pledge, the Issuer will unconditionally assign such loan payments to the Trustee for deposit in the respective Bond Funds in accordance with the Indenture.

ARTICLE VIII

COVENANTS OF THE OBLIGORS

Section 8.1 **Insurance.**

(a) **Definitions.** The following capitalized terms shall have the respective meanings specified below:

Certificate means an ACORD certificate evidencing insurance.

CGL means commercial general liability insurance.

CM means a construction manager providing construction management services in connection with any Construction.

Construction means any construction, reconstruction, restoration, renovation, alteration and/or repair on, in, at or about the Facility Realty, including the Project Work or any other construction, reconstruction, restoration, alteration and/or repair required under this Agreement in connection with the Facility.

Contractor(s) means, individually or collectively, a contractor or subcontractor providing materials and/or labor and/or other services in connection with any Construction, but not including a GC, CM or any architect or engineer providing professional services.

GC means any general contractor providing general contracting services in connection with any Construction.

Insureds means the Obligors.

Insurer means any entity writing or issuing a Policy.

ISO means the Insurance Services Office or its successor.

ISO Form CG-0001 means the CGL form published by ISO at the Closing Date.

Policy(ies) means, collectively or individually, the policies required to be obtained and maintained pursuant to Section 8.1(b) and (c).

SIR means self-insured retention.

U/E means Umbrella or Excess Liability insurance.

Workers' Compensation means Workers' Compensation, disability and employer liability insurance.

(b) Required Insurance. Except during periods of Construction, the Insureds shall obtain and maintain for each as a primary insured the following insurance:

(i) CGL with \$1,000,000 minimum per occurrence; \$2,000,000 minimum in the aggregate; and per-location aggregate. This Policy shall contain coverage for contractual liability, premises operations, and products and completed operations.

(ii) U/E with \$4,000,000 minimum per occurrence on terms consistent with CGL. The excess coverage provided under U/E shall be incremental to the CGL to achieve minimum required coverage of \$5,000,000 per occurrence; such incremental coverage must also apply to auto liability (see Section 8.1(b)(iii)), whether auto liability coverage is provided by endorsement to the Insureds' CGL or by a stand-alone policy.

(iii) Auto liability insurance with \$1,000,000 combined single limit and \$1,000,000 for uninsured or under-insured vehicles. If an Insured owns any vehicles, it shall obtain auto liability insurance in the foregoing amounts for hired and non-owned vehicles. Coverage should be at least as broad as ISO Form CA0001, ed. 10/01.

(iv) Workers Compensation satisfying State statutory limits. Coverage for employer liability shall be in respect of any work or operations in, on or about the Facility Realty.

(v) Property insurance in the amount required under the Mortgage.

(c) Required Insurance During Periods of Construction. In connection with any Construction and throughout any period of such Construction, the Obligors shall cause the following insurance requirements to be satisfied:

(i) The Insureds shall obtain and maintain for each Policies in accordance with all requirements set forth in Section 8.1(b).

(ii) Any GC or CM shall obtain and maintain for itself as a primary insured the following Policies:

(A) CGL and U/E in accordance with the requirements in Section 8.1(b), subject to the following modifications: (x) coverage shall be in an aggregate minimum amount of \$10,000,000 per project aggregate, and (y) completed operations coverage shall extend (or be extended) for an additional five (5) years after completion of the Construction (which will be deemed to be the Project Completion Date unless the Borrower shall have provided written notice and satisfactory evidence to the Issuer that the Construction was completed as of a specified earlier date);

(B) Auto liability insurance in accordance with the requirements in Section 8.1(b); and

(C) Workers' Compensation in accordance with the requirements in Section 8.1(b).

(iii) Notwithstanding preceding subsections "i" and "ii," during Construction aggregate minimum coverage in the amount of \$15,000,000 (combined CGL and U/E required by Sections 8.1(b) and 8.1(c)) may be achieved by any combination of coverage amounts between the Insureds on the one hand and the GC or CM on the other.

(iv) Each Contractor shall obtain and maintain for itself as a primary insured the following insurance:

(A) CGL and U/E in accordance with the requirements in Section 8.1(b) except that, in addition, completed operations coverage shall extend (or be extended) for an additional five (5) years after completion of the Construction (which will be deemed to be the Project Completion Date unless the Borrower shall have provided written notice and satisfactory evidence to the Issuer that the Construction was completed as of a specified earlier date);

(B) Auto Liability insurance in accordance with the requirements in Section 8.1(b); and

(C) Workers' Compensation in accordance with the requirements in Section 8.1(b).

(d) Required Policy Attributes. Except as the Issuer and the Trustee shall expressly otherwise agree in writing in their sole and absolute discretion:

(i) The Obligors shall cause each Policy (other than Worker's Compensation and auto liability insurance) to name the Issuer and the Trustee as additional insureds on a primary and non-contributory basis as more particularly required in Section 8.1(f)(i).

(ii) No Policy shall have a deductible, unless otherwise approved in writing by the Issuer.

(iii) CGL shall not be subject to SIR.

(iv) CGL shall be written on either ISO Form CG-0001 or on such other form that the Obligors may request provided that any requested substitute shall provide an additional insured with substantially equivalent coverage to that enjoyed by an additional insured in a policy written on ISO Form CG-0001 and provided further that the substitute is reasonably approved by the

Issuer. If the Insureds intend to renew their CGL on a form that is not ISO Form CG-0001, the Insureds shall provide the Issuer and the Trustee with a copy of the substitute form at least sixty (60) days prior to the intended date on which the renewal Policy is to be effective.

(v) The Obligors acknowledge that the Issuer and the Trustee are materially relying upon the content of ISO Form CG-0001 to implement the Issuer's insurance requirements under this Section 8.1; accordingly, the Obligors agree that non-standard exclusions and other modifications to ISO Form CG-0001 are prohibited under the terms and conditions of this Section 8.1. In the event that ISO either ceases to exist or discontinues ISO Form CG-0001, the Issuer or the Trustee shall have the right to require, for all purposes hereunder, a different CGL form, provided that the replacement is substantially similar to ISO Form CG-0001.

(vi) Without limiting Section 8.1(d)(v) or the application of any other requirement under this Section 8.1, no Policy delivered hereunder shall limit (whether by exception, exclusion, endorsement, script or other modification) any of the following coverage attributes:

(A) contractual liability coverage insuring the contractual obligations of the Insured;

(B) employer's liability coverage;

(C) coverage for claims arising under New York Labor Law;

(D) the right of the Insureds to name additional insureds including the Issuer and the Trustee; and

(E) the applicability of CGL coverage to the Issuer and the Trustee as additional insureds in respect of liability arising out of any of the following claims: (x) claims against the Issuer and/or the Trustee by employees of either of the Insureds, or (y) claims against the Issuer and/or the Trustee by any GC, CM, Contractor, architect or engineer or by the employees of any of the foregoing, or (z) claims against the Issuer and/or the Trustee arising out of any work performed by a GC, CM, Contractor, architect or engineer.

(vii) U/E shall follow the form of CGL except that U/E may be broader.

(viii) Each Policy shall provide primary insurance and the issuing Insurer shall not have a right of contribution from any other insurance policy insuring the Issuer and/or the Trustee.

(ix) In each Policy, the Insurer shall waive, as against any Person insured under such Policy including any additional insured, the following: (x) any right of subrogation, (y) any right to set-off or counterclaim against liability incurred by a primary insured or any additional insured, and (z) any other deduction, whether by attachment or otherwise, in respect of any liability incurred by any primary insured or additional insured.

(x) Policies shall not be cancellable without at least thirty (30) days' prior written notice to the Issuer and the Trustee as additional insureds.

(xi) Each Policy under which the Issuer and the Trustee is an additional insured shall provide that the Issuer and the Trustee will not be liable for any insurance premium, commission or assessment under or in connection with any Policy.

(e) Required Insurer Attributes. All Policies must be issued by Insurers satisfying the following requirements:

(i) Insurers shall have a minimum AM Best rating of A minus, unless otherwise approved in writing by the Issuer.

(ii) Each Insurer must be an authorized insurer in accordance with Section 107(a) of the New York State Insurance Law, unless otherwise approved in writing by the Issuer.

(iii) Insurers must be admitted in the State; provided, however, that if the Insureds request the Issuer to accept a non-admitted Insurer, and if the Issuer reasonably determines that for the kind of operations performed by the Insureds an admitted Insurer is commercially unavailable to issue a Policy or is non-existent, then the Issuer shall provide its written consent to a non-admitted Insurer. For purposes of this paragraph, an "admitted" Insurer means that the Insurer's rates and forms have been approved by the State Department of Financial Services and that the Insurer's obligations are entitled to be insured by the State's insurance guaranty fund.

(f) Required Evidence of Compliance. The Obligors shall deliver or cause to be delivered evidence of all Policies required hereunder as set forth in this Section 8.1(f):

(i) All Policies. With respect to all Policies on which the Insureds are to be a primary insured, the Insureds shall deliver to the Issuer and the Trustee a Certificate or Certificates evidencing all Policies required by this Section 8.1 (w) at the Closing Date, (x) prior to the expiration or sooner termination of Policies, (y) prior to the commencement of any Construction, and (z) upon request by the Issuer or the Trustee. If the Certificate in question evidences CGL,

such Certificate shall name the Issuer and the Trustee as additional insureds in the following manner:

Build NYC Resource Corporation and The Bank of New York Mellon as Trustee, are each additional insureds on a primary and non-contributory basis. The referenced CGL is written on ISO Form CG-0001 without modification to the contractual liability, employer's liability or waiver-of-subrogation provisions thereof, and contains no endorsement limiting or excluding coverage for claims arising under New York Labor Law, covering the following premises: 700 Gerard Avenue, Bronx, New York;

(ii) CGL. With respect to CGL on which the Insureds are to be a primary insured, the Insureds shall additionally deliver to the Issuer and the Trustee the following:

(A) Prior to the Closing Date, the Insureds shall deliver to the Issuer and the Trustee the declarations page and the schedule of forms and endorsements pertinent thereto.

(B) Upon the expiration or sooner termination of any CGL, the Insureds shall deliver to the Issuer and the Trustee a declarations page and a schedule of forms and endorsements pertinent to the new or replacement CGL.

(C) Prior to the commencement of any Construction, the Insureds shall deliver to the Issuer and the Trustee a declarations page and a schedule of forms and endorsements pertinent to the CGL under which the Insureds are to be the primary insureds during the period of such Construction.

(iii) Insurance to be obtained by GCs and CMs. Prior to the commencement of any Construction that entails the services of a GC or CM, the Obligors shall provide to the Issuer and the Trustee, in a form satisfactory to the Issuer and the Trustee, evidence that the GC or CM (as the case may be) has obtained the Policies that it is required to obtain and maintain in accordance with Section 8.1(c).

(iv) Insurance to be obtained by Contractors. In connection with any Construction, the Obligors shall, upon the written request of the Issuer or the Trustee, cause any and all Contractors to provide evidence, satisfactory to the Issuer and the Trustee, that such Contractors have obtained and maintain the Policies that they are required to obtain and maintain in accordance with the requirements of Section 8.1(c).

(g) Notice. The Obligors shall immediately give the Issuer and the Trustee notice of each occurrence that is reasonably probable to give rise to a claim under the insurance required to be maintained by this Section 8.1.

(h) Miscellaneous.

(i) If, in accordance with the terms and conditions of this Section 8.1, the Insureds are required to obtain the consent of the Issuer and/or the Trustee, the Obligors shall request such consent in a writing provided to the Issuer and/or the Trustee at least thirty (30) days in advance of the commencement of the effective period (or other event) to which the consent pertains.

(ii) The delivery by the Insureds of a Certificate evidencing auto liability insurance for hired and non-owned vehicles shall, unless otherwise stated by the Obligors to the contrary, constitute a representation and warranty from the Insureds to the Issuer and the Trustee that neither of the Insureds owns a vehicle.

(iii) The Insureds shall neither do nor omit to do any act, nor shall either of them suffer any act to be done, whereby any Policy would or might be terminated, suspended or impaired.

(iv) If insurance industry standards applicable to properties similar to the Facility Realty and/or operations similar to the operations of the School materially change; and if, as a consequence of such change, the requirements set forth in this Section 8.1 become inadequate in the reasonable judgment of the Issuer or the Trustee for the purpose of protecting the Issuer and the Trustee against third-party claims, then the Issuer or the Trustee shall have the right to supplement and/or otherwise modify such requirements, provided, however, that such supplements or modifications shall be commercially reasonable.

(v) THE ISSUER AND THE TRUSTEE DO NOT REPRESENT THAT THE INSURANCE REQUIRED IN THIS SECTION 8.1, WHETHER AS TO SCOPE OR COVERAGE OR LIMIT, IS ADEQUATE OR SUFFICIENT TO PROTECT EITHER OF THE INSURED AND THEIR RESPECTIVE OPERATIONS AGAINST CLAIMS AND LIABILITY.

(vi) The Issuer, in its sole discretion and without obtaining the consent of the Trustee or any other party to the transactions contemplated by this Agreement, may make exceptions to the requirements under this Section 8.1 by a written instrument executed by the Issuer. In the event the Obligors shall request the Issuer to make any exception to the requirements under this Section 8.1, the Issuer shall not unreasonably withhold its consent. The Obligors acknowledge that the Issuer's decision in this respect will be deemed reasonable if made in furtherance of protecting the Issuer from liability.

Section 8.2 Indemnity.

(a) The Obligors shall at all times jointly and severally indemnify, defend, protect and hold the Issuer, the Trustee, the Bondholder Representative, the Bond Registrar and the Paying Agents, and any director, member, officer, employee, servant, agent (excluding for this purpose the Borrower or the School, neither of which is obligated hereby to indemnify its own employees, Affiliates or affiliated individuals) thereof and persons under the Issuer's control or supervision (collectively, the "**Indemnified Parties**" and each an "**Indemnified Party**") harmless of, from and against any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses, including attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses (collectively, "**Claims**") of any kind for losses, damage, injury and liability (collectively, "**Liability**") of every kind and nature and however caused (except, with respect to any Indemnified Party, Liability arising from the gross negligence or willful misconduct of such Indemnified Party), arising during the period commencing on the Indemnification Commencement Date, and continuing until the termination of this Agreement, arising upon, about, or in any way connected with the Facility, the Project, or any of the transactions with respect thereto, including:

(i) the financing of the costs of the Facility or the Project and the marketing, offering, issuance, sale and remarketing of the Bonds for such purpose,

(ii) the planning, design, acquisition, site preparation, Project Work, construction, renovation, equipping, installation or completion of the Project or any part thereof or the effecting of any work done in or about the Facility, or any defects (whether latent or patent) in the Facility,

(iii) the maintenance, repair, replacement, restoration, rebuilding, construction, renovation, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Facility or any portion thereof,

(iv) the execution and delivery by an Indemnified Party, the Borrower, the School or any other Person of, or performance by an Indemnified Party, the Borrower, the School or any other Person, as the case may be, of, any of their respective obligations under, this Agreement or any other Project Document, or other document or instrument delivered in connection herewith or therewith or the enforcement of any of the terms or provisions hereof or thereof or the transactions contemplated hereby or thereby,

(v) any damage or injury to the person or property of any Person in or on the premises of the Facility,

(vi) any imposition arising from, burden imposed by, violation of, or failure to comply with any Legal Requirement, including failure to comply with the requirements of the City's zoning resolution and related regulations, or

(vii) the presence, disposal, release, or threatened release of any Hazardous Materials that are on, from, or affecting the Facility; any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, and/or any violation of Legal Requirements, including demands of government authorities, or any policies or requirements of the Issuer, which are based upon or in any way related to such Hazardous Materials.

(b) The Obligors jointly and severally release each Indemnified Party from, and agree that no Indemnified Party shall be liable to the Borrower or the School or their respective Affiliates for, any Claim or Liability arising from or incurred as a result of action taken or not taken by such Indemnified Party with respect to any of the matters set forth in Section 8.2(a) including any Claim or Liability arising from or incurred as a result of the negligence or gross negligence of such Indemnified Party, or at the direction of the Borrower or the School with respect to any of such matters above referred to.

(c) An Indemnified Party shall promptly notify the Obligors in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Borrower and/or the School pursuant to this Section 8.2; such notice shall be given in sufficient time to allow the Borrower and/or the School to defend or participate in such claim or action, but the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Borrower and/or the School under this Section 8.2.

(d) Anything to the contrary in this Agreement notwithstanding, the covenants of the Obligors contained in this Section 8.2 shall be in addition to any and all other obligations and liabilities that the Borrower and/or the School may have to any Indemnified Party in any other agreement or at common law, and shall remain in full force and effect after the termination of this Agreement until the later of (x) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (y) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Indemnified Party relating to the enforcement of the provisions herein specified.

Section 8.3 Compensation and Expenses of the Issuer, the Bondholder Representative, the Trustee, the Bond Registrar and the Paying Agents; Administrative and Project Fees.

(a) The Obligors shall pay the fees, costs and expenses of the Issuer together with any fees and disbursements incurred by lawyers or other consultants in performing services for the Issuer in connection with this Agreement or any other Project Document, together with all

fees and costs incurred in connection with complying with Section 8.12(b) (including fees and disbursements of lawyers and other consultants).

(b) On the Closing Date, the Obligors shall pay to the Issuer the Initial Annual Administrative Fee and the Project Fee.

(c) The Obligors further agree to pay the Annual Administrative Fee to the Issuer on each July 1 following the Closing Date until the Termination Date (the Annual Administrative Fee shall not be pro-rated for the final period ending on the Termination Date). In the event the Obligors shall fail to pay the Annual Administrative Fee on the date due, the Issuer shall have no obligation to deliver notice of such failure to the Obligors.

(d) The Obligors shall, to the extent not paid out of the proceeds of the Bonds as financing expenses, pay the following fees, charges and expenses and other amounts:

(i) the initial and annual fees of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, including fees and expenses as Bond Registrar and in connection with preparation of new Bonds upon exchanges or transfers or making any investments in accordance with the Indenture and the reasonable fees of its counsel,

(ii) the reasonable fees and charges of the Trustee and any Paying Agents on the Bonds for acting as paying agents as provided in the Indenture, including the reasonable fees of its counsel,

(iii) the reasonable fees, charges, and expenses of the Trustee for extraordinary services rendered by it under the Indenture, including reasonable counsel fees,

(iv) the reasonable fees, charges and expenses, including reasonable counsel fees, of the Bondholder Representative incurred by it in enforcing its rights under the Indenture and the other Project Documents, and

(v) the reasonable fees, costs and expenses of the Bond Registrar.

Section 8.4 Current Facility Personalty Description. The Borrower covenants and agrees that, until the termination of this Agreement, including upon the completion of the Project or of any replacement, repair, restoration or reconstruction of the Facility pursuant to Article VI, it will cause Exhibit B — “Description of the Facility Personalty”, together with the “Description of the Facility Personalty” attached as part of the appendices to the Indenture, this Agreement and the Mortgage, to be an accurate and complete description of all current items of Facility Personalty. To this end, the Borrower covenants and agrees that (x) no requisition shall be submitted to the Trustee for moneys from the Project Fund (Tax-Exempt) for the acquisition or installation of any item of Facility Personalty, (y) no item of Facility Personalty shall be

substituted or replaced by a new item of machinery, equipment or other tangible personal property except pursuant to Section 3.5(a) or Article VI, and (z) no item of Facility Personalty shall be delivered and installed at the Facility Realty as part of the property comprising the Facility, unless in each case such item of machinery, equipment or other item of tangible personal property shall be accurately and sufficiently described in Exhibit B — “Description of the Facility Personalty”, together with the “Description of the Facility Personalty” in the appendices attached as part of the Indenture, this Agreement and the Mortgage, and the Borrower shall from time to time prepare and deliver to the Issuer and the Trustee supplements to such Appendices in compliance with the foregoing. Such supplements shall be executed and delivered by the appropriate parties and, at the Trustee’s request, duly recorded by the Borrower, and, at the Trustee’s request, additional financing statements with respect thereto shall be duly filed by the Borrower.

Section 8.5 Signage at Facility Site. Upon commencement of the renovation and/or construction of the Improvements at the Facility in connection with the Project (including the commencement of any demolition and/or excavation), the Borrower shall erect on the Facility site, at its own cost and expense, within easy view of passing pedestrians and motorists, a large and readable sign with the following information upon it (hereinafter, the “**Sign**”):

*FINANCIAL ASSISTANCE PROVIDED
THROUGH THE
BUILD NYC RESOURCE CORPORATION
Mayor Bill de Blasio*

In addition, the Sign shall satisfy the following requirements: (x) format and appearance generally shall be stipulated by the Issuer in writing or electronically; (y) the minimum size of the Sign shall be four (4) feet by eight (8) feet; and (z) the Sign shall have no other imprint upon it other than that of the Issuer. The Sign shall remain in place at the Facility until completion of the renovations and/or construction. The Borrower may erect other signs in addition to the Sign.

Section 8.6 Environmental Matters.

(a) On or before the Closing Date, the Borrower shall provide to the Issuer and the Trustee a letter from the Environmental Auditor addressed to the Issuer and the Trustee, stating that the Issuer and the Trustee may rely upon the Environmental Audit as if it was prepared for the Issuer and the Trustee in the first instance.

(b) The Obligors shall not cause or permit the Facility or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Legal Requirements, nor shall the Obligors cause or permit, as a result of any intentional or unintentional act or omission on the part of either or both of the Obligors or any occupant or user of the Facility, a release of Hazardous Materials onto the Facility or onto any other property.

(c) The Obligors shall comply with, and require and enforce compliance by, all occupants and users of the Facility with all applicable Legal Requirements pertaining to Hazardous Materials, whenever and by whomever triggered, and shall obtain and comply with,

and ensure that all occupants and users of the Facility obtain and comply with, any and all approvals, registrations or permits required thereunder.

(d) The Obligors shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Facility in accordance with all applicable Legal Requirements.

(e) In the event the Mortgage is foreclosed, or a deed in lieu of foreclosure is tendered, or the Facility Lease is terminated, or this Agreement is terminated as provided in Article IX, the Obligors shall deliver the Mortgaged Property so that the conditions of the Mortgaged Property with respect to any and all Hazardous Materials shall conform with all applicable Legal Requirements affecting the Mortgaged Property.

(f) The parties hereto agree that the reference in Section 2.2(q) to the Environmental Audit is not intended, and should not be deemed to intend, to modify, qualify, reduce or diminish the Obligors' obligations to carry out and perform all of the covenants stated throughout this Section 8.6 and in Section 8.2.

Section 8.7 Employment Matters.

(a) Except as is otherwise provided by collective bargaining contracts or agreements, new employment opportunities created as a result of the Project shall be listed with the New York State Department of Labor ("DOL") Community Services Division, and with the administrative entity of the service delivery area created by the Workforce Investment Act of 1998 (29 U.S.C. §2801) in which the Facility Realty is located. Except as is otherwise provided by collective bargaining contracts or agreements, the Obligors agree, where practicable, to consider first, and cause each of its Affiliates at the Facility to consider first, persons eligible to participate in the Workforce Investment Act of 1998 (29 U.S.C. §2801) programs who shall be referred by administrative entities of service delivery areas created pursuant to such Act or by the Community Services Division of the DOL for such new employment opportunities.

(b) Upon the Issuer's written request, the Obligors shall provide to the Issuer any employment information in the possession of either of the Obligors which is pertinent to either of the Obligors and the employees of either of the Obligors to enable the Issuer and/or NYCEDC to comply with its reporting requirements required by City Charter §1301 and any other applicable laws, rules or regulations.

(c) The Obligors hereby authorize any private or governmental entity, including the DOL, to release to the Issuer and/or NYCEDC, and/or to the successors and assigns of either (collectively, the "**Information Recipients**"), any and all employment information under its control and pertinent to either of the Obligors and the employees of either of the Obligors to enable the Issuer and/or NYCEDC to comply with its reporting requirements required by City Charter §1301 and any other applicable laws, rules or regulations. Information released or provided to Information Recipients by DOL, or by any other governmental entity, or by any private entity, or by the Obligors, or any information previously released as provided by all or any of the foregoing parties (collectively, "**Employment Information**") may be disclosed

by the Information Recipients in connection with the administration of the programs of the Issuer, and/or NYCEDC, and/or the successors and assigns of either, and/or the City, and/or as may be necessary to comply with law; and, without limiting the foregoing, the Employment Information may be included in (x) reports prepared by the Information Recipients pursuant to City Charter §1301, (y) other reports required of the Issuer, and (z) any other reports required by law. This authorization shall remain in effect until the termination of this Agreement.

(d) Upon the request of the Issuer, the Obligors shall cooperate with the Issuer in the development of programs for the employment and/or training of members of minority groups in connection with performing work at the Facility.

(e) Nothing in this Section shall be construed to require either of the Obligors to violate any existing collective bargaining agreement with respect to hiring new employees.

Section 8.8 Non-Discrimination.

(a) At all times during the maintenance and operation of the Facility, neither of the Obligors shall discriminate nor permit any of its Affiliates to discriminate against any employee or applicant for employment because of race, color, creed, age, sex or national origin. The Obligors shall use their best efforts to ensure that employees and applicants for employment with any tenant of the Facility are treated without regard to their race, color, creed, age, sex or national origin. As used herein, the term "treated" shall mean and include the following: recruited, whether by advertising or other means; compensated, whether in the form of rates of pay or other forms of compensation; selected for training, including apprenticeship; promoted; upgraded; downgraded; demoted; transferred; laid off; and terminated.

(b) The Obligors shall, in all solicitations or advertisements for employees placed by or on behalf of either or both of the Obligors state that all qualified applicants will be considered for employment without regard to race, color, creed or national origin, age or sex.

(c) The Obligors shall furnish to the Issuer all information required by the Issuer pursuant to this Section and will cooperate with the Issuer for the purposes of investigation to ascertain compliance with this Section.

Section 8.9 Assignment of this Agreement or Sublease of Facility.

(a) Neither the Borrower nor the School shall at any time, except as permitted by Section 8.20, assign or transfer this Agreement without the prior written consents of the Issuer and the Trustee (which consents may be withheld by the Issuer or the Trustee in their absolute discretion); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such assignment or transfer:

(i) the Borrower or the School, as applicable (the "Assigning Obligor") shall have delivered to the Issuer, the Bondholder Representative and the Trustee a certificate of an Authorized Representative to the effect that the transfer or assignment to the assignee or transferee (the "New Obligor") shall not cause the Facility to cease being the Approved Facility;

(ii) the New Obligor shall be liable to the Issuer for the payment of all loan (if the Borrower is the Assigning Obligor) and other payments and for the full performance of all of the terms, covenants and conditions of this Agreement and of any other Project Document to which the Assigning Obligor shall be a party;

(iii) the New Obligor shall have assumed in writing (and shall have executed and delivered to the Issuer, the Bondholder Representative, if any, and the Trustee such document and have agreed to keep and perform) all of the terms of this Agreement and each other Project Document on the part of the New Obligor to be kept and performed, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

(iv) the New Obligor shall be a not-for-profit corporation or a limited liability company constituting a Tax-Exempt Organization, and, if the Assigning Obligor is the School, shall be a not-for-profit education corporation duly established as a charter school under the Charter School Act, and its charter to operate the Facility shall be in full force and effect;

(v) such assignment or transfer shall not violate any Legal Requirement or any provision of this Agreement or any other Project Document;

(vi) an Opinion of Counsel shall have been delivered and addressed to the Issuer, the Bondholder Representative and the Trustee, to the effect that, (x) such assignment or transfer shall be permitted under the Charter School Act and shall constitute the legally valid, binding and enforceable obligation of the New Obligor and shall not legally impair in any respect the obligations of the New Obligor for the payment of all loan (if the Borrower is the Assigning Obligor) and other payments nor for the full performance of all of the terms, covenants and conditions of this Agreement, of the Promissory Notes (if the Borrower is the Assigning Obligor) or of any other Project Document to which the New Obligor shall be a party, nor impair or limit in any respect the obligations of any other obligor under any other Project Document, and (y) this Agreement and each of the other Project Documents to which the New Obligor is a party constitute the legally valid, binding and enforceable obligation of the New Obligor;

(vii) the New Obligor shall have delivered to the Issuer the Required Disclosure Statement in form and substance satisfactory to the Issuer;

(viii) each such assignment shall contain such other provisions as the Issuer or the Trustee may reasonably require; and

(ix) an opinion of Nationally Recognized Bond Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such assignment or transfer shall not affect the exclusion of the interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income tax purposes.

The Obligors shall furnish or cause to be furnished to the Issuer and the Trustee a copy of any such assignment or transfer in substantially final form at least thirty (30) days prior to the date of execution thereof.

(b) With the exception of the lease of the entire Facility by the Borrower to the School pursuant to the Facility Lease, the School shall not at any time sublease all or substantially all of the Facility, without the prior written consents of the Issuer and the Trustee (which consents may be withheld by the Issuer or the Trustee in their absolute discretion); nor shall the School sublease part (*i.e.*, not constituting substantially all) of the Facility without the prior written consents of the Issuer and the Trustee (which consents shall, in such case, not be unreasonably withheld and, in the case of the Issuer, such consent to be requested by the School of the Issuer in the form prescribed by the Issuer, and such consent of the Issuer to take into consideration the Issuer's policies as in effect from time to time); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such letting:

(i) the School shall have delivered to the Issuer and the Trustee a certificate of an Authorized Representative to the effect that the sublease shall not cause the Facility to cease being the Approved Facility;

(ii) each of the Obligors shall remain primarily liable to the Issuer for the payment of all loan (in the case of the Borrower) and other payments and for the full performance of all of the terms, covenants and conditions of this Agreement and of the Promissory Notes (in the case of the Borrower) and of any other Project Document to which each shall be a party;

(iii) any sublessee in whole or substantially in whole of the Facility shall have assumed in writing (and shall have executed and delivered to the Issuer and the Trustee such document) and have agreed to keep and perform all of the terms of this Agreement and each other Project Document on the part of the School to be kept and performed, shall be jointly and severally liable with the School for the performance thereof, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

(iv) any sublessee shall utilize the Facility as the Approved Facility and shall constitute a Tax-Exempt Organization;

(v) such sublease shall not violate any provision of this Agreement or any other Project Document;

(vi) with respect to any subletting in part of the Facility, no more than an aggregate of twenty percent (20%) of the Completed Improvements Square Footage shall be subleased by the School;

(vii) an Opinion of Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such sublease shall be permitted under the Charter School Act and shall constitute the legally valid, binding and enforceable obligation of the sublessee and shall not legally impair in any respect the obligations of the Obligors for the payment of all loan (in the case of the Borrower) or other payments nor for the full performance of all of the terms, covenants and conditions of this Agreement, of the Promissory Notes (in the case of the Borrower) or of any other Project Document to which the Borrower and/or the School shall be a party, nor impair or limit in any respect the obligations of any other obligor under any other Project Document;

(viii) such sublease shall in no way diminish or impair the obligation of the Obligors to carry the insurance required under Section 3.11 of the Mortgage or Section 8.1, and the Obligors shall furnish written evidence satisfactory to the Issuer, the Bondholder Representative, if any, and the Trustee that such insurance coverage shall in no manner be diminished or impaired by reason of such assignment, transfer or sublease;

(ix) any such sublessee shall have delivered to the Issuer the Required Disclosure Statement in form and substance satisfactory to the Issuer;

(x) each such sublease shall contain such other provisions as the Issuer or the Trustee may reasonably require; and

(xi) an opinion of Nationally Recognized Bond Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such lease shall not affect the exclusion of the interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income tax purposes.

The Obligors shall furnish or cause to be furnished to the Issuer and the Trustee a copy of any such sublease in substantially final form at least thirty (30) days prior to the date of execution thereof.

(c) Any consent by the Issuer or the Trustee to any act of assignment, transfer or lease shall be held to apply only to the specific transaction thereby authorized. Such consent shall not be construed as a waiver of the duty of the Borrower and/or the School, or the successors or assigns of the Borrower and/or the School, to obtain from the Issuer and the Trustee consent to any other or subsequent assignment, transfer or lease, or as modifying or limiting the rights of the Issuer or the Trustee under the foregoing covenant by the Obligors.

(d) For purposes of this Section 8.9, any license or other right of possession or occupancy granted by the Borrower and/or the School with respect to the Facility shall be deemed a lease subject to the provisions of this Section 8.9.

Section 8.10 Retention of Title to or of Interest in Facility; Grant of Easements; Release of Portions of Facility.

(a) Neither the Borrower nor the School shall sell, assign, encumber (other than Permitted Encumbrances), convey or otherwise dispose of its fee title to or leasehold interest in, as applicable, the Facility, including the Facility Lease or the Improvements, or any part of the Facility or interest therein, except as set forth in Sections 3.3, 3.4, 3.5, 3.6, Article VI, 8.9 and 9.2 or in this Section, without (i) the prior written consents of the Issuer and of the Trustee, (ii) the Obligors delivering to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that such action pursuant to this Section will not affect the exclusion of the interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income taxes, and (iii) the Obligors delivering to the Trustee and the Issuer an Opinion of Counsel to the effect that such action is authorized and permitted under the Charter School Act. Any purported disposition without such consents and opinions shall be void.

(b) The Borrower and/or the School may, with the prior written consents of the Issuer and the Trustee (such consents not to be unreasonably withheld or delayed), so long as there exists no Event of Default hereunder, grant such rights of way or easements over, across, or under, the Facility Realty, or grant such permits or licenses in respect to the use thereof, free from the lien and security interest of the Mortgage, as shall be necessary or convenient in the opinion of the School for the operation or use of the Facility, or required by any utility company for its utility business, provided that, in each case, such rights of way, easements, permits or licenses shall not adversely affect the use or operation of the Facility as the Approved Facility, and provided, further, that any consideration received by the Borrower and/or the School from the granting of said rights-of-way, easements, permits or licenses shall be paid to the Trustee and deposited on a Pro Rata Basis in the Redemption Accounts of each of the Bond Funds. The Issuer agrees, at the sole cost and expense of the Borrower and/or the School, to execute and deliver, and to cause and direct the Trustee to execute and deliver, any and all instruments necessary or appropriate to confirm and grant any such right of way or easement or any such permit or license and to release the same from the lien and security interest of the Mortgage.

(c) So long as there exists no Event of Default hereunder, and the Borrower and/or the School delivers to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that the following action will not affect the exclusion of the interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income tax purposes, the Borrower and/or the School may from time to time request in writing to the Issuer and the

Trustee the release of and removal from the property comprising the Facility under this Agreement and the lien and security interest of the Mortgage, of any unimproved part of the Land (on which none of the Improvements, including the buildings, structures, major appurtenances, fixtures or other property comprising the Facility Realty, is situated); provided that such release and removal will not adversely affect the use or operation of the Facility as the Approved Facility. Upon any such request by the Borrower and/or the School, the Issuer shall, at the sole cost and expense of the Borrower and/or the School, cause and direct the Trustee to execute and deliver any and all instruments necessary or appropriate to so release and remove such unimproved Land from the property comprising the Facility under this Agreement and the lien and security interest of the Mortgage, subject to the following:

(i) any liens, easements, encumbrances and reservations to which title to said property was subject on the Closing Date;

(ii) any liens, easements and encumbrances created at the request of the Borrower and/or the School or to the creation or suffering of which the Borrower and/or the School consented;

(iii) any liens and encumbrances or reservations resulting from the failure of the Borrower and/or the School to perform or observe any of the agreements on its respective part contained in this Agreement or any other Project Document;

(iv) Permitted Encumbrances (other than the lien of the Mortgage); and

(v) any liens for taxes or assessments not then delinquent;

provided, however, that no such release shall be effected unless the following conditions have been satisfied:

(1) the Trustee shall have received a certificate of an Independent Consultant, dated not more than sixty (60) days prior to the date of the release, stating that, in the opinion of the person signing such certificate, the unimproved Land and the release thereof so proposed to be made is not needed for the operation of the remaining Facility, will not adversely affect the use or operation of the Facility as the Approved Facility and will not destroy the means of ingress thereto and egress therefrom;

(2) the Trustee shall have received an amount of cash for deposit on a Pro Rata Basis in the Redemption Accounts of each of the Bond Funds equal to the greatest of (A) the original cost of the unimproved Land so released, such allocable cost to be determined by the appraisal of an independent real estate brokerage firm of recognized standing within the City, (B) the fair market value of such unimproved Land, such value to be determined by the

appraisal of an independent real estate brokerage firm of recognized standing within the City, and (C) if such unimproved Land is released in connection with its sale, the amount received by the Borrower and/or the School upon such sale; and

(3) the Facility Realty as shall remain subject to the Mortgage shall not constitute a portion of a tax lot.

(d) No conveyance or release effected under the provisions of this Section 8.10 shall entitle (y) the Borrower to any abatement or diminution of the loan payments or other amounts payable under Section 4.3 or (z) the Borrower and/or the School to any abatement or diminution of any other payments required to be made by the Borrower and/or the School under this Agreement or any other Project Document to which it shall be a party.

Section 8.11 Discharge of Liens.

(a) If any lien, encumbrance or charge is filed or asserted (including any lien for the performance of any labor or services or the furnishing of materials), or any judgment, decree, order, levy or process of any court or governmental body is entered, made or issued or any claim (such liens, encumbrances, charges, judgments, decrees, orders, levies, processes and claims being herein collectively called "**Liens**"), whether or not valid, is made against the Trust Estate, the Facility Lease, the Facility Lease Rental Payments, the Pledged Collateral, the Facility or any part thereof or the interest therein of the Borrower and/or the School or against any of the loan payments or other amounts payable under this Agreement, the Promissory Notes or any of the other Security Documents, or the interest of the Issuer or the Borrower and/or the School in any Project Document, other than Liens for Impositions not yet payable, Permitted Encumbrances, or Liens being contested as permitted by Section 8.11(b), the Borrower and/or the School forthwith upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such notice) shall give written notice thereof to the Issuer and the Trustee and take all action (including the payment of money and/or the securing of a bond with respect to any such Lien) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full of such Lien and to remove or nullify the basis therefor. Nothing contained in this Agreement shall be construed as constituting the express or implied consent to or permission of the Issuer for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien not permitted under this Section 8.11(a).

(b) The Borrower and/or the School may, at their sole cost and expense, contest (after prior written notice to the Issuer and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Lien, if:

(i) such proceeding shall suspend the execution or enforcement of such Lien against the Trust Estate, the Facility Lease, the Facility Lease Rental Payments, the Pledged Collateral, the Facility or any part thereof or interest therein, or against any of the loan payments or other amounts payable under this Agreement, the Promissory Notes or any of the other Project Documents or the

interest of the Issuer, the Borrower or the School in any Project Document,

(ii) neither the Facility nor any part thereof or interest therein, the Trust Estate or any portion thereof, the Facility Lease, the Facility Lease Rental Payments, the Pledged Collateral, the loan payments or other amounts payable under this Agreement, the Promissory Notes or any of the other Project Documents or the interest of the Issuer, the Borrower or the School in any Project Document would be in any danger of being sold, forfeited or lost,

(iii) none of the Borrower, the School, the Issuer or the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and

(iv) the Borrower and/or the School shall have furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents.

Section 8.12 Filing.

(a) The security interest granted by the Issuer to the Trustee pursuant to the Indenture in the rights and other intangible interests described therein, shall be perfected by the filing of financing statements at the direction of the Issuer (at the sole cost and expense of the Borrower and/or the School) in the office of the Secretary of State of the State in the City of Albany, New York, which financing statements shall be in accordance with Article 9 (Secured Transactions) of the New York State Uniform Commercial Code.

(b) As of the Closing Date,

(i) Section 9-515 of the New York State Uniform Commercial Code provides that an initial financing statement filed in connection with a “public-finance transaction” is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public-finance transaction,

(ii) Section 9-102(67) of the New York State Uniform Commercial Code defines a “public-finance transaction” as a secured transaction in connection with which (x) debt securities are issued, (y) all or a portion of the debt securities issued have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a security interest is a state or a governmental unit of a state, and

(iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.

(c) The parties hereto acknowledge and agree that, because the foregoing financing statements evidence collateral for the Initial Bonds, and because the Series 2018A Bonds are municipal debt securities with a term that is at least twenty (20) years in duration, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the liens and security interests that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

Subsequent to the initial filings, if it is necessary to re-file financing statements and/or file continuation statements and/or take any other actions to preserve the lien and security interest of the Indenture (individually or collectively, the “**Continuation Action(s)**”), then the Borrower in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Trustee all necessary instruments and filing papers, together with remittances equal to the cost of required filing fees and other charges, so that the Trustee may perform the Continuation Actions, or (ii) electronically perform the Continuation Actions and deliver to the Trustee written certification (upon which the Trustee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause “(i)” and the others in the manner described in clause “(ii)”; and (B) if requested by the Trustee (acting at the direction of the Bondholder Representative, if in effect, or if not, by the Majority Holders) or the Issuer, deliver or cause to be delivered to the Issuer and the Trustee the Opinion of Counsel to the Borrower as described below. The Trustee may conclusively rely upon (y) when applicable, the certification referred to in clause “(A)(ii),” and (z) in all instances, the Opinion of Counsel to the Borrower. In the event the Borrower chooses to have the Trustee perform all or some of the Continuation Actions, as provided in clause “(A)(i),” the Trustee shall reasonably promptly perform such Continuation Actions at the Borrower’s sole expense. The Borrower shall perform the obligations described hereinabove in clauses “(A)” (in every case) and “(B)” (if so requested) no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause “(i)”) on which a Continuation Action is to be taken to preserve the lien and security interest of the Indenture.

If an Opinion of Counsel to the Borrower is requested pursuant to clause “(B),” then the Opinion of Counsel to the Borrower shall be addressed to the Borrower, the Issuer and the Trustee. If so requested, the Borrower shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year anniversary thereafter through the term of the Series 2018A Bonds, and/or (ii) the date of any required Continuation Action not covered by clause “(i),” in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Borrower, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally

opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Trustee with instruments and papers prepared by the Borrower, or (ii) the Borrower through electronic filing, or (iii) the Trustee as to some Continuation Actions, and the Borrower as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Borrower, the Issuer and the Trustee then requisite to the maintenance of the perfection of the security interest of the Trustee in and to all property and interests which by the terms of the Indenture are to be subjected to the lien and security interest of the Indenture.

(d) Any filings with respect to the Uniform Commercial Code financing statements may be made electronically, and the Issuer shall have the right to designate a company (which shall be reasonably acceptable to the Trustee) to facilitate the filing of the Uniform Commercial Code financing statements.

(e) The Obligors acknowledge and agree that neither the Issuer nor the Trustee, nor any of their respective directors, members, officers, employees, servants, agents, persons under its control or supervision, or attorneys (including Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests, or the recording or rerecording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

(f) The Borrower agrees to perform all other acts (including the payment of all fees and expenses) necessary in order to enable the Issuer and the Trustee to comply with this Section and with Section 7.07 of the Indenture, including but not limited to, providing prompt notice to the Trustee of any change in either of the name or address of the Borrower. The Borrower agrees that the Issuer and the Trustee, if permitted by applicable law, may provide for the re-recording of the Indenture or any other Security Document or the filing or re-filing of continuation statements without the cooperation of the Borrower as necessary at the sole cost and expense of the Borrower.

Section 8.13 No Further Encumbrances Permitted. Neither the Borrower nor the School shall create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against (i) the Facility or any part thereof, or the respective interest of the Borrower and/or the School in the Facility (except for Permitted Encumbrances), the Facility Lease, the Facility Lease Rental Payments or the Pledged Collateral, or (ii) the Trust Estate or any portion thereof, the loan payments or other amounts payable under this Agreement, the Promissory Notes or any of the other Security Documents or the interest of the Issuer, the Borrower or the School in any Project Document. The Obligors covenant that each shall take or cause to be taken all action, including all filing and recording, as may be necessary to ensure that there are no mortgage liens on, or security interests in, the Facility (other than Permitted Encumbrances), the Facility Lease, the Facility Lease Rental Payments or the Pledged Collateral prior to the mortgage liens thereon, and security interests therein, granted by the Security Documents.

Section 8.14 Documents Automatically Deliverable to the Issuer.

(a) The Obligors shall immediately notify the Issuer of the occurrence of any Event of Default, or any event that with notice and/or lapse of time would constitute an Event of Default under any Project Document. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Obligors and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Obligors shall state this fact on the notice.

(b) The Obligors shall promptly provide written notice to the Issuer if any Conduct Representation made by the Borrower and/or the School would, if made on any date during the term of the Agreement and deemed made as of such date, be false, misleading or incorrect in any material respect.

(c) Within five (5) Business Days after receipt from the Issuer of any subtenant survey and questionnaire pertaining to the Facility, the Borrower and/or the School shall complete and execute such survey and questionnaire and return the same to the Issuer.

(d) The Obligors shall deliver all insurance-related documents required by Sections 8.1(f) and 8.1(g).

(e) Within 120 days after the close of each Fiscal Year during which action was taken by the Borrower and/or the School pursuant to Section 3.4, the Borrower and/or the School shall deliver written notice of the Additional Improvement(s) to the Issuer.

(f) If a removal involving Existing Facility Property having a value in the aggregate exceeding \$25,000 was taken by the Borrower and/or the School pursuant to Section 3.5(a), the Borrower and/or the School shall deliver written notice of such removal to the Issuer within five (5) Business Days following such removal.

(g) Promptly following completion of the Project, but no later than five (5) Business Days following the receipt of any one of a certificate of occupancy, temporary certificate of occupancy, an amended certificate of occupancy or a letter of no objection, the Borrower and/or the School shall deliver to the Issuer the certificate as to Project completion in substantially the form set forth in Exhibit G – “Form of Project Completion Certificate”, together with all attachments required thereunder.

(h) If the Borrower and/or the School shall request the consent of the Issuer under Section 8.9 to any sublease in whole or in part of the Facility, or to any assignment or transfer of this Agreement, the Obligors shall submit such request to the Issuer in the form prescribed by the Issuer.

Section 8.15 Requested Documents. Upon request of the Issuer, the Obligors shall deliver or cause to be delivered to the Issuer within five (5) Business Days of the date so requested:

(a) a copy of the most recent annual audited financial statements of the Borrower and of the School and of their respective subsidiaries, if any (including balance sheets as of the end of the Fiscal Year and the related statement of revenues, expenses and changes in

fund balances and, if applicable, income, earnings, and changes in financial position) for such Fiscal Year, prepared in accordance with GAAP and certified by an Independent Accountant;

(b) a certificate of an Authorized Representative of the Obligors that the insurance the Obligors maintain complies with the provisions of Section 8.1, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and are in full force and effect and the evidence required by Section 8.1(f);

(c) copies of any (x) bills, invoices or other evidences of cost as shall have been incurred in connection with the Project Work, and (y) permits, authorizations and licenses from appropriate authorities relative to the occupancy, operation and use of the Facility;

(d) a certificate of an Authorized Representative of the Obligors certifying either that (x) neither the Borrower nor the School took any action described in Section 3.4 resulting in Additional Improvements to the Facility Realty during the preceding Fiscal Year or (y) the Borrower and/or the School did take action or actions described in Section 3.4 resulting in Additional Improvements to the Facility Realty during the preceding Fiscal Year and the Obligors complied with the provisions of Section 3.4;

(e) a certificate of an Authorized Representative of the Obligors certifying either that (x) neither the Borrower nor the School took any action described in Section 3.5(a) resulting in the removal of Existing Facility Property having a value in the aggregate exceeding \$25,000 during the preceding Fiscal Year or (y) the Borrower and/or the School did take action or actions described in Section 3.5(a) resulting in the removal of Existing Facility Property having a value in the aggregate exceeding \$25,000 during the preceding Fiscal Year and the Obligors complied with the provisions of Section 3.5(a);

(f) a certificate of an Authorized Representative of the Obligors as to whether or not, as of the close of the immediately preceding Fiscal Year, and at all times during such Fiscal Year, the Borrower and the School were each in compliance with all the provisions that relate to the Borrower and/or the School in this Agreement and in any other Project Document to which either or both shall be a party, and if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Obligors with respect thereto;

(g) upon twenty (20) days prior request by the Issuer, a certificate of an Authorized Representative of the Obligors either stating that to the knowledge of such Authorized Representative after due inquiry there is no default under or breach of any of the terms hereof that exists or, with the passage of time or the giving of notice or both, would constitute an Event of Default hereunder, or specifying each such default or breach of which such Authorized Representative has knowledge;

(h) employment information requested by the Issuer pursuant to Section 8.7(b);

(i) information regarding non-discrimination requested by the Issuer pursuant to Section 8.8; and

(j) information regarding whether the School's charter under the Charter School Act continues in effect.

Section 8.16 Periodic Reporting Information for the Issuer.

(a) Neither the Borrower nor the School shall assert as a defense to any failure of the Obligors to deliver to the Issuer any reports specified in this Section 8.16 that the Borrower and/or the School shall not have timely received any of the forms from or on behalf of the Issuer unless, (x) the Borrower and/or the School shall have requested in writing such form from the Issuer not more than thirty (30) days nor less than fifteen (15) days prior to the date due, and (y) the Obligors shall not have received such form from the Issuer at least one (1) Business Day prior to the due date. For purposes of this Section 8.16, the Obligors shall be deemed to have "received" any such form if it shall have been directed by the Issuer to a website at which such form shall be available. In the event the Issuer, in its sole discretion, elects to replace one or more of the reports required by this Agreement with an electronic or digital reporting system, the Obligors shall make their reports pursuant to such system.

(b) Annually, by August 1 of each year, commencing on the August 1 immediately following the Closing Date, until the termination of this Agreement, the Obligors shall submit to the Issuer the Annual Employment and Benefits Report relating to the period commencing July 1 of the previous year and ending June 30 of the year of the obligation of the filing of such report, in the form prescribed by the Issuer, certified as to accuracy by an officer of the Borrower and of the School. Upon termination of this Agreement, the Obligors shall submit to the Issuer the Annual Employment and Benefits Report relating to the period commencing the date of the last such Report submitted to the Issuer and ending on the last payroll date of the preceding month in the form prescribed by the Issuer, certified as to accuracy by the Obligors. Nothing herein shall be construed as requiring the Borrower or the School to maintain a minimum number of employees on its respective payroll.

(c) If there shall have been a tenant, other than the School, with respect to all or part of the Facility, at any time during the immediately preceding calendar year, the Borrower shall file with the Issuer by the next following February 1, a certificate of an Authorized Representative of the Borrower with respect to all tenancies in effect at the Facility, in the form prescribed by the Issuer.

(d) If there shall have been a subtenant, other than the School, with respect to all or part of the Facility, at any time during the twelve-month period terminating on the immediately preceding June 30, the Borrower shall deliver to the Issuer by the next following August 1, a completed Subtenant's Employment and Benefits Report with respect to such twelve-month period, in the form prescribed by the Issuer.

(e) If the Borrower shall have had the benefit of a Business Incentive Rate at any time during the twelve-month period terminating on the immediately preceding June 30, the Borrower shall deliver to the Issuer by the next following August 1, a completed report required

by the Issuer in connection with the Business Incentive Rate with respect to such twelve-month period, in the form prescribed by the Issuer.

(f) The Obligors shall deliver to the Issuer on August 1 of each year, commencing on the August 1 immediately following the Closing Date, a completed location and contact information report in the form prescribed by the Issuer.

(g) The Obligors shall deliver to the Issuer a copy of any notice given to the MSRB, or posted to the MSRB's Electronic Municipal Market access system or the Securities and Exchange Commission pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission or to the Trustee, promptly after the same is so given.

(h) The School shall promptly deliver to the Issuer written notice if its charter under the Charter School Act shall have expired or been amended, revoked, surrendered or terminated, or if there are any pending or threatened proceedings to effect same.

Section 8.17 Taxes, Assessments and Charges.

(a) The Obligors shall pay when the same shall become due all taxes and assessments, general and specific, if any, levied and assessed upon or against the Trust Estate, the Facility Realty or any part thereof, the Facility Lease, the Facility Lease Rental Payments, the Pledged Collateral, or the respective interest of the Borrower and/or the School in the Facility, or against any of the loan payments or other payments or other amounts payable hereunder, the Promissory Notes or any of the other Project Documents, or the interest of the Issuer, the Borrower or the School in any Project Document, and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Facility Realty, all of which are herein called "**Impositions**". The Obligors may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

(b) In the event the Facility Realty is exempt from Impositions solely due to the Issuer's involvement with the Project and the Facility Realty, the Obligors shall pay all Impositions to the appropriate taxing authorities equivalent to the Impositions that would have been imposed on the Facility Realty as if the Issuer had no involvement with the Project and the Facility Realty.

(c) The Borrower and/or the School may at their sole cost and expense contest (after prior written notice to the Issuer and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Imposition, if:

(i) such proceeding shall suspend the execution or enforcement of such Imposition against the Trust Estate, the Facility or any part thereof, the Facility Lease, the Facility Lease Rental Payments, the Pledged Collateral, or interest of the Borrower or the School in the Facility, or against any of the loan payments or other

amounts payable under this Agreement, the Promissory Notes or any of the other Project Documents, or the interest of the Issuer, the Borrower or the School in any Project Document,

(ii) none of the Trust Estate, the Facility nor any part thereof or interest of the Borrower or the School in the Facility, the Facility Lease, the Facility Lease Rental Payments, the Pledged Collateral, or any of the loan payments or other amounts payable under this Agreement, the Promissory Notes or any of the other Project Documents, or the interest of the Issuer, the Borrower or the School in any Project Document, would be in any danger of being sold, forfeited or lost,

(iii) none of the Borrower, the School, the Issuer or the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and

(iv) the Obligors shall have furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents.

Section 8.18 Compliance with Legal Requirements.

(a) Neither the Borrower nor the School shall occupy, use or operate the Facility, or allow the Facility or any part thereof to be occupied, used or operated, for any unlawful purpose or in violation of any certificate of occupancy affecting the Facility or for any use which may constitute a nuisance, public or private, or make void or voidable any insurance then in force with respect thereto.

(b) At their sole cost and expense, the Obligors shall promptly observe and comply with all applicable Legal Requirements (including, without limitation, as applicable, the Charter School Act, the LW Law, the Prevailing Wage Law, and the Earned Sick Time Act, constituting Chapter 8 of Title 20 of the New York City Administrative Code), whether foreseen or unforeseen, ordinary or extraordinary, that shall now or at any time hereafter be binding upon or applicable to the Borrower, the School, the Facility, any occupant, user or operator of the Facility or any portion thereof, and will observe and comply with all conditions, requirements, and schedules necessary to preserve and extend all rights, licenses, permits (including zoning variances, special exception and non-conforming uses), privileges, franchises and concessions. The Obligors will not, without the prior written consent of the Issuer and the Trustee (which consents shall not be unreasonably withheld or delayed), initiate, join in or consent to any private restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the uses that may be made of the Facility or any part thereof.

(c) The Borrower and/or the School may at their sole cost and expense (after prior written notice to the Issuer and the Trustee) contest in good faith the validity, existence or

applicability of any of the matters described in Section 8.18(b) if (i) such contest shall not result in the Trust Estate, the Facility or any part thereof or interest of the Borrower or the School in the Facility, the Facility Lease, the Facility Lease Rental Payments, the Pledged Collateral, or any of the loan payments or other amounts payable under this Agreement, the Promissory Notes or any of the other Project Documents, or the interest of the Issuer, the Borrower or the School in any Project Document, being in any danger of being sold, forfeited or lost, (ii) such contest shall not result in the Borrower, the School, the Issuer or the Trustee being in any danger of any civil or any criminal liability for failure to comply therewith, and (iii) the Obligors shall have furnished such security, if any, as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents for failure to comply therewith.

Section 8.19 Operation as Approved Facility.

(a) Neither the Borrower nor the School will take any action, or suffer or permit any action, if such action would cause the Facility not to be the Approved Facility.

(b) Neither the Borrower nor the School will fail to take any action, or suffer or permit the failure to take any action, if such failure would cause the Facility not to be the Approved Facility.

(c) The Obligors will permit the Trustee, the Bondholder Representative, if any, the Independent Consultant and the Construction Consultant and their respective duly authorized agents, at all reasonable times upon written notice (and subject to student safety requirements) to enter upon the Facility and to examine and inspect the Facility and exercise their rights hereunder, under the Indenture and under the other Security Documents with respect to the Facility. The Obligors will further permit the Issuer, or its duly authorized agent, upon reasonable notice, at all reasonable times, to enter the Facility, but solely for the purpose of assuring that the Obligors are operating the Facility, or are causing the Facility to be operated, as the Approved Facility consistent with the Approved Project Operations and with the corporate purposes of the Issuer.

Section 8.20 Restrictions on Dissolution and Merger.

(a) Each of the Borrower and the School covenants and agrees that at all times during the term of this Agreement:

(i) the Borrower shall maintain its existence as a limited liability company the sole member of which will be the Member which shall continue to be a not-for-profit corporation which shall constitute a Tax-Exempt Organization,

(ii) the School shall maintain its existence as a not-for-profit education corporation constituting a Tax-Exempt Organization, and a validly existing charter school under the Charter School Act,

(iii) each will continue to be subject to service of process in the State,

(iv) each will continue to be organized under the laws of, or qualified to do business in, the State,

(v) neither will liquidate, wind up or dissolve or otherwise dispose of all or substantially all of its property, business or assets (“**Transfer**”) remaining after the Closing Date, except as provided in Section 8.20(b),

(vi) neither will consolidate with or merge into another Entity or permit one or more Entities to consolidate with or merge into it (“**Merge**”), except as provided in Section 8.20(b), and

(vii) neither will change or permit the change of any Principal of the Borrower or the School, or a change in the relative Control of the Borrower or the School of any of the existing Principals, except in each case as provided in Section 8.20(c).

(b) Notwithstanding Section 8.20(a), the Borrower or the School may Merge or participate in a Transfer if the following conditions are satisfied on or prior to the Merger or Transfer, as applicable:

(i) when the Borrower or the School, as the case may be, is the surviving, resulting or transferee Entity,

(1) the Borrower or the School, as applicable, shall have a net worth (as determined by an Independent Accountant in accordance with GAAP) at least equal to that of the Borrower or the School, as applicable, immediately prior to such Merger or Transfer,

(2) the School shall continue to be a not-for-profit corporation constituting a Tax-Exempt Organization, and, (y) in the case of the Borrower, its sole member shall be the Member which shall itself continue to be a not-for-profit corporation constituting a Tax-Exempt Origination, and (z) in the case of the School, the School shall also continue as a not-for-profit education corporation constituting a Tax-Exempt Organization and a validly existing charter school under the Charter School Act,

(3) the Obligors shall deliver to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such action will not cause the interest on the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes,

(4) the Obligors shall obtain the prior written consent of the Bondholder Representative, if any, and

(5) the Borrower or the School, as applicable, shall deliver to the Issuer a Required Disclosure Statement with respect to itself as surviving Entity in form and substance satisfactory to the Issuer; or

(ii) when the Borrower or the School, as the case may be, is not the surviving, resulting or transferee Entity (the **"Successor Entity"**),

(1) neither the predecessor to the Borrower or the School, as the case may be (the **"Predecessor Entity"**), nor the other Obligor, shall have been in default under this Agreement or under any other Project Document,

(2) the Successor Entity shall be a Tax-Exempt Organization (or a disregarded entity of a not-for-profit corporation constituting a Tax-Exempt Organization), shall be solvent and subject to service of process in the State and organized under the laws of the State, or under the laws of any other state of the United States and duly qualified to do business in the State, and, if the Predecessor Entity shall have been the School, the Successor Entity shall also be a not-for-profit education corporation and a validly existing charter school under the Charter School Act,

(3) the Successor Entity shall have assumed in writing all of the obligations of the Predecessor Entity contained in this Agreement and in all other Project Documents to which the Predecessor Entity shall have been a party,

(4) the Successor Entity shall have delivered to the Issuer a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion,

(5) each Principal of the Successor Entity shall have delivered to the Issuer a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion,

(6) the Successor Entity shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer and the Trustee, an Opinion of Counsel to the effect that (y) this Agreement and all other Project Documents to which the Predecessor Entity shall be a party constitute the legal, valid and binding obligations of the Successor Entity and each is enforceable in accordance with their respective terms to the same extent as it was enforceable against the Predecessor Entity, and (z) such action is permitted under the Charter School Act and does not legally impair the security for the Holders of the Bonds afforded by the Security Documents,

(7) the Successor Entity shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer and the Trustee, an opinion of an Independent Accountant to the effect that the Successor Entity has a net worth (as determined in accordance with GAAP) after the Merger or Transfer at least equal to that of the Predecessor Entity immediately prior to such Merger or Transfer,

(8) the Successor Entity shall obtain the prior written consent of the Bondholder Representative, if any,

(9) the Successor Entity delivers to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such action will not cause the interest on the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes, and

(10) if the Predecessor Entity shall be the School, the Successor Entity shall provide evidence to the Trustee that the Successor Entity can continue to operate the Facility as a charter school in accordance with the Charter School Act.

(c) If there is a change in Principals of the Borrower or the School, or a change in the Control of the Borrower or the School, the Obligors shall deliver to the Issuer prompt written notice thereof (including all details that would result in a change to Exhibit D — “Principals of the Borrower and of the School”) to the Issuer together with a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion.

Section 8.21 Preservation of Exempt Status. The Borrower and the School agree that each shall:

(a) not perform any acts, enter into any agreements, carry on or permit to be carried on at the Facility, or permit the Facility to be used in or for any trade or business, which shall adversely affect the basis for the Member’s or the School’s exemption under Section 501 of the Code;

(b) not use more than three percent (3%) of the proceeds of the Tax-Exempt Bonds or permit the same to be used, directly or indirectly, in any trade or business that constitutes an unrelated trade or business as defined in Section 513(a) of the Code or in any trade or business carried on by any Person or Persons who are not governmental units or Tax-Exempt Organizations;

(c) not directly or indirectly use the proceeds of the Tax-Exempt Bonds to make or finance loans to Persons other than governmental units or Tax-Exempt Organizations, provided that no loan shall be made to another Tax-Exempt Organization unless such organization is using the funds for a purpose that is not an unrelated trade or business for any of the Borrower, the School, the Member, or the recipient of the loan;

(d) not take any action, or fail to take any action, the result of which would cause the Borrower to no longer be considered a disregarded entity for federal income tax purposes;

(e) not take any action or permit any circumstances within its control to arise or continue, if such action or circumstances, or its expectation on the Closing Date, would cause the Tax-Exempt Bonds to be “arbitrage bonds” under the Code or cause the interest paid by the Issuer on the Tax-Exempt Bonds to be subject to Federal income tax in the hands of the Holders thereof; and

(f) use its best efforts to maintain the tax-exempt status of the Tax-Exempt Bonds.

Section 8.22 Securities Law Status. The Obligors covenant that:

(a) the Facility shall be operated (y) exclusively for civic or charitable purposes and (z) not for pecuniary profit, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act,

(b) no part of the net earnings of the Borrower or the School shall inure to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act, and

(c) neither the Borrower nor the School shall perform any act nor enter into any agreement which shall change such status as set forth in this Section.

Section 8.23 Further Assurances. Each of the Obligors will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, including Uniform Commercial Code financing statements, at the sole cost and expense of the Obligors, as the Issuer or the Trustee deems reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of this Agreement and any rights of the Issuer or the Trustee hereunder, under the Indenture or under any other Security Document.

Section 8.24 Tax Regulatory Agreement.

(a) The Obligors shall comply with all of the terms, provisions and conditions set forth in the Tax Regulatory Agreement, including, without limitation, the making of any payments and filings required thereunder.

(b) Promptly following receipt of notice from the Trustee as provided in Section 5.07 of the Indenture that the amount on deposit in the Rebate Fund is less than the Rebate Amount, the Obligors shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.

(c) The Obligors agree to pay all costs of compliance with the Tax Regulatory Agreement and costs of the Issuer relating to any examination or audit of the Bonds by the Internal Revenue Service (including fees and disbursements of lawyers and other consultants).

Section 8.25 Compliance with the Indenture. The Obligors will comply with the provisions of the Indenture with respect to the Obligors. The Trustee shall have the power, authority, rights and protections provided in the Indenture. The Obligors will use their best efforts to cause there to be obtained for the Issuer any documents or opinions of counsel required of the Issuer under the Indenture.

Section 8.26 Reporting Information for the Trustee.

(a) The Obligors shall furnish or cause to be furnished to the Trustee:

(i) as soon as available and in any event within one hundred and fifty (150) days after the close of each Fiscal Year, a

copy of the annual financial statements of each of the Borrower and of the School, including balance sheets as at the end of each such Fiscal Year, and the related statements of income, balances, earnings, retained earnings and changes in financial position for each such Fiscal Year, as audited by the Independent Accountant for the Obligors and prepared in accordance with GAAP,

(ii) as soon as available and in any event within forty-five (45) days after the close of each quarter of each Fiscal Year, a copy of the unaudited financial statements of each of the Borrower and of the School, including balance sheets as at the end of such quarter, and the related statements of income, balances, earnings, retained and changes in financial position for such quarter, prepared in accordance with GAAP, certified by an Authorized Representative of the Obligors, and

(iii) a copy of any notice given to Bondholders, the MSRB or the Securities and Exchange Commission pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission or to the Trustee, promptly after the same is so given.

(b) The Obligors shall deliver to the Trustee with each delivery of annual financial statements required by Section 8.26(a)(i):

(i) a certificate of an Authorized Representative of the Obligors:

(1) as to whether or not, as of the close of such preceding Fiscal Year, and at all times during such Fiscal Year, each of the Obligors was in compliance with all the provisions which relate to each Obligor in this Agreement and in any other Project Document to which it shall be a party, and

(2) as to whether or not a Determination of Taxability has occurred, and

(3) if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default or Determination of Taxability, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Obligors with respect thereto, and

(ii) a certificate of an Authorized Representative of the Obligors that the insurance that each maintains complies with the provisions of Section 8.1 of this Agreement and Section 3.11 of the Mortgage, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies

of all policies or certificates thereof have been filed with the Issuer and the Trustee and are in full force and effect.

(c) In addition, upon twenty (20) days prior request by the Trustee, the Obligors will execute, acknowledge and deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Obligors either stating that to the knowledge of such Authorized Representative after due inquiry no default or breach exists hereunder or specifying each such default or breach of which such Authorized Representative has knowledge.

(d) The Obligors shall immediately notify the Trustee of the occurrence of any Event of Default or any event which with notice and/or lapse of time would constitute an Event of Default under any Project Document. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Obligors and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Obligors shall state this fact on the notice.

(e) The School shall promptly deliver to the Trustee written notice if its charter under the Charter School Act shall have expired or been amended, revoked, surrendered or terminated, or if there are any pending or threatened proceedings to effect same.

(f) The Obligors shall deliver to the Trustee all insurance-related documents required by Sections 8.1(f)(i), 8.1(f)(ii), 8.1(f)(iii) and 8.1(g).

(g) The Trustee shall be under no obligation to review the financial statements received under this Section 8.26 for content and shall not be deemed to have knowledge of the contents thereof.

Section 8.27 Continuing Disclosure. The Obligors shall, if required by Securities and Exchange Commission Rule 15c2-12(b)(5), enter into and comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Agreement, failure of the Borrower or the School to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Holders of at least twenty-five percent (25%) aggregate principal amount in Outstanding Bonds, shall, upon receipt of reasonable indemnification for its fees and costs acceptable to it), and any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrower and/or the School to comply with their obligations under this Section 8.27. The Obligors agree that the Issuer shall have no continuing disclosure obligations.

Section 8.28 Special Charter School Covenants and Blocked Account Control Agreement.

(a) The School covenants that, for so long as any Bonds shall be Outstanding, (i) it will be registered with the New York State Department of Education as an eligible education institution and (ii) it will be chartered by the State University of New York or the New York Board of Regents as a charter school. The School shall provide the Issuer and the Trustee

immediate notice if the School's charter is not renewed, or is otherwise terminated, revoked, amended or cancelled or expires.

(b) The School covenants that it shall not discriminate in admissions, hiring, the granting of scholarships or loans, if applicable, or the administration of educational policies generally.

(c) The School covenants to comply fully in all material respects with the provisions of the Charter School Act so long as any Bonds remain Outstanding. The School will do, or cause to be done, all things necessary to obtain, renew and secure all permits, licenses and other governmental approvals and to comply with such permits, licenses and other governmental approvals necessary for operation of the Facility as a public charter school in accordance with the Charter School Act.

(d) The Borrower shall instruct the Depositary Bank to transfer amounts deposited under the Blocked Account Control Agreement (together with any other moneys available to the Borrower and transferred to the Trustee for such purpose) to the Trustee for deposit in the Revenue Fund prior to the use by the School or the Borrower of such funds for other purposes and, in any event, by the Business Day preceding each Loan Payment Date so as to satisfy the Borrower's monthly payment obligation under this Agreement and the Promissory Notes.

The Borrower shall not change its Depositary Bank unless the Borrower has entered into a Control Agreement with such successor financial institution and delivered to the Trustee an Opinion of Counsel that such Control Agreement does not adversely affect the security interest granted by the Blocked Account Control Agreement.

The Borrower covenants that it will provide standing instructions to the School to submit all payments under the Facility Lease for direct deposit to the account held under the Blocked Account Control Agreement commencing immediately after the Closing Date. The Borrower covenants and agrees that such standing instruction to the School shall remain in full force and effect at all times to ensure that all payments under the Facility Lease are submitted by direct deposit to the account held under the Blocked Account Control Agreement for so long as any of the Bonds remain Outstanding or unsatisfied, and that such standing instructions to the School shall remain irrevocable so long as any of the obligations of the Borrower under this Agreement remain outstanding or unsatisfied.

Section 8.29 [Reserved].

Section 8.30 Living Wage.

(a) The Obligors acknowledge and agree that they have received "financial assistance" as defined in the LW Law. The Obligors agree to comply with all applicable requirements of the LW Law unless they shall be exempt therefrom. The Obligors acknowledge that the terms and conditions set forth in this Section 8.30 are intended to implement the Mayor's Executive Order No. 7 dated September 30, 2014.

(b) The following capitalized terms shall have the respective meanings specified below for purposes hereof.

Asserted Cure has the meaning specified in Section 8.30(k)(i).

Asserted LW Violation has the meaning specified in Section 8.30(k)(i).

Comptroller means the Comptroller of The City of New York or his or her designee.

Concessionaire means a Person that has been granted the right by the Borrower and/or the School, an Affiliate of the Borrower and/or the School or any tenant, subtenant, leaseholder or subleaseholder of the Borrower and/or the School or of an Affiliate of the Borrower and/or the School to operate at the Facility Realty for the primary purpose of selling goods or services to natural persons at the Facility Realty.

Covered Counterparty means a Covered Employer whose Specified Contract is directly with the Borrower and/or the School or one of its Affiliates to lease, occupy, operate or perform work at the Facility Realty.

Covered Employer means any of the following Persons: (a) the Borrower and the School, (b) a Site Affiliate, (c) a tenant, subtenant, leaseholder or subleaseholder of the Borrower and/or of the School or of an Affiliate of the Borrower and/or of the School that leases any portion of the Facility Realty (or an Affiliate of any such tenant, subtenant, leaseholder or subleaseholder if such Affiliate has one or more direct Site Employees), (d) a Concessionaire that operates on any portion of the Facility Realty, and (e) a Person that contracts or subcontracts with any Covered Employer described in clauses (a), (b), (c) or (d) above to perform work for a period of more than ninety days on any portion of the Facility Realty, including temporary services or staffing agencies, food service contractors, and other on-site service contractors; provided, however, that the term "Covered Employer" shall not include (i) a Person of the type described in Section 6-134(d)(2), (3), (4) or (5) of the New York City Administrative Code, (ii) a Person that has annual consolidated gross revenues that are less than the Small Business Cap unless the revenues of the Person are included in the consolidated gross revenues of a Person having annual consolidated gross revenues that are more than the Small Business Cap, in each case calculated based on the fiscal year preceding the fiscal year in which the determination is being made, and in each case calculated in accordance with generally accepted accounting principles, (iii) any otherwise covered Person operating on any portion of the Facility Realty if residential units comprise more than 75% of the total Facility Realty area and all of the residential units are subject to rent regulation, (iv) any otherwise covered Person that the Issuer has determined (in its sole and absolute discretion) in writing to be exempt on the basis that it works significantly with a Qualified Workforce Program, (v) a Person whose Site Employees all are paid wages determined pursuant to a collective bargaining or labor agreement,

(vi) if the Borrower and/or the School is a “covered developer” under and as defined in the Prevailing Wage Law, a Person that is a “building services contractor” (as defined in the LW Law) so long as such Person is paying its “building service employees” (as defined in the Prevailing Wage Law) no less than the applicable “prevailing wage” (as defined in the Prevailing Wage Law), or (vii) a Person exempted by a Deputy Mayor of The City of New York in accordance with the Mayor’s Executive Order No. 7 dated September 30, 2014.

DCA means the Department of Consumer Affairs of The City of New York, acting as the designee of the Mayor of The City of New York, or such other agency or designee that the Mayor of The City of New York may designate from time to time.

LW has the same meaning as the term “living wage” as defined in Section 6-134(b)(9) of the New York City Administrative Code and shall be adjusted annually in accordance therewith, except that as of April 1, 2015, the “living wage rate” component of the LW shall be eleven dollars and sixty-five cents per hour (\$11.65/hour) and the “health benefits supplement rate” component of the LW shall be one dollar and sixty-five cents per hour (\$1.65/hour). The annual adjustments to the “living wage rate” and “health benefits supplement rate” will be announced on or around January 1 of each year by the DCA and will go into effect on April 1 of such year.

LW Agreement means, with respect to any Covered Counterparty, an enforceable agreement in the form attached hereto as Exhibit J (except only with such changes as are necessary to make such Covered Counterparty the obligor thereunder).

LW Agreement Delivery Date means, with respect to any Covered Counterparty, the latest of (a) the effective date of such Covered Counterparty’s Specified Contract, (b) the date that such Covered Counterparty becomes a Covered Employer at the Facility Realty and (c) the Closing Date.

LW Event of Default means the satisfaction of the following two conditions: (a) two or more LW Violation Final Determinations shall have been imposed against the Borrower and/or the School or their respective Site Affiliates in respect of the direct Site Employees of the Borrower and/or the School or their respective Site Affiliates in any consecutive six year period during the LW Term and (b) the aggregate amount of Owed Monies and Owed Interest paid or payable by the Borrower and/or the School in respect of such LW Violation Final Determinations is in excess of the LW Violation Threshold in effect as of the date of the second LW Violation Final Determination. For the avoidance of doubt, the Owed Monies and Owed Interest paid or payable by the Borrower and/or the School in respect of the Site Employees of a Covered Counterparty that is not an Affiliate of the Borrower and/or the School (pursuant to Section 8.30(k)(v)) shall not count for purposes of determining whether the conditions in clauses (a) and (b) of the preceding sentence have been satisfied.

LW Law means the Fair Wages for New Yorkers Act, constituting Section 6-134 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

LW Term means the period commencing on the Closing Date and ending on the later to occur of (a) the date on which neither the Borrower nor the School are receiving financial assistance under this Agreement or (b) the date that is ten years after the Facility commences operations.

LW Violation Final Determination has the meaning specified in Section 8.30(k)(i)(1), Section 8.30(k)(i)(2)(A) or Section 8.30(k)(i)(2)(B), as applicable.

LW Violation Initial Determination has the meaning specified in Section 8.30(k)(i)(2).

LW Violation Notice has the meaning specified in Section 8.30(k)(i).

LW Violation Threshold means \$100,000 multiplied by 1.03^n , where “n” is the number of full years that have elapsed since January 1, 2015.

Owed Interest means the interest accruing on Owed Monies, which interest shall accrue from the relevant date(s) of underpayment to the date that the Owed Monies are paid, at a rate equal to the interest rate then in effect as prescribed by the superintendent of banks pursuant to Section 14-a of the New York State Banking Law, but in any event at a rate no less than six percent per year.

Owed Monies means, as the context shall require, either (a) the total deficiency of LW required to be paid by the Borrower and/or the School or a Site Affiliate in accordance with this Section 8.30 to the Borrower and/or the School or their respective Site Affiliate’s (as applicable) direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the “living wage rate” component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the “health benefits supplement rate” component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis; or (b) if the Borrower and/or the School or their respective Site Affiliate failed to obtain a LW Agreement from a Covered Counterparty as required under Section 8.30(f) below, the total deficiency of LW that would have been required to be paid under such Covered Counterparty’s LW Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the “living wage rate” component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the “health benefits supplement rate” component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis, during the period commencing on the LW Agreement Delivery Date applicable to

such Covered Counterparty and ending immediately prior to the execution and delivery by such Covered Counterparty of its LW Agreement (if applicable).

Prevailing Wage Law means Section 6-130 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

Qualified Workforce Program means a training or workforce development program that serves youth, disadvantaged populations or traditionally hard-to-employ populations and that has been determined to be a Qualified Workforce Program by the Director of the Mayor's Office of Workforce Development.

Site Affiliates means, collectively, all Affiliates of the Borrower and/or the School that lease, occupy, operate or perform work at the Facility Realty and that have one or more direct Site Employees.

Site Employee means, with respect to any Covered Employer, any natural person who works at the Facility Realty and who is employed by, or contracted or subcontracted to work for, such Covered Employer, including all employees, independent contractors, contingent workers or contracted workers (including persons made available to work through the services of a temporary services, staffing or employment agency or similar entity) that are performing work on a full-time, part-time, temporary or seasonal basis; provided that the term "Site Employee" shall not include any natural person who works less than seventeen and a half (17.5) hours in any consecutive seven day period at the Facility Realty unless the primary work location or home base of such person is at the Facility Realty (for the avoidance of doubt, a natural person who works at least seventeen and a half (17.5) hours in any consecutive seven day period at the Facility Realty shall thereafter constitute a Site Employee).

Small Business Cap means three million dollars; provided that, beginning in 2015 and each year thereafter, the Small Business Cap shall be adjusted contemporaneously with the adjustment to the "living wage rate" component of the LW using the methodology set forth in Section 6-134(b)(9) of the New York City Administrative Code.

Specified Contract means, with respect to any Person, the principal written contract that makes such Person a Covered Employer hereunder.

(c) During the LW Term, if and for so long as the Borrower or the School is a Covered Employer, the Borrower and the School shall pay each of its direct Site Employees no less than an LW. During the LW Term, the Borrower and the School shall cause each of its Site Affiliates that is a Covered Employer to pay their respective Site Employees no less than an LW.

(d) During the LW Term, if and for so long as the Borrower or the School is a Covered Employer (or if and for so long as a Site Affiliate is a Covered Employer, as applicable), the Borrower and the School shall (or shall cause the applicable Site Affiliate to, as

applicable), on or prior to the day on which each direct Site Employee of the Borrower and/or of the School or of a Site Affiliate begins work at the Facility Realty, (i) post a written notice detailing the wages and benefits required to be paid to Site Employees under this Section 8.30 in a conspicuous place at the Facility Realty that is readily observable by such direct Site Employee and (ii) provide such direct Site Employee with a written notice detailing the wages and benefits required to be paid to Site Employees under this Section 8.30. Such written notice shall also provide a statement advising Site Employees that if they have been paid less than the LW they may notify the Comptroller and request an investigation. Such written notice shall be in English and Spanish.

(e) During the LW Term, if and for so long as the Borrower or the School is a Covered Employer (or if and for so long as a Site Affiliate is a Covered Employer, as applicable), neither the Borrower nor the School shall (or the applicable Site Affiliate shall not, as applicable) take any adverse employment action against any Site Employee for reporting or asserting a violation of this Section 8.30.

(f) During the LW Term, regardless of whether the Borrower or the School is a Covered Employer, the Borrower and the School shall cause each Covered Counterparty to execute an LW Agreement on or prior to the LW Agreement Delivery Date applicable to such Covered Counterparty. The Obligors shall deliver a copy of each Covered Counterparty's LW Agreement to the Issuer, the DCA and the Comptroller at the notice address specified in Section 12.5 and promptly upon written request. The Obligors shall retain copies of each Covered Counterparty's LW Agreement until six (6) years after the expiration or earlier termination of such Covered Counterparty's Specified Contract.

(g) During the LW Term, in the event that an individual with managerial authority at the Borrower and/or at the School or at a Site Affiliate receives a written complaint from any Site Employee (or such individual otherwise obtains actual knowledge) that any Site Employee has been paid less than an LW, the Obligors shall deliver written notice to the Issuer, the DCA and the Comptroller within 30 days thereof.

(h) The Obligors hereby acknowledge and agree that the City, the DCA and the Comptroller are each intended to be third party beneficiaries of the terms and provisions of this Section 8.30. The Obligors hereby acknowledge and agree that the DCA, the Comptroller and the Issuer shall each have the authority and power to enforce any and all provisions and remedies under this Section 8.30 in accordance with paragraph (k) below. The Obligors hereby agree that the DCA, the Comptroller and the Issuer may bring an action for damages (but not in excess of the amounts set forth in paragraph (k) below), injunctive relief or specific performance or any other non-monetary action at law or in equity, in each case subject to the provisions of paragraph (k) below, as may be necessary or desirable to enforce the performance or observance of any obligations, agreements or covenants of the Borrower and/or the School (or of any Site Affiliate) under this Section 8.30. Notwithstanding anything herein to the contrary, no default or Event of Default under this Agreement shall occur by reason of the failure of the Borrower and/or of the School to perform or observe any obligation, covenant or agreement contained in this Section 8.30 unless and until an LW Event of Default shall have occurred. The agreements and acknowledgements of the Obligors set forth in this Section 8.30 may not be amended,

modified or rescinded by the Borrower and/or the School without the prior written consent of the Issuer or the DCA.

(i) No later than 30 days after the receipt by the Borrower and/or the School of a written request from the Issuer, the DCA and/or the Comptroller, the Obligors shall provide to the Issuer, the DCA and the Comptroller (i) a certification stating that all of the direct Site Employees of the Borrower and/or of the School and their respective Site Affiliates are paid no less than an LW (if such obligation is applicable hereunder) and stating that the Obligors and their respective Site Affiliates are in compliance with this Section 8.30 in all material respects, (ii) a written list of all Covered Counterparties, together with the LW Agreements of such Covered Counterparties, (iii) certified payroll records in respect of the direct Site Employees of the Borrower and/or of the School or of any Site Affiliate (if applicable), and/or (iv) any other documents or information reasonably related to the determination of whether the Borrower and/or the School or any Site Affiliate is in compliance with their obligations under this Section 8.30.

(j) Annually, by August 1 of each year during the LW Term, the Obligors shall (i) submit to the Issuer a written report in respect of employment, jobs and wages at the Facility Realty as of June 30 of such year, in a form provided by the Issuer to all projects generally, and (ii) submit to the Issuer and the Comptroller the annual certification required under Section 6-134(f) of the LW Law (if applicable).

(k) Violations and Remedies.

(i) If a violation of this Section 8.30 shall have been alleged by the Issuer, the DCA and/or the Comptroller, then written notice will be provided to the Obligors for such alleged violation (an "LW Violation Notice"), specifying the nature of the alleged violation in such reasonable detail as is known to the Issuer, the DCA and the Comptroller (the "Asserted LW Violation") and specifying the remedy required under Section 8.30(k)(ii), (iii), (iv), (v) and/or (vi) (as applicable) to cure the Asserted LW Violation (the "Asserted Cure"). Upon the receipt by the Borrower and/or the School of the LW Violation Notice, the Obligors may either:

(1) Perform the Asserted Cure no later than 30 days after its receipt of the LW Violation Notice (in which case a "LW Violation Final Determination" shall be deemed to exist), or

(2) Provide written notice to the Issuer, the DCA and the Comptroller indicating that the Borrower and/or the School is electing to contest the Asserted LW Violation and/or the Asserted Cure, which notice shall be delivered no later than 30 days after its receipt of the LW Violation Notice. The Obligors shall bear the burdens of proof and persuasion and shall provide evidence to the DCA no later than 45 days after its receipt of the LW Violation Notice. The DCA shall then, on behalf of the City, the Issuer and the Comptroller, make a good faith determination of whether the Asserted LW

Violation exists based on the evidence provided by the Obligors and deliver to the Obligors a written statement of such determination in reasonable detail, which shall include a confirmation or modification of the Asserted LW Violation and Asserted Cure (such statement, a "LW Violation Initial Determination"). Upon the receipt by the Borrower and/or the School of the LW Violation Initial Determination, the Obligors may either:

(A) Accept the LW Violation Initial Determination and shall perform the Asserted Cure specified in the LW Violation Initial Determination no later than 30 days after receipt of the LW Violation Initial Determination (after such 30 day period has lapsed, but subject to clause (B) below, the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination"), or

(B) Contest the LW Violation Initial Determination by filing in a court of competent jurisdiction or for an administrative hearing no later than 30 days after receipt of the LW Violation Initial Determination, in which case, the obligation of the Obligors to perform the Asserted Cure shall be stayed pending resolution of the action. If no filing in a court of competent jurisdiction or for an administrative hearing is made to contest the LW Violation Initial Determination within 30 days after the Obligors' receipt thereof, then the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination". If such a filing is made, then a "LW Violation Final Determination" will be deemed to exist when the matter has been finally adjudicated. The Obligors shall perform the Asserted Cure (subject to the judicial decision) no later than 30 days after the LW Violation Final Determination.

(ii) For the first LW Violation Final Determination imposed on the Borrower and/or the School or any Site Affiliate in respect of any direct Site Employees of the Borrower and/or of the School or of a Site Affiliate, at the direction of the Issuer or the DCA (but not both), (A) the Obligors shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of the Borrower and/or of the School or of a Site Affiliate to such direct Site Employees; and/or (B) in the case of a violation that does not result in monetary damages owed by the Obligors, the Obligors shall cure, or cause the cure of, such non-monetary violation.

(iii) For the second and any subsequent LW Violation Final Determinations imposed on the Borrower and/or the School or any Site Affiliate in respect of any direct Site Employees of the Borrower and/or of the School or of a Site Affiliate, at the direction of the Issuer or the DCA (but not both), (A) the Obligors shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of the Borrower and/or of the School or of a

Site Affiliate to such direct Site Employees, and the Obligors shall pay fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee; and/or (B) in the case of a violation that does not result in monetary damages owed by the Obligors, the Obligors shall cure, or cause the cure of, such non-monetary violation.

(iv) For the second and any subsequent LW Violation Final Determinations imposed on the Borrower and/or the School or any Site Affiliate in respect of any direct Site Employees of the Borrower and/or of the School or of a Site Affiliate, if the aggregate amount of Owed Monies and Owed Interest paid or payable by the Obligors in respect of the direct Site Employees of the Borrower and/or of the School or of a Site Affiliate is in excess of the LW Violation Threshold for all past and present LW Violation Final Determinations imposed on the Borrower and/or the School or any Site Affiliate, then in lieu of the remedies specified in subparagraph (iii) above and at the direction of the Issuer or the DCA (but not both), the Obligors shall pay (A) two hundred percent (200%) of the Owed Monies and Owed Interest in respect of the present LW Violation Final Determination to the affected direct Site Employees of the Borrower and/or of the School or of a Site Affiliate, and (B) fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee.

(v) If the Borrower and/or the School fails to obtain an LW Agreement from its Covered Counterparty in violation of paragraph (f) above, then at the discretion of the Issuer or the DCA (but not both), the Obligors shall be responsible for payment of the Owed Monies, Owed Interest and other payments described in subparagraphs (ii), (iii) and (iv) above (as applicable) as if the direct Site Employees of such Covered Counterparty were the direct Site Employees of the Borrower and/or of the School.

(vi) Neither the Borrower nor the School shall renew the Specified Contract of any specific Covered Counterparty or enter into a new Specified Contract with any specific Covered Counterparty if both (A) the aggregate amount of Owed Monies and Owed Interest paid or payable by such Covered Counterparty in respect of its direct Site Employees for all past and present LW Violation Final Determinations (or that would have been payable had such Covered Counterparty entered into an LW Agreement) is in excess of the LW Violation Threshold and (B) two or more LW Violation Final Determinations against such Covered Counterparty (or in respect of the direct Site Employees of such Covered Counterparty) occurred within the last 6 years of the term of the applicable Specified Contract (or if the term thereof is less than

6 years, then during the term thereof); provided that the foregoing shall not preclude the Borrower and/or the School from extending or renewing a Specified Contract pursuant to any renewal or extension options granted to the Covered Counterparty in the Specified Contract as in effect as of the LW Agreement Delivery Date applicable to such Covered Counterparty.

(vii) It is acknowledged and agreed that (A) other than as set forth in Section 8.2, the sole monetary damages that the Borrower and/or the School may be subject to for a violation of this Section 8.30 are as set forth in this paragraph (k), and (B) in no event will the Specified Contract between the Borrower and/or the School and a given Covered Counterparty be permitted to be terminated or rescinded by the Issuer, the DCA or the Comptroller by virtue of violations by the Borrower and/or the School or another Covered Counterparty.

(l) The terms and conditions set forth in this Section 8.30 shall survive the expiration or earlier termination of this Agreement.

Section 8.31 Certain Covenants with Respect to the Facility Lease. The Borrower and the School acknowledge and agree that the Facility Lease is of essential importance to the security for the Bonds, and covenant and agree not to transfer, assign, mortgage, pledge, hypothecate, encumber, terminate, waive, modify, amend or supplement the Facility Lease without the prior written consents of the Issuer, the Trustee and the Bondholder Representative (or, if no Bondholder Representative shall be in effect, the Majority Holders). The Borrower and the School further covenant and agree to deliver to the Issuer, the Trustee and the Bondholder Representative (or, if no Bondholder Representative shall be in effect, to all Holders of the Bonds) a copy of any written notice of default or termination sent by either party to the Facility Lease.

Section 8.32 Repair and Replacement Fund.

(a) The Obligors hereby covenant and agree to engage an Independent Consultant to complete a Capital Needs Assessment for (i) the five (5) year period commencing on July 1, 2023, and (ii) each five (5) year period commencing on each fifth anniversary of July 1, 2023 (*i.e.*, July 1, 2028, July 1, 2033, July 1, 2038, *etc.*). The Borrower shall deliver a copy of the Capital Needs Assessment to the Trustee at least sixty (60) days prior to the commencing of the five (5) year period covered by such Capital Needs Assessment.

(b) Commencing on the Loan Payment Date in June, 2023, the Borrower shall deposit \$50,000 in the Repair and Replacement Fund and, continuing until the amount on deposit in the Repair and Replacement Fund equals the Repair and Replacement Fund Requirement, the Borrower shall deposit on each Loan Payment Date for deposit in the Repair and Replacement Fund, an amount calculated as equal to one-sixtieth (1/60) of the difference between the Repair and Replacement Fund Requirement and the initial \$50,000 deposit. Thereafter, the Borrower covenants that, unless the amount on deposit in the Repair and Replacement Fund on the first

Business day of Fiscal Year 2028 and each fifth Fiscal Year thereafter equals or exceeds the Repair and Replacement Fund Requirement for such five (5) year period (as determined pursuant to the Capital Needs Assessment referenced in paragraph (a) above) (in which event no additional deposits are required), commencing with the first Loan Payment Date in such Fiscal Year and continuing monthly with each Loan Payment Date thereafter through the end of such five year period, the Borrower shall deposit into the Repair and Replacement Fund substantially equal amounts which, in the aggregate, will equal the deficiency in the Repair and Replacement Fund. The Borrower shall not be required to pay or cause to be paid to the Trustee any amounts which would result in moneys being held in the Repair and Replacement Fund in excess of the Repair and Replacement Fund Requirement.

(c) Notwithstanding the foregoing, if at any time on or after July 1, 2028, the balance in the Repair and Replacement Fund is less than \$150,000, the Borrower shall deposit additional amounts into the Repair and Replacement Fund, in addition to the amounts required to be deposited therein pursuant to paragraph (b) above, if necessary, such that the Repair and Replacement Fund shall have a balance of at least \$150,000 as of the end of the next Fiscal Year as reported in such Fiscal Year's audit.

(d) Upon receipt by the Borrower of notice from the Trustee pursuant to Section 5.09(h) of the Indenture that the amount on deposit in the Repair and Replacement Fund shall be less than the Repair and Replacement Fund Requirement by reason of either a draw from such Fund in accordance with Section 5.14 of the Indenture, or a valuation deficiency of such Fund in accordance with Section 5.09(h) of the Indenture, the Borrower shall pay to the Trustee for deposit in the Repair and Replacement Fund on the first day of the month immediately following the receipt by the Borrower of notice of such deficiency, and on the first day of each of the eleven (11) succeeding months, or over such longer time period as shall be consented to in writing by the Bondholder Representative (or, if there is no Bondholder Representative, by the Majority Holders), an amount equal to one twelfth (1/12) of such original deficiency in the Repair and Replacement Fund Requirement.

Section 8.33 Retaining of Independent Consultant in Connection with Failed Funding of Debt Service Reserve Fund (Tax-Exempt). In the event that the Borrower shall have failed to make the payments required of it for deposit in the Debt Service Reserve Fund (Tax-Exempt) pursuant to Section 4.3(a)(i)(5) hereof such that the amounts deposited for two (2) successive calendar years shall be less than the required aggregate sum, the Borrower shall promptly, at its own cost and expense, engage the services of an Independent Consultant and otherwise take such actions as required under Section 3.29 of the Continuing Covenants Agreement, and the Independent Consultant shall review the operations of the Borrower and the School and prepare a report (a copy of which report shall be sent to the Bondholder Representative and the Trustee) setting forth recommendations to be implemented by the Obligors in order that the Borrower shall be able to fund the Debt Service Reserve Fund (Tax-Exempt) to the extent of the applicable Debt Service Reserve Fund Requirement (Tax-Exempt) as provided in Section 4.3(a)(i)(5) hereof. Upon receipt of such report, the Obligors shall promptly take and continue such action, and implement such policies and procedures, as set forth in the Continuing Covenants Agreement, as shall be necessary to follow the recommendations in such report of the Independent Consultant. It is understood that the failure of the Borrower to

make the payments required of it pursuant to Section 4.3(a)(i)(5) hereof for deposit in the Debt Service Reserve Fund (Tax-Exempt) shall not, by itself, constitute an Event of Default.

ARTICLE IX

REMEDIES AND EVENTS OF DEFAULT

Section 9.1 Events of Default. Any one or more of the following events shall constitute an “Event of Default” hereunder:

(a) Failure of the Borrower to pay any loan payment that has become due and payable by the terms of Section 4.3(a) which results in an Event of Default under the Indenture;

(b) Failure of the Borrower and/or the School to pay any amount (except as set forth in Section 9.1(a)) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under Sections 5.1, 8.1, 8.2, 8.3, 8.9, 8.11, 8.13, 8.17, 8.18, 8.20, 8.21, 8.22, 8.26, 8.28, 8.31, 8.32, 8.33, 9.7, 11.2 or 11.3 or Article VI and continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Borrower or the School specifying the nature of such failure by the Issuer or the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding;

(c) Failure of the Borrower or the School to observe and perform any covenant, condition or agreement hereunder on its part to be performed (except as set forth in Section 9.1(a) or (b)) and (i) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Borrower or the School specifying the nature of same by the Issuer or the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, or (ii) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Obligors fail to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fail to continue with reasonable diligence their efforts to cure such failure or fail to cure such failure within sixty (60) days of delivery of said original notice in clause (i) above;

(d) The Borrower, the Member or the School shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner or acquiesce in writing to, any petition filed against itself in an involuntary case under the Federal Bankruptcy Code, (vii) take any action for the purpose of effecting any of the foregoing, or (viii) be adjudicated a bankrupt or insolvent by any court;

(e) A proceeding or case shall be commenced, without the application or consent of the Borrower, the Member or the School, in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Borrower, the Member or the School or of all or any substantial part of their respective assets, or

(iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or any order for relief against the Borrower, the Member or the School shall be entered in an involuntary case under such Bankruptcy Code; the terms “dissolution” or “liquidation” of the Borrower, the Member or the School as used above shall not be construed to prohibit any action otherwise permitted by Section 8.20 or by the Tax Regulatory Agreement;

(f) Any representation or warranty made by the Borrower, the Member or the School (i) in the application and related materials submitted to the Issuer, the Underwriter or the Initial Beneficial Owners of the Bonds for approval of the Project or its financing, or (ii) herein or in any other Project Document, or (iii) in the Letter of Representation and Indemnity Agreement, or (iv) in the Tax Regulatory Agreement, or (v) by or on behalf of the Borrower, the Member or the School or any other Person in any Required Disclosure Statement, or (vi) in any report, certificate, financial statement or other instrument furnished pursuant hereto or any of the foregoing, shall in any case prove to be false, misleading or incorrect in any material respect as of the date made;

(g) The termination or expiration of the Facility Lease or the loss of use or occupancy of the Facility by the School;

(h) The loss by the School of its charter school status under the Charter School Act;

(i) The commencement of proceedings to appoint a receiver or to foreclose any mortgage lien on or security interest in the Facility including the Mortgage;

(j) An “Event of Default” under the Indenture or under any other Security Document shall occur and be continuing; or

(k) The occurrence of an LW Event of Default.

Section 9.2 Remedies on Default. (a) Whenever any Event of Default referred to in Section 9.1 shall have occurred and be continuing, the Issuer, or the Trustee where so provided and in accordance with the provisions of the Indenture, may, take any one or more of the following remedial steps:

(i) The Trustee, as and to the extent provided in Article VIII of the Indenture, may cause all principal installments of loan payments payable under Section 4.3(a) until the Bonds are no longer Outstanding to be immediately due and payable, whereupon the same, together with the accrued interest thereon, shall become immediately due and payable; provided, however, that upon the occurrence of an Event of Default under Section 9.1(d) or (e), all principal installments of loan payments payable under Section 4.3(a) until the Bonds are no longer Outstanding, together with the accrued interest thereon, shall immediately become due and payable without

any declaration, notice or other action of the Issuer, the Trustee, the Holders of the Bonds or any other Person being a condition to such acceleration;

(ii) The Issuer or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the loan payments then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Borrower and/or the School under this Agreement; and

(iii) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder.

(b) Upon the occurrence of a default with respect to any of the Issuer's Reserved Rights, the Issuer, without the consent of the Trustee or any other Person, may proceed to enforce the Issuer's Reserved Rights by

(i) bringing an action for damages, injunction or specific performance, and/or

(ii) taking whatever action at law or in equity as may appear necessary or desirable to collect payment of amounts due by the Borrower and/or the School under the Issuer's Reserved Rights or to enforce the performance or observance of any obligations, covenants or agreements of the Borrower and/or the School under the Issuer's Reserved Rights.

(c) No action taken pursuant to this Section 9.2 or by operation of law or otherwise shall, except as expressly provided herein, relieve the Borrower and/or the School from their respective obligations hereunder, all of which shall survive any such action.

Section 9.3 Bankruptcy Proceedings. In case proceedings shall be pending for the bankruptcy or for the reorganization of the Borrower and/or of the School under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee (other than the Trustee under the Indenture) shall have been appointed for the property of the Borrower and/or of the School or in the case of any other similar judicial proceedings relative to the Borrower and/or the School or the creditors or property of the Borrower and/or of the School, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Agreement and the Promissory Notes, irrespective of whether the principal of the Bonds (and the loan payments payable pursuant to the Promissory Notes and Section 4.3(a)) shall have been accelerated by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand for payment hereunder or thereunder, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Borrower and/or the School, the creditors or property of the Borrower and/or of the School, and to collect

and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 9.4 Remedies Cumulative. The rights and remedies of the Issuer or the Trustee under this Agreement shall be cumulative and shall not exclude any other rights and remedies of the Issuer or the Trustee allowed by law with respect to any default under this Agreement. Failure by the Issuer or the Trustee to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon default by the Borrower and/or the School hereunder shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy the strict compliance by the Borrower and/or the School with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such default by the Borrower and/or the School be continued or repeated.

Section 9.5 No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Issuer and/or the Trustee and/or the Borrower and/or the School or any delay or omission on the part of the Issuer and/or the Trustee in exercising any rights hereunder or under the Indenture or under any other Security Document shall operate as a waiver. To the extent permitted by applicable law, the Obligors hereby waive the benefit and advantage of, and covenant not to assert against the Issuer or the Trustee, any valuation, inquisition, stay, appraisal, extension or redemption laws now existing or which may hereafter exist.

Section 9.6 Effect on Discontinuance of Proceedings. In case any proceeding taken by the Issuer or the Trustee under the Indenture or this Agreement or under any other Security Document on account of any Event of Default hereunder or thereunder shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Issuer or the Trustee, then, and in every such case, the Issuer, the Trustee and the Holders of the Bonds shall be restored, respectively, to their former positions and rights hereunder and thereunder, and all rights, remedies, powers and duties of the Issuer and the Trustee shall continue as in effect prior to the commencement of such proceedings.

Section 9.7 Agreement to Pay Fees and Expenses of Attorneys and Other Consultants. In the event the Borrower and/or the School should default under any of the provisions of this Agreement, and the Issuer or the Trustee should employ outside attorneys or other consultants or incur other expenses for the collection of loan payments or other amounts payable hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower and/or the School herein contained or contained in any other Security Document, the Obligors agree that they will on demand therefor pay to the Issuer

or the Trustee, as the case may be, the reasonable fees and disbursements of such attorneys or other consultants and such other expenses so incurred.

Section 9.8 Certain Continuing Representations. If at any time during the term of this Agreement, any Conduct Representation made by the Borrower and/or the School would, if made on any date while Bonds are Outstanding and deemed made as of such date, be false, misleading or incorrect in any material respect, then, the Obligors shall be deemed to be in default under this Agreement unless the Issuer shall, upon written request by the Obligors, either waive such default in writing or consent in writing to an exception to such representation or warranty so that such representation or warranty shall no longer be false, misleading or incorrect in a material respect. Upon the occurrence of any such default, the Issuer shall have the right to require the redemption of the Bonds in accordance with Section 11.3(a).

Section 9.9 Late Delivery Fees.

(a) In the event the Obligors shall fail:

(i) to pay the Annual Administrative Fee on the date required under Section 8.3,

(ii) to file and/or deliver any of the documents required of the Borrower and/or the School under Section 8.14 or Section 8.16 by the date therein stated (collectively, the “**Fixed Date Deliverables**”), or

(iii) to deliver to the Issuer any of the documents as shall have been requested by the Issuer of the Borrower and/or the School under Section 8.15 within five (5) Business Days of the date so requested (collectively, the “**Requested Document Deliverables**”),

then the Issuer may charge the Obligors on a daily calendar basis commencing with the day immediately following the date on which the payment, filing or delivery was due (the “**Due Date**”), the Per Diem Late Fee.

(b) If the Issuer shall deliver written notice (a “**Notification of Failure to Deliver**”) to the Obligors of such failure to deliver on the Due Date the Annual Administrative Fee, a Fixed Date Deliverable and/or a Requested Document Deliverable, and such payment or document shall not be delivered to the Issuer within ten (10) Business Days following delivery by the Issuer to the Obligors of the Notification of Failure to Deliver, then, commencing from and including the eleventh (11th) Business Day following the delivery by the Issuer to the Obligors of the Notification of Failure to Deliver, the Issuer may charge the Obligors on a daily calendar basis the Per Diem Supplemental Late Fee in respect of each noticed failure which shall be in addition to, and be imposed concurrently with, the applicable Per Diem Late Fee.

(c) The Per Diem Late Fee and the Per Diem Supplemental Late Fee shall each, if charged by the Issuer, (i) accrue until the Obligors deliver to the Issuer the Annual Administrative Fee, the Fixed Date Deliverable(s) and/or the Requested Document

Deliverable(s), as the case may be, and (ii) be incurred on a daily basis for each such Annual Administrative Fee, Fixed Date Deliverable and/or Requested Document Deliverable as shall not have been delivered to the Issuer on the Due Date.

(d) No default on the part of the Borrower and/or the School under Section 8.3, 8.14, 8.15 or 8.16 of this Agreement to deliver to the Issuer an Annual Administrative Fee, a Fixed Date Deliverable or a Requested Document Deliverable shall be deemed cured unless the Obligors shall have delivered same to the Issuer and paid to the Issuer all accrued and unpaid Per Diem Fees in connection with the default.

Section 9.10 ISSUER APPROVAL OF CERTAIN NON-FORECLOSURE REMEDIES. Notwithstanding any other remedy or other action available under the Indenture or otherwise under any other Security Document or at law, no remedy or other action (whether exercised by the Trustee, the Bondholder Representative or the Holders of the Bonds) shall have the effect of (x) continuing the exemption from the mortgage recording tax of the Mortgage upon any restructuring of the underlying indebtedness secured by the Mortgage (a “Mortgage Restructuring”), (y) modifying or terminating the Indenture or this Agreement (other than a termination of the Indenture in connection with the retirement of all of the Outstanding Bonds in accordance with the discharge provisions of the Indenture) (a “Security Document Action”) or (z) substituting for the Borrower and/or the School, as applicable, a new Entity to either be a counterparty to the Issuer under this Agreement or to use all or a portion of the Facility (a “Substitute Entity”), unless, in either case, all material facts relating to either the Mortgage Restructuring, the Security Document Action and/or the Substitute Entity shall have been set forth in a writing delivered to the Issuer and (i) the Mortgage Restructuring, the Security Document Action and/or the Substitute Entity shall be approved in writing by the Issuer, such approval not to be unreasonably withheld or delayed (and which approval may, in the sole discretion of the Issuer, be subject to action by the Issuer’s Board of Directors), and (ii) there shall be delivered to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such Mortgage Restructuring, Security Document Action and/or Substitute Entity shall not cause the interest on any Outstanding Tax-Exempt Bonds to become subject to federal income taxation by reason of any such Mortgage Restructuring, Security Document Action and/or Substitute Entity. For the avoidance of doubt, no Issuer consent is required hereby for the commencement of a foreclosure action under the Mortgage. In connection with the retirement or surrender for cancellation of all of the Outstanding Bonds (other than as a result of the payment in full of all Outstanding Bonds), the Trustee agrees to provide written notice to the Issuer of such retirement or cancellation promptly upon the earlier of (i) the Trustee’s receipt of direction to effectuate such retirement or cancellation, and (ii) the Trustee’s receipt of surrendered Bonds for cancellation, but in no event later than fourteen (14) Business Days after the occurrence of the event set forth in clause (i) or (ii).

ARTICLE X

TERMINATION OF THIS AGREEMENT

Section 10.1 Termination of this Agreement.

(a) The Borrower shall have the option to cause the redemption or defeasance in whole of all Outstanding Bonds in accordance with the terms set forth in the Indenture.

(b) After full payment of the Bonds or provision for the payment in full thereof having been made in accordance with Article X of the Indenture, but not later than the receipt by the Obligors of ten (10) days prior written notice from the Issuer directing termination of this Agreement, the Obligors shall terminate this Agreement by giving the Issuer notice in writing of such termination and thereupon such termination shall forthwith become effective, subject, however, to (x) the delivery of those documents referred to in Section 10.2, and (y) the survival of those obligations of the Obligors set forth in Section 10.3.

Section 10.2 Actions on Termination. (a) As a condition precedent to the termination of this Agreement, the Obligors shall:

(i) pay to the Trustee

(A) the expenses of redemption, the fees and expenses of the Trustee, the Bond Registrar and the Paying Agents and all other amounts due and payable under this Agreement and the other Security Documents, and

(B) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement; and

(ii) pay to the Issuer

(A) the fees and expenses of the Issuer, and

(B) all other amounts due and payable under this Agreement and the other Security Documents,

(iii) pay and perform all accrued obligations hereunder or under any other Project Document,

(iv) deliver or cause to be delivered to the Issuer with respect to any mortgage exempt from the payment of mortgage recording tax by reason of the Issuer being a party thereto, an executed satisfaction of such mortgage in recordable form, executed by the mortgagee, and

(v) effect at its own cost and expense the proper recording and filing of all instruments terminating, satisfying and discharging the Security Documents.

(b) Upon the termination of this Agreement in accordance with Section 10.1, the Issuer will deliver or cause to be delivered, at the sole cost and expense of the Obligors, to the Obligors (i) a termination of this Agreement, and (ii) all necessary documents releasing all of the Issuer's rights and interests in and to any rights of action under this Agreement (other than as against the Borrower and/or the School or any insurer of the insurance policies under Section 8.1), or any insurance proceeds (other than liability insurance proceeds for the benefit of the Issuer) or condemnation awards, with respect to the Facility or any portion thereof. Concurrently with the delivery of such instruments, there shall be delivered by the Issuer (at the sole cost and expense of the Obligors) to the Trustee any instructions or other instruments required by Article X of the Indenture to defease and pay the Outstanding Bonds, together with a direction to the Trustee that the Trustee deliver to the Issuer and the Borrower a release, satisfaction or termination of the Indenture and of the mortgage lien and security interest of the Mortgage on the Mortgaged Property.

Section 10.3 Survival of Certain Obligations of the Borrower and of the School.

Upon compliance with Section 10.2, this Agreement and all obligations of the Borrower and of the School hereunder shall be terminated except the obligations of the Borrower and of the School under Sections 5.1, 8.2, 8.24, 8.30, 9.2, 9.3, 9.7, 9.9, 12.4, 12.5, 12.6, 12.11, 12.13 and 12.14 shall survive such termination.

ARTICLE XI

CERTAIN PROVISIONS RELATING TO THE BONDS

Section 11.1 Issuance of Additional Bonds. If a Series of Additional Bonds is to be issued pursuant to the Indenture, the Issuer and the Obligors shall enter into an amendment to this Agreement, and the Borrower shall execute and deliver a new Promissory Note, in each case providing, among other things, for the payment by the Borrower of such additional loan payments as are necessary in order to amortize in full the principal of and interest on such Series of Additional Bonds and any other costs in connection therewith.

Any such completion, repair, relocation, replacement, rebuilding, restoration, additions, extensions or improvements shall become a part of the Facility and shall be included under this Agreement to the same extent as if originally included hereunder.

Section 11.2 Determination of Taxability. (a) If any Holder of Tax-Exempt Bonds receives from the Internal Revenue Service a notice of assessment and demand for payment with respect to interest on any Tax-Exempt Bond, an appeal may be taken by such Holder at the option of either such Holder or the Borrower and/or the School. If such appeal is taken at the option of the Borrower and/or the School (exercised in accordance with the procedures set forth in the definition of "Determination of Taxability"), all expenses of the appeal including reasonable counsel fees shall be paid by the Obligors, and the Obligors shall control the procedures and terms relating to such appeal, and such Holder and the Obligors shall cooperate and consult with each other in all matters pertaining to any such appeal which the Borrower and/or the School has elected to take, except that no Holder of Tax-Exempt Bonds shall be required to disclose or furnish any non-publicly disclosed information, including without limitation, financial information and tax returns. Before the taking of any appeal which the Borrower and/or the School has elected to take, however, such Bondholder shall have the right to require the Obligors to pay the tax assessed and conduct the appeal as a contest for reimbursement.

(b) The obligations of the Obligors to make the payments provided for in this Section shall be absolute and unconditional, and the failure of the Issuer, the Trustee or any other Person to execute or deliver or cause to be delivered any documents or to take any action required under this Agreement or otherwise shall not relieve the Obligors of their obligation under this Section.

(c) Not later than forty-five (45) days following a Determination of Taxability, the Borrower shall pay to the Trustee an amount sufficient, when added to the amounts then in the Bond Fund (Tax-Exempt) and available for such purpose, to retire and redeem all Bonds then Outstanding, in accordance with the Indenture. The Tax-Exempt Bonds and the Taxable Bonds shall be redeemed in whole unless redemption of a portion of the Tax-Exempt Bonds Outstanding would have the result that interest payable on the Tax-Exempt Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Tax-Exempt Bond. In such event, the Tax-Exempt Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

Section 11.3 Mandatory Redemption of Bonds as Directed by the Issuer.

(a) Upon the determination by the Issuer that (i) the Borrower and/or the School is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project Operations in accordance with this Agreement and the failure of the Obligors within thirty (30) days of the receipt by the Borrower and/or the School of written notice of such noncompliance from the Issuer to cure such noncompliance together with a copy of such resolution (a copy of which notice shall also be sent to the Trustee), (ii) the Borrower, the School, any Principal of the Borrower and/or of the School or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Borrower and/or the School has committed a material violation of a material Legal Requirement and the failure of the Obligors within thirty (30) days of the receipt by the Borrower and/or the School of written notice of such determination from the Issuer to cure such material violation (which cure, in the case of a Principal who shall have committed the material violation of a material Legal Requirement, may be effected by the removal of such Principal), (iii) as set forth in Section 9.8, any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (iv) a Required Disclosure Statement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its sole discretion, the Borrower covenants and agrees that it shall, no later than ten (10) days following the termination of such thirty (30) day period, pay to the Trustee advance loan payments in immediately available funds in an amount sufficient to redeem the Bonds Outstanding in whole at the Redemption Price of 100% of the aggregate principal amount of the Outstanding Bonds together with interest accrued thereon to the Redemption Date. The Issuer shall give prior written notice of the meeting at which the Board of Directors of the Issuer are to consider such resolution to the Borrower and/or the School and the Trustee, which notice shall be no less than fifteen (15) days prior to such meeting.

(b) In the event the Obligors fail to obtain or maintain the liability insurance with respect to the Facility required under Section 8.1, and the Obligors shall fail to cure such circumstance within ten (10) days of the receipt by the Borrower and/or the School of written notice of such noncompliance from the Issuer and a demand by the Issuer on the Obligors to cure such noncompliance, upon notice or waiver of notice as provided in the Indenture, the Borrower shall pay to the Trustee advance loan payments in immediately available funds in an amount sufficient to redeem the Bonds Outstanding in whole at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Bonds, together with interest accrued thereon to the date of redemption.

Section 11.4 Mandatory Redemption As a Result of Project Gifts or Grants.

(a) If, prior to completion of the construction of a component of the Project, the Borrower and/or the Member and/or the School receives any gift or grant required by the terms thereof to be used to pay any item which is a cost of such component of the Project, the Borrower shall apply such gift or grant to completion of the construction of such component of the Project. In the event that the amount of such gift or grant is in excess of the amount necessary to complete such component of the Project, and if proceeds of the Series 2018A Bonds (i) have been expended on such component of the Project more than eighteen (18) months prior to the receipt of such gift or grant, or (ii) (A) have been expended on such component of the Project not more than eighteen (18) months prior to the receipt of such gift or grant and (B) the aggregate amount of Project Costs (Tax-Exempt) not otherwise provided for is less than the amount of Series 2018A Bond

proceeds expended on such component of the Project, the Borrower shall deposit such gift or grant with the Trustee to be held in an escrow account which shall be invested ONLY in tax-exempt obligations the interest on which is (y) not included in the gross income of investors under Section 103 of the Code, and (z) not an item of tax preference for purposes of determining an investor's alternative minimum taxable income, if any, such amounts in the escrow account to then be applied by the Trustee on September 15, 2028 to the optional redemption of the Series 2018A Bonds as provided in Section 2.03(a)(i) of the Indenture, but only to the extent to which proceeds of the Series 2018A Bonds were expended for such component.

(b) If, after completion of the construction of a component of the Project, the Borrower and/or the Member and/or the School receives any gift or grant which prior to such completion it reasonably expected to receive and which is required by the terms thereof to be used to pay any item which is a cost of such component of the Project, and if proceeds of the Series 2018A Bonds (i) have been expended on such component of the Project more than eighteen (18) months prior to the earlier of the date on which Series 2018A Bond proceeds were expended thereon or the placed in service date of such component, or (ii) (A) have been expended on such component of the Project not more than eighteen (18) months prior to the earlier of the date on which Series 2018A Bond proceeds were expended thereon or the placed in service date of such component and (B) the aggregate amount of Project Costs (Tax-Exempt) not otherwise provided for is less than the amount of Series 2018A Bond proceeds expended on such component of the Project, the Borrower shall, to the extent not inconsistent with the terms of such gift or grant, deposit such gift or grant with the Trustee to be held in an escrow account which shall be invested ONLY in tax-exempt obligations the interest on which is (y) not included in the gross income of investors under Section 103 of the Code, and (z) not an item of tax preference for purposes of determining an investor's alternative minimum taxable income, if any, such amounts in the escrow account to then be applied by the Trustee on September 15, 2028 to the optional redemption of the Series 2018A Bonds as provided in Section 2.03(a)(i) of the Indenture, but only to the extent to which proceeds of the Series 2018A Bonds were expended for such component.

(c) The Borrower shall, prior to directing the redemption of any Tax-Exempt Bonds in accordance with this Section 11.4, consult with Nationally Recognized Bond Counsel for advice as to a manner of selection of Tax-Exempt Bonds for redemption that will not affect the exclusion of interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income tax purposes.

Section 11.5 Right to Cure Issuer Defaults. The Issuer hereby grants the Borrower and/or the School full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged to constitute a default in any notice received by the Borrower and/or the School, in the name and stead of the Issuer, with full power of substitution.

Section 11.6 Prohibition on the Purchase of Tax-Exempt Bonds. Neither the Borrower, the Member nor the School nor any related person to the Borrower or the School shall purchase any Tax-Exempt Bonds for its own account during the term of this Agreement, whether by direct negotiation through a broker or dealer, or by making a tender offer to the Holders

thereof, or otherwise. Any such Tax-Exempt Bonds so purchased shall be promptly surrendered to the Trustee for cancellation.

Section 11.7 Investment of Funds. Any moneys held as part of the Earnings Fund, the Rebate Fund, the Bond Fund (Tax-Exempt), the Bond Fund (Taxable), the Debt Service Reserve Fund (Tax-Exempt), the Project Fund (Tax-Exempt), the Project Fund (Taxable), the Revenue Fund, the Repair and Replacement Fund or the Renewal Fund or in any special fund provided for in this Agreement or in the Indenture to be invested in the same manner as in any said Fund shall, at the written request of an Authorized Representative of the Obligors, be invested and reinvested by the Trustee as provided in the Indenture (but subject to the provisions of the Tax Regulatory Agreement). Neither the Issuer nor the Trustee nor any of their members, directors, officers, agents, servants or employees shall be liable for any depreciation in the value of any such investments or for any loss arising therefrom.

Interest and profit derived from such investments shall be credited and applied as provided in the Indenture, and any loss resulting from such investments shall be similarly charged.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Force Majeure. In case by reason of *force majeure* any party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then except as otherwise expressly provided in this Agreement, if such party shall give notice and full particulars of such *force majeure* in writing to the Issuer (in the case of the Borrower and/or the School) or to the Borrower or the School (in the case of the Issuer), within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice (other than (i) the obligations of the Borrower to make the loan payments or the obligations of the Obligors to make the other payments required under the terms hereof, or (ii) the obligations of the Obligors to comply with Section 5.1, 8.1, 8.2, 8.28 or 8.31), so far as they are affected by such *force majeure*, shall be suspended during the continuance of the inability then claimed, which shall include a reasonable time for the removal of the effect thereof, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term “*force majeure*” shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or of the State or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrest, restraining of government and people, war, terrorism, civil disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other act or event so long as such act or event is not reasonably foreseeable and is not reasonably within the control of the party claiming such inability. Notwithstanding anything to the contrary herein, in no event shall the financial condition of the Borrower and/or the School or any inability of the Borrower and/or the School to obtain financing constitute a *force majeure*. It is understood and agreed that the requirements that any *force majeure* shall be reasonably beyond the control of the party and shall be remedied with all reasonable dispatch shall be deemed to be satisfied in the event of a strike or other industrial disturbance even though existing or impending strikes or other industrial disturbances could have been settled by the party claiming a *force majeure* hereunder by acceding to the demands of the opposing person or persons.

The Borrower and/or the School shall promptly notify the Issuer and the Trustee upon the occurrence of each *force majeure*, describing such *force majeure* and its effects in reasonable detail. The Borrower and/or the School shall also promptly notify the Issuer and the Trustee upon the termination of each such *force majeure*. The information set forth in any such notice shall not be binding upon the Issuer or the Trustee, and the Issuer or the Trustee shall be entitled to dispute the existence of any *force majeure* and any of the contentions contained in any such notice received from the Borrower and/or the School.

Section 12.2 Assignment of Mortgage and Pledge under Indenture. Pursuant to (i) the Mortgage, the Borrower will mortgage its fee interest in the Mortgaged Property to the Issuer and the Trustee as security for the Bonds and the obligations of the Obligors under the Security Documents, (ii) the Assignment of Mortgage, the Issuer will assign all of its right, title and interest in the Mortgage to the Trustee, and (iii) the Indenture, the Issuer will pledge and assign the Promissory Notes and the loan payments and certain other moneys receivable under this Agreement to the Trustee as security for payment of the principal or Redemption Price, if

applicable, of, Sinking Fund Installments for, and interest on the Bonds. The Obligors hereby consent to the Issuer's pledge and assignment to the Trustee of all its right, title and interest in the Mortgage, the Promissory Notes and this Agreement (except for the Issuer's Reserved Rights).

Section 12.3 Amendments. This Agreement may be amended only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture, except in connection with any amendment relating to Section 5.1, and only by a written instrument executed by the parties hereto.

Section 12.4 Service of Process. The Borrower and the School each represents that it is subject to service of process in the State and covenants that each will remain so subject until all obligations, covenants and agreements of the Obligors under this Agreement shall be satisfied and met. If for any reason the Borrower and/or the School should cease to be so subject to service of process in the State, the Borrower and the School each hereby irrevocably consents to the service of all process, pleadings, notices or other papers in any judicial proceeding or action by designating and appointing the President of the School at 510 East 141st Street, Bronx, New York 10454, as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Borrower and/or the School as a result of any of their respective obligations under this Agreement. If such appointed agent shall cease to act or otherwise cease to be subject to service of process in the State, the Borrower and the School each hereby irrevocably designates and appoints the Secretary of State of the State of New York as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Borrower and/or the School as a result of any of their respective obligations under this Agreement; provided, however, that the service of such process, pleadings, notices or other papers shall not constitute a condition to the obligations of the Borrower or of the School hereunder.

For such time as any of the obligations, covenants and agreements of the Borrower or the School under this Agreement remain unsatisfied, the agent(s) of the Borrower and of the School designated in this Section 12.4 shall accept and acknowledge on the behalf of the Borrower or of the School each service of process in any such suit, action or proceeding brought in any such court. The Borrower and the School each agree and consent that each such service of process upon such agents and written notice of such service to the Borrower or the School in the manner set forth in Section 12.5 shall be taken and held to be valid personal service upon the Borrower and the School whether or not the Borrower or the School shall then be doing, or at any time shall have done, business within the State and that each such service of process shall be of the same force and validity as if service were made upon the Borrower and the School according to the laws governing the validity and requirements of such service in the State, and waives all claim of error by reason of any such service.

Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Borrower or the School or to conduct the defense of any such suit, action or any other legal proceeding, except as expressly authorized by the Borrower or the School.

Section 12.5 Notices. Any notice, demand, direction, certificate, Opinion of Counsel, request, instrument or other communication authorized or required by this Agreement to be given to or filed with the Issuer, the Borrower, the School, the Trustee, the Bondholder Representative, if any, the DCA or the Comptroller shall be sufficient if sent (i) by return receipt requested or registered or certified United States mail, postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

- (1) if to the Issuer, to:

Build NYC Resource Corporation
110 William Street
New York, New York 10038
Attention: General Counsel

with a copy to:

Build NYC Resource Corporation
110 William Street
New York, New York 10038
Attention: Executive Director

- (2) if to the Borrower, to:

American Dream Gerard LLC
c/o Friends of the American Dream Charter School, Inc.
510 East 141st Street, 4th Floor
Bronx, New York 10454
Attention: Melissa Melkonian

with a copy to:

American Dream Gerard LLC
c/o Friends of the American Dream Charter School, Inc.
700 Gerard Avenue
Bronx, New York 10451
Attention: Melissa Melkonian

and an additional copy to:

Gilbride, Tusa, Last & Spellane LLC
675 Third Avenue, 31st Floor
New York, New York 10017
Attention: Eric Seltzer, Esq.

- (3) if to the School, to

American Dream Charter School
510 East 141st Street, 4th Floor
Bronx, New York 10454
Attention: Melissa Melkonian

with a copy to:

American Dream Charter School
700 Gerard Avenue
Bronx, New York 10451
Attention: Melissa Melkonian

and an additional copy to:

Gilbride, Tusa, Last & Spellane LLC
675 Third Avenue, 31st Floor
New York, New York 10017
Attention: Eric Seltzer, Esq.

- (4) if to the Trustee, to

The Bank of New York Mellon
240 Greenwich Street, Floor 7W
New York, New York 10286
Attention: Corporate Trust Administration

- (5) if to the Bondholder Representative, to:

Rosemawr Management, LLC
810 Seventh Avenue, 27th Floor
New York, New York 10019
Attention: c/o ADS Disclosure Department
with a copy to ads@rosemawr.com

- (6) if to the DCA, to:

Department of Consumer Affairs of The City of New York
42 Broadway
New York, New York 10004
Attention: Living Wage Division

(7) if to the Comptroller, to:

Office of the Comptroller of The City of New York
One Centre Street
New York, New York 10007
Attention: Chief, Bureau of Labor Law

The Issuer, the Borrower, the School, the Trustee, the Bondholder Representative, the DCA and the Comptroller may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

Section 12.6 Consent to Jurisdiction. Each of the Obligor irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of this Agreement or any other Project Document, the Facility, the Project, the relationship between the Issuer and the Borrower and/or the School, the ownership, use or occupancy of the Facility of the Borrower and/or of the School and/or any claim for injury or damages may be brought in the courts of record of the State in New York County or the United States District Court for the Southern District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (A) to move to dismiss on grounds of forum non conveniens, (B) to remove to any federal court other than the United States District Court for the Southern District of New York, and (C) to move for a change of venue to a New York State Court outside New York County.

If the Borrower and/or the School commences any action against the Issuer or the Trustee in a court located other than the courts of record of the State in New York County or the United States District Court for the Southern District of New York, the Borrower and/or the School, as applicable, shall, upon request from the Issuer or the Trustee, either consent to a transfer of the action or proceeding to a court of record of the State in New York County or the United States District Court for the Southern District of New York, or, if the court where the action or proceeding is initially brought will not or cannot transfer the action, the Borrower and/or the School, as applicable, shall consent to dismiss such action without prejudice and may thereafter reinstitute the action in a court of record of the State in New York County or the United States District Court for the Southern District of New York.

Section 12.7 Prior Agreements Superseded. This Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Issuer and the Borrower and/or the School relating to the Facility, other than any other Project Document.

Section 12.8 Severability. If any one or more of the provisions of this Agreement shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 12.9 Effective Date; Counterparts. The date of this Agreement shall be for reference purposes only and shall not be construed to imply that this Agreement was executed on the date first above written. This Agreement was delivered on the Closing Date. This Agreement shall become effective upon its delivery on the Closing Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.10 Binding Effect. This Agreement shall inure to the benefit of the Issuer, the Trustee, the Bondholder Representative, the Bond Registrar, the Paying Agents, the Indemnified Parties and the Holders of the Bonds, and shall be binding upon the Issuer and the Obligors and their respective successors and assigns.

Section 12.11 Third Party Beneficiaries. (a) The Issuer and the Obligors agree that this Agreement is executed in part to induce the purchase by others of the Bonds and for the further securing of the Bonds, and accordingly all covenants and agreements on the part of the Issuer, the Borrower and the School as set forth in this Agreement are hereby declared to be for the benefit of the Holders from time to time of the Bonds and may be enforced as provided in Article VIII of the Indenture on behalf of the Bondholders by the Trustee.

(b) Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Trustee, the Bondholder Representative, the Bond Registrar, the Borrower, the School, the Paying Agents and the Holders of the Bonds any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Bondholder Representative, the Bond Registrar, the Borrower, the School, the Paying Agents and the Holders of the Bonds.

Section 12.12 Law Governing. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

Section 12.13 Waiver of Trial by Jury. Each of the Obligors does hereby expressly waive all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Agreement or any matters whatsoever arising out of or in any way connected with this Agreement, the obligations of the Borrower and/or of the School hereunder, the Facility, the Project, the relationship between the Issuer and the Borrower and/or the School, the ownership, use or occupancy of the Facility by the Borrower and/or the School and/or any claim for injury or damages.

The provision of this Agreement relating to waiver of a jury trial shall survive the termination or expiration of this Agreement.

Section 12.14 Recourse Under This Agreement. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer, and not of any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer in such person's individual capacity, and no recourse shall be had for any reason whatsoever hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer. No recourse shall be had for the payment of the principal of, redemption premium, if any, Sinking Fund Installments for, Purchase Price or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. In addition, in the performance of the agreements of the Issuer herein contained, any obligation the Issuer may incur for the payment of money shall not subject the Issuer to any pecuniary or other liability or create a debt of the State or the City, and neither the State nor the City shall be liable on any obligation so incurred and any such obligation shall be payable solely out of amounts payable to the Issuer by the Borrower hereunder and under the Promissory Notes.

Section 12.15 Legal Counsel; Mutual Drafting. Each party acknowledges that this Agreement is a legally binding contract and that it was represented by legal counsel in connection with the drafting, negotiation and preparation of this Agreement. Each party acknowledges that it and its legal counsel has cooperated in the drafting, negotiation and preparation of this Agreement and agrees that this Agreement and any provision hereof shall be construed, interpreted and enforced without regard to any presumptions against the drafting party. Each party hereby agrees to waive any rule, doctrine or canon of law, including without limitation, the *contra preferentem* doctrine, that would require interpretation of any ambiguities in this Agreement against the party that has drafted it.

Section 12.16 Obligations of the Obligors Under this Agreement. Any payment, obligation, covenant or agreement stated to be of the Obligors, or stated to be of the Borrower and the School, under this Agreement, shall be the joint and several obligation of the Borrower and of the School.

Section 12.17 Control by Bondholder Representative. Notwithstanding any other provision to the contrary, any discretionary action on the part of the Trustee contained herein or in any Project Document, including, without limitation, any consent or waiver hereunder or thereunder, which would otherwise require the Trustee to seek the direction of a stated percentage of Bondholders, shall require the prior written consent of the Bondholder Representative (if in effect), and the Trustee hereby agrees to take such action, or refrain from taking such action, upon the written direction of the Bondholder Representative. Notwithstanding the foregoing, the Trustee shall not be required to take any such action at the direction of the Bondholder Representative unless the Bondholder Representative provides indemnification to the Trustee as provided in Section 9.02 of the Indenture.

IN WITNESS WHEREOF, the Issuer has caused its corporate name to be subscribed unto this Loan Agreement by its duly authorized Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel, and each of the Borrower and the School has caused its name to be hereunto subscribed by its duly Authorized Representative, all being done as of the year and day first above written.

BUILD NYC RESOURCE CORPORATION

By: _____
Krishna Omolade
Deputy Executive Director

AMERICAN DREAM GERARD LLC

By: _____
Maureen K. Heneghan
President

AMERICAN DREAM CHARTER SCHOOL

By: _____
Luz Maria Rojas
Chair of the Board

[Signature Page to Loan Agreement]

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On the _____ day of October, in the year two thousand eighteen, before me, the undersigned, personally appeared Krishna Omolade, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public/Commissioner of Deeds

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On the ____ day of October, in the year two thousand eighteen, before me, the undersigned, personally appeared Maureen K. Heneghan, personally known to me or proved to me on the basis of satisfactory evidence to me the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On the ____ day of October, in the year two thousand eighteen, before me, the undersigned, personally appeared Luz Maria Rojas, personally known to me or proved to me on the basis of satisfactory evidence to me the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

APPENDICES

EXHIBIT A

DESCRIPTION OF THE LAND

ALL THAT CERTAIN PLOT, PIECE OR PARCEL OF LAND, SITUATE, LYING AND BEING IN THE BOROUGH AND COUNTY OF THE BRONX, CITY AND STATE OF NEW YORK, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EASTERLY SIDE OF GERARD AVENUE (60 FEET WIDE), DISTANT 180.00 FEET NORTHERLY FROM THE CORNER FORMED BY THE INTERSECTION OF THE EASTERLY SIDE OF GERARD AVENUE AND THE NORTHEASTERLY SIDE OF EAST 153RD STREET (60 FEET WIDE);

RUNNING THENCE NORTHERLY ALONG THE EASTERLY SIDE OF GERARD AVENUE, 88.68 FEET TO A POINT;

THENCE EASTERLY, AT RIGHT ANGLES TO THE EASTERLY SIDE OF GERARD AVENUE, 95.27 FEET TO A POINT;

THENCE SOUTHERLY ALONG A LINE FORMING AN INTERIOR ANGLE OF 90° 43' WITH THE PRECEDING COURSE, 88.69 FEET;

THENCE WESTERLY ALONG A LINE FORMING A RIGHT ANGLE WITH THE EASTERLY SIDE OF GERARD AVENUE, 96.37 FEET TO THE EASTERLY SIDE OF GERARD AVENUE AT THE POINT OR PLACE OF BEGINNING.

EXHIBIT B

DESCRIPTION OF THE FACILITY PERSONALTY

NONE

EXHIBIT C

Borrower:

AUTHORIZED REPRESENTATIVE

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Nicholas Gallagher	Vice President	_____

School:

AUTHORIZED REPRESENTATIVE

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Nicholas Gallagher	Director of Operations	_____

Developer:

AUTHORIZED REPRESENTATIVE

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Mark Skousen	President	_____
Tamela L. Sweeris	Vice President-Development and Design	_____

Member:

AUTHORIZED REPRESENTATIVE

Name

Title

Signature

Nicholas Gallagher

Vice President

EXHIBIT D

PRINCIPALS OF THE BORROWER AND OF THE SCHOOL

Borrower:

Name

Title

Maureen K. Heneghan

President

School:

Name

Title

Luz Maria Rojas

Chair of the Board

EXHIBIT E**PROJECT COST BUDGET**

Sources and Uses of Funds
BUILD NYC RESOURCE CORPORATION
CHARTER SCHOOL REVENUE BONDS, SERIES 2018A & TAXABLE SERIES 2018B
(AMERICAN DREAM SCHOOL PROJECT)
Assumes 2052 Maturity, 4 Draws, 6/15/28 Par Call
[Preliminary - For Discussion Only]

Sources	Dated Date	Delivery Date	10/31/2018 Draw 1	03/01/2019 Draw 2	10/01/2019 Draw 3	03/01/2020 Draw 4	10/01/2018 Draw 1 - Taxable Tail	Developer Sub Note	LISC Unfunded Guaranty	Total
Bond Proceeds										
Par Amount			9,415,000.00	5,150,000.00	5,150,000.00	6,925,000.00	840,000.00	562,561.67		28,042,561.67
Original Issue Discount			-470,750.00	-257,500.00	-257,500.00	-346,250.00	-42,000.00			-1,374,000.00
			8,944,250.00	4,892,500.00	4,892,500.00	6,578,750.00	798,000.00	562,561.67	0.00	26,668,561.67
Other Sources of Funds										
LISC Credit Enhancement (unfunded)***									981,868.76	981,868.76
School Contribution (for COI)										400,000.00
			8,944,250.00	4,892,500.00	4,892,500.00	6,578,750.00	1,198,000.00	562,561.67	981,868.76	28,050,430.43
Uses:			Draw 1	Draw 2	Draw 3	Draw 4	Draw 1 - Taxable Tail	Developer Sub Note	LISC Unfunded Guaranty	Total
Project Fund Deposits										
Additional Project Funds Available			832.12	4,344.74	4,344.74	2,945.76	4,430.31			16,897.67
Project Fund - Hard Costs (GMP)*			4,110,119.75	4,110,119.75	4,110,119.75	4,110,119.75				16,440,479.00
Project Fund - Hard Costs Contingency			362,500.00	362,500.00	362,500.00	362,500.00				1,450,000.00
Project Fund - Land/Existing Building Acquisition			2,037,320.00							2,037,320.00
Project Fund - Soft Costs			722,626.00							722,626.00
Project Fund - Developer Fee**			562,561.67			562,561.67		562,561.67		1,687,685.01
Project Fund - Construction Monitoring			60,000.00							60,000.00
Project Fund - Insurance			149,742.00							149,742.00
			8,005,701.54	4,476,964.49	4,476,964.49	5,038,127.18	4,430.31	562,561.67	0.00	22,564,749.68
Other Fund Deposits										
Capitalized Interest Fund (24 months)			759,663.46	415,535.51	415,535.51	558,754.06	67,776.66			2,217,265.20
Debt Service Reserve Fund***						981,868.76			981,868.76	1,963,737.52
			759,663.46	415,535.51	415,535.51	1,540,622.82	67,776.66	0.00	981,868.76	4,181,002.72

Cost of Issuance			
Bond Counsel	19,195.46	120,804.54	140,000.00
Underwriter/Disclosure Counsel	12,339.94	77,660.06	90,000.00
Bondholder Counsel	10,283.28	64,716.72	75,000.00
RE Due Diligence	6,855.52	43,144.48	50,000.00
Borrower's Counsel	6,855.52	43,144.48	50,000.00
Issuer Application Fee	685.55	4,314.45	5,000.00
Issuer Upfront Fee	22,266.74	140,133.26	162,400.00
Trustee Fee	685.55	4,314.45	5,000.00
Trustee Counsel	2,056.66	12,943.34	15,000.00
Title & Closing/Settlement Statement	17,824.36	112,175.64	130,000.00
LISC Upfront Fee	2,717.35	17,101.34	19,818.69
LISC First Annual Fee	673.12	4,236.22	4,909.34
Developer Legal	13,711.05	86,288.95	100,000.00
Miscellaneous	4,798.87	30,201.13	35,000.00
	120,948.97	761,179.06	882,128.03
Delivery Date Expenses.			
Underwriter's Discount	57,936.03	364,613.97	422,550.00
	8,944,250.00	1,198,000.00	28,050,430.43

Notes.

* GMP also includes \$1,058,186 in contractor's contingency. Increase in sq ft is due to underground retention tank.

** Based on fee prior to increase in project costs from steel tariffs. Assumes 33% to be funded up by school cash flows over a period of X years.

*** Assumes 50% of MADS. Remaining 50% unfunded guarantee from LISC to be funded up by school cash flows over a period of X years.

**** Based on fee prior to increase in project costs from steel tariffs.

EXHIBIT F

FORM OF REQUIRED DISCLOSURE STATEMENT

The undersigned, an authorized representative of _____, a _____ organized and existing under the laws of the State of _____, DOES HEREBY CERTIFY, REPRESENT AND WARRANT to Build NYC Resource Corporation (the “Issuer”) pursuant to [Section 8.20] [Section 8.9] of that certain Loan and Use Agreement, dated as of October 1, 2018 (the “Loan Agreement”), between the Issuer and each of American Dream Gerard LLC, a limited liability company organized under the laws of the State of New York (the “Borrower”) and American Dream Charter School, a not-for-profit education corporation and a charter school organized under the laws of State of New York (the “School”), THAT:

[if being delivered pursuant to 8.20 of the Loan Agreement] None of the surviving, resulting or transferee Entity, any of the Principals of such Entity, or any Person that directly or indirectly Controls, is Controlled by, or is under common Control with such Entity:

[if being delivered pursuant to 8.9 of the Loan Agreement] None of the assignee, transferee or lessee Entity, any of the Principals of such Entity, or any Person that directly or indirectly Controls, is Controlled by, or is under common Control with such Entity:

(1) is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Issuer, the NYCIDA, the NYCEDC or the City, unless such default or breach has been waived in writing by the Issuer, the NYCIDA, the NYCEDC or the City, as the case may be;

(2) has been convicted of a misdemeanor related to truthfulness and/or business conduct in the past five (5) years;

(3) has been convicted of a felony in the past ten (10) years;

(4) has received formal written notice from a federal, state or local governmental agency or body that such Person is currently under investigation for a felony criminal offense; or

(5) has received written notice of default in the payment to the City of any taxes, sewer rents or water charges, which have not been paid, unless such default is currently being contested with due diligence in proceedings in court or other appropriate forum.

As used herein, the following capitalized terms shall have the respective meanings set forth below:

“City” shall mean The City of New York.

“Control” or “Controls” shall mean the power to direct the management and policies of a Person (x) through the ownership, directly or indirectly, of not less than a majority of its voting securities, (y) through the right to designate or elect not less than a majority of the members of its board of directors or trustees or other Governing Body, or (z) by contract or otherwise.

“Entity” shall mean any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

“Governing Body” shall mean, when used with respect to any Person, its board of directors, board of trustees or individual or group of individuals by, or under the authority of which, the powers of such Person are exercised.

“NYCEDC” shall mean New York City Economic Development Corporation, a New York not-for-profit corporation, and any successor thereof.

“NYCIDA” shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

“Person” shall mean an individual or any Entity.

“Principal(s)” shall mean, with respect to any Entity, the most senior three officers of such Entity, any Person with a ten percent (10%) or greater ownership interest in such Entity, and any Person as shall have the power to Control such Entity, and “principal” shall mean any of such Persons.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this ____ day of _____, 20__.

[NAME OF CERTIFYING ENTITY]

By: _____
Name:
Title:

**FORM OF
PROJECT COMPLETION CERTIFICATE OF OBLIGORS
AS REQUIRED BY SECTIONS 3.2(f) AND 8.14(g)
OF THE LOAN AGREEMENT**

The undersigned, an Authorized Representative (as defined in the Loan Agreement referred to below) of American Dream Gerard LLC, a limited liability company organized under the laws of the State of New York (the "Borrower"), HEREBY CERTIFIES that this Certificate is being delivered in accordance with the provisions of Section 3.2(f) and 8.14(g) of that certain Loan and Use Agreement, dated as of October 1, 2018 (the "Loan Agreement"), between Build NYC Resource Corporation (the "Issuer") and each of the Borrower and American Dream Charter School, a not-for-profit education corporation and a charter school organized under the laws of the State of New York (the "School"), and FURTHER CERTIFIES THAT (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Loan Agreement):

(i) the Project Work is finished and has been completed substantially in accordance with the plans and specifications therefor;

(ii) attached hereto is a copy of the [temporary] certificate of occupancy;

(iii) there is no certificate, license, permit, written approval or consent or other document required to permit the occupancy, operation and use of the Facility as the Approved Facility that has not already been obtained or received, except for such certificates, licenses, permits, authorizations, written approvals and consents that will be obtained in the ordinary course of business and the issuance of which are ministerial in nature;

(iv) the Facility is ready for occupancy, use and operation for the Approved Project Operations in accordance with all applicable laws, regulations, ordinances and guidelines;

(v) check as applicable:

- ☐ all costs for Project Work have been paid, or
- ☐ all costs for Project Work have been paid except for
- ☐ amounts not yet due and payable (attach itemized list) and/or
- ☐ amounts the payments for which are being contested in good faith (attach itemized list with explanations); and

(vi) releases of mechanics' liens have been obtained from the general contractor and from all contractors and materialmen who supplied work, labor, services, machinery, equipment, materials or supplies in connection with the Project Work, except for

releases-of-liens pertinent to (y) amounts not yet due and payable, or (z) any amount the payment of which is being contested in good faith; copies of all such releases of mechanics' liens are attached hereto.

[ATTACH to this Certificate copies of all such releases of liens.]

Notwithstanding anything herein or elsewhere that may be inferred to the contrary, the undersigned hereby understands and agrees on behalf of the Borrower as follows: (a) the Issuer does not waive its right to require delivery of releases-of-liens in connection with the costs of Project Work; (b) the Issuer does not waive its right under the Loan Agreement to demand the discharge of mechanics' and materialmen's liens encumbering the Facility Realty, whether by bond or otherwise; and (c) the Certificate shall be deemed incomplete if, in the Issuer's sole discretion, the Borrower has unreasonably failed to bond or otherwise discharge any liens in respect of the costs of Project Work when payment for the same is due.

This Certificate is given without prejudice to any rights of the Borrower against third parties existing on the date hereof or which may subsequently come into being and no Person other than the Issuer may benefit from this Certificate.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this _____ day of _____, ____.

AMERICAN DREAM GERARD LLC

By: _____
Name:
Title:

FORM OF SERIES 2018A PROMISSORY NOTE

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS SERIES 2018A PROMISSORY NOTE, THIS SERIES 2018A PROMISSORY NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH OF WHICH ARE REFERRED TO HEREIN.

\$25,725,000

October 30, 2018

SERIES 2018A PROMISSORY NOTE

FOR VALUE RECEIVED, AMERICAN DREAM GERARD LLC, a limited liability company organized and existing under the laws of the State of New York (the "Borrower"), by this promissory note, hereby promises to pay to the order of BUILD NYC RESOURCE CORPORATION (the "Issuer") the principal sum of Twenty-Five Million Seven Hundred Twenty-Five Thousand Dollars (\$25,725,000), together with interest on the unpaid principal amount hereof, from the date of the issuance and delivery of the Series 2018A Bonds (as such term is hereinafter defined) until paid in full, at a rate per annum equal to the respective rates of interest borne from time to time by the Series 2018A Bonds, together with all Sinking Fund Installments and Redemption Price payments as and when due. All capitalized terms used but not defined in this Series 2018A Promissory Note shall have the respective meanings assigned such terms by the Indenture (as hereinafter defined) or by the Loan Agreement (as hereinafter defined). All such payments shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America and shall be paid at the designated corporate trust office of The Bank of New York Mellon, as trustee, or its successor under the Indenture (the "Trustee").

The principal amount, interest, Sinking Fund Installments and Redemption Price shall be payable on the dates and in the amounts that principal of, interest, Sinking Fund Installments and Redemption Price on the Series 2018A Bonds are payable under the Loan Agreement, subject to prepayments and credits to the extent provided in the Indenture and the Loan Agreement.

This promissory note is the "Series 2018A Promissory Note" referred to in the Loan and Use Agreement, dated as of October 1, 2018 (as the same may be amended or supplemented, the "Loan Agreement"), between the Issuer and each of the Borrower and American Dream Charter School, a not-for-profit education corporation and a charter school organized under the laws of the State of New York (the "School"), the terms, conditions and provisions of which are hereby incorporated by reference.

This Series 2018A Promissory Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of October 1, 2018 (as the same may be amended or supplemented, the "Indenture"), by and between the Issuer and the Trustee, and such

payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of the Issuer's \$25,725,000 in aggregate principal amount of Revenue Bonds (American Dream Charter School Project), Series 2018A (the "Series 2018A Bonds"), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture, the Loan Agreement and the Series 2018A Bonds are hereby incorporated as a part of this Series 2018A Promissory Note.

The Borrower may at its option, and may under certain circumstances be required to, prepay together with accrued interest, all or any part of the amounts due under this Series 2018A Promissory Note, as provided in the Loan Agreement and the Indenture.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Borrower.

The Borrower hereby promises to pay costs of collection and attorneys' fees in case of default on this Series 2018A Promissory Note.

This Series 2018A Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York without regard to conflicts of law principles thereof.

AMERICAN DREAM GERARD LLC

By: _____
Maureen K. Heneghan
President

ENDORSEMENT

Pay to the order of The Bank of New York Mellon, without recourse, as Trustee under the Indenture referred to in the within mentioned Loan Agreement, as security for the Series 2018A Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Series 2018A Promissory Note.

BUILD NYC RESOURCE CORPORATION

By: _____
Krishna Omolade
Deputy Executive Director

Dated: October __, 2018

FORM OF SERIES 2018B PROMISSORY NOTE

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS SERIES 2018B PROMISSORY NOTE, THIS SERIES 2018B PROMISSORY NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH OF WHICH ARE REFERRED TO HEREIN.

\$1,020,000

October 30, 2018

SERIES 2018B PROMISSORY NOTE

FOR VALUE RECEIVED, AMERICAN DREAM GERARD LLC, a limited liability company organized and existing under the laws of the State of New York (the "Borrower"), by this promissory note, hereby promises to pay to the order of BUILD NYC RESOURCE CORPORATION (the "Issuer") the principal sum of One Million Twenty Thousand Dollars (\$1,020,000), together with interest on the unpaid principal amount hereof, from the date of the issuance and delivery of the Series 2018B Bonds (as such term is hereinafter defined) until paid in full, at a rate per annum equal to the respective rates of interest borne from time to time by the Series 2018B Bonds, together with all Sinking Fund Installments and Redemption Price payments as and when due. All capitalized terms used but not defined in this Series 2018B Promissory Note shall have the respective meanings assigned such terms by the Indenture (as hereinafter defined) or by the Loan Agreement (as hereinafter defined). All such payments shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America and shall be paid at the designated corporate trust office of The Bank of New York Mellon, as trustee, or its successor under the Indenture (the "Trustee").

The principal amount, interest, Sinking Fund Installments and Redemption Price shall be payable on the dates and in the amounts that principal of, interest, Sinking Fund Installments and Redemption Price on the Series 2018B Bonds are payable under the Loan Agreement, subject to prepayments and credits to the extent provided in the Indenture and the Loan Agreement.

This promissory note is the "Series 2018B Promissory Note" referred to in the Loan and Use Agreement, dated as of October 1, 2018 (as the same may be amended or supplemented, the "Loan Agreement"), between the Issuer and each of the Borrower and American Dream Charter School, a not-for-profit education corporation and a charter school organized under the laws of the State of New York (the "School"), the terms, conditions and provisions of which are hereby incorporated by reference.

This Series 2018B Promissory Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of October 1, 2018 (as the same may be amended or supplemented, the "Indenture"), by and between the Issuer and the Trustee, and such

payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of the Issuer's \$1,020,000 in aggregate principal amount of Revenue Bonds (American Dream Charter School Project), Series 2018B (Taxable) (the "Series 2018B Bonds"), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture, the Loan Agreement and the Series 2018B Bonds are hereby incorporated as a part of this Series 2018B Promissory Note.

The Borrower may at its option, and may under certain circumstances be required to, prepay together with accrued interest, all or any part of the amounts due under this Series 2018B Promissory Note, as provided in the Loan Agreement and the Indenture.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Borrower.

The Borrower hereby promises to pay costs of collection and attorneys' fees in case of default on this Series 2018B Promissory Note.

This Series 2018B Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York without regard to conflicts of law principles thereof.

AMERICAN DREAM GERARD LLC

By: _____
Maureen K. Heneghan
President

ENDORSEMENT

Pay to the order of The Bank of New York Mellon, without recourse, as Trustee under the Indenture referred to in the within mentioned Loan Agreement, as security for the Series 2018B Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Series 2018B Promissory Note.

BUILD NYC RESOURCE CORPORATION

By: _____
Krishna Omolade
Deputy Executive Director

Dated: October __, 2018

EXHIBIT I

[Reserved]

FORM OF LW AGREEMENT

LIVING WAGE AGREEMENT

This LIVING WAGE AGREEMENT (this “Agreement”) is made as of [____], by [____] (“Obligor”) in favor of the Borrower, the School, the Issuer, the City, the DCA and the Comptroller (each as defined below) (each, an “Obligee”). In consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Obligor hereby covenants and agrees as follows:

1. Definitions. As used herein the following capitalized terms shall have the respective meanings specified below.

“Affiliate” means, with respect to a given Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such given Person.

“Asserted Cure” has the meaning specified in paragraph 10(a).

“Asserted LW Violation” has the meaning specified in paragraph 10(a).

“Borrower” means American Dream Gerard LLC, a limited liability company organized and existing under the laws of the State of New York having its principal office at 510 East 141st Street, Bronx, New York, and its permitted successors and assigns as the Borrower under the Project Agreement.

“City” means The City of New York.

“Comptroller” means the Comptroller of The City of New York or his or her designee.

“Concessionaire” means a Person that has been granted the right by the Borrower and/or the School, an Affiliate of the Borrower and/or the School, or any tenant, subtenant, leaseholder or subleaseholder of the Borrower and/or the School, or of an Affiliate of the Borrower and/or the School, to operate at the Facility for the primary purpose of selling goods or services to natural persons at the Facility.

“Control” or “Controls”, including the related terms “Controlled by” and “under common Control with”, means the power to direct the management and policies of a Person (a) through the ownership, directly or indirectly, of not less than a majority of its voting equity, (b) through the right to designate or elect not less than a majority of the members of its board of directors, board of managers, board of trustees or other governing body, or (c) by contract or otherwise.

“Covered Counterparty” means a Covered Employer whose Specified Contract is directly with Obligor or an Affiliate of Obligor to lease, occupy, operate or perform work

at the Obligor Facility.

“Covered Employer” means any of the following Persons: (a) Obligor, (b) a tenant, subtenant, leaseholder or subleaseholder of Obligor that leases any portion of the Obligor Facility (or an Affiliate of any such tenant, subtenant, leaseholder or subleaseholder if such Affiliate has one or more direct Site Employees), (c) a Concessionaire that operates on any portion of the Obligor Facility, and (d) a Person that contracts or subcontracts with any Covered Employer described in clauses (a), (b) or (c) above to perform work for a period of more than ninety days on any portion of the Obligor Facility, including temporary services or staffing agencies, food service contractors, and other on-site service contractors; provided, however, that the term “Covered Employer” shall not include (i) a Person of the type described in Section 6-134(d)(2), (3), (4) or (5) of the New York City Administrative Code, (ii) a Person that has annual consolidated gross revenues that are less than the Small Business Cap unless the revenues of the Person are included in the consolidated gross revenues of a Person having annual consolidated gross revenues that are more than the Small Business Cap, in each case calculated based on the fiscal year preceding the fiscal year in which the determination is being made, and in each case calculated in accordance with generally accepted accounting principles, (iii) any otherwise covered Person operating on any portion of the Obligor Facility if residential units comprise more than 75% of the total Facility area and all of the residential units are subject to rent regulation, (iv) any otherwise covered Person that the Issuer has determined (in its sole and absolute discretion) in writing to be exempt on the basis that it works significantly with a Qualified Workforce Program, (v) a Person whose Site Employees all are paid wages determined pursuant to a collective bargaining or labor agreement, (vi) if the Borrower and/or the School is a “covered developer” under and as defined in the Prevailing Wage Law, a Person that is a “building services contractor” (as defined in the LW Law) so long as such Person is paying its “building service employees” (as defined in the Prevailing Wage Law) no less than the applicable “prevailing wage” (as defined in the Prevailing Wage Law), or (vii) a Person exempted by a Deputy Mayor of The City of New York in accordance with the Mayor’s Executive Order No. 7 dated September 30, 2014.

“DCA” means the Department of Consumer Affairs of The City of New York, acting as the designee of the Mayor of The City of New York, or such other agency or designee that the Mayor of The City of New York may designate from time to time.

“Facility” means the land and real property improvements located in the Borough of the Bronx, Block 2473 and Lot 8, generally known by the street address 700 Gerard Avenue, Bronx, New York.

“Issuer” means Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038.

“LW” has the same meaning as the term “living wage” as defined in Section 6-134(b)(9) of the New York City Administrative Code and shall be adjusted annually in

accordance therewith, except that as of April 1, 2015, the “living wage rate” component of the LW shall be eleven dollars and sixty-five cents per hour (\$11.65/hour) and the “health benefits supplement rate” component of the LW shall be one dollar and sixty-five cents per hour (\$1.65/hour). The annual adjustments to the “living wage rate” and “health benefits supplement rate” will be announced on or around January 1 of each year by the DCA and will go into effect on April 1 of such year.

“LW Agreement” means, with respect to any Covered Counterparty, an enforceable agreement in the form attached hereto as Attachment 1 (except only with such changes as are necessary to make such Covered Counterparty the obligor thereunder).

“LW Agreement Delivery Date” means, with respect to any Covered Counterparty, the latest of (a) the effective date of such Covered Counterparty’s Specified Contract, (b) the date that such Covered Counterparty becomes a Covered Employer at the Obligor Facility and (c) the date of this Agreement.

“LW Law” means the Fair Wages for New Yorkers Act, constituting Section 6-134 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

“LW Term” means the period commencing on the date of this Agreement and ending on the date that is the earlier to occur of: (a) the later to occur of (i) the date on which neither the Borrower nor the School is receiving financial assistance under the Project Agreement or (ii) the date that is ten years after the Facility commences operations; or (b) the end of the term of Obligor’s Specified Contract (including any renewal or option terms pursuant to any exercised options), whether by early termination or otherwise.

“LW Violation Final Determination” has the meaning specified in paragraph 10(a)(i), paragraph 10(a)(ii)(1) or paragraph 10(a)(ii)(2), as applicable.

“LW Violation Initial Determination” has the meaning specified in paragraph 10(a)(ii).

“LW Violation Notice” has the meaning specified in paragraph 10(a).

“LW Violation Threshold” means \$100,000 multiplied by 1.03^n , where “n” is the number of full years that have elapsed since January 1, 2015.

“Obligor Facility” means the applicable portion of the Facility covered by the Specified Contract of Obligor.

“Operational Date” means the date that Obligor commences occupancy, operations or work at the Obligor Facility.

“Owed Interest” means the interest accruing on Owed Monies, which interest shall accrue from the relevant date(s) of underpayment to the date that the Owed Monies

are paid, at a rate equal to the interest rate then in effect as prescribed by the superintendent of banks pursuant to Section 14-a of the New York State Banking Law, but in any event at a rate no less than six percent per year.

“Owed Monies” means, as the context shall require, either (a) the total deficiency of LW required to be paid by Obligor in accordance with this Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the “living wage rate” component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the “health benefits supplement rate” component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis; or (b) if Obligor failed to obtain a LW Agreement from a Covered Counterparty as required under paragraph 5 below, the total deficiency of LW that would have been required to be paid under such Covered Counterparty’s LW Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the “living wage rate” component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the “health benefits supplement rate” component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis, during the period commencing on the LW Agreement Delivery Date applicable to such Covered Counterparty and ending immediately prior to the execution and delivery by such Covered Counterparty of its LW Agreement (if applicable).

“Person” means any natural person, sole proprietorship, partnership, association, joint venture, limited liability company, corporation, governmental authority, governmental agency, governmental instrumentality or any form of doing business.

“Pre-Existing Covered Counterparty” has the meaning specified in paragraph 5.

“Pre-Existing Specified Contract” has the meaning specified in paragraph 5.

“Prevailing Wage Law” means Section 6-130 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

“Project Agreement” means that certain Loan and Use Agreement, dated as of October 1, 2018, between the Issuer and each of the Borrower and the School (as amended, restated, supplemented or otherwise modified from time to time), pursuant to which each of the Borrower and the School has or will receive financial assistance from the Issuer.

“Qualified Workforce Program” means a training or workforce development program that serves youth, disadvantaged populations or traditionally hard-to-employ populations and that has been determined to be a Qualified Workforce Program by the Director of the Mayor’s Office of Workforce Development.

“School” shall mean American Dream Charter School, a not-for-profit education corporation and a charter school organized and existing under the laws of the State of New York having its principal office at 510 East 141st Street, Bronx, New York, and its

permitted successors and assigns as the School under the Project Agreement.

“Site Employee” means, with respect to any Covered Employer, any natural person who works at the Obligor Facility and who is employed by, or contracted or subcontracted to work for, such Covered Employer, including all employees, independent contractors, contingent workers or contracted workers (including persons made available to work through the services of a temporary services, staffing or employment agency or similar entity) that are performing work on a full-time, part-time, temporary or seasonal basis; provided that the term “Site Employee” shall not include any natural person who works less than seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility unless the primary work location or home base of such person is at the Obligor Facility (for the avoidance of doubt, a natural person who works at least seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility shall thereafter constitute a Site Employee).

“Small Business Cap” means three million dollars; provided that, beginning in 2015 and each year thereafter, the Small Business Cap shall be adjusted contemporaneously with the adjustment to the “living wage rate” component of the LW using the methodology set forth in Section 6-134(b)(9) of the New York City Administrative Code.

“Specified Contract” means (a) in the case of Obligor, the [____], dated as of [____], by and between Obligor and [____], or (b) in the case of any other Person, the principal written contract that makes such Person a Covered Employer hereunder.

2. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall pay each of its direct Site Employees no less than an LW.
3. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall, on or prior to the day on which each direct Site Employee of Obligor begins work at the Obligor Facility, (a) post a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement in a conspicuous place at the Obligor Facility that is readily observable by such direct Site Employee and (b) provide such direct Site Employee with a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement. Such written notice shall also provide a statement advising Site Employees that if they have been paid less than the LW they may notify the Comptroller and request an investigation. Such written notice shall be in English and Spanish.
4. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall not take any adverse employment action against any Site Employee for reporting or asserting a violation of this Agreement.
5. During the LW Term, Obligor shall cause each Covered Counterparty to execute an LW Agreement on or prior to the LW Agreement Delivery Date applicable to such Covered

Counterparty; provided that Obligor shall only be required to use commercially reasonable efforts (without any obligation to commence any action or proceedings) to obtain an LW Agreement from a Covered Counterparty whose Specified Contract with Obligor was entered into prior to the date hereof (a “Pre-Existing Covered Counterparty” and a “Pre-Existing Specified Contract”). Prior to the renewal or extension of any Pre-Existing Specified Contract (or prior to entering into a new Specified Contract with a Pre-Existing Covered Counterparty), Obligor shall cause or otherwise require the Pre-Existing Covered Counterparty to execute an LW Agreement, provided that the foregoing shall not preclude Obligor from renewing or extending a Pre-Existing Specified Contract pursuant to any renewal or extension options granted to the Pre-Existing Covered Counterparty in the Pre-Existing Specified Contract as such option exists as of the date hereof. Obligor shall deliver a copy of each Covered Counterparty’s LW Agreement to the Issuer, the DCA and the Comptroller at the notice address specified in paragraph 12 below and promptly upon written request. Obligor shall retain copies of each Covered Counterparty’s LW Agreement until six (6) years after the expiration or earlier termination of such Covered Counterparty’s Specified Contract.

6. Commencing on the Operational Date and thereafter during the remainder of the LW Term, in the event that an individual with managerial authority at Obligor receives a written complaint from any Site Employee (or such individual otherwise obtains actual knowledge) that any Site Employee has been paid less than an LW, Obligor shall deliver written notice to the Issuer, the DCA and the Comptroller within 30 days thereof.
7. Obligor hereby acknowledges and agrees that the Issuer, the City, the DCA and the Comptroller are each intended to be direct beneficiaries of the terms and provisions of this Agreement. Obligor hereby acknowledges and agrees that the DCA, the Comptroller and the Issuer shall each have the authority and power to enforce any and all provisions and remedies under this Agreement in accordance with paragraph 10 below. Obligor hereby agrees that the DCA, the Comptroller and the Issuer may, as their sole and exclusive remedy for any violation of Obligor’s obligations under this Agreement, bring an action for damages (but not in excess of the amounts set forth in paragraph 10 below), injunctive relief or specific performance or any other non-monetary action at law or in equity, in each case subject to the provisions of paragraph 10 below, as may be necessary or desirable to enforce the performance or observance of any obligations, agreements or covenants of Obligor under this Agreement. The agreements and acknowledgements of Obligor set forth in this Agreement may not be amended, modified or rescinded by Obligor without the prior written consent of the Issuer or the DCA.
8. No later than 30 days after Obligor’s receipt of a written request from the Issuer, the DCA and/or the Comptroller, Obligor shall provide to the Issuer, the DCA and the Comptroller (a) a written list of all Covered Counterparties, together with the LW Agreements of such Covered Counterparties. From and after the Operational Date, no later than 30 days after Obligor’s receipt of a written request from the Issuer, the DCA and/or the Comptroller, Obligor shall provide to the Issuer, the DCA and the Comptroller (b) a certification stating that all of the direct Site Employees of Obligor are paid no less than an LW and stating that Obligor is in compliance with this Agreement in all material respects, (c) certified payroll records in respect of the direct Site Employees of Obligor, and/or (d) any other documents or

information reasonably related to the determination of whether Obligor is in compliance with its obligations under this Agreement.

9. From and after the Operational Date, Obligor shall, annually by August 1 of each year during the LW Term, submit to the Borrower and the School such data in respect of employment, jobs and wages at the Obligor Facility as of June 30 of such year that is needed by the Borrower and the School for them to comply with their reporting obligations under the Project Agreement.

10. Violations and Remedies.

- (a) If a violation of this Agreement shall have been alleged by the Issuer, the DCA and/or the Comptroller, then written notice will be provided to Obligor for such alleged violation (an "LW Violation Notice"), specifying the nature of the alleged violation in such reasonable detail as is known to the Issuer, the DCA and the Comptroller (the "Asserted LW Violation") and specifying the remedy required under paragraph 10(b), (c), (d), (e) and/or (f) (as applicable) to cure the Asserted LW Violation (the "Asserted Cure"). Upon Obligor's receipt of the LW Violation Notice, Obligor may either:

- (i) Perform the Asserted Cure no later than 30 days after its receipt of the LW Violation Notice (in which case a "LW Violation Final Determination" shall be deemed to exist), or

- (ii) Provide written notice to the Issuer, the DCA and the Comptroller indicating that it is electing to contest the Asserted LW Violation and/or the Asserted Cure, which notice shall be delivered no later than 30 days after its receipt of the LW Violation Notice. Obligor shall bear the burdens of proof and persuasion and shall provide evidence to the DCA no later than 45 days after its receipt of the LW Violation Notice. The DCA shall then, on behalf of the City, the Issuer and the Comptroller, make a good faith determination of whether the Asserted LW Violation exists based on the evidence provided by Obligor and deliver to Obligor a written statement of such determination in reasonable detail, which shall include a confirmation or modification of the Asserted LW Violation and Asserted Cure (such statement, a "LW Violation Initial Determination"). Upon Obligor's receipt of the LW Violation Initial Determination, Obligor may either:

- (1) Accept the LW Violation Initial Determination and shall perform the Asserted Cure specified in the LW Violation Initial Determination no later than 30 days after its receipt of the LW Violation Initial Determination (after such 30 day period has lapsed, but subject to clause (2) below, the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination"), or

- (2) Contest the LW Violation Initial Determination by filing in a court of competent jurisdiction or for an administrative hearing no later than 30 days after its receipt of the LW Violation Initial Determination, in which case, Obligor's obligation to perform the Asserted Cure shall be stayed pending resolution of the action. If no filing in a court of competent jurisdiction or for an administrative hearing is made to contest the LW Violation Initial Determination within 30 days after Obligor's receipt thereof, then the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination". If such a filing is made, then a "LW Violation Final Determination" will be deemed to exist when the matter has been finally adjudicated. Obligor shall perform the Asserted Cure (subject to the judicial decision) no later than 30 days after the LW Violation Final Determination.
- (b) For the first LW Violation Final Determination imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees; and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation
- (c) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees, and Obligor shall pay fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee; and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.
- (d) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, if the aggregate amount of Owed Monies and Owed Interest paid or payable by Obligor in respect of its direct Site Employees is in excess of the LW Violation Threshold for all past and present LW Violation Final Determinations imposed on Obligor, then in lieu of the remedies specified in subparagraph (c) above and at the direction of the Issuer or the DCA (but not both), Obligor shall pay (i) two hundred percent (200%) of the Owed Monies and Owed Interest in respect of the present LW Violation Final Determination to the affected direct Site Employees of Obligor, and (ii) fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee.
- (e) If Obligor fails to obtain an LW Agreement from its Covered Counterparty in violation of paragraph 5 above, then at the discretion of the Issuer or the DCA (but not both), Obligor shall be responsible for payment of the Owed Monies,

Owed Interest and other payments described in subparagraphs (b), (c) and (d) above (as applicable) as if the direct Site Employees of such Covered Counterparty were the direct Site Employees of Obligor.

(f) Obligor shall not renew the Specified Contract of any specific Covered Counterparty or enter into a new Specified Contract with any specific Covered Counterparty if both (i) the aggregate amount of Owed Monies and Owed Interest paid or payable by such Covered Counterparty in respect of its direct Site Employees for all past and present LW Violation Final Determinations (or that would have been payable had such Covered Counterparty entered into an LW Agreement) is in excess of the LW Violation Threshold and (ii) two or more LW Violation Final Determinations against such Covered Counterparty (or in respect of the direct Site Employees of such Covered Counterparty) occurred within the last 6 years of the term of the applicable Specified Contract (or if the term thereof is less than 6 years, then during the term thereof); provided that the foregoing shall not preclude Obligor from extending or renewing a Specified Contract pursuant to any renewal or extension options granted to the Covered Counterparty in the Specified Contract as in effect as of the LW Agreement Delivery Date applicable to such Covered Counterparty.

(g) It is acknowledged and agreed that (i) the sole monetary damages that Obligor may be subject to for a violation of this Agreement are as set forth in this paragraph 10, and (ii) in no event will the Specified Contract between Obligor and a given Covered Counterparty be permitted to be terminated or rescinded by the Issuer, the DCA or the Comptroller by virtue of violations by Obligor or a Covered Counterparty.

11. Obligor acknowledges that the terms and conditions of this Agreement are intended to implement the Mayor's Executive Order No. 7 dated September 30, 2014.

12. All notices under this Agreement shall be in writing and shall be delivered by (a) return receipt requested or registered or certified United States mail, postage prepaid, (b) a nationally recognized overnight delivery service for overnight delivery, charges prepaid, or (c) hand delivery, addressed as follows:

(a) If to Obligor, to [Obligor's Name], [Street Address], [City], [State], [Zip Code], Attention: [Contact Person].

(b) If to the Issuer, to Build NYC Resource Corporation, 110 William Street, New York, NY, 10038, Attention: General Counsel, with a copy to Build NYC Resource Corporation, 110 William Street, New York, NY, 10038, Attention: Executive Director.

(c) If to the DCA, to Department of Consumer Affairs of The City of New York, 42 Broadway, New York, NY, 10004, Attention: Living Wage Division.

(d) If to the Comptroller, to Office of the Comptroller of The City of New York, One Centre Street, New York, NY 10007, Attention: Chief, Bureau of Labor Law.

13. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York.
14. Obligor hereby irrevocably and unconditionally (a) agrees that any suit, action or other legal proceeding arising out of this Agreement may be brought in the courts of record of the State of New York in New York County or the United States District Court for the Southern District of New York; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; (c) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (d) waives and relinquishes any rights it might otherwise have (i) to move to dismiss on grounds of forum non conveniens, (ii) to remove to any federal court other than the United States District Court for the Southern District of New York, and (iii) to move for a change of venue to a New York State Court outside New York County.
15. Notwithstanding any other provision of this Agreement, in no event shall the partners, members, counsel, directors, shareholders or employees of Obligor have any personal obligation or liability for any of the terms, covenants, agreements, undertakings, representations or warranties of Obligor contained in this Agreement.

IN WITNESS WHEREOF, Obligor has executed and delivered this Agreement as of the date first written above.

[_____]

By: _____
Name:
Title:

ATTACHMENT 1 to EXHIBIT J
FORM OF LW AGREEMENT

LIVING WAGE AGREEMENT

This LIVING WAGE AGREEMENT (this “Agreement”) is made as of [____], by [____] (“Obligor”) in favor of the Borrower, the School, the Issuer, the City, the DCA and the Comptroller (each as defined below) (each, an “Obligee”). In consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Obligor hereby covenants and agrees as follows:

1. Definitions. As used herein the following capitalized terms shall have the respective meanings specified below.

“Asserted Cure” has the meaning specified in paragraph 9(a).

“Asserted LW Violation” has the meaning specified in paragraph 9(a).

“Borrower” shall mean American Dream Gerard LLC, a limited liability company organized and existing under the laws of the State of New York having its principal office at 510 East 141st Street, Bronx, New York, and its permitted successors and assigns as the Borrower under the Project Agreement.

“City” means The City of New York.

“Comptroller” means the Comptroller of The City of New York or his or her designee.

“Covered Employer” means Obligor; provided, however, that the term “Covered Employer” shall not include (i) a Person of the type described in Section 6-134(d)(2), (3), (4) or (5) of the New York City Administrative Code, (ii) a Person that has annual consolidated gross revenues that are less than the Small Business Cap unless the revenues of the Person are included in the consolidated gross revenues of a Person having annual consolidated gross revenues that are more than the Small Business Cap, in each case calculated based on the fiscal year preceding the fiscal year in which the determination is being made, and in each case calculated in accordance with generally accepted accounting principles, (iii) any otherwise covered Person operating on any portion of the Obligor Facility if residential units comprise more than 75% of the total Facility area and all of the residential units are subject to rent regulation, (iv) any otherwise covered Person that the Issuer has determined (in its sole and absolute discretion) in writing to be exempt on the basis that it works significantly with a Qualified Workforce Program, (v) a Person whose Site Employees all are paid wages determined pursuant to a collective bargaining or labor agreement, (vi) if the Borrower and/or the School is a “covered developer” under and as defined in the Prevailing Wage Law, a Person that is a “building services contractor” (as defined in the LW Law) so long as such Person is paying its “building service employees” (as defined in the Prevailing Wage Law) no less than the applicable “prevailing wage” (as defined in the Prevailing Wage Law), or (vii) a Person

exempted by a Deputy Mayor of The City of New York in accordance with the Mayor's Executive Order No. 7 dated September 30, 2014.

"DCA" means the Department of Consumer Affairs of The City of New York, acting as the designee of the Mayor of The City of New York, or such other agency or designee that the Mayor of The City of New York may designate from time to time.

"Facility" means the land and real property improvements located in the Borough of the Bronx, Block 2473 and Lot 8, generally known by the street address 700 Gerard Avenue, Bronx, New York.

"Issuer" means Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038.

"LW" has the same meaning as the term "living wage" as defined in Section 6-134(b)(9) of the New York City Administrative Code and shall be adjusted annually in accordance therewith, except that as of April 1, 2015, the "living wage rate" component of the LW shall be eleven dollars and sixty-five cents per hour (\$11.65/hour) and the "health benefits supplement rate" component of the LW shall be one dollar and sixty-five cents per hour (\$1.65/hour). The annual adjustments to the "living wage rate" and "health benefits supplement rate" will be announced on or around January 1 of each year by the DCA and will go into effect on April 1 of such year.

"LW Law" means the Fair Wages for New Yorkers Act, constituting Section 6-134 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

"LW Term" means the period commencing on the date of this Agreement and ending on the date that is the earlier to occur of: (a) the later to occur of (i) the date on which neither the Borrower nor the School is receiving financial assistance under the Project Agreement or (ii) the date that is ten years after the Facility commences operations; or (b) the end of the term of Obligor's Specified Contract (including any renewal or option terms pursuant to any exercised options), whether by early termination or otherwise.

"LW Violation Final Determination" has the meaning specified in paragraph 9(a)(i), paragraph 9(a)(ii)(1) or paragraph 9(a)(ii)(2), as applicable.

"LW Violation Initial Determination" has the meaning specified in paragraph 9(a)(ii).

"LW Violation Notice" has the meaning specified in paragraph 9(a).

"LW Violation Threshold" means \$100,000 multiplied by 1.03ⁿ, where "n" is the number of full years that have elapsed since January 1, 2015.

“Obligor Facility” means the applicable portion of the Facility covered by the Specified Contract of Obligor.

“Operational Date” means the date that Obligor commences occupancy, operations or work at the Obligor Facility.

“Owed Interest” means the interest accruing on Owed Monies, which interest shall accrue from the relevant date(s) of underpayment to the date that the Owed Monies are paid, at a rate equal to the interest rate then in effect as prescribed by the superintendent of banks pursuant to Section 14-a of the New York State Banking Law, but in any event at a rate no less than six percent per year.

“Owed Monies” means the total deficiency of LW required to be paid by Obligor in accordance with this Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the “living wage rate” component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the “health benefits supplement rate” component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis.

“Person” means any natural person, sole proprietorship, partnership, association, joint venture, limited liability company, corporation, governmental authority, governmental agency, governmental instrumentality or any form of doing business.

“Prevailing Wage Law” means Section 6-130 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

“Project Agreement” means that certain Loan and Use Agreement, dated as of October 1, 2018, between the Issuer and each of the Borrower and the School (as amended, restated, supplemented or otherwise modified from time to time), pursuant to which each of the Borrower and the School has or will receive financial assistance from the Issuer.

“Qualified Workforce Program” means a training or workforce development program that serves youth, disadvantaged populations or traditionally hard-to-employ populations and that has been determined to be a Qualified Workforce Program by the Director of the Mayor’s Office of Workforce Development.

“School” shall mean American Dream Charter School, a not-for-profit education corporation and a charter school organized and existing under the laws of the State of New York having its principal office at 510 East 141st Street, Bronx, New York, and its permitted successors and assigns as the School under the Project Agreement.

“Site Employee” means any natural person who works at the Obligor Facility and who is employed by, or contracted or subcontracted to work for, Obligor, including all employees, independent contractors, contingent workers or contracted workers (including persons made available to work through the services of a temporary services, staffing or employment agency or similar entity) that are performing work on a full-time, part-time,

temporary or seasonal basis; provided that the term “Site Employee” shall not include any natural person who works less than seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility unless the primary work location or home base of such person is at the Obligor Facility (for the avoidance of doubt, a natural person who works at least seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility shall thereafter constitute a Site Employee).

“Small Business Cap” means three million dollars; provided that, beginning in 2015 and each year thereafter, the Small Business Cap shall be adjusted contemporaneously with the adjustment to the “living wage rate” component of the LW using the methodology set forth in Section 6-134(b)(9) of the New York City Administrative Code.

“Specified Contract” means (a) in the case of Obligor, the [____], dated as of [____], by and between Obligor and [____], or (b) in the case of any other Person, the principal written contract that makes such Person a Covered Employer hereunder.

2. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall pay each of its direct Site Employees no less than an LW.
3. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall, on or prior to the day on which each direct Site Employee of Obligor begins work at the Obligor Facility, (a) post a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement in a conspicuous place at the Obligor Facility that is readily observable by such direct Site Employee and (b) provide such direct Site Employee with a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement. Such written notice shall also provide a statement advising Site Employees that if they have been paid less than the LW they may notify the Comptroller and request an investigation. Such written notice shall be in English and Spanish.
4. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall not take any adverse employment action against any Site Employee for reporting or asserting a violation of this Agreement.
5. Commencing on the Operational Date and thereafter during the remainder of the LW Term, in the event that an individual with managerial authority at Obligor receives a written complaint from any Site Employee (or such individual otherwise obtains actual knowledge) that any Site Employee has been paid less than an LW, Obligor shall deliver written notice to the Issuer, the DCA and the Comptroller within 30 days thereof.
6. Obligor hereby acknowledges and agrees that the Issuer, the City, the DCA and the Comptroller are each intended to be direct beneficiaries of the terms and provisions of this Agreement. Obligor hereby acknowledges and agrees that the DCA, the Comptroller and the Issuer shall each have the authority and power to enforce any and all provisions and remedies

under this Agreement in accordance with paragraph 9 below. Obligor hereby agrees that the DCA, the Comptroller and the Issuer may, as their sole and exclusive remedy for any violation of Obligor's obligations under this Agreement, bring an action for damages (but not in excess of the amounts set forth in paragraph 9 below), injunctive relief or specific performance or any other non-monetary action at law or in equity, in each case subject to the provisions of paragraph 9 below, as may be necessary or desirable to enforce the performance or observance of any obligations, agreements or covenants of Obligor under this Agreement. The agreements and acknowledgements of Obligor set forth in this Agreement may not be amended, modified or rescinded by Obligor without the prior written consent of the Issuer or the DCA.

7. From and after the Operational Date, no later than 30 days after Obligor's receipt of a written request from the Issuer, the DCA and/or the Comptroller, Obligor shall provide to the Issuer, the DCA and the Comptroller (a) a certification stating that all of the direct Site Employees of Obligor are paid no less than an LW and stating that Obligor is in compliance with this Agreement in all material respects, (b) certified payroll records in respect of the direct Site Employees of Obligor, and/or (c) any other documents or information reasonably related to the determination of whether Obligor is in compliance with its obligations under this Agreement.
8. From and after the Operational Date, Obligor shall, annually by August 1 of each year during the LW Term, submit to its counterparty to its Specified Contract such data in respect of employment, jobs and wages at the Obligor Facility as of June 30 of such year that is needed by the Borrower and the School for them to comply with their reporting obligations under the Project Agreement.

9. Violations and Remedies.

(a) If a violation of this Agreement shall have been alleged by the Issuer, the DCA and/or the Comptroller, then written notice will be provided to Obligor for such alleged violation (an "LW Violation Notice"), specifying the nature of the alleged violation in such reasonable detail as is known to the Issuer, the DCA and the Comptroller (the "Asserted LW Violation") and specifying the remedy required under paragraph 9(b), (c) and/or (d) (as applicable) to cure the Asserted LW Violation (the "Asserted Cure"). Upon Obligor's receipt of the LW Violation Notice, Obligor may either:

- (i) Perform the Asserted Cure no later than 30 days after its receipt of the LW Violation Notice (in which case a "LW Violation Final Determination" shall be deemed to exist), or
- (ii) Provide written notice to the Issuer, the DCA and the Comptroller indicating that it is electing to contest the Asserted LW Violation and/or the Asserted Cure, which notice shall be delivered no later than 30 days after its receipt of the LW Violation Notice. Obligor shall bear the burdens of proof and persuasion and shall provide evidence to the DCA no later than 45 days after its receipt of the LW Violation Notice. The DCA

shall then, on behalf of the City, the Issuer and the Comptroller, make a good faith determination of whether the Asserted LW Violation exists based on the evidence provided by Obligor and deliver to Obligor a written statement of such determination in reasonable detail, which shall include a confirmation or modification of the Asserted LW Violation and Asserted Cure (such statement, a "LW Violation Initial Determination"). Upon Obligor's receipt of the LW Violation Initial Determination, Obligor may either:

- (1) Accept the LW Violation Initial Determination and shall perform the Asserted Cure specified in the LW Violation Initial Determination no later than 30 days after its receipt of the LW Violation Initial Determination (after such 30 day period has lapsed, but subject to clause (2) below, the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination"), or
 - (2) Contest the LW Violation Initial Determination by filing in a court of competent jurisdiction or for an administrative hearing no later than 30 days after its receipt of the LW Violation Initial Determination, in which case, Obligor's obligation to perform the Asserted Cure shall be stayed pending resolution of the action. If no filing in a court of competent jurisdiction or for an administrative hearing is made to contest the LW Violation Initial Determination within 30 days after Obligor's receipt thereof, then the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination". If such a filing is made, then a "LW Violation Final Determination" will be deemed to exist when the matter has been finally adjudicated. Obligor shall perform the Asserted Cure (subject to the judicial decision) no later than 30 days after the LW Violation Final Determination.
- (b) For the first LW Violation Final Determination imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees; and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.
- (c) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees, and Obligor shall pay fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee, and/or

(ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.

(d) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, if the aggregate amount of Owed Monies and Owed Interest paid or payable by Obligor in respect of its direct Site Employees is in excess of the LW Violation Threshold for all past and present LW Violation Final Determinations imposed on Obligor, then in lieu of the remedies specified in subparagraph (c) above and at the direction of the Issuer or the DCA (but not both), Obligor shall pay (i) two hundred percent (200%) of the Owed Monies and Owed Interest in respect of the present LW Violation Final Determination to the affected direct Site Employees of Obligor, and (ii) fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee.

(e) It is acknowledged and agreed that the sole monetary damages that Obligor may be subject to for a violation of this Agreement are as set forth in this paragraph 9.

10. Obligor acknowledges that the terms and conditions of this Agreement are intended to implement the Mayor's Executive Order No. 7 dated September 30, 2014.

11. All notices under this Agreement shall be in writing and shall be delivered by (a) return receipt requested or registered or certified United States mail, postage prepaid, (b) a nationally recognized overnight delivery service for overnight delivery, charges prepaid, or (c) hand delivery, addressed as follows:

(a) If to Obligor, to [Obligor's Name], [Street Address], [City], [State], [Zip Code], Attention: [Contact Person].

(b) If to the Issuer, to Build NYC Resource Corporation, 110 William Street, New York, NY, 10038, Attention: General Counsel, with a copy to Build NYC Resource Corporation, 110 William Street, New York, NY, 10038, Attention: Executive Director.

(c) If to the DCA, to Department of Consumer Affairs of The City of New York, 42 Broadway, New York, NY, 10004, Attention: Living Wage Division.

(d) If to the Comptroller, to Office of the Comptroller of The City of New York, One Centre Street, New York, NY 10007, Attention: Chief, Bureau of Labor Law.

12. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York.

13. Obligor hereby irrevocably and unconditionally (a) agrees that any suit, action or other legal proceeding arising out of this Agreement may be brought in the courts of record of the State of New York in New York County or the United States District Court for the Southern District of New York; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; (c) waives any objection which it may have to the venue of any such

suit, action or proceeding in such courts; and (d) waives and relinquishes any rights it might otherwise have (i) to move to dismiss on grounds of forum non conveniens, (ii) to remove to any federal court other than the United States District Court for the Southern District of New York, and (iii) to move for a change of venue to a New York State Court outside New York County.

14. Notwithstanding any other provision of this Agreement, in no event shall the partners, members, counsel, directors, shareholders or employees of Obligor have any personal obligation or liability for any of the terms, covenants, agreements, undertakings, representations or warranties of Obligor contained in this Agreement.

IN WITNESS WHEREOF, Obligor has executed and delivered this Agreement as of the date first written above.

[_____]

By: _____
Name:
Title:

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FORM OF INDENTURE OF TRUST

BUILD NYC RESOURCE CORPORATION,
a local development corporation created pursuant to the Not-for-Profit Corporation Law of the
State of New York at the direction of the Mayor of
The City of New York, having its principal office at 110 William Street,
New York, New York 10038,
as “**Issuer**”,

TO

THE BANK OF NEW YORK MELLON,
a banking corporation organized and existing under the laws of the State of New York,
having a corporate trust office at 240 Greenwich Street, Floor 7W, New York, New York 10286,
together with any successor trustee at the time serving as such under this Indenture of Trust,
as “**Trustee**”

INDENTURE OF TRUST

Dated as of October 1, 2018

\$25,725,000
Build NYC Resource Corporation
Revenue Bonds
(American Dream Charter School Project), Series 2018A

and

\$1,020,000
Build NYC Resource Corporation
Revenue Bonds
(American Dream Charter School Project), Series 2018B (Taxable)

INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated as of the date set forth on the cover page hereof (as the same may be amended and supplemented in accordance with its terms, this “**Indenture**”), by and between **BUILD NYC RESOURCE CORPORATION**, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038, party of the first part, to **THE BANK OF NEW YORK MELLON**, a banking corporation organized and existing under the laws of the State of New York, together with any successor trustee at the time serving as such under this Indenture of Trust, having a corporate trust office at 240 Greenwich Street, Floor 7W, New York, New York 10286, party of the second part (capitalized terms used herein shall have the respective meanings assigned to such terms throughout this Indenture),

WITNESSETH:

WHEREAS, the Issuer is authorized pursuant to Section 1411(a) of the Not-for-Profit Corporation Law of the State of New York, as amended, and its Certificate of Incorporation and By-Laws (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of The City of New York (the “**City**”) by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their eligible projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other eligible projects that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to the City or by encouraging the development of or retention of an industry in the City, and lessening the burdens of government and acting in the public interest; and

WHEREAS, the Certificate of Incorporation of the Issuer further provides that the lessening of the burdens of government and the exercise of the powers conferred on the Issuer are the performance of an essential governmental function, which activities will assist the City in reducing unemployment and promoting additional job growth and economic development; and

WHEREAS, the Obligors have entered into negotiations with officials of the Issuer for the Issuer’s assistance with a tax-exempt and a taxable bond transaction, the proceeds of which, together with other funds of the Obligors, will be used by the Obligors for the acquisition, construction, equipping and furnishing of the Improvements as part of the Project; and

WHEREAS, the Issuer has determined that the providing of financial assistance to the Borrower for the Project will promote and is authorized by and will be in furtherance of the corporate purposes of the Issuer; and

WHEREAS, as a result of such negotiations, the Obligors have requested the Issuer to issue its bonds to finance a portion of the costs of the Project; and

WHEREAS, the Issuer adopted the Approving Resolution authorizing the Project and the Bond Resolution authorizing the issuance of its revenue bonds to finance a portion of the costs of the Project; and

WHEREAS, the Facility will be owned by the Borrower and leased to the School pursuant to the Facility Lease; and

WHEREAS, to facilitate the Project and the issuance by the Issuer of its revenue bonds from time to time to finance a portion of the costs of the Project, the Issuer and the Obligors have entered into negotiations pursuant to which (i) the Issuer will make the Loan of the proceeds of the Initial Bonds, in the aggregate principal amount of the Initial Bonds, to the Borrower pursuant to the Loan Agreement, and (ii) the Borrower will execute the Promissory Notes in favor of the Issuer to evidence the Borrower's obligation under the Loan Agreement to repay the Loan, and the Issuer will endorse the Promissory Notes to the Trustee; and

WHEREAS, to provide funds for a portion of the costs of the Project and for incidental and related costs and to provide funds to pay the costs and expenses of the issuance of the Initial Bonds, the Issuer has authorized the issuance of the Initial Bonds in the Authorized Principal Amount pursuant to the Bond Resolution and this Indenture; and

WHEREAS, concurrently with the execution hereof, in order to further secure the Initial Bonds, among other collateral, (i) the Borrower will grant a lien and security interest in the Pledged Collateral pursuant to the Pledge and Security Agreement in favor of the Trustee, subject only to the lien of the Mortgage; (ii) the Borrower will grant a mortgage lien on and a security interest in its fee interest in the Mortgaged Property, including its interest in the Facility Lease, to the Issuer and the Trustee pursuant to the Mortgage, and the Issuer will assign its right, title and interest under the Mortgage to the Trustee pursuant to the Assignment of Mortgage; and (iii) the Depositary Bank, the Trustee and the Borrower will execute and deliver the Blocked Account Control Agreement, pursuant to which the Borrower will grant a security interest in the Borrower's operating account to the Trustee and authorize the Trustee to transfer the amounts required under this Indenture and the Loan Agreement to the Revenue Fund; and

WHEREAS, additional moneys may be necessary to finance the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, or providing extensions, additions or improvements to the Facility or refunding outstanding Bonds and provision should therefore be made for the issuance from time to time of additional bonds; and

WHEREAS, the Initial Bonds and the Trustee's Certificate to be endorsed thereon are all to be in substantially the respective forms set forth in Exhibit C-1 and Exhibit C-

2, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, all things necessary to make the Bonds when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal special limited revenue obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid pledge and assignment of the loan payments, revenues and receipts herein made to the payment of the principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS INDENTURE WITNESSETH:

That the Issuer in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Holders and owners thereof, and of the sum of One Dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal, Purchase Price or Redemption Price of, and Sinking Fund Installments for, the Bonds and the indebtedness represented thereby and the interest on the Bonds according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, convey, transfer, grant a security interest in, pledge and assign unto the Trustee, and unto its respective successors in trust, and to their respective assigns, for the benefit of the Bondholders, forever for the securing of the performance of the obligations of the Issuer hereinafter set forth, the following:

GRANTING CLAUSES

I

All right, title and interest of the Issuer in and to the Loan Agreement, including all loan payments, revenues and receipts payable or receivable thereunder, excluding, however, the Issuer's Reserved Rights, which Issuer's Reserved Rights may be enforced by the Issuer and the Trustee, jointly or severally.

II

All right, title and interest of the Issuer in and to the Promissory Notes.

III

All moneys and securities from time to time held by the Trustee under the terms of this Indenture including amounts set apart and transferred to the Earnings Fund, the Project Fund (Tax-Exempt), the Project Fund (Taxable), the Revenue Fund, the Renewal Fund, the Bond Fund (Tax-Exempt), the Debt Service Reserve Fund (Tax-Exempt), the Bond Fund (Taxable) or

any special fund, and all investment earnings of any of the foregoing, subject to disbursements from the Earnings Fund, the Revenue Fund, the Project Fund (Tax-Exempt), the Project Fund (Taxable), the Renewal Fund or any such special fund in accordance with the provisions of the Loan Agreement and this Indenture; provided, however, (i) there is hereby expressly excluded from any assignment, pledge, lien or security interest any amounts set apart and transferred to the Rebate Fund or the Repair and Replacement Fund, (ii) amounts held in the Project Fund (Tax-Exempt), in the Bond Fund (Tax-Exempt) and in the Debt Service Reserve Fund (Tax-Exempt) shall be pledged only to the Holders of the Tax-Exempt Bonds, and (iii) amounts held in the Project Fund (Taxable) and in the Bond Fund (Taxable) shall be pledged only to the Holders of the Taxable Bonds.

IV

Any and all other property of every kind and nature from time to time which was heretofore or hereafter is by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the Issuer or by any other Person, with or without the consent of the Issuer, to the Trustee which is hereby authorized to receive any and all such property at any time and at all times to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said Trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Holders and owners of the Bonds issued under and secured by this Indenture, without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any of the others of the Bonds, except as otherwise expressly provided in this Indenture, provided, however, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal and any applicable redemption premium, of the Bonds and the interest due or to become due thereon, at the times and in the manner provided in the Bonds according to the true intent and meaning thereof and shall make the payments into each Bond Fund as required under this Indenture or shall provide, as permitted hereby, for the payment thereof by depositing or causing to be deposited with the Trustee sufficient amounts, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared that, all the Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said loan payments, revenues and receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective Holders and owners, from time to time of the Bonds or any part thereof, as follows, that is to say:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless otherwise herein defined, the following capitalized terms shall have the respective meanings specified in this Section 1.01 for purposes of this Indenture:

Additional Bonds shall mean one or more Series of additional bonds issued, executed, authenticated and delivered under this Indenture.

Advance Agreement shall mean the Agreement to Advance, dated as of the Closing Date, among the Borrower, the Bondholder Representative, the Underwriter, the Trustee and the Initial Beneficial Owners, and shall include any and all amendments thereof and supplements thereto.

Affiliate shall mean, with respect to a given Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such given Person.

Approved Facility shall mean the Facility as owned by the Borrower and occupied, used and operated by the School substantially for the Approved Project Operations, including such other activities as may be substantially related to or substantially in support of such operations, all to be effected in accordance with the Loan Agreement.

Approved Project Operations shall mean the facility located at 700 Gerard Avenue, Bronx, New York, for use for general classroom and administrative use by the School.

Approving Resolution shall mean the resolution of the Issuer adopted on June 12, 2018 authorizing the Project, and undertaking to permit the issuance of the Initial Bonds to finance a portion of the costs of the Project.

Assignment of ALR shall mean, collectively, the Assignment of Assignment of Lease and Rents (Acquisition Loan), the Assignment of Assignment of Lease and Rents (Building Loan) and the Assignment of Assignment of Lease and Rents (Indirect Loan), each dated as of even date herewith, and each from the Issuer to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Assignment of Development Agreement shall mean the Assignment of Development Agreement and Subordination of Developer Fees, dated as of the Closing Date, from the Borrower to the Trustee, and consented and agreed to by the Developer, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Assignment of Lease and Rents shall mean, collectively, the Assignment of Lease and Rents (Acquisition Loan), the Assignment of Lease and Rents (Building Loan) and the Assignment of Lease and Rents (Indirect Loan) relating to the Facility Lease, each dated as of

even date herewith, and each from the Borrower to the Issuer and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Assignment of Mortgage shall mean, collectively, the Assignment of Mortgage and Security Agreement (Acquisition Loan), the Assignment of Mortgage and Security Agreement (Building Loan) and the Assignment of Mortgage and Security Agreement (Indirect Loan) relating to the Facility, each dated as of even date herewith, and each from the Issuer to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Assignment of Project Agreements shall mean the Assignment of Project Agreements, Licenses, Permits and Contracts, dated as of the Closing Date, from the Borrower and the Developer to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Authorized Denomination shall mean,

(i) (A) in the case of the Series 2018A Bonds, (y) from the Closing Date until the Final Drawdown Date, the Outstanding principal amount thereof, and (z) thereafter, \$100,000 or any integral multiple of \$5,000 in excess thereof; and (B) in the case of the Series 2018B Bonds, \$100,000 or any integral multiple of \$5,000 in excess thereof;

provided, however, that if the Series 2018A Bonds or the Series 2018B Bonds are rated investment grade by a Rating Agency, then, upon the Issuer and the Trustee receiving written notice of the occurrence of such event, the Authorized Denomination with respect to the Series 2018A Bonds so rated or the Series 2018B Bonds so rated, as applicable, shall be \$5,000 or any integral multiple thereof; and

(ii) in the case of any Series of Additional Bonds, such denominations as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Series of Additional Bonds.

Authorized Principal Amount shall mean, (i) in the case of the Series 2018A Bonds, \$25,725,000, (ii) in the case of the Series 2018B Bonds, \$1,020,000, and (iii) in the case of any Series of Additional Bonds, such authorized principal amount as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Series of Additional Bonds.

Authorized Representative shall mean, (i) in the case of the Issuer, the Chairperson, Vice Chairperson, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, or any other officer or employee of the Issuer who is authorized to perform specific acts or to discharge specific duties, (ii) in the case of the Borrower, a person named in Exhibit C — “Authorized Representative”, or any other officer or employee of the Borrower who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the Borrower has given written notice to the Issuer and the Trustee; (iii) in the case of the

School, a person named in Exhibit C — “Authorized Representative”, or any other officer or employee of the School who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the School has given written notice to the Issuer and the Trustee; (iv) in the case of the Developer, a person named in Exhibit C — “Authorized Representative”, or any other officer or employee of the Developer who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the Developer has given written notice to the Issuer and the Trustee; and (v) in the case of the Member, a person named in Exhibit C — “Authorized Representative”, or any other officer or employee of the Member who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the Member has given written notice to the Issuer and the Trustee; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of this Agreement or any other Project Document, (A) such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement; and (B) a copy of such certificate or statement shall also be delivered to the Bondholder Representative (if then in effect).

Beneficial Owner shall mean, whenever used with respect to an Initial Bond, the Person in whose name such Initial Bond is recorded as the Beneficial Owner of such Initial Bond by the respective systems of DTC and each of the Participants of DTC. If at any time the Initial Bonds are not held in the Book-Entry System, Beneficial Owner shall mean “Holder” for purposes of the Security Documents.

Blocked Account Control Agreement shall mean the Account Control Agreement, dated as of even date herewith, among the Borrower, the Depository Bank and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in accordance therewith and herewith.

Bond Funds shall mean, collectively or individually, as applicable, the Bond Fund (Taxable) and/or the Bond Fund (Tax-Exempt).

Bond Fund (Taxable) shall mean the special trust fund so designated, established pursuant to Section 5.01.

Bond Fund (Tax-Exempt) shall mean the special trust fund so designated, established pursuant to Section 5.01.

Bondholder, Holder of Bonds, Holder or holder shall mean any Person who shall be the registered owner of any Bond or Bonds.

Bondholder Representative shall mean, initially, Rosemawr Management LLC, acting through its officers and agents, and any successor or assign thereto which shall be designated as the Bondholder Representative in accordance with Section 9.12.

Bond Purchase Agreement shall mean the Bond Purchase Agreement, dated October 25, 2018, among the Issuer, the Borrower, the School, the Underwriter and the Initial Beneficial Owners, as acknowledged and agreed to by the Bondholder Representative.

Bond Registrar shall mean the Trustee acting as registrar as provided in Section 3.10.

Bond Resolution shall mean the resolution of the Issuer adopted on June 12, 2018 authorizing the issuance of the Initial Bonds.

Bonds shall mean the Initial Bonds and any Series of Additional Bonds.

Borrower shall mean American Dream Gerard LLC, a limited liability company organized and existing under the laws of the State of New York, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the Borrower under Section 8.9 or 8.20 of the Loan Agreement.

Building Loan Agreement shall mean the Building Loan Agreement, dated as of even date herewith, among the Issuer, the Borrower and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Business Day shall mean any day that shall not be:

- (i) a Saturday, Sunday or legal holiday;
- (ii) a day on which banking institutions in the City are authorized by law or executive order to close; or
- (iii) a day on which the New York Stock Exchange or the payment system of the Federal Reserve System is closed.

City shall mean The City of New York, New York.

Closing Date shall mean October 30, 2018, the date of the initial issuance and delivery of the Initial Bonds.

Code shall mean the Internal Revenue Code of 1986, as amended, including the regulations thereunder. All references to Sections of the Code or regulations thereunder shall be deemed to include any such Sections or regulations as they may hereafter be renumbered in any subsequent amendments to the Code or such regulations.

Computation Date shall have the meaning assigned to that term in the Tax Regulatory Agreement.

Computation Period shall have the meaning assigned to that term in the Tax Regulatory Agreement.

Conduct Representation shall mean any representation by the Borrower or the School under Section 2.2(x), or by any other Person in any Required Disclosure Statement delivered to the Issuer.

Construction Consultant shall mean CBRE, Inc., a corporation organized and existing under the laws of the State of Delaware, and its permitted successors and assigns approved in writing by the Trustee (which approval shall not be unreasonably withheld or delayed).

Construction Contract shall mean that certain Consensus Docs 410, Standard Design-Build Agreement and General Conditions between Owner and Design-Builder (Cost of the Work Plus a Fee with a GMP), dated as of the Closing Date, between the Borrower, the Developer and the Design Builder, as the same may be amended or supplemented in accordance with its terms and the Assignment of Project Agreements.

Construction Disbursement Agreement shall mean the Construction Disbursement and Monitoring Agreement, dated as of the Closing Date, among the Borrower, the Construction Consultant, the Bondholder Representative and the Developer, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Continuing Covenants Agreement shall mean the Continuing Covenants Agreement, dated as of the Closing Date, among the Borrower, the School, the Trustee and the Bondholder Representative, and shall include any and all amendments thereof and supplements thereto hereafter made in accordance therewith and herewith.

Continuing Disclosure Agreement shall mean, with respect to the Initial Bonds, the Continuing Disclosure Agreement, dated as of the Closing Date, among the Borrower, the School and the School Improvement Partnership, as dissemination agent, and, as to any Series of Additional Bonds, the continuing disclosure agreement executed by the Obligors.

Control or Controls, including the related terms “controlled by” and “under common control with”, shall mean the power to direct the management and policies of a Person (x) through the ownership, directly or indirectly, of not less than a majority of its voting securities, (y) through the right to designate or elect not less than a majority of the members of its board of directors or trustees or other Governing Body, or (z) by contract or otherwise.

Control Agreement shall mean any and all agreements, whether there be one or more, between the Borrower, as “Debtor,” the Depositary Bank and the Trustee, as “Secured Party,” pursuant to which the Borrower agrees to grant the Trustee a security interest in one or more of the Borrower’s depository accounts in order to secure the Borrower’s repayment obligations under the Security Documents; the initial Control Agreement being the Blocked Account Control Agreement.

Costs of Issuance shall mean issuance costs with respect to the Initial Bonds described in Section 147(g) of the Code and any regulations thereunder, including but not limited to the following: the Underwriter’s Fee; counsel fees (including bond counsel, the Underwriter’s counsel, the Initial Beneficial Owners’ counsel, the Borrower’s counsel, the Developer’s

counsel, the School's counsel, the Trustee's counsel, the Issuer's counsel, the Bondholder Representative's counsel, as well as any other specialized counsel fees incurred in connection with the borrowing); financial advisor fees of any financial advisor to the Issuer or the Obligor incurred in connection with the issuance of the Initial Bonds; engineering and feasibility study costs; guarantee fees (other than Qualified Guarantee Fees, as defined in the Tax Regulatory Agreement); Rating Agency fees; Trustee and Paying Agent fees; accountant fees and other expenses related to issuance of the Initial Bonds; printing costs for the Initial Bonds and for the preliminary and final offering documents relating to the Initial Bonds; public approval and process costs; fees and expenses of the Issuer incurred in connection with the issuance of the Initial Bonds; Blue Sky fees and expenses; and similar costs.

Costs of Issuance Reimbursement (Tax-Exempt) shall mean that amount of Costs of Issuance, determined in compliance with the Tax Regulatory Agreement, including, without limitation, Section 2.2(D) thereof, funded from the proceeds of each draw-down of the Series 2018A Bonds (other than the initial draw-down on the Closing Date), which the Borrower utilizes to effect a corresponding optional redemption of the Series 2018B Bonds pursuant to Section 2.03(a)(ii) (to the nearest lowest integral multiple of \$5,000), in order to redeem the allocable principal portion of the Series 2018B Bonds the proceeds of which were applied on the Closing Date to fund Costs of Issuance.

Debt Service Reserve Fund shall mean the Debt Service Reserve Fund (Tax-Exempt).

Debt Service Reserve Fund (Tax-Exempt) shall mean the special trust fund so designated, established pursuant to Section 5.01.

Debt Service Reserve Fund Requirement (Tax-Exempt) shall mean, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) (i) from the Closing Date until, but not including June 30, 2020, equal to zero, and (ii) thereafter, \$1,904,012.52 (the "**Series 2018A Bonds MADS**"), such amount (w) to constitute the sum of the eight (8) periodic payments to be made by the Borrower as provided in clause (z) below, with the "Debt Service Reserve Fund Requirement (Tax-Exempt)" until June 30, 2027 to be equal to the then applicable sum of such one-eighth (1/8) annual payments, whether or not any such annual payment shall have been in fact made, or made in full, (x) to equal the greatest amount required in the then current or any future calendar year to pay the sum of the scheduled principal (including Sinking Fund Installments) and interest payable on Outstanding Series 2018A Bonds, (y) to not be funded from any proceeds of the Initial Bonds, and (z) to be funded with periodic payments by the Borrower pursuant to Section 4.3(a)(i)(5) of the Loan Agreement of one-eighth (1/8) of the Series 2018A Bonds MADS commencing on June 30, 2020 and on June 30 of each year thereafter through and including June 30, 2027.

Defaulted Interest shall have the meaning specified in Section 2.02(d).

Defeasance Obligations shall mean Government Obligations that are not subject to redemption prior to maturity.

Depository Agreement shall mean the Depository Agreement, dated as of the Closing Date, among the Borrower, the Depository Bank and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in accordance therewith and herewith.

Depository Bank shall mean The Bank of New York Mellon, in its capacity as the financial institution receiving under the Blocked Account Control Agreement all amounts payable by the School under the Facility Lease, together with its successors and assigns, and any successor Depository Bank pursuant to the Blocked Account Control Agreement.

Design Builder shall mean Hollister Construction Services, LLC, a limited liability company organized and existing under the laws of the State of New Jersey, and its permitted successors and assigns under the Construction Contract.

Design Builder's Consent and Agreement shall mean the Design Builder's Consent and Agreement to Assignment, dated as of the Closing Date, from the Design Builder to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Determination of Taxability shall mean:

(i) (A) the adoption, promulgation or enactment of any federal statute or regulation, or any determination, decision, decree or ruling made by the Commissioner or any District Director of the Internal Revenue Service;

(B) the issuance of a public or private ruling or a technical advice memorandum by the Internal Revenue Service in which the Borrower has participated or has been given the opportunity to participate, and which ruling or memorandum the Borrower, in its discretion, does not contest or from which no further right of judicial review or appeal exists;

(C) a determination from which no further right of appeal exists of any court of competent jurisdiction in the United States in a proceeding in which the Borrower has participated or has been a party, or has been given the opportunity to participate or be a party; or

(D) the admission in writing by the Borrower;

in any case, to the effect that the interest payable on the Tax-Exempt Bond of a Holder or a former Holder thereof is includable in gross income for federal income tax purposes; or

(ii) the receipt by the Trustee of a written opinion of Nationally Recognized Bond Counsel to the effect that the interest payable on the Tax-Exempt Bonds is includable in gross income for federal income tax purposes or the refusal of any such counsel to render a written opinion that the interest on the Tax-Exempt Bonds is not so includable when required pursuant to a request by a

Holder of a Tax-Exempt Bond in accordance with the procedures set forth in the Indenture;

provided, however, that no such Determination of Taxability described in clauses (i)(B) or (i)(C) of this definition shall be considered to exist unless (1) the Holder or former Holder of the Tax-Exempt Bond involved in such proceeding (a) gives the Borrower, the Issuer and the Trustee prompt notice of the commencement thereof and (b) (if the Borrower agrees to pay all expenses in connection therewith) offers the Borrower the opportunity to control the defense thereof and (2) either (a) the Borrower does not agree within thirty (30) days of receipt of such offer to pay such expenses and to control such defense or (b) the Borrower shall exhaust or choose not to exhaust all available proceedings for the contest, review, appeal or rehearing of such decree, judgment or action which the Borrower determines to be appropriate. A Holder of a Tax-Exempt Bond shall have the right to request the Trustee to obtain a written opinion of Nationally Recognized Bond Counsel pursuant to clause (ii) above, at the expense of the Borrower, upon delivery by such Holder to the Borrower of a letter from such Holder's accountant stating that, in his or her reasonable opinion, interest on the Tax-Exempt Bonds is includable in the gross income of such Holder for federal income tax purposes and stating the reasons for such determination. No Determination of Taxability described above will result from the inclusion of interest on any Tax-Exempt Bond in the computation of minimum or indirect taxes.

Developer shall mean ADS Project Development, LLC, a limited liability company organized and existing under the laws of the State of Utah, and its successors and assigns under the Development Agreement, the Loan Agreement and the Assignment of Project Agreements.

Development Agreement shall mean the Development Agreement, dated the Closing Date, between the Borrower and the Developer, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Assignment of the Project Agreements.

Draw-Down Date shall mean the Closing Date and such subsequent dates on which a draw-down for the Series 2018A Bonds shall occur; provided, however, that (i) subsequent Draw-Down Dates shall not occur more frequently than monthly; (ii) no draw-down shall be for less than \$1,000,000; (iii) there shall not be more than four (4) Draw-Down Dates including the Closing Date; and (iv) no subsequent Draw-Down Date shall occur after November 1, 2020.

DTC shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

Earnings Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

Electronic Means shall mean the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable

authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

Entity shall mean any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

Environmental Indemnity Agreement shall mean the Environmental Indemnity Agreement, dated as of the Closing Date, from the Borrower and the School to the Trustee and the Bondholder Representative, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Event of Default shall have the meaning specified in Section 8.01(a).

Event of Taxability shall mean the date specified in a Determination of Taxability as the date interest paid or payable on any Tax-Exempt Bond becomes includable for federal income tax purposes in the gross income of any Holder thereof as a consequence of any act, omission or event whatsoever, including any change of law, and regardless of whether the same was within or beyond the control of the Borrower or the School.

Facility shall mean, collectively, the Facility Personalty and the Facility Realty.

Facility Lease shall mean that certain Lease Agreement, dated as of the Closing Date, between the Borrower as landlord, and the School as tenant, pursuant to which the Borrower leases the Facility to the School, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with Section 8.31 of the Loan Agreement.

Facility Lease Rental Payments shall mean all rents and other amounts paid or payable under the Facility Lease.

Facility Personalty shall mean those items of machinery, equipment, furniture and other items of personalty the acquisition and/or the installation of which is to be financed in whole or in part with the proceeds of the Bonds for installation or use at the Facility Realty as part of the Project pursuant to Section 3.2 of the Loan Agreement and described in Exhibit B — “Description of the Facility Personalty”, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Personalty shall, in accordance with the provisions of Sections 3.5 and 6.4 of the Loan Agreement, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so substituted for or replaced, and further exclude all items of Facility Personalty removed as provided in Section 3.5 of the Loan Agreement.

Facility Realty shall mean, collectively, the Land and the Improvements.

Final Draw-Down Date shall mean the final date on which a draw-down for the Series 2018A Bonds shall occur.

Fiscal Year shall mean a year of 365 or 366 days, as the case may be, commencing on July 1 and ending on June 30 of the next calendar year, or such other fiscal year of similar length used by the Obligors for accounting purposes as to which the Obligors shall have given prior written notice thereof to the Issuer, the Bondholder Representative and the Trustee at least ninety (90) days prior to the commencement thereof.

Fitch shall mean Fitch Ratings, Inc., a Delaware corporation, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

GAAP shall mean those generally accepted accounting principles and practices that are recognized as such by the American Institute of Certified Public Accountants or by the Financial Accounting Standards Board or through other appropriate boards or committees thereof, and that are consistently applied for all periods, after the Closing Date, so as to properly reflect the financial position of the Obligors, except that any accounting principle or practice required to be changed by the Financial Accounting Standards Board (or other appropriate board or committee of the said Board) in order to continue as a generally accepted accounting principle or practice may be so changed.

Governing Body shall mean, when used with respect to any Entity, its board of directors, board of trustees or individual or group of individuals by, or under the authority of which, the powers of such Entity are exercised.

Government Obligations shall mean the following:

(i) direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America;

(ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States of America for the timely payment thereof; or

(iii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in clauses (i) or (ii) above.

Improvements shall mean:

(i) all buildings, structures, foundations, related facilities, fixtures and other improvements of every nature whatsoever existing on the Closing Date and hereafter erected or situated on the Land;

(ii) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land (including any improvements or demolitions made as part of the Project Work pursuant to Section 3.2 of the Loan Agreement); and

(iii) all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

Indenture shall mean this Indenture of Trust, dated as of October 1, 2018, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XI.

Initial Beneficial Owners shall mean, collectively, Rosemawr Capital III LP, Rosemawr Municipal Partners Fund LP, RMPF Investments D LLC and RC3 Investments D LLC, the initial purchasers and Beneficial Owners of the Initial Bonds.

Initial Bonds shall mean, collectively or individually, as applicable, the Series 2018A Bonds and/or the Series 2018B Bonds.

Initial Bonds Purchasers shall mean, collectively, Rosemawr Capital III LP, Rosemawr Municipal Partners Fund LP, RMPF Investments D LLC and RC3 Investments D LLC.

Interest Account shall mean the special trust account of the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable, so designated, established pursuant to Section 5.01.

Interest Payment Date shall mean, with respect to the Initial Bonds, June 15 and December 15 of each year, commencing December 15, 2018 (or, if any such day is not a Business Day, the immediately succeeding Business Day), and with respect to any Series of Additional Bonds, the dates set forth therefor in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

Issuer shall mean Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State at the direction of the Mayor of the City, and its successors and assigns.

Issuer's Reserved Rights shall mean, collectively,

(i) the right of the Issuer in its own behalf to receive all Opinions of Counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Issuer under the Loan Agreement;

(ii) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under the Loan Agreement;

(iii) the right of the Issuer to enforce in its own behalf the obligation of the Borrower under the Loan Agreement to complete the Project;

(iv) the right of the Issuer to enforce or otherwise exercise in its own behalf all agreements of the Obligors under the Loan Agreement with respect to ensuring that the Facility shall always constitute the Approved Facility;

(v) the right of the Issuer to amend with the Obligors the provisions of Section 5.1 of the Loan Agreement without the consent of the Trustee, any Bondholder or any other Person;

(vi) the right of the Issuer in its own behalf (or on behalf of the appropriate taxing authorities) to enforce, receive amounts payable under or otherwise exercise its rights under Article III (except for Section 3.1), Sections 4.4, 4.5 and 4.6, Article V, Article VI, Article VIII (except for Section 8.26), Article IX, Article X, Sections 11.1, 11.3 and 11.5, and Article XII (except Section 12.2) of the Loan Agreement;

(vii) the right of the Issuer to approve any user of all or a portion of the Facility pursuant to a lease or license or other use or occupancy agreement; and

(viii) the right of the Issuer in its own behalf to declare a default with respect to any of the Issuer's Reserved Rights and exercise the remedies set forth in Section 9.2(b) of the Loan Agreement.

Land shall mean that certain lot, piece or parcel of land in the Borough of the Bronx, Block 2473 and Lot 8, generally known by the street address 700 Gerard Avenue, Bronx, New York, all as more particularly described in Exhibit A — "Description of the Land", together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 8.10(c) of the Loan Agreement.

Legal Requirements shall mean the Constitutions of the United States and the State of New York and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, certificates of occupancy, directions and requirements (including zoning, land use, planning, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wage, living wage, prevailing wage, sick leave, healthcare, benefits and employment practices) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, including those of the City, foreseen or unforeseen, ordinary or extraordinary, that are applicable now or may be applicable at any time hereafter to (i) the Borrower or the School, (ii) the Facility or any part thereof, or (iii) any use or condition of the Facility or any part thereof.

Letter of Representation and Indemnity Agreement shall mean the Letter of Representation and Indemnity Agreement, dated the Closing Date, from the Obligors and the Member to the Issuer, the Trustee, the Underwriter and the Initial Beneficial Owners.

Loan shall mean the loan made by the Issuer to the Borrower pursuant to this Agreement as described in Section 4.1 of the Loan Agreement.

Loan Agreement shall mean the Loan and Use Agreement, dated as of even date herewith, between the Issuer and the Obligors, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Loan Payment Date shall mean the tenth (10th) day of each month (or, if the tenth (10th) day shall not be a Business Day, the immediately preceding Business Day).

Loss Event shall have the meaning specified in Section 6.1 of the Loan Agreement.

Majority Holders shall mean the Beneficial Owners of at least a majority in aggregate principal amount of the Bonds Outstanding, or, if the Bonds shall cease to be in book-entry form, the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding.

Maturity Date shall mean, (i) in the case of the Series 2018A Bonds, June 15, 2052, and (ii) in the case of the Series 2018B Bonds, June 15, 2025.

Member shall mean Friends of the American Dream Charter School Inc., a not-for-profit corporation organized and existing under the laws of the State of New York, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the Member under the Tax Regulatory Agreement.

Member IRS Determination Letter shall mean that certain ruling letter dated May 22, 2018 issued by the Internal Revenue Service to the Member confirming that the Member is a Tax-Exempt Organization.

Moody's shall mean Moody's Investors Service Inc., a Delaware corporation, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Mortgage shall mean, collectively, the Mortgage and Security Agreement (Acquisition Loan), the Mortgage and Security Agreement (Building Loan) and the Mortgage and Security Agreement (Indirect Loan) relating to the Facility, each dated as of even date herewith, and each from the Borrower to the Issuer and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Mortgaged Property shall have the meaning specified in the Mortgage.

Nationally Recognized Bond Counsel shall mean Hawkins Delafield & Wood LLP or other counsel acceptable to the Issuer and the Trustee and experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions.

Net Proceeds shall mean, when used with respect to any insurance proceeds or condemnation award, compensation or damages, the gross amount of any such proceeds, award, compensation or damages less all expenses (including reasonable attorneys' fees and any extraordinary expenses of the Issuer or the Trustee) incurred in the collection thereof.

Notice Parties shall mean the Issuer, the Borrower, the School, the Developer, the Bondholder Representative, the Bond Registrar, the Paying Agents and the Trustee.

Obligor or Obligors shall mean, collectively or severally, the Borrower and the School.

Opinion of Counsel shall mean a written opinion of counsel for the Institution or any other Person (which counsel shall be reasonably acceptable to the Issuer and the Trustee) with respect to such matters as required under any Project Document or as the Issuer or the Trustee may otherwise reasonably require, and which shall be in form and substance reasonably acceptable to the Issuer and the Trustee.

Organizational Documents shall mean, (i) in the case of an Entity constituting a limited liability company, the articles of organization or certificate of formation, and the operating agreement of such Entity, (ii) in the case of an Entity constituting a corporation, the charter, articles of incorporation or certificate of incorporation, and the bylaws of such Entity, and (iii) in the case of an Entity constituting a general or limited partnership, the partnership agreement of such Entity.

Outstanding, when used with reference to a Bond or Bonds, as of any particular date, shall mean all Bonds which have been issued, executed, authenticated and delivered under this Indenture, except:

(i) Bonds cancelled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee under this Indenture for cancellation;

(ii) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with Article X, there has been separately set aside and held in the Redemption Account of the Bond Fund (Tax-Exempt) or in the Redemption Account of the Bond Fund (Taxable), as applicable, either:

(A) moneys, and/or

(B) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys,

in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or Redemption Date, which payment or Redemption Date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in this Indenture

or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article III,

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any other Security Document, Bonds owned by the Borrower or the School or any Affiliate of either thereof shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded. Bonds which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Borrower or the School or any Affiliate of either thereof.

Participants shall mean those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

Paying Agent shall mean any paying agent for the Bonds appointed pursuant to this Indenture (and may include the Trustee) and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to this Indenture.

Permitted Encumbrances shall mean:

(i) the Facility Lease, the Mortgage (as assigned by the Assignment of Mortgage), the Building Loan Agreement, the Pledge and Security Agreement and any other Project Document;

(ii) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not yet due and payable;

(iii) any mechanic's, workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien, security interest, encumbrance or charge or right in respect thereof, placed on or with respect to the Facility or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to Section 8.11(b) of the Loan Agreement;

(iv) utility, access and other easements and rights of way, restrictions and exceptions that an Authorized Representative of the School certifies to the Issuer and the Trustee will not materially interfere with or impair the School's use and enjoyment of the Facility as provided in this Agreement and in the Facility Lease;

(v) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to property similar in character

to the Facility as do not, as set forth in a certificate of an Authorized Representative of the Borrower delivered to the Issuer and the Trustee, either singly or in the aggregate, render title to the Facility unmarketable or materially impair the property affected thereby for the purpose for which it was acquired or purport to impose liabilities or obligations on the Issuer;

(vi) those exceptions to title to the Mortgaged Property enumerated in the title insurance policy delivered pursuant to Section 3.7 of the Loan Agreement insuring the Trustee's mortgagee interest in the Mortgaged Property, a copy of which is on file at the offices of the Issuer and at the designated corporate trust office of the Trustee;

(vii) liens arising by reason of good faith deposits with the Borrower or the School in connection with the tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Borrower or the School to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(viii) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Borrower or the School to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(ix) any judgment lien against the Borrower or the School, so long as the finality of such judgment is being contested in good faith and execution thereon is stayed;

(x) any purchase money security interest in movable personal property, including equipment leases and financing, but not to exceed the limitations on incurrence of such indebtedness as set forth in the Project Documents;

(xi) liens on property due to rights of governmental entities or third party payors for recoupment of excess reimbursement paid;

(xii) a lien, restrictive declaration or performance mortgage with respect to the operation of the Facility arising by reason of a grant or other funding received by the Borrower or the School from the City, the State or any governmental agency or instrumentality;

(xiii) any lien on money (or the investment made with such money) held in any depreciation reserve, debt service reserve, construction, debt service or similar fund and granted by the Borrower or the School to secure payment of indebtedness

permitted by the Continuing Covenants Agreement (including any commitment indebtedness, whether or not then drawn upon), and any lien on money (or the investment made with such money) held in any escrow or similar fund to defease indebtedness permitted by the Continuing Covenants Agreement;

(xiv) any lien on pledges, gifts or grants to be received in the future, including any income derived from the investment thereof and liens on or in property given, bequested or devised to the owner thereof existing at the time of such gift, bequest or devise, provided that (A) such liens attach solely to the property which is the subject of such gift, bequest or devise, and (B) the indebtedness secured by such liens is not assumed by the Borrower or the School; and

(xv) any lien, security interest, encumbrances or charge which exists in favor of the Trustee or to which the Trustee shall consent in writing (and given at the direction of the Bondholder Representative or, if there is no Bondholder Representative, the Majority Holders).

Person shall mean an individual or any Entity.

Plans and Specifications shall mean the plans and specifications prepared for the Project by or on behalf of the Borrower, as amended from time to time by or on behalf of the Borrower in accordance with the Construction Disbursement Agreement and the Loan Agreement, to reflect any remodeling or relocating of the Project or substitutions, additions, modifications and improvements to the Project made by the Borrower in compliance with the Loan Agreement and the Construction Disbursement Agreement, said plans and specifications being duly certified by an Authorized Representative of the Borrower and filed in the designated corporate trust office of the Trustee and available to the Issuer.

Pledge and Security Agreement shall mean the Pledge and Security Agreement, dated as of even date herewith, from the Borrower to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Pledged Collateral shall have the meaning assigned to such term in the Pledge and Security Agreement.

Pledged Revenues shall have the meaning assigned to such term in the Pledge and Security Agreement.

Principal Account shall mean the special trust account of the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable, so designated, established pursuant to Section 5.01.

Principal Payment Date shall mean with respect to the Initial Bonds, June 15, commencing June 15, 2022 (or, if any such day is not a Business Day, the immediately succeeding Business Day), and with respect to any Series of Additional Bonds, the dates set forth therefor in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

Project shall mean the acquisition of the Land, the demolition of a parking lot located thereon, and the design, construction, furnishing and equipping of an approximately 33,173 square-foot, five-story building located thereon for general classroom and administrative use by the School, together with related site improvements.

Project Costs shall mean, collectively, Project Costs (Taxable) and Project Costs (Tax-Exempt).

Project Costs (Taxable) shall mean:

- (i) the payment of the Costs of Issuance with respect to the Initial Bonds,
- (ii) the interest on the Series 2018B Bonds during the construction and renovation of the Project; and
- (iii) any Project Costs (Tax-Exempt).

Project Costs (Tax-Exempt) shall mean:

- (i) all costs of engineering and architectural services with respect to the Project Work, including the cost of test borings, surveys, estimates, permits, plans and specifications and for supervising demolition, construction and renovation, as well as for the performance of all other duties required by or consequent upon the proper construction of, and the making of alterations, renovations, additions and improvements in connection with, the completion of the Project Work;
- (ii) all costs paid or incurred for labor, materials, services, supplies, machinery, equipment and other expenses and to contractors, developers, suppliers, builders and materialmen in connection with the completion of the Project Work;
- (iii) the interest on the Series 2018A Bonds during the construction and renovation of the Project;
- (iv) all costs of contract bonds and of insurance that may be required or necessary during the period of Project Work construction and renovation;
- (v) the cost of acquisition of the Facility Realty;
- (vi) all costs of title insurance as provided in Section 3.7 of the Loan Agreement;
- (vii) the payment of the Costs of Issuance with respect to the Initial Bonds;
- (viii) the payment of the fees and expenses of the Trustee during the period of construction and renovation of the Project Work;

(ix) all costs which the Borrower shall be required to pay, under the terms of any contract or contracts, for the completion of the Project Work, including any amounts required to reimburse the Borrower for advances made for any item otherwise constituting a Project Cost (Tax-Exempt) or for any other costs incurred and for work done which are properly chargeable to the Project Work; and

(x) all other costs and expenses relating to the completion of the Project Work or the issuance of a Series of Additional Bonds.

“Project Costs (Tax-Exempt)” shall not include (i) fees or commissions of real estate brokers, (ii) moving expenses, (iii) operational costs or (iv) payments due under the Facility Lease.

Project Documents shall mean, collectively, the Construction Contract, the Development Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Security Documents.

Project Funds shall mean, collectively or individually, as applicable, the Project Fund (Taxable) and/or the Project Fund (Tax-Exempt).

Project Fund (Taxable) shall mean the special trust fund so designated, established pursuant to Section 5.01.

Project Fund (Tax-Exempt) shall mean the special trust fund so designated, established pursuant to Section 5.01.

Project Work shall mean (i) the design, construction and/or renovation of the Improvements, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Promissory Notes shall mean, (i) with respect to the Initial Bonds, those certain Series 2018A Promissory Note and Series 2018B Promissory Note in substantially the forms of Exhibit H-1 and Exhibit H-2, respectively, to the Loan Agreement, (ii) with respect to any Series of Additional Bonds, that certain Promissory Note in substantially the form of any related Exhibit to an amendment to the Loan Agreement, and (iii) with respect to the Bonds, collectively, those certain Promissory Notes described in clauses (i) and (ii) above, and shall include in each case any and all amendments thereof and supplements thereto made in conformity with the Loan Agreement and this Indenture.

Pro Rata Basis shall mean, when used in the context of a deposit of moneys to be made in any Fund or Account under this Indenture with respect to Tax-Exempt Bonds and Taxable Bonds, that portion of such deposit determined:

(y) with respect to Tax-Exempt Bonds, by multiplying such deposit by a fraction the numerator of which is the Outstanding principal amount of all Tax-Exempt Bonds, and the denominator of which is the Outstanding principal amount of all Bonds, and

(z) with respect to Taxable Bonds, by multiplying such deposit by a fraction the numerator of which is the Outstanding principal amount of all Taxable Bonds, and the denominator of which is the Outstanding principal amount of all Bonds,

and then rounding the respective products down to the nearest whole dollar.

Purchase Price shall mean an amount equal to the Redemption Price that would be applicable to the Series 2018A Bonds being purchased pursuant to Section 2.03(g) if such Series 2018A Bonds were being optionally redeemed pursuant to Section 2.03(a) on the date such Series 2018A Bonds are being so purchased, plus accrued interest thereon to the date of purchase.

Qualified Investments shall mean, to the extent permitted by applicable law, the following:

- (i) Government Obligations;
- (ii) Commercial paper, rated at least P-1 by Moody's or at least A-1 by S&P, issued by a corporation or banking institution organized under the laws of the United States of America or any state thereof;
- (iii) Direct and general long term obligations of any state of the United States of America to which the full faith and credit of the state is pledged and that are rated in either of the two highest rating categories by Moody's and S&P;
- (iv) Direct and general short term obligations of any state of the United States to which the full faith and credit of the state is pledged and that are rated in the highest rating category by Moody's and S&P;
- (v) Interest-bearing demand or time deposits with or certificates of deposit issued by a national banking association or a state bank or trust company that is a member of the Federal Deposit Insurance Corporation ("FDIC") and that are (a) continuously and fully insured by the FDIC, or (b) with a bank that has outstanding debt, or which is a subsidiary of a holding company which has outstanding debt, rated in either of the two highest rating categories by Moody's and S&P, or (c) continuously and fully secured by obligations of the type described in (i) and (ii) above that have a market value at all times at least equal to the principal amount of the deposit and are held by the Trustee or its agent or, in the case of uncertificated securities, are registered in the name of the Trustee as pledgee;
- (vi) Repurchase agreements, the maturity of which are less than thirty (30) days, entered into (a) with a bank or trust company rated at least P-1 by Moody's and A-1 by S&P and organized under the laws of the United States, (b) with a national banking association, insurance company, or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York and which is a member of the Security Investors Protection Corporation, in each case rated at least P-1 by Moody's and A-1 by S&P, or (c) with a dealer which is rated at least P-1 by Moody's and A-1 by S&P. The repurchase agreement must be continuously and fully

secured by obligations of the type described in (i), (ii), (iii), (iv) or (v) above which have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreement and which are held by the Trustee or its agent or, in the case of uncertificated securities, are registered in the name of the Trustee as pledgee;

(vii) Money market mutual funds with assets in excess of \$2,000,000,000 investing in obligations of the type specified in (i), (ii), (iii), (iv), (v) or (vi) above, including funds for which the Trustee or an affiliate of the Trustee serves as investment advisor, administrator, shareholder, servicing agent and/or custodian or sub-custodian, notwithstanding that (a) the Trustee charges and collects fees and expenses from such funds for services rendered, (b) the Trustee charges and collects fees and expenses for services rendered pursuant to this Indenture and (c) services performed for such funds and pursuant to this Indenture may converge at any time; and

(viii) An investment agreement or other investment arrangement with any bank, trust company, national banking association or bank holding company in the United States, with any domestic branch of a foreign bank, or with any surety or insurance company, provided, that, (i) such investment agreement or other investment arrangement shall permit the full principal amount of the moneys so placed together with the investment income agreed to be paid to be available for use as and when required under the Indenture, and (ii) the Person with whom such investment agreement or other investment arrangement is made must be a Person whose unsecured or uncollateralized short term debt obligations are assigned a rating by S&P of SP 1+ or better or a Person assigned a financial strength rating of AAA by S&P, and whose domestic assets shall be in excess of \$10,000,000,000.

Rating Agency shall mean any of S&P, Moody's or Fitch and such other nationally recognized securities rating agency as shall have awarded a rating to the Initial Bonds.

Rating Category shall mean one of the generic rating categories of a Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Rebate Amount shall have the meaning assigned to that term in the Tax Regulatory Agreement.

Rebate Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

Record Date shall mean, with respect to any Interest Payment Date for the Initial Bonds, the close of business on the fifteenth (15th) day of the month next preceding such Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day.

Redemption Account shall mean the special trust account of the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable, so designated, established pursuant to Section 5.01.

Redemption Date shall mean the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of this Indenture.

Redemption Price shall mean, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Indenture.

Refunding Bonds shall have the meaning assigned to that term in Section 2.07(c).

Reimbursement Resolution shall mean April 17, 2018, the date the Member submitted its application to the Issuer with respect to the Project and the debt financing thereof.

Related Security Documents shall mean all Security Documents other than this Indenture.

Renewal Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

Repair and Replacement Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

Repair and Replacement Fund Requirement shall mean the greater of (y) \$300,000, or (z) the amount determined pursuant to the most recent Capital Needs Assessment.

Representations Letter shall mean the Blanket Issuer Letter of Representations from the Issuer to DTC with respect to the Initial Bonds.

Responsible Officer shall mean, with respect to the Trustee, any officer within the corporate trust office of the Trustee, including any vice-president, any assistant vice-president, any secretary, any assistant secretary, the treasurer, any assistant treasurer or other officer of the corporate trust office of the Trustee customarily performing functions similar to those performed by any of the above designated officers, who has direct responsibility for the administration of the trust granted in this Indenture, and shall also mean, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

Revenue Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

S&P shall mean S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, a Delaware limited liability company, its successors and assigns, and if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

School shall mean American Dream Charter School, a not-for-profit education corporation and a charter school organized and existing under the laws of the State of New York, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the School under Section 8.9 or 8.20 of the Loan Agreement.

Securities Act shall mean the Securities Act of 1933, as amended, together with any rules and regulations promulgated thereunder.

Securities Depository shall mean any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book-entry interests in the Bonds, and to effect transfers of book-entry interests in the Bonds in book-entry form, and includes and means initially DTC.

Securities Exchange Act shall mean the Securities Exchange Act of 1934, as amended, together with any rules and regulations promulgated thereunder.

Security Documents shall mean, collectively, the Facility Lease, the Loan Agreement, the Promissory Notes, the Pledge and Security Agreement, this Indenture, the Blocked Account Control Agreement and all other Control Agreements, the Assignment of Development Agreement, the Assignment of Project Agreements, the Subordination, Non-Disturbance and Attornment Agreement, the Advance Agreement, the Environmental Indemnity Agreement, the Depositary Agreement, the Design Builder's Consent and Agreement, the Continuing Covenants Agreement, the Construction Disbursement Agreement, the Assignment of Lease and Rents, the Assignment of ALR, the Tax Regulatory Agreement, the Building Loan Agreement, the Mortgage and the Assignment of Mortgage.

Series shall mean all of the Bonds designated as being of the same series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to this Indenture.

Series 2018A Bonds shall mean the Issuer's \$25,725,000 Revenue Bonds (American Dream Charter School Project), Series 2018A authorized, issued, executed, authenticated and delivered under this Indenture.

Series 2018B Bonds shall mean the Issuer's \$1,020,000 Revenue Bonds (American Dream Charter School Project), Series 2018B (Taxable) authorized, issued, executed, authenticated and delivered under this Indenture.

Series 2018A Promissory Note shall mean the Promissory Note in substantially the form of Exhibit H-1 to the Loan Agreement.

Series 2018B Promissory Note shall mean the Promissory Note in substantially the form of Exhibit H-2 to the Loan Agreement.

Sinking Fund Installment shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds

pursuant to this Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to this Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

Sinking Fund Installment Account shall mean the special trust account of the Bond Fund so designated, which is established pursuant to Section 5.01.

Special Record Date shall have the meaning specified in Section 2.02(f).

State shall mean the State of New York.

Subordination, Non-Disturbance and Attornment Agreement shall mean the Subordination, Non-Disturbance and Attornment Agreement, dated as of the Closing Date, among the Borrower, the School and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Supplemental Indenture shall mean any indenture supplemental to or amendatory of the Indenture, executed and delivered by the Issuer and the Trustee in accordance with Article XI.

Taxable Bonds shall mean the Series 2018B Bonds and any Series of Additional Bonds which are not Tax-Exempt Bonds.

Tax-Exempt Bonds shall mean the Series 2018A Bonds and any Series of Additional Bonds as to which, at the time of original issuance, there shall be delivered to the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that the interest on such Bonds is excluded from gross income for federal income tax purposes.

Tax-Exempt Organization shall mean an Entity organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from Federal income taxes under 501(a) of Code, or corresponding provisions of Federal income tax laws from time to time in effect.

Tax Regulatory Agreement shall mean the Tax Regulatory Agreement, dated the Closing Date, from the Issuer, the Borrower, the Member and the School to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Trustee shall mean The Bank of New York Mellon, New York, New York, in its capacity as trustee under this Indenture, and its successors in such capacity and their assigns hereafter appointed in the manner provided in this Indenture.

Trust Estate shall mean all property, interests, revenues, funds, contracts, rights and other security granted to the Trustee under the Security Documents.

Valuation Date shall mean June 1 and December 1 of each year commencing December 1, 2018.

Yield shall have the meaning assigned to such term in the Tax Regulatory Agreement.

Section 1.02 Construction.

(a) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Indenture, refer to this Indenture, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the Closing Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Indenture, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

(e) Unless the context indicates otherwise, references to designated “Exhibits”, “Articles”, “Sections”, “Subsections”, “clauses” and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Indenture.

(f) The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”.

(g) The word “will” shall be construed to have the same meaning and effect as the word “shall”.

(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein or herein).

(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person’s successors and assigns or such Person’s successors in such capacity, as the case may be.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.01 Authorized Amount of Bonds; Pledge Effected by this Indenture. (a) No Bond may be authenticated and delivered under the provisions of this Indenture except in accordance with this Article. Except as provided in Sections 2.07 and 3.07, the total aggregate principal amount of Bonds that may be authenticated and delivered hereunder is limited to the Authorized Principal Amount.

(b) The moneys and securities from time to time held by the Trustee under the terms of this Indenture including amounts set apart and transferred to the Earnings Fund, the Project Fund (Tax-Exempt), the Project Fund (Taxable), the Revenue Fund, the Renewal Fund, the Bond Fund (Tax-Exempt), the Debt Service Reserve Fund (Tax-Exempt), the Bond Fund (Taxable) or any special fund, and all investment earnings of any of the foregoing, subject to disbursements from the Earnings Fund, the Revenue Fund, the Project Fund (Tax-Exempt), the Project Fund (Taxable), the Renewal Fund or any such special fund in accordance with the provisions of the Loan Agreement and this Indenture, are pledged by this Indenture for the payment of the principal, Purchase Price or Redemption Price (if any) of, Sinking Fund Installments for, and interest on, the Bonds. All such Funds shall be held by the Trustee in trust for the benefit of the Bondholders, and while held by the Trustee constitute part of the Trust Estate and be subject to the lien hereof. However, (i) there is expressly excluded from any assignment, pledge, lien or security interest of this Indenture any amounts set apart and transferred to the Rebate Fund or the Repair and Replacement Fund, (ii) amounts held in the Project Fund (Tax-Exempt), in the Bond Fund (Tax-Exempt) and in the Debt Service Reserve Fund (Tax-Exempt) shall be pledged only to the Holders of the Tax-Exempt Bonds, and (iii) amounts held in the Project Fund (Taxable) and in the Bond Fund (Taxable) shall be pledged only to the Holders of the Taxable Bonds. The Bonds shall be the special limited revenue obligations of the Issuer and shall be payable by the Issuer as to the principal, Purchase Price or Redemption Price (if any) of the Bonds, Sinking Fund Installments for the Bonds, and interest on the Bonds only from the Funds, special funds and loan payments, revenues and receipts pledged therefor. The Bonds are additionally secured by a pledge and assignment of the Promissory Notes and substantially all of the Issuer's right, title and interest in and to the Loan Agreement (excluding the Issuer's Reserved Rights). In addition, (i) the Borrower has granted a mortgage lien on and security interest in its fee interest in the Mortgaged Property to the Issuer and the Trustee pursuant to the Mortgage, and the Issuer has assigned its right, title and interest in the Mortgage to the Trustee pursuant to the Assignment of Mortgage, (ii) the Borrower has assigned the Facility Lease Rental Payments and pledged its interest in the Facility Lease to the Issuer and the Trustee pursuant to the Assignment of Lease and Rents, and the Issuer has assigned its right, title and interest in the Assignment of Lease and Rents to the Trustee pursuant to the Assignment of ALR, and (iii) the Borrower has granted a lien and security interest in the Pledged Collateral to the Trustee pursuant to the Pledge and Security Agreement.

In no event shall any obligations of the Issuer under this Indenture or the Bonds or under the Loan Agreement or under any other Project Document or related document for the payment of money create a debt of the State or the City and neither the State nor the City shall be

liable on any obligation so incurred, but any such obligation shall be a special limited revenue obligation of the Issuer secured and payable solely as provided in this Indenture.

Section 2.02 Issuance and Terms of the Initial Bonds. (a) The Initial Bonds in the Authorized Principal Amount shall be issued as two separate Series, the Series 2018A Bonds and the Series 2018B Bonds, under and secured by this Indenture. The Series 2018A Bonds and the Series 2018B Bonds shall be issuable in fully registered forms without coupons substantially in the forms set forth in Exhibit C-1 and Exhibit C-2, respectively, and shall be dated as provided in Section 3.01.

(b) (i) The Series 2018A Bonds shall mature on the date and in the principal amount and bear interest at the annual rate, as set forth below:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
June 15, 2052	\$25,725,000	5.875%

The Series 2018A Bonds are being issued as draw-down bonds, in that the Initial Beneficial Owners, as the purchasers thereof, will purchase the principal amount of the Series 2018A Bonds in installments, at a 5% discount, in accordance with the terms of and as required by Section 4.01. Accordingly, the principal amount of the Series 2018A Bonds which have been purchased and are Outstanding at any given time may be less than the maximum principal amount of the Series 2018A Bonds as described in the table above; provided, however, that it is anticipated that the principal amount of the Series 2018A Bonds will be drawn in full on the Final Draw-Down Date in accordance with Section 4.01(d). Upon each purchase of a portion of the principal amount of the Series 2018A Bonds in accordance with the terms of Section 4.01, the Trustee will note on a principal log kept by the Trustee in the same form as Exhibit A to the form of the Series 2018A Bonds set forth in Exhibit C-1, the principal amount of the Series 2018A Bonds so purchased, the date of such purchase and the total principal amount of the Series 2018A Bonds then Outstanding. The records maintained by the Trustee in such regard will be conclusive evidence of the principal amount of the Series 2018A Bonds which have been purchased and are Outstanding, absent manifest error. The principal amount of the Series 2018A Bonds purchased by each Initial Beneficial Owner will be noted by the Trustee on the principal log attached to the Series 2018A Bonds.

(ii) The Series 2018B Bonds are not being issued as draw-down bonds and will be fully funded as of the Closing Date. The Series 2018B Bonds shall mature on the date and in the principal amount and bear interest at the annual rate, as set forth below:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
June 15, 2025	\$1,020,000	7.750%

Interest shall be payable on each Interest Payment Date and shall be computed on the basis of a 360-day year of twelve 30-day months. Notwithstanding anything herein to the contrary, the interest rate borne by the Initial Bonds shall not exceed the maximum permitted by, or enforceable under, applicable law.

(c) The 2018A Bonds shall be numbered from AR-1 upward in consecutive numerical order, and the Series 2018B Bonds shall be numbered from BR-1 upward in consecutive numerical order. Series 2018A Bonds or Series 2018B Bonds issued upon any exchange or transfer hereunder shall be numbered in such manner as the Trustee in its discretion shall determine.

(d) The principal, Purchase Price or Redemption Price of, and Sinking Fund Installments for, all Initial Bonds shall be payable by check or draft or wire transfer of immediately available funds at maturity or upon earlier purchase or redemption to the Persons in whose names such Initial Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or Redemption Date thereof, provided, however, that the payment in full of any Initial Bond either at final maturity or upon purchase or upon redemption in whole shall only be payable upon presentation and surrender of such Initial Bonds at the designated corporate trust office of the Trustee or of any Paying Agent.

The interest payable on each Initial Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Initial Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Record Date for such interest, (1) by check or draft mailed to such registered owner at his address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Initial Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Initial Bonds in the aggregate principal amount of at least \$1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Record Date for any interest payment.

Interest on any Initial Bond that is due and payable but not paid on the date due (“**Defaulted Interest**”) shall cease to be payable to the owner of such Initial Bond on the relevant Record Date and shall be payable to the owner in whose name such Initial Bond is registered at the close of business on a special record date (the “**Special Record Date**”) for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. It is provided in the Loan Agreement that the Borrower shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment. Money deposited with the Trustee on account of Defaulted Interest shall be held in trust for the benefit of the owners of the Initial Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt of such funds by the Trustee. The Trustee shall promptly notify the Borrower of such Special Record Date and, in the name and at the expense of the Borrower, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each owner of an Initial Bond entitled to

such notice at the address of such owner as it appears on the bond registration books not less than ten (10) days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Initial Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Initial Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Initial Bond and each such Initial Bond shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

(e) The Initial Bonds are issuable in the form of fully registered bonds in the Authorized Denominations.

(f) Anything in the Initial Bonds or in this Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Initial Bonds shall be subject to the limitation that payments of interest or other amounts on the Initial Bonds shall not be required to the extent that receipt of any such payment by a Holder of an Initial Bond would be contrary to the provisions of law applicable to such Holder which would limit the maximum rate of interest which may be charged or collected by such Holder of an Initial Bond.

Section 2.03 Redemption of Initial Bonds. (a) General Optional Redemption.

(i) The Series 2018A Bonds shall be subject to redemption, on or after November 1, 2028, in whole or in part on any date (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000) at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Borrower of its intention to prepay loan payments due under the Loan Agreement with respect to the Series 2018A Bonds pursuant to Section 4.3(c)(i) thereof), at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2018A Bonds to be redeemed, plus accrued interest to the Redemption Date.

(ii) The Series 2018B Bonds shall be subject to limited optional redemption prior to maturity in part (and not in whole) on any date within ninety (90) days following a Draw-Down Date (other than the Closing Date), in integral multiples of \$5,000, at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Borrower of its intention to redeem the Series 2018B Bonds from Costs of Issuance Reimbursement (Tax-Exempt)), at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2018B Bonds to be redeemed, plus accrued interest to the Redemption Date.

(iii) The Series 2018A Bonds are also subject to redemption, in whole (and not in part) on any date prior to November 1, 2028, at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Borrower of its intention to prepay loan payments due under the Loan Agreement with respect to the Series 2018A Bonds pursuant to Section 4.3(c)(i) thereof), at the Redemption Price equal to the greater of

(y) the unpaid principal amount of the Series 2018A Bonds to be redeemed, or

(z) the sum of (i) the unpaid principal amount of the Series 2018A Bonds to be redeemed, and (ii) the present value of the remaining

scheduled payments of interest to but not including November 1, 2028, discounted to the Redemption Date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Applicable Tax-Exempt Municipal Bond Rate plus twenty-five (25) basis points,

plus, in each case, accrued interest to the Redemption Date.

For purposes of this Section 2.03(a)(iii), the “Applicable Tax-Exempt Municipal Bond Rate” shall mean the Comparable AAA General Obligations yield curve rate for the November 1, 2028 date as published by Municipal Market Data two Business Days prior to the date of redemption. If no such yield curve rate is established for the applicable year, the Comparable AAA General Obligations yield curve rate for the two published maturities most closely corresponding to the applicable year will be determined, and the Applicable Tax Exempt Municipal Bond Rate will be interpolated or extrapolated from those yield curve rates on a straight-line basis.

In calculating the Applicable Tax-Exempt Municipal Bond Rate, should Municipal Market Data no longer publish the Comparable AAA General Obligations yield curve rate, then the Applicable Tax-Exempt Municipal Bond Rate will equal the Consensus Scale yield curve rate for the applicable year (published by Municipal Market Advisors).

In the further event that Municipal Market Advisors no longer publishes the Consensus Scale, the Applicable Tax-Exempt Municipal Bond Rate will be determined by BVAL, or a successor determined by D.A. Davidson & Co. (or its successor), as the quotation agent, based upon the rate per annum equal to the semiannual equivalent yield to maturity of those tax-exempt general obligation bonds rated in the highest rating category by Moody's and S&P with a maturity date equal to the stated maturity date of said bonds having characteristics (other than the ratings) most comparable to those of said Series 2018A Bonds in the judgment of the quotation agent. The quotation agent's determination of the Applicable Tax-Exempt Municipal Bond Rate is final and binding in the absence of manifest error.

The Make-Whole Redemption Price will be determined by an independent accounting firm, investment banking firm or financial advisor (which accounting firm, investment banking firm or financial advisor shall be retained by the Borrower at the expense of the Borrower) in order to calculate such Redemption Price.

(b) Extraordinary Redemption. The Initial Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Borrower (which option shall be exercised only upon the giving of notice by the Borrower of its intention to prepay loan payments due under the Loan Agreement pursuant to Section 4.3(c) thereof), as a whole on any date, upon notice or waiver of notice as provided in this Indenture, at a Redemption Price equal to one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the Redemption Date, if one or more of the following events shall have occurred:

(i) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and

the Trustee, (A) the Facility cannot be reasonably restored within a period of one year from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the School is thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

(ii) Title to, or the temporary use of, all or substantially all of the Facility shall have been taken or condemned by a competent authority which taking or condemnation results, or is likely to result, in the School being thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such taking or condemnation, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee; or

(iii) As a result of changes in the Constitution of the United States of America or of the State or of legislative or executive action of the State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by the Borrower and/or the School, the Loan Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or unreasonable burdens or excessive liabilities are imposed upon the Borrower and/or the School by reason of the operation of the Facility.

If the Initial Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the School shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the School stating that, as a result of the occurrence of the event giving rise to such redemption, the School has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

(c) Mandatory Sinking Fund Installment Redemption. (i) The Series 2018A Bonds shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.05(d)(i) and (f)(i):

Sinking Fund Installment <u>Payment Date</u>	Sinking Fund <u>Installment</u>
June 15, 2025	\$ 290,000
June 15, 2026	405,000
June 15, 2027	430,000
June 15, 2028	455,000
June 15, 2029	485,000
June 15, 2030	510,000
June 15, 2031	540,000
June 15, 2032	575,000
June 15, 2033	605,000
June 15, 2034	645,000
June 15, 2035	680,000
June 15, 2036	720,000
June 15, 2037	765,000
June 15, 2038	810,000
June 15, 2039	855,000
June 15, 2040	905,000
June 15, 2041	960,000
June 15, 2042	1,015,000
June 15, 2043	1,075,000
June 15, 2044	1,135,000
June 15, 2045	1,205,000
June 15, 2046	1,275,000
June 15, 2047	1,350,000
June 15, 2048	1,430,000
June 15, 2049	1,515,000
June 15, 2050	1,600,000
June 15, 2051	1,695,000
June 15, 2052 (final maturity)	1,795,000

(ii) The Series 2018B Bonds shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.05(d)(ii) and (f)(ii):

Sinking Fund Installment <u>Payment Date</u>	Sinking Fund <u>Installment</u>
June 15, 2022	\$230,000
June 15, 2023	335,000
June 15, 2024	360,000
June 15, 2025 (final maturity)	95,000

(d) Mandatory Redemption from Excess Proceeds and Certain Other Amounts. The Initial Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent:

(i) in the case of the Series 2018A Bonds only, excess Series 2018A Bond proceeds shall remain after the completion of the Project,

(ii) in the case of the Initial Bonds but only on a Pro Rata Basis, excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and this Indenture, or

(iii) in the case of the Initial Bonds but only on a Pro Rata Basis, excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personalty,

in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2018A Bonds and/or the Series 2018B Bonds, as applicable, to be redeemed, together with interest accrued thereon to the Redemption Date.

(e) Mandatory Redemption Upon Failure to Operate the Facility for the Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Initial Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (w) the Borrower and/or the School is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project Operations, (x) the Borrower, the School, any Principal of the Borrower and/or of the School or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Borrower and/or the School has committed a material violation of a material Legal Requirement, (y) any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (z) a Required Disclosure Statement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its sole discretion, or (ii) the Obligors shall fail to obtain or maintain the liability insurance with respect to the Facility required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Obligors shall fail to cure any such default or failure within the applicable time periods set forth in the Loan Agreement following the receipt by the Borrower and/or the School of written notice of such default or failure from the Issuer and a demand by the Issuer on the Obligors to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in this Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Initial Bonds, together with interest accrued thereon to the Redemption Date.

(f) Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the Initial Bonds shall be redeemed prior to maturity on any date within forty-five (45) days following such Determination of Taxability, at the Redemption Prices (expressed as percentages of unpaid principal amount of the Initial Bonds to be redeemed) set forth below, together with accrued interest to the Redemption Date:

Redemption Dates (both dates inclusive)	Redemption Prices
Closing Date through October 31, 2028	105%
November 1, 2028 and thereafter	100

The Initial Bonds shall be redeemed in whole unless redemption of a portion of the Series 2018A Bonds Outstanding would have the result that interest payable on the Series 2018A Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Series 2018A Bond. In such event, the Series 2018A Bonds (and not the Series 2018B Bonds) shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

(g) Purchase in Lieu of Optional Redemption. In lieu of calling the Series 2018A Bonds for optional redemption, the Series 2018A Bonds shall be subject to mandatory tender for purchase at the direction of the Issuer, upon the direction of the Borrower, in whole or in part (and, if in part, in such manner as determined by the Borrower) on any date on or after November 1, 2028, at a Purchase Price equal to the applicable Redemption Price for any optional redemption of such Series 2018A Bonds as provided in Section 2.03(a)(i), plus accrued interest to the purchase date. Purchases of tendered Series 2018A Bonds may be made without regard to any provision of this Indenture relating to the selection of Series 2018A Bonds in a partial optional redemption. The Series 2018A Bonds purchased pursuant to any mandatory tender(s) are required to be cancelled, and until cancelled, shall not be deemed Outstanding.

Purchases in lieu of an optional redemption shall be permitted, with the consent of the Issuer, upon the delivery to the Issuer and the Trustee of (i) an opinion of Nationally Recognized Bond Counsel addressed to the Issuer and the Trustee substantially to the effect that (A) such purchases in lieu of optional redemption comply with the provisions of this Indenture and (B) neither such purchases in lieu of an optional redemption nor any transaction directly related thereto will adversely affect the exclusion from gross income of interest on the Series 2018A Bonds for purposes of federal income taxation, and (ii) such other opinions, certificates or documentation as the Issuer may require.

(h) Redemption of Initial Bonds permitted or required by this Article II shall be made as follows, and the Trustee shall give the notice of redemption required by Section 6.03 in respect of each such redemption:

(A) Redemption shall be made pursuant to the general optional redemption provisions of Section 2.03(a) or (b) at such times as are permitted under such Section and, in the case of Section 2.03(a), in such principal amounts, as the Borrower shall request in a written notice to the Trustee in accordance with Section 4.3(c) of the Loan Agreement.

(B) Redemption shall be made pursuant to the mandatory Sinking Fund Installment redemption provisions of Section 2.03(c) as and when required by this Section without the necessity of any request by, or notification from the Issuer or from the Borrower, but subject to the provisions of Section 5.05(d) and (f).

(C) Redemption shall be made pursuant to the mandatory redemption provisions of Section 2.03(d) at the earliest possible date following the deposit of the excess proceeds or other amounts in the Redemption Account(s)

of the Bond Fund(s), without the necessity of any instructions or further act of the Issuer or the Borrower.

(D) Redemption shall be made pursuant to the mandatory redemption provisions of Section 2.03(e) on the date specified therein in the event redemption is required under such circumstances, without the necessity of any instructions or further act of the Borrower.

(E) Redemption shall be made pursuant to the mandatory taxability redemption provisions of Section 2.03(f) at the earliest possible date, but no later than forty-five (45) days following the Determination of Taxability, without the necessity of any instructions or further act of the Issuer or the Borrower.

Section 2.04 Delivery of Initial Bonds. The Initial Bonds shall be executed in the form and manner set forth in this Indenture and shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of the Initial Bonds (and, in the case of the Series 2018A Bonds, the proceeds of sale of the first Draw-Down Date) including the interest, if any, accrued on the Initial Bonds to the Closing Date, the Initial Bonds shall be delivered by the Trustee on behalf of the Issuer to or upon the order of the purchaser(s) thereof, but only upon receipt by the Trustee of:

(a) a copy, duly certified by the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel of the Issuer, of the Bond Resolution;

(b) an original executed counterpart of all Security Documents, and a copy of each other executed Project Document;

(c) a written opinion by Nationally Recognized Bond Counsel to the effect that the issuance of the Initial Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled; and

(d) the written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and deliver the Initial Bonds to the purchaser(s) therein identified upon payment to the Trustee for the account of the Issuer of the purchase price therein specified, plus accrued interest, if any.

Section 2.05 Execution of Bonds. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel of the Issuer, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the manual or facsimile signature of the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel of the Issuer. Any facsimile signatures shall have the same force and effect as if the appropriate officers had personally signed each of said Bonds. In case one or any of the officers who shall have signed or attested the Bonds or whose reproduced facsimile signature appears thereon shall cease to be such officer or officers before the Bonds so signed and attested shall have been actually issued and delivered, the Bonds may be issued and delivered as though the person who signed or attested or whose reproduced facsimile signature appears on the Bonds had

not ceased to be such officer. Neither the members, directors, officers or agents of the Issuer nor any person executing the Bonds shall be liable personally or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 2.06 Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication, in substantially the respective forms set forth in the Forms of Fully Registered Initial Bonds in Exhibit C-1 and C-2, duly executed by the Trustee, shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until such certificate of authentication on such Bond shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture. The Trustee shall note, with respect to each Bond to be authenticated under this Indenture in the space provided in the certificate of authentication for such Bond, the date of the authentication and delivery of such Bond. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds.

Section 2.07 Additional Bonds. (a) So long as the Promissory Notes, the Loan Agreement and the other Security Documents are each in effect, and the requirements of the Continuing Covenants Agreement shall have been complied with or the prior written consent of the Bondholder Representative (or, if no Bondholder Representative shall exist, with the prior written consent of the Majority Holders) shall have been obtained, one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of (i) completing the Project, (ii) providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (iii) providing extensions, additions or improvements to the Facility, the purpose of which shall be for the Approved Project Operations, or (iv) refunding Outstanding Bonds. Such Additional Bonds shall be payable from the loan payments, receipts and revenues of the Facility including such extensions, additions and improvements thereto. Prior to the issuance of a Series of Additional Bonds and the execution of a Supplemental Indenture in connection therewith, the Issuer and the Obligors shall enter into an amendment to the Loan Agreement, and the Borrower shall execute a new Promissory Note, which shall provide, among other things, that the loan payments payable by the Borrower under the Loan Agreement and the aggregate amount to be paid under all Promissory Notes shall be increased and computed so as to amortize in full the principal of and interest on such Series of Additional Bonds and any other costs in connection therewith. In addition, the Borrower, the School (and if appropriate, the Developer and the Member) and the Issuer shall enter into an amendment to each Security Document with the Trustee which shall provide that the amounts guaranteed or otherwise secured thereunder be increased accordingly.

(b) Each such Series of Additional Bonds shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of such Series of Additional Bonds, they shall be made available by the Trustee for pick-up by the order of the purchaser or purchasers thereof, but only upon receipt by the Trustee of:

(1) a copy of the resolution, duly certified by the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel of the Issuer, authorizing, issuing and awarding the Series of Additional Bonds to the purchaser or purchasers thereof and providing the terms thereof and authorizing the execution of any Supplemental Indenture and any amendments of or supplements to the Loan Agreement and any other Security Document to which the Issuer shall be a party;

(2) original executed counterparts of the Supplemental Indenture and an amendment of or supplement to the Loan Agreement expressly providing that, to the extent applicable, for all purposes of the Supplemental Indenture, the Promissory Notes, the Loan Agreement, the Pledge and Security Agreement, the Mortgage and each other Security Document, the Facility referred to therein and the premises related or subject thereto shall include the buildings, structures, improvements, machinery, equipment or other facilities being financed, and the Bonds referred to therein shall mean and include the Series of Additional Bonds being issued as well as the Initial Bonds and any Series of Additional Bonds theretofore issued;

(3) a written opinion by Nationally Recognized Bond Counsel, to the effect that the issuance of the Series of Additional Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled and that the issuance of the Series of Additional Bonds will not cause the interest on any Series of Tax-Exempt Bonds Outstanding to become includable in gross income for federal income tax purposes;

(4) except in the case of a Series of Refunding Bonds (defined below) refunding all Outstanding Bonds, a certificate of an Authorized Representative of the Obligors to the effect that each Security Document to which the Borrower and/or the School is a party continues in full force and effect and that there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default;

(5) written evidence from each Rating Agency by which any Series of Outstanding Bonds are then rated, if any, to the effect that it has reviewed the documentation pertaining to the issuance of the Series of Additional Bonds, and that the issuance of such Series of Additional Bonds will not result in a withdrawal, a suspension or a reduction of the long and short-term ratings, if applicable, then assigned to any Series of Outstanding Bonds by such Rating Agency;

(6) an original, executed counterpart of the new Promissory Note and the amendment to each Security Document;

(7) a certificate of an Authorized Representative of the Obligors evidencing compliance with the requirements of the Continuing Covenants Agreement to the extent applicable; and

(8) a written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and make available for pick-up the Series of Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price therein specified, plus accrued interest, if any.

(c) (1) Upon the request of the Borrower, one or more Series of Additional Bonds may be authenticated and made available for pick-up upon original issuance to refund (“**Refunding Bonds**”) all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds. Bonds of a Series of Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of this Indenture and of the resolution authorizing said Series of Refunding Bonds. In the case of the refunding under this Section 2.07 of less than all Bonds Outstanding of any Series or of any maturity within such Series, the Trustee shall proceed to select such Bonds in accordance with Section 6.02.

(2) A Series of Refunding Bonds may be authenticated and made available for pick-up only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 2.07(b), as may be applicable) of:

(A) Irrevocable instructions from the Issuer to the Trustee, satisfactory to it, to give due notice of redemption pursuant to Section 6.03 to the Holders of all the Outstanding Bonds to be refunded prior to maturity on the Redemption Date specified in such instructions; and

(B) Either:

(i) moneys in an amount sufficient to effect payment at maturity or upon redemption at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or Redemption Date, which moneys shall be held by the Trustee or any Paying Agent in a separate account irrevocably in trust for and assigned to the respective Holders of the Outstanding Bonds being refunded, or

(ii) Defeasance Obligations in such principal amounts, having such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of Article X, and any moneys required pursuant to said Section (with respect to all Outstanding Bonds or any part of one or more Series of Outstanding Bonds being refunded), which Defeasance Obligations and moneys shall be held in trust and used only as provided in Article X.

(3) The Borrower shall furnish to the Trustee and the Issuer at the time of delivery of the Series of Refunding Bonds a certificate of an independent certified public accountant stating that the Trustee and/or the Paying Agent (and/or any escrow agent as shall be appointed in connection therewith) hold in trust the moneys or such Defeasance Obligations and moneys required to effect such payment at maturity or earlier redemption.

(d) Each Series of Additional Bonds issued pursuant to this Section shall be equally and ratably secured under this Indenture with the Initial Bonds and all other Series of Additional Bonds, if any, issued pursuant to this Section, without preference, priority or distinction of any Bond over any other Bonds except as expressly provided in or permitted by this Indenture.

(e) No Series of Additional Bonds shall be issued unless the Promissory Notes, the Loan Agreement, the Mortgage and the other Security Documents are in effect and, at the time of issuance, there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default.

Section 2.08 CUSIP Numbers. The Issuer in issuing the Bonds may use CUSIP numbers (if then generally in use), and, if so, the Trustee shall use such CUSIP numbers in notices of redemption as a convenience to registered owners; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee of any change in the CUSIP numbers of which it has actual knowledge.

Section 2.09 Book Entry Bonds. (a) Except as provided in Section 2.09(c), the Holder of all of the Initial Bonds shall be DTC (the “**Securities Depository**”) and the Initial Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest for any Initial Bond registered in the name of Cede & Co. shall be made by wire transfer of New York Clearing House or equivalent same day funds to the account of Cede & Co. on the Interest Payment Date for the Initial Bonds at the address indicated for Cede & Co. in the registration books of the Issuer kept by the Trustee. It is anticipated that during the term of the Initial Bonds, the Securities Depository will make book entry transfers among its Participants and receive and transmit payment of principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds to the Participants until and unless the Trustee authenticates and delivers replacement bonds to the Beneficial Owners as described in Section 2.09(c).

(b) The Initial Bonds shall be initially issued in the form of a separate single authenticated fully registered certificate for each Series and maturity thereof. Upon initial issuance, the ownership of such Initial Bonds shall be registered in the registration books of the Issuer kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee, the Bond Registrar, the Paying Agent and the Issuer shall treat DTC (or its nominee) as the sole and exclusive Holder of the Initial Bonds registered in its name for the purposes of payment of the principal, Sinking Fund Installments, Redemption Price of or interest on the Initial Bonds, selecting the Initial Bonds or portions thereof to be redeemed, giving any notice permitted or

required to be given to Bondholders under this Indenture, registering the transfer of Initial Bonds, obtaining any consent or other action to be taken by Holders of the Initial Bonds and for all other purposes whatsoever; and neither the Trustee, the Bond Registrar, the Paying Agent, the Borrower, the School nor the Issuer shall be affected by any notice to the contrary. All notices with respect to such Initial Bonds shall be made and given, respectively, to DTC as provided in the Representations Letter. Neither the Trustee, the Bond Registrar, the Paying Agent nor the Issuer shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Initial Bonds under or through DTC or any Participant, or any other Person that is not shown on the registration books of the Trustee as being a Holder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment of DTC or any Participant of any amount in respect of the principal, Sinking Fund Installments, Redemption Price of or interest on the Initial Bonds; any notice that is permitted or required to be given to Bondholders under this Indenture or any other Security Documents; the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the Initial Bonds; or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay all principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State) DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds to the extent of the sum or sums so paid. Except as otherwise provided in Section 2.09(c), no Person other than DTC shall receive an authenticated Initial Bond certificate evidencing the obligation of the Issuer to make payments of principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Indenture with respect to transfers of Bonds, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event the Issuer determines that it is in the best interest of the Beneficial Owners that they be able to obtain Initial Bond certificates, the Issuer may notify DTC and the Trustee, whereupon DTC will notify the Participants, of the availability through DTC of Initial Bond certificates. In such event, the Trustee shall issue, transfer and exchange Initial Bond certificates as requested by DTC in appropriate amounts within the guidelines set forth in this Indenture. DTC may determine to discontinue providing its services with respect to the Initial Bonds at any time by giving written notice to the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Issuer and the Trustee shall be obligated to deliver Initial Bond certificates as described in this Indenture. In the event Initial Bond certificates are issued, the provisions of this Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on such certificates. Whenever DTC requests the Issuer and the Trustee to do so, the Issuer will direct the Trustee (at the sole cost and expense of the Borrower) to cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Initial Bonds to any DTC Participant having Initial Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Initial Bonds.

(d) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture or any other Security Document by the Issuer or the Trustee with respect to any consent or other action to be taken by Bondholders, the Issuer or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Such notice to DTC shall be given only when DTC is the sole Bondholder.

(e) NEITHER THE ISSUER, THE BORROWER, THE SCHOOL, THE BONDHOLDER REPRESENTATIVE NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, SINKING FUND INSTALLMENTS, REDEMPTION PRICE OF OR INTEREST ON THE INITIAL BONDS; (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS INDENTURE TO BE GIVEN TO BONDHOLDERS; OR (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE INITIAL BONDS.

(f) SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE INITIAL BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE INITIAL BONDHOLDERS OR REGISTERED HOLDERS OF THE INITIAL BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE INITIAL BONDS.

(g) For so long as the Holder of all of the Initial Bonds shall be DTC, and all Initial Bonds shall be registered in the name of Cede & Co. as nominee for DTC, (i) only DTC may tender Initial Bonds upon redemption or retirement in whole and (ii) unless all Initial Bonds are being redeemed or retired in whole, Initial Bonds shall not be required to be presented to the Trustee for payment of principal, Sinking Fund Installments or Redemption Price except upon final maturity or redemption in whole.

(h) In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository that is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee upon its receipt of an Initial Bond or Bonds for cancellation shall cause the delivery of an Initial Bond or Bonds to the successor Securities Depository in appropriate Authorized Denominations and form as provided herein.

(i) Nothing contained in this Section shall limit, modify, reduce, impair or affect any of the express rights of the Bondholder Representative or the Initial Beneficial Owners under any other provision of this Indenture, including the rights of notice, direction and consent.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.01 Date of Bonds. The Initial Bonds shall be dated their date of original issuance (subject to the provisions set forth below with respect to transfers and exchanges) and will bear interest from their date at the applicable rate or rates until the entire principal amount of the Initial Bonds has been paid. Bonds authenticated prior to the first Interest Payment Date shall bear interest from their date of original issuance, except that each draw-down for the Series 2018A Bonds shall bear interest from their Draw-Down Date. Bonds issued in exchange for or upon the registration of transfer of Bonds on or after the first Interest Payment Date thereon shall bear interest from and including the Interest Payment Date next preceding the date of the authentication thereof, unless the date of such authentication shall be an Interest Payment Date to which interest on the Bonds has been paid in full or duly provided for, in which case they shall bear interest from and including such Interest Payment Date; provided that if, as shown by the records of the Trustee, interest on the Bonds shall be in default, Bonds issued in exchange for or upon the registration of transfer of Bonds shall bear interest from the date to which interest has been paid in full on the Bonds, or if no interest has been paid on the Bonds, the date of the first delivery of fully executed and authenticated Bonds hereunder.

Section 3.02 Form and Denominations. Bonds shall be issued in fully registered form, without coupons, in any Authorized Denomination not exceeding the aggregate principal amount of Bonds of the same series, maturity and interest rate as the Bond for which the denomination is to be specified. Subject to the provisions of Section 3.03, the Initial Bonds shall be in substantially the respective forms set forth in Exhibit C-1 and C-2, with such variations, omissions and insertions as are permitted or required by this Indenture.

Section 3.03 Legends. Each Bond shall contain on the face thereof a statement to the effect that: "THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN RELIANCE UPON EXEMPTIONS PROVIDED BY THE SECURITIES ACT. NO RESALE OR OTHER TRANSFER OF THIS BOND MAY BE MADE UNLESS SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS AND IN ACCORDANCE WITH THE INDENTURE OF TRUST REFERRED TO HEREIN. NEITHER THE ISSUER NOR THE TRUSTEE IS OBLIGATED TO REGISTER THIS BOND UNDER THE SECURITIES ACT OR ANY OTHER SECURITIES OR "BLUE SKY" LAW.

THIS BOND MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) SO LONG AS THIS BOND IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A OF THE SECURITIES ACT, TO A PERSON CONSTITUTING A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (2) TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT; provided, however, that if

a Series of Bonds are rated investment grade by a Rating Agency, then, upon the Issuer and the Trustee receiving written notice of the occurrence of such event, this second legend shall no longer be required to be stated on such Series of Bonds.

Each Bond shall also contain on the face thereof a statement to the effect that “THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR.”

The Bonds may in addition contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom or otherwise as may be determined by the Issuer prior to the delivery thereof.

Section 3.04 Medium of Payment. The principal, Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Such payment may be made as provided in Section 2.02.

Section 3.05 Bond Details. Subject to the provisions hereof, the Bonds shall be dated, shall mature in such years and such amounts, shall bear interest at such rate or rates per annum, shall be subject to redemption on such terms and conditions and shall be payable as to principal, Purchase Price or Redemption Price, if any, Sinking Fund Installments, and interest at such place or places as shall be specified in this Indenture.

Section 3.06 Interchangeability, Transfer and Registry. (a) Each Bond shall be transferable only upon compliance with the restrictions on transfer set forth on such Bond and only upon the books of the Issuer, which shall be kept for the purpose at the designated corporate trust office of the Trustee, by the registered owner thereof in person or by his duly authorized attorney-in-fact, upon surrender of such Bond together with a written instrument of transfer in the form appearing on such Bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15. Upon the transfer of any Bond the Trustee shall prepare and issue in the name of the transferee one or more new Bonds of the same aggregate principal amount, related Series, maturity and interest rate as the surrendered Bond.

(b) Each Holder and Beneficial Owner of a Bond, by the purchase and acceptance of such Bond, is deemed to have represented and agreed as follows: (i) it is either a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”)) or an “accredited investor” (as defined in Regulation D under the Securities Act), and it has acquired such Bond for its own account or for the account of a qualified institutional buyer or an accredited investor, and (ii) it understands and acknowledges

that such Bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer such Bond, such Bond may be offered, resold, pledged or transferred only in accordance with the above transfer restrictions set forth in this Section 3.06(b) and only to a Person meeting the requirements set forth in the preceding clause (i); provided however, that if the related Series of Bonds are rated investment grade by a Rating Agency, then, upon the Trustee receiving written notice of the occurrence of such event, this Section 3.06(b) shall no longer apply to such Series of Bonds.

(c) Any Bond, upon surrender thereof at the designated corporate trust office of the Trustee in the City with a written instrument of transfer in the form appearing on such Bond, duly executed by the registered owner or his duly authorized attorney-in-fact, with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, may, at the option of the owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and interest rate of any other Authorized Denominations. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

(d) The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name any Bond shall be registered as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal, Purchase Price and Redemption Price, if any, of, Sinking Fund Installments for, and interest on such Bond and for all other purposes, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Borrower, the School, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

(e) In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Borrower but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

Section 3.07 Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series, maturity, unpaid principal amount and interest rate as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and in substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence reasonably satisfactory to it that such Bond has been destroyed, stolen or lost, and upon furnishing the Issuer and the Trustee with indemnity (an undertaking from an insurance company acceptable to the Trustee and the Issuer) satisfactory to the Trustee and to the Issuer and complying with such other reasonable regulations as the Trustee may prescribe and paying such

expenses as the Issuer and the Trustee may incur. All Bonds so surrendered to the Trustee shall be cancelled by it. Every new Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is destroyed, lost or stolen, shall, with respect to such Bond, constitute an additional contractual obligation of the Issuer whether or not the destroyed, lost or stolen Bond shall be found and shall be enforceable at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder. In the event any such destroyed, stolen or lost Bond shall have matured, or be about to mature, the Issuer may, instead of issuing a new Bond, cause the Trustee to pay the same without surrender thereof upon compliance with the condition in the first sentence of this Section out of moneys held by the Trustee and available for such purpose. All Bonds shall be held and owned upon the express condition (to the extent lawful) that the foregoing provisions are exclusive with respect to the replacement or payment of any mutilated, destroyed or lost or stolen Bond and shall preclude any and all other rights and remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 3.08 Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled shall be destroyed by the Trustee.

Section 3.09 Requirements With Respect to Transfers. In all cases in which the privilege of transferring Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such transfer shall forthwith be cancelled by the Trustee. For every such transfer of Bonds, the Issuer or the Trustee may, as a condition precedent to the privilege of making such transfer, make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such transfer, which sum or sums shall be paid by the Person requesting such transfer.

Section 3.10 Bond Registrar. The Trustee shall also be Bond Registrar for the Bonds, and shall maintain a register showing the names of all registered Holders of Bonds, Bond numbers and amounts, and other information appropriate to the discharge of its duties hereunder. The Trustee shall make available to the Borrower for its inspection during normal business hours the registration books for the Bonds, as may be requested by the Borrower in connection with any purchase or tender offer by it with respect to the Bonds.

Section 3.11 Payments Due on Saturdays, Sundays and Holidays. In any case where any payment date of principal, Purchase Price, Sinking Fund Installment and/or interest on the Bonds, or the Redemption Date of any Bonds, shall be a day other than a Business Day, then payment of such principal, Purchase Price, Sinking Fund Installment and/or interest or the Redemption Price, if applicable, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the principal, Sinking Fund Installment and/or Interest Payment Date or the Redemption Date, as the case may be, except that interest shall continue to accrue on any unpaid principal.

ARTICLE IV

APPLICATION OF BOND PROCEEDS

Section 4.01 Application of Proceeds of Initial Bonds.

(a) The proceeds of the sale of the Series 2018A Bonds shall be applied by the Trustee (y) on the applicable Draw-Down Date, for deposit in the various Accounts of the Project Fund (Tax-Exempt) for the purpose of paying Project Costs (Tax-Exempt) as provided in Section 5.02, and (z) on the Final Draw-Down Date, for deposit in the Debt Service Reserve Fund (Tax-Exempt). It is the intention of the parties that the Series 2018A Bonds shall constitute a draw-down loan, as defined in Treasury Regulation Section 1.150-1(c)(4)(i) and this Indenture shall be construed and the Trustee, the Initial Beneficial Owners, as the purchasers of such Series 2018A Bonds, and the Borrower shall operate consistent with such Regulation. The Trustee shall make a notation on the Series 2018A Bonds as to the date and amount of each advance of principal on a Draw-Down Date.

(b) Upon the receipt by the Trustee of the original proceeds of the sale and delivery of the Series 2018A Bonds on the Draw-Down Date that is also the Closing Date, the Trustee shall deposit such proceeds in accordance with the provisions of Section 4.01(f) below.

(c) Upon the receipt by the Trustee of the proceeds of the sale of the Series 2018A Bonds on each Draw-Down Date after the Closing Date, the Trustee shall deposit such proceeds in accordance with the provisions of the Direction Letter delivered in accordance with the Advance Agreement (but subject to the provisions of the Tax Regulatory Agreement); provided, further, the proceeds of sale of any such draw-down of the Series 2018A Bonds shall not be applied such that (y) more than two percent (2%) of the net proceeds of the advance are applied to pay Costs of Issuance, and (z) the amount as shall be applied to pay capitalized interest with respect to the Series 2018A Bonds shall be only with respect to the principal amount of the Series 2018A Bonds associated with such advance and only for a period ending not later than October 31, 2020.

(d) After the Closing Date, the Borrower shall request in accordance with the Advance Agreement an additional advance of the proceeds of the Series 2018A Bonds in writing at least ten (10) Business Days prior to the requested Draw-Down Date. The Borrower shall deliver such request to the Issuer, the Trustee and the Bondholder Representative, which request shall include: (i) the requested Draw-Down Date, (ii) the amount of the requested advance; (iii) a copy of the related requisition and supporting materials required for the disbursement of funds from the Project Fund in accordance with Section 5.02; (iv) the items required by the Disbursement Agreement, and (v) any other information reasonably required by the Bondholder Representative. Upon receipt of such request, the Trustee shall notify the Bondholder Representative of the amount of such request, the amount of the purchase price to be paid by the Initial Beneficial Owners and the Draw-Down Date. The Initial Beneficial Owners shall, if the requirements set forth in this Indenture and the Disbursement Agreement have been satisfied, be required pursuant to the Advance Agreement to fund each request up to the maximum aggregate principal amount of the Series 2018A Bonds. The Borrower shall not request an additional advance of the proceeds of the Series 2018A Bonds in an amount less than \$1,000,000. Further,

after the Closing Date, (i) Draw-Down Dates shall not occur more frequently than monthly, (ii) there shall be no more than three (3) Draw-Down Dates after the Closing Date, and (iii) the Final Draw-Down Date shall occur by no later than November 1, 2020. If the maximum authorized principal amount of the Series 2018A Bonds has not been advanced by October 1, 2020, and there have been no more than three prior Draw-Down Dates (including the Closing Date), the remaining authorized principal amount of the Series 2018A Bonds shall be advanced on November 1, 2020; provided, however, that the Borrower shall deliver concurrently with such final advance a certificate of an Authorized Representative of the Borrower to the Issuer, the Trustee and the Bondholder Representative to the effect that unpaid and unfunded Project Costs (Tax-Exempt) are at least equal (in compliance with the terms of the Tax Regulatory Agreement) to the amount of such final advance. If such certificate shall evidence remaining unpaid and unfunded Project Costs (Tax-Exempt) in an amount less than such final advance, the amount of such final advance shall be reduced accordingly.

(e) The aggregate installments of the sale of the Series 2018A Bonds on each Draw-Down Date shall not exceed the maximum aggregate principal amount of the Series 2018A Bonds. Upon the payment of each purchase price installment of the Series 2018A Bonds to the Trustee, the installment so paid shall constitute an additional advance of the proceeds of the Series 2018A Bonds by the Issuer to the Borrower. The amounts funded in such manner shall be duly noted by the Trustee on the principal logs maintained by the Trustee. The Trustee shall maintain on its copy of the principal logs a complete account of all such additions to the advance of the proceeds of the Series 2018A Bonds and the principal amount of the Outstanding Series 2018A Bonds.

(f) Upon the receipt by the Trustee of the original proceeds of the sale and delivery of the Series 2018A Bonds on the Closing Date, including the amount received as accrued interest, if any, thereon, the Trustee shall apply such proceeds as follows:

(i) \$835,147.38 shall be deposited in the Series 2018A Capitalized Interest Account of the Project Fund (Tax-Exempt);

(ii) \$128,101.53, shall be deposited in the Series 2018A Costs of Issuance Account of the Project Fund (Tax Exempt) and applied to Costs of Issuance; and

(iii) the balance of the proceeds of the initial draw-down of the Series 2018A Bonds, shall be deposited in the Series 2018A Construction Account of the Project Fund (Tax-Exempt).

(g) Upon the receipt by the Trustee of the original proceeds of the sale and delivery of the Series 2018B Bonds on the Closing Date, including the amount received as accrued interest, if any, thereon, the Trustee shall apply such proceeds as follows:

(i) \$89,668.45, shall be deposited in the Series 2018B Capitalized Interest Account of the Project Fund (Taxable);

(ii) \$904,930.23 of the proceeds of the Series 2018B Bonds, shall be deposited in the Series 2018B Costs of Issuance Account of the Project Fund (Taxable) and applied to Costs of Issuance; and

(iii) the balance of the proceeds of the Series 2018B Bonds shall be deposited in the Series 2018B Construction Account of the Project Fund (Taxable).

(h) On the Closing Date, the Trustee shall deposit the \$400,000 paid to it by the School pursuant to Section 3.1 of the Loan Agreement into the Series 2018B Costs of Issuance Account of the Project Fund (Taxable).

ARTICLE V

CUSTODY AND INVESTMENT OF FUNDS

Section 5.01 Creation of Funds and Accounts. (a) The Issuer hereby establishes and creates the following special trust Funds and Accounts comprising such Funds:

- (1) Revenue Fund
- (2) Project Fund (Tax-Exempt)
 - (A) Series 2018A Costs of Issuance Account
 - (B) Series 2018A Capitalized Interest Account
 - (C) Series 2018A Construction Account
- (3) Project Fund (Taxable)
 - (A) Series 2018B Costs of Issuance Account
 - (B) Series 2018B Capitalized Interest Account
 - (C) Series 2018B Construction Account
- (4) Debt Service Reserve Fund (Tax-Exempt)
- (5) Bond Fund (Tax-Exempt)
 - (A) Principal Account
 - (B) Interest Account
 - (C) Redemption Account
 - (D) Sinking Fund Installment Account
- (6) Bond Fund (Taxable)
 - (A) Principal Account
 - (B) Interest Account
 - (C) Redemption Account
 - (D) Sinking Fund Installment Account
- (7) Renewal Fund

- (8) Repair and Replacement Fund
- (9) Earnings Fund
- (10) Rebate Fund

(b) All of the Funds and Accounts created hereunder shall be held by the Trustee. All moneys required to be deposited with or paid to the Trustee for the credit of any Fund or Account under any provision of this Indenture and all investments made therewith shall be held by the Trustee in trust and applied only in accordance with the provisions of this Indenture, and while held by the Trustee shall constitute part of the Trust Estate (subject to the granting clauses of this Indenture), other than the Rebate Fund and the Repair and Replacement Fund, and be subject to the lien hereof.

Section 5.02 Project Funds. (a) (i) There shall be deposited in the Accounts of the applicable Project Fund any and all amounts required to be deposited therein pursuant to Sections 4.01, 5.06 and 5.07 or otherwise required to be deposited therein pursuant to the Loan Agreement or this Indenture.

(ii) The Trustee shall apply the amounts on deposit in the Project Funds to the payment, or reimbursement to the extent the same have been paid by or on behalf of the Borrower, the School or the Issuer, of Project Costs (including interest on the Initial Bonds during the period of Project construction and renovation) to the extent requisitioned as provided herein.

(b) (i) The Trustee shall apply the amounts in the Series 2018A Capitalized Interest Account of the Project Fund (Tax-Exempt) for the payment of interest on the Series 2018A Bonds as the same shall become due until the earlier of the completion of the Project (as evidenced in accordance with the provisions of Section 3.2(f) of the Loan Agreement; such date of completion being referred to as the "Project Completion Date"), or the exhaustion of amounts in such Account (the "Capitalized Interest Period"). On each Interest Payment Date for the Series 2018A Bonds during the Capitalized Interest Period, the Trustee shall transfer from the Series 2018A Capitalized Interest Account of the Project Fund (Tax-Exempt) to the Interest Account of the Bond Fund (Tax-Exempt), an amount which, together with any amounts on deposit in such Account and available therefor, shall be sufficient to pay the interest on the Series 2018A Bonds becoming due on such Interest Payment Date. Upon the Project Completion Date, the Trustee shall transfer any balance remaining in the Series 2018A Capitalized Interest Account of the Project Fund (Tax-Exempt), first, to the extent of the amount of interest accrued on the Series 2018A Bonds from the Interest Payment Date immediately preceding the Project Completion Date through but not including the Project Completion Date, to the Interest Account of the Bond Fund (Tax-Exempt), and second, the balance to the Series 2018A Construction Account of the Project Fund (Tax-Exempt) to pay any remaining Project Costs (Tax-Exempt).

(ii) The Trustee shall apply the amounts in the Series 2018B Capitalized Interest Account of the Project Fund (Taxable) for the payment of interest on the Series 2018B Bonds as the same shall become due during the Capitalized Interest Period. On each Interest

Payment Date for the Series 2018B Bonds during the Capitalized Interest Period, the Trustee shall transfer from the Series 2018B Capitalized Interest Account of the Project Fund (Taxable) to the Interest Account of the Bond Fund (Taxable), an amount which, together with any amounts on deposit in such Account and available therefor, shall be sufficient to pay the interest on the Series 2018B Bonds becoming due on such Interest Payment Date. Upon the Project Completion Date, the Trustee shall transfer any balance remaining in the Series 2018B Capitalized Interest Account of the Project Fund (Taxable), first, to the extent of the amount of interest accrued on the Series 2018B Bonds from the Interest Payment Date immediately preceding the Project Completion Date through but not including the Project Completion Date, to the Interest Account of the Bond Fund (Taxable), and second, the balance to the Series 2018B Construction Account of the Project Fund (Taxable) to pay any remaining Project Costs (Taxable).

(c) (i) The Trustee is hereby authorized to disburse from the Series 2018A Costs of Issuance Account of the Project Fund (Tax-Exempt) amounts required to pay (in whole or in part) the Costs of Issuance of the Initial Bonds and is directed to issue its checks (or, at the direction of the Borrower, make wire transfers) for each disbursement from the Series 2018A Costs of Issuance Account of the Project Fund (Taxable) for Costs of Issuance, upon a requisition submitted to the Trustee and signed by an Authorized Representative of the Borrower, and approved by the Construction Consultant as agent for the Bondholder Representative.

(ii) The Trustee is hereby authorized to disburse from the Series 2018B Costs of Issuance Account of the Project Fund (Taxable) amounts required to pay (in whole or in part) the Costs of Issuance of the Initial Bonds and is directed to issue its checks (or, at the direction of the Borrower, make wire transfers) for each disbursement from the Series 2018B Costs of Issuance Account of the Project Fund (Taxable) for Costs of Issuance, upon a requisition submitted to the Trustee and signed by an Authorized Representative of the Borrower, and approved by the Construction Consultant as agent for the Bondholder Representative.

(d) The Trustee is hereby authorized to disburse from the Series 2018A Construction Account of the Project Fund (Tax-Exempt) amounts required to pay (in whole or in part) the Project Costs (Tax-Exempt) and is directed to issue its checks (or, at the direction of the Borrower, make wire transfers) for each disbursement from the Series 2018A Construction Account of the Project Fund (Tax-Exempt) for the payment of Project Costs (Tax-Exempt), upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Borrower and approved by the Construction Consultant as agent for the Bondholder Representative (such approval to be delivered in accordance with the Construction Disbursement Agreement); provided, however, that the Trustee shall retain in the Project Fund (Tax-Exempt) an amount equal to the greater of (a) \$60,000 or (b) the lesser of (i) one percent (1%) of the original principal amount of the Initial Bonds or (ii) \$500,000, until an Authorized Representative of the Borrower shall have delivered the completion certificate and other documents required by Section 3.2(f) of the Loan Agreement.

The requisition from the Series 2018A Construction Account of the Project Fund shall be accompanied by bills or invoices (stamped "paid" by the Person to whom payment was due or with other evidence of payment if reimbursement is to be made to the Borrower or the School),

including evidence that the bill, invoice or other evidence was not incurred on a date prior to sixty (60) days prior to the date of adoption by the Issuer, the Borrower or the School of the Reimbursement Resolution for the Project. Such requisition shall be as set forth in Exhibit D-1 - "Form of Requisition from the Project Fund (Tax-Exempt)" and shall be submitted to the Trustee. The Trustee shall disburse amounts from the Project Fund (Tax-Exempt) not later than five (5) Business Days following the receipt of the executed requisition and accompanying bills or invoices, except that any such requisition and accompanying bills or invoices submitted on the Closing Date shall have disbursements made by the Trustee on the Closing Date. The Trustee shall be entitled to conclusively rely on the correctness and accuracy of such requisition as well as the propriety of the signature thereon.

In addition to the foregoing, any requisition submitted to the Trustee for costs of construction, improving and/or renovating the Facility Realty shall be accompanied by a notice of title continuation or an endorsement to the title insurance policies theretofore delivered pursuant to Section 3.7 of the Loan Agreement, indicating that since the last preceding disbursement of any amounts held in the Series 2018A Construction Account of the Project Fund (Tax-Exempt), there has been no change in the state of title and no exceptions not theretofore approved by the Issuer and the Trustee (which approvals shall not be unreasonably withheld), which notice or endorsement shall contain no exception for inchoate mechanic's liens (and such affirmative insurance relating thereto as the Issuer and/or the Trustee shall reasonably require) and shall have the effect of redating such policies to the date of the disbursement then being made and increasing the coverage of the policies by an amount equal to the disbursement then being made if the policies do not by their terms provide for such an increase.

(e) The Trustee shall keep and maintain adequate records pertaining to each Account of each Project Fund and all disbursements therefrom and shall furnish copies of same to the Issuer or the Borrower upon reasonable written request.

(f) The Trustee shall on written request furnish to the Issuer and the Borrower within a reasonable time period a written statement of disbursements from each Account of each Project Fund, enumerating, among other things, item, cost, amount disbursed, date of disbursement and the person to whom payment was made, together with copies of all bills, invoices or other evidences submitted to the Trustee for such disbursement.

(g) The completion of the Project shall be evidenced as set forth in Section 3.2(f) of the Loan Agreement including the filing of the certificate of an Authorized Representative of the Borrower referred to therein. Upon the filing of such certificate, the balance in the Project Fund (Tax-Exempt) in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the costs of the Project, shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.07, and after depositing in the Interest Account of the Bond Fund (Tax-Exempt) an amount, to the extent available, equal to interest on the Series 2018A Bonds up to the one-year anniversary of the date the Facility was "placed in service" for federal tax purposes, be then deposited by the Trustee in the Redemption Account of the Bond Fund (Tax-Exempt). Upon payment of all the costs and expenses incident to the completion of the Project, any balance of such remaining amount in the Project Fund (Tax-Exempt), together with any amount on deposit in the Earnings Fund derived from transfers made thereto from the Project Fund (Tax-Exempt),

shall, after making any such transfer to the Rebate Fund, be deposited in the Redemption Account of the Bond Fund (Tax-Exempt) to be applied to the redemption of Series 2018A Bonds at the earliest practicable date.

Upon the filing of such certificate, the balance in the Project Fund (Taxable) in excess of the amount, if any, stated in such certificate for the payment of any remaining Project Costs (Taxable), shall be deposited by the Trustee in the Redemption Account of the Bond Fund (Taxable). Upon payment of all the costs and expenses incident to the completion of the Project, any balance of such remaining amount in the Project Fund (Taxable) shall be deposited in the Redemption Account of the Bond Fund (Taxable) to be applied to the redemption of Series 2018B Bonds at the earliest practicable date.

The Trustee shall promptly notify the Borrower of any amounts so deposited in the Redemption Account of either Bond Fund pursuant to this Section 5.02(g).

(h) In the event the Borrower shall be required to or shall elect to cause the Bonds to be redeemed in whole pursuant to the Loan Agreement, (i) the balance in the Project Fund (Tax-Exempt), in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Regulatory Agreement and Section 5.07) and in the Debt Service Reserve Fund (Tax-Exempt) shall be deposited in the Redemption Account of the Bond Fund (Tax-Exempt), and (ii) the balance in the Project Fund (Taxable) shall be deposited in the Redemption Account of the Bond Fund (Taxable). In the event the unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default hereunder, (i) the balance in the Project Fund (Tax-Exempt), in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Regulatory Agreement and Section 5.07) and in the Debt Service Reserve Fund (Tax-Exempt) shall be deposited in the Bond Fund (Tax-Exempt) as provided in Section 8.03, and (ii) the balance in the Project Fund (Taxable) shall be deposited in the Bond Fund (Taxable) as provided in Section 8.03.

Section 5.03 Payments into Renewal Fund; Application of Renewal Fund.

(a) The Net Proceeds resulting from any Loss Event with respect to the Facility, together with any other amounts so required to be deposited therein under the Loan Agreement or the Mortgage, shall be deposited in the Renewal Fund (except as otherwise provided in Section 3.11 of the Mortgage).

(b) In the event the Bonds shall be subject to redemption in whole (either by reason of such Loss Event or otherwise) pursuant to the terms thereof or this Indenture, and the Borrower shall have so directed the Trustee in writing within sixty (60) days (which period may be extended for an additional thirty (30) days upon written request of the Borrower to the Trustee) of the occurrence of such Loss Event, the Trustee shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.07, transfer the amounts deposited in the Renewal Fund on a Pro Rata Basis to the Redemption Account of each Bond Fund.

If, on the other hand,

(1) the Bonds shall not be subject to optional redemption in whole (whether by reason of such Loss Event or otherwise), or

(2) the Bonds shall be subject to optional redemption in whole (whether by reason of such Loss Event or otherwise) and the Borrower shall have failed to take action to effect such redemption, or

(3) the Borrower shall have notified the Trustee of its intent to rebuild, replace, repair and restore the Facility,

the Trustee shall apply the amounts on deposit in the Renewal Fund, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.07, to such rebuilding, replacement, repair and restoration.

(c) If an Event of Default shall exist at the time of the receipt by the Trustee of the Net Proceeds in the Renewal Fund, the Trustee shall promptly request the written direction of the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders) and shall thereupon apply such Net Proceeds, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.07, to the rebuilding, replacement, repair and restoration of the Facility, or for deposit on a Pro Rata Basis in the Redemption Account of each Bond Fund, as directed by the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders) (or if no such direction shall be received within ninety (90) days after request therefor by the Trustee shall have been made, for deposit on a Pro Rata Basis in the Redemption Account of each Bond Fund).

(d) The Trustee is hereby authorized to apply the amounts in the Renewal Fund to the payment (or reimbursement to the extent the same have been paid by or on behalf of the Borrower, the School or the Issuer) of the costs required for the rebuilding, replacement, repair and restoration of the Facility upon written instructions from the Borrower. The Trustee is further authorized and directed to issue its checks for each disbursement from the Renewal Fund upon a requisition submitted to the Trustee and signed by an Authorized Representative of the Borrower (and consented to in writing by the Bondholder Representative, if any). Each such requisition shall be accompanied by bills, invoices or other evidences or documentation (including, without limitation, a title continuation or other evidence that no mechanics or other liens have been filed) satisfactory to the Trustee. The Trustee shall be entitled to rely on such requisition. The Trustee shall keep and maintain adequate records pertaining to the Renewal Fund and all disbursements therefrom and shall furnish copies of same to the Issuer and the Borrower upon reasonable written request therefor.

(e) The date of completion of the restoration of the Facility shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Borrower stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment, reasonably satisfactory to the Trustee, has been made, (iii) that the Facility has been rebuilt, replaced, repaired or restored to substantially its condition

immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, (iv) that all property constituting part of the Facility is subject to the terms of the Facility Lease and the Loan Agreement, and that all property constituting part of the Mortgaged Property is subject to the mortgage lien and security interest of the Mortgage, subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Borrower against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of this Section and Section 6.4 of the Loan Agreement, and (z) that no Person other than the Issuer or the Trustee may benefit therefrom. Such certificate shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if is a temporary certificate of occupancy, the Borrower will proceed with due diligence to obtain a permanent certificate of occupancy), if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by the Loan Agreement; (ii) a certificate of an Authorized Representative of the Borrower that all costs of rebuilding, repair, restoration and reconstruction of the Facility have been paid in full, together with releases of mechanics' liens by all contractors and materialmen who supplied work, labor, services, materials or supplies in connection with the rebuilding, repair, restoration and reconstruction of the Facility (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence satisfactory to the Trustee that such costs have been appropriately bonded or that the Borrower shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company, or other evidence satisfactory to the Trustee, indicating that there has not been filed with respect to the Facility any mechanic's, materialmen's or any other lien in connection with the rebuilding, replacement, repair and restoration of the Facility and that there exist no encumbrances other than those encumbrances consented to by the Issuer and the Trustee or Permitted Encumbrances.

(f) All earnings on amounts on deposit in the Renewal Fund shall be transferred by the Trustee and deposited in the Earnings Fund. Any transfers by the Trustee of amounts to the Rebate Fund shall first be drawn by the Trustee from the Earnings Fund prior to drawing any amounts from the Renewal Fund.

(g) Any surplus remaining in the Renewal Fund after the completion of the rebuilding, replacement, repair and restoration of the Facility shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.07, and after depositing in the Debt Service Reserve Fund (Tax-Exempt) an amount equal to any deficiency therein, be transferred by the Trustee on a Pro Rata Basis to the Redemption Account of each Bond Fund.

Section 5.04 Payments into Bond Funds. The Trustee shall promptly deposit the following receipts into the respective Bond Funds:

(a) (i) The interest accruing on any Series of Tax-Exempt Bonds from the date of original issuance thereof to the date of delivery, which shall be credited to the Interest

Account of the Bond Fund (Tax-Exempt) and applied to the payment of interest on such Series of Tax-Exempt Bonds.

(ii) The interest accruing on any Series of Taxable Bonds from the date of original issuance thereof to the date of delivery, which shall be credited to the Interest Account of the Bond Fund (Taxable) and applied to the payment of interest on the Taxable Bonds.

(b) (i) Amounts disbursed from the Series 2018A Capitalized Interest Account of the Project Fund (Tax-Exempt) for the payment of interest on the Series 2018A Bonds during the period of Project Work, which shall be credited to the Interest Account of the Bond Fund (Tax-Exempt) and applied to the payment of interest on the Series 2018A Bonds.

(ii) Amounts disbursed from the Series 2018B Capitalized Interest Account of the Project Fund (Taxable) for the payment of interest on the Series 2018B Bonds during the period of Project Work, which shall be credited to the Interest Account of the Bond Fund (Taxable) and applied to the payment of interest on the Series 2018B Bonds.

(c) (i) Excess or remaining amounts in the Project Fund (Tax-Exempt) required to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and Section 5.07), (i) in the Redemption Account of the Bond Fund (Tax-Exempt) pursuant to Section 5.02(g) or the first sentence of Section 5.02(h), which shall be kept segregated from any other moneys within such Account, or (ii) in the Bond Fund (Tax-Exempt) pursuant to the second sentence of Section 5.02(h).

(ii) Excess or remaining amounts in the Project Fund (Taxable) required to be deposited (i) in the Redemption Account of the Bond Fund (Taxable) pursuant to Section 5.02(g) or the first sentence of Section 5.02(h), which shall be kept segregated from any other moneys within such Account, or (ii) in the Bond Fund (Taxable) pursuant to the second sentence of Section 5.02(h).

(d) (i) Loan payments received by the Trustee pursuant to Section 4.3(a)(i)(1), (2), (3) or (4), or Section 4.3(g), of the Loan Agreement, which shall be deposited in and credited, to the extent necessary, first to the Interest Account, second to the Principal Account, and third to the Sinking Fund Installment Account of the Bond Fund (Tax-Exempt).

(ii) Loan payments received by the Trustee pursuant to Section 4.3(a)(ii) (1), (2), (3) or (4), or Section 4.3(g), of the Loan Agreement, which shall be deposited in and credited, to the extent necessary, first to the Interest Account, second to the Principal Account, and third to the Sinking Fund Installment Account of the Bond Fund (Taxable).

(e) (i) Advance loan payments received by the Trustee pursuant to Section 4.3(c)(i) of the Loan Agreement, which shall be deposited in and credited to the Redemption Account of the Bond Fund (Tax-Exempt).

(ii) Advance loan payments received by the Trustee pursuant to Section 4.3(c)(ii) of the Loan Agreement, which shall be deposited in and credited to the Redemption Account of the Bond Fund (Taxable).

(f) Any amounts transferred from the Earnings Fund pursuant to Section 5.06(c), which shall be deposited in and credited to the Interest Account of the Bond Fund (Tax-Exempt).

(g) (i) The excess amounts referred to in the first paragraph of Section 5.05(d), which shall be deposited in and credited to the Interest Account of the Bond Fund (Tax-Exempt).

(ii) The excess amounts referred to in the second paragraph of Section 5.05(d), which shall be deposited in and credited to the Interest Account of the Bond Fund (Taxable).

(h) (i) Any amounts transferred from the Redemption Account of the Bond Fund (Tax-Exempt) pursuant to the first paragraph of Section 5.05(h), which shall be deposited to the Interest Account, the Principal Account and the Sinking Fund Installment Account of the Bond Fund (Tax-Exempt), as the case may be and in such order of priority, and applied solely to such purposes.

(ii) Any amounts transferred from the Redemption Account of the Bond Fund (Taxable) pursuant to the second paragraph of Section 5.05(h), which shall be deposited to the Interest Account, the Principal Account and the Sinking Fund Installment Account of the Bond Fund (Taxable), as the case may be and in such order of priority, and applied solely to such purposes.

(i) Amounts in the Renewal Fund required by Section 5.03 or by the Mortgage to be deposited (subject to any transfer required to be made (y) to the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and Section 5.07 or (z) to the Debt Service Reserve Fund (Tax-Exempt) to the extent of any deficiency therein) on a Pro Rata Basis to the Redemption Account of each Bond Fund pursuant to Section 5.03(g).

(j) (i) Any amounts transferred from the Debt Service Reserve Fund (Tax-Exempt) pursuant to Section 5.13(a), which shall be deposited in and credited to the Interest Account, the Principal Account, the Sinking Fund Installment Account or the Redemption Account, as the case may be, of the Bond Fund (Tax-Exempt).

(ii) [Reserved]

(k) Any amounts transferred from the Revenue Fund pursuant to Section 5.16, which shall be deposited in and credited to, on a Pro Rata Basis, the Interest Account, the Principal Account and the Sinking Fund Installment Account, of each Bond Fund.

(l) All other receipts when and if required by the Loan Agreement or by this Indenture or by any other Security Document to be paid on a Pro Rata Basis into each Bond Fund, which shall be credited (except as provided in Section 8.03) on a Pro Rata Basis to the Redemption Account of each Bond Fund.

Section 5.05 Application of Bond Fund Moneys. (a) (i) The Trustee shall (i) on each Interest Payment Date for the Tax-Exempt Bonds pay or cause to be paid out of the

Interest Account in the Bond Fund (Tax-Exempt) the interest due on the Tax-Exempt Bonds, and (ii) further pay out of the Interest Account of the Bond Fund (Tax-Exempt) any amounts required for the payment of accrued interest upon any purchase or redemption (including any mandatory Sinking Fund Installment redemption) of Tax-Exempt Bonds.

(ii) The Trustee shall (i) on each Interest Payment Date for the Taxable Bonds pay or cause to be paid out of the Interest Account in the Bond Fund (Taxable) the interest due on the Taxable Bonds, and (ii) further pay out of the Interest Account of the Bond Fund (Taxable) any amounts required for the payment of accrued interest upon any purchase or redemption (including any mandatory Sinking Fund Installment redemption) of Taxable Bonds.

(b) (i) The Trustee shall on each Principal Payment Date on the Tax-Exempt Bonds pay or cause to be paid to the respective Paying Agents therefor out of the Principal Account of the Bond Fund (Tax-Exempt), the principal amount, if any, due on the Tax-Exempt Bonds (other than such as shall be due by mandatory Sinking Fund Installment redemption), upon the presentation and surrender of the requisite Tax-Exempt Bonds.

(ii) The Trustee shall on each Principal Payment Date on the Taxable Bonds pay or cause to be paid to the respective Paying Agents therefor out of the Principal Account of the Bond Fund (Taxable), the principal amount, if any, due on the Taxable Bonds (other than such as shall be due by mandatory Sinking Fund Installment redemption), upon the presentation and surrender of the requisite Taxable Bonds.

(c) (i) There shall be paid from the Sinking Fund Installment Account of the Bond Fund (Tax-Exempt) to the Paying Agents on each Sinking Fund Installment payment date for the Tax-Exempt Bonds in immediately available funds the amounts required for the Sinking Fund Installment due and payable with respect to Tax-Exempt Bonds which are to be redeemed from Sinking Fund Installments on such date (accrued interest on such Tax-Exempt Bonds being payable from the Interest Account of the Bond Fund (Tax-Exempt)). Such amounts shall be applied by the Paying Agents to the payment of such Sinking Fund Installment when due. The Trustee shall call for redemption, in the manner provided in Article VI, Tax-Exempt Bonds for which Sinking Fund Installments are applicable in a principal amount equal to the Sinking Fund Installment then due with respect to such Tax-Exempt Bonds. Such call for redemption shall be made even though at the time of mailing of the notice of such redemption sufficient moneys therefor shall not have been deposited in the Bond Fund (Tax-Exempt).

(ii) There shall be paid from the Sinking Fund Installment Account of the Bond Fund (Taxable) to the Paying Agents on each Sinking Fund Installment payment date for the Taxable Bonds in immediately available funds the amounts required for the Sinking Fund Installment due and payable with respect to Taxable Bonds which are to be redeemed from Sinking Fund Installments on such date (accrued interest on such Taxable Bonds being payable from the Interest Account of the Bond Fund (Taxable)). Such amounts shall be applied by the Paying Agents to the payment of such Sinking Fund Installment when due. The Trustee shall call for redemption, in the manner provided in Article VI, Taxable Bonds for which Sinking Fund Installments are applicable in a principal amount equal to the Sinking Fund Installment then due with respect to such Taxable Bonds. Such call for redemption shall be made even

though at the time of mailing of the notice of such redemption sufficient moneys therefor shall not have been deposited in the Bond Fund (Taxable).

(d) (i) Amounts in the Redemption Account of the Bond Fund (Tax-Exempt) shall be applied, at the written direction of the Borrower, as promptly as practicable, to the purchase of Tax-Exempt Bonds at prices not exceeding the Redemption Price thereof applicable on the earliest date upon which the Tax-Exempt Bonds are next subject to optional redemption, plus accrued interest to the Redemption Date. Any amount in the Redemption Account of the Bond Fund (Tax-Exempt) not so applied to the purchase of Tax-Exempt Bonds by forty-five (45) days prior to the next date on which the Tax-Exempt Bonds are so redeemable shall be applied to the redemption of Tax-Exempt Bonds on such Redemption Date. Any amounts deposited in the Redemption Account of the Bond Fund (Tax-Exempt) and not applied within twelve (12) months of their date of deposit to the purchase or redemption of Tax-Exempt Bonds (except if held in accordance with Article X) shall be transferred to the Interest Account of the Bond Fund (Tax-Exempt). Upon the purchase of any Tax-Exempt Bonds out of advance loan payments as provided in this subsection, or upon the redemption of any Tax-Exempt Bonds, an amount equal to the principal of such Tax-Exempt Bonds so purchased or redeemed shall be credited against the next ensuing and future Sinking Fund Installments for such Tax-Exempt Bonds in inverse chronological order of the due dates of such Sinking Fund Installments until the full principal amount of such Tax-Exempt Bonds so purchased or redeemed shall have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such Sinking Fund Installment for the purposes of any calculation thereof under this Indenture. The Tax-Exempt Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in Section 6.02. Amounts in the Redemption Account of the Bond Fund (Tax-Exempt) to be applied to the redemption of Tax-Exempt Bonds shall be paid to the respective Paying Agents on or before the Redemption Date and applied by them on such Redemption Date to the payment of the Redemption Price of the Tax-Exempt Bonds being redeemed plus interest on such Tax-Exempt Bonds accrued to the Redemption Date.

(ii) Amounts in the Redemption Account of the Bond Fund (Taxable) shall be applied, at the written direction of the Borrower, as promptly as practicable, to the purchase of Taxable Bonds. Any amounts deposited in the Redemption Account of the Bond Fund (Tax-Exempt) and not applied within twelve (12) months of their date of deposit to the purchase of Taxable Bonds (except if held in accordance with Article X) shall be transferred to the Interest Account of the Bond Fund (Taxable). Upon the purchase of any Taxable Bonds out of advance loan payments as provided in this subsection, or upon the redemption of any Taxable Bonds, an amount equal to the principal of such Taxable Bonds so purchased or redeemed shall be credited against the next ensuing and future Sinking Fund Installments for such Taxable Bonds in inverse chronological order of the due dates of such Sinking Fund Installments until the full principal amount of such Taxable Bonds so purchased or redeemed shall have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such Sinking Fund Installment for the purposes of any calculation thereof under this Indenture. The Taxable Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in Section 6.02. Amounts in the Redemption Account of the Bond Fund (Taxable) to be applied to the redemption of Taxable Bonds shall be paid to the respective Paying Agents on or before the Redemption Date

and applied by them on such Redemption Date to the payment of the Redemption Price of the Taxable Bonds being redeemed plus interest on such Taxable Bonds accrued to the Redemption Date.

(e) (i) In connection with purchases of Tax-Exempt Bonds out of the Bond Fund (Tax-Exempt) as provided in this Section, the Borrower shall arrange and the Trustee shall execute such purchases (through brokers or otherwise, and with or without receiving tenders) at the written direction of the Borrower. The payment of the purchase price shall be made out of the moneys deposited in the Redemption Account of the Bond Fund (Tax-Exempt) and the payment of accrued interest shall be made out of moneys deposited in the Interest Account of the Bond Fund (Tax-Exempt).

(ii) In connection with purchases of Taxable Bonds out of the Bond Fund (Taxable) as provided in this Section, the Borrower shall arrange and the Trustee shall execute such purchases (through brokers or otherwise, and with or without receiving tenders) at the written direction of the Borrower. The payment of the purchase price shall be made out of the moneys deposited in the Redemption Account of the Bond Fund (Taxable) and the payment of accrued interest shall be made out of moneys deposited in the Interest Account of the Bond Fund (Taxable).

(f) (i) The Issuer shall receive a credit in respect of Sinking Fund Installments for any Tax-Exempt Bonds which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Issuer or the Borrower to the Trustee on or before the forty-fifth (45th) day next preceding any Sinking Fund Installment payment date for any Tax-Exempt Bonds, and for any Tax-Exempt Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installment Account of the Bond Fund (Tax-Exempt)), and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment (whether pursuant to Section 5.05(d) or otherwise) of the Tax-Exempt Bonds. Each Tax-Exempt Bond so delivered, cancelled or previously purchased or redeemed shall be credited by the Trustee at one hundred per cent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date with respect to Tax-Exempt Bonds of such Series and maturity and the principal amount of such Tax-Exempt Bonds to be redeemed by operation of the Sinking Fund Installment Account of the Bond Fund (Tax-Exempt) on the due date of such Sinking Fund Installment shall be reduced accordingly, and any excess over such principal amount shall be credited on future Sinking Fund Installments in inverse chronological order, and the principal amount of Tax-Exempt Bonds to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

(ii) The Issuer shall receive a credit in respect of Sinking Fund Installments for any Taxable Bonds which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Issuer or the Borrower to the Trustee on or before the forty-fifth (45th) day next preceding any Sinking Fund Installment payment date for any Taxable Bonds, and for any Taxable Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installment Account for the Bond Fund (Taxable)), and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment (whether pursuant to Section 5.05(d) or otherwise) of the Taxable

Bonds. Each Taxable Bond so delivered, cancelled or previously purchased or redeemed shall be credited by the Trustee at one hundred per cent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date with respect to Taxable Bonds of such Series and maturity and the principal amount of such Taxable Bonds to be redeemed by operation of the Sinking Fund Installment Account of the Bond Fund (Taxable) on the due date of such Sinking Fund Installment shall be reduced accordingly, and any excess over such principal amount shall be credited on future Sinking Fund Installments in inverse chronological order, and the principal amount of Taxable Bonds to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

(g) (i) The Borrower shall on or before the forty-fifth (45th) day next preceding each Sinking Fund Installment payment date for Tax-Exempt Bonds furnish the Trustee with the certificate of an Authorized Representative of the Borrower indicating whether or not and to what extent the provisions of this Section are to be availed of with respect to such Sinking Fund Installment payment, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment will be paid on or prior to the next succeeding Sinking Fund Installment payment date.

(ii) The Borrower shall on or before the forty-fifth (45th) day next preceding each Sinking Fund Installment payment date for Taxable Bonds furnish the Trustee with the certificate of an Authorized Representative of the Borrower indicating whether or not and to what extent the provisions of this Section are to be availed of with respect to such Sinking Fund Installment payment, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment will be paid on or prior to the next succeeding Sinking Fund Installment payment date.

(h) (i) Moneys in the Redemption Account of the Bond Fund (Tax-Exempt) which are not set aside or deposited for the redemption or purchase of Tax-Exempt Bonds shall be transferred by the Trustee to the Interest Account, to the Principal Account or to the Sinking Fund Installment Account of the Bond Fund (Tax-Exempt).

(ii) Moneys in the Redemption Account of the Bond Fund (Taxable) which are not set aside or deposited for the redemption or purchase of Taxable Bonds shall be transferred by the Trustee to the Interest Account, to the Principal Account or to the Sinking Fund Installment Account of the Bond Fund (Taxable).

Section 5.06 Payments into Earnings Fund; Application of Earnings Fund.

(a) All investment income or earnings on amounts held in the Revenue Fund, the Project Fund (Tax-Exempt), the Debt Service Reserve Fund (Tax-Exempt) or any other special fund (other than the Rebate Fund, the Renewal Fund, the Repair and Replacement Fund, the Project Fund (Taxable), the Bond Fund (Taxable) or the Bond Fund (Tax-Exempt)) shall be deposited upon receipt by the Trustee into the Earnings Fund. The Trustee shall keep separate accounts of all amounts deposited in the Earnings Fund and by journal entry indicate the Fund source of the income or earnings.

(b) On the first Business Day following each Computation Period (as defined in the Tax Regulatory Agreement), the Trustee shall withdraw from the Earnings Fund and deposit to the Rebate Fund an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of the last day of the Computation Period. In the event of any deficiency, the balance required shall be provided by the Obligors pursuant to the Tax Regulatory Agreement. Computations of the amounts on deposit in each Fund and of the Rebate Amount shall be furnished to the Trustee by the Borrower in accordance with the Tax Regulatory Agreement.

(c) The foregoing notwithstanding, the Trustee shall not be required to transfer amounts from the Earnings Fund to the Rebate Fund (and shall instead apply such amounts in the Earnings Fund as provided in the immediately following sentence), if the Obligors shall deliver to the Trustee a certificate of an Authorized Representative of the Obligors to the effect that (x) the applicable requirements of a spending exception to rebate has been satisfied as of the relevant semiannual period as set forth in the Tax Regulatory Agreement, (y) the proceeds of the Tax-Exempt Bonds have been invested in obligations the interest on which is not included in gross income for federal income tax purposes under Section 103 of the Code or (z) the proceeds of the Tax-Exempt Bonds have been invested in obligations the Yield on which (calculated as set forth in the Tax Regulatory Agreement) does not exceed the Yield on such Tax-Exempt Bonds (calculated as set forth in the Tax Regulatory Agreement). Any amounts on deposit in the Earnings Fund following the transfers to the Rebate Fund required by this Section shall be deposited in the Series 2018A Construction Account of the Project Fund (Tax-Exempt) until the completion of the Project as provided in Section 3.2(f) of the Loan Agreement, and thereafter in the Interest Account of the Bond Fund (Tax-Exempt).

Section 5.07 Payments into Rebate Fund; Application of Rebate Fund.

(a) The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee, any Bondholder or any other Person.

(b) The Trustee, upon the receipt of a certification of the Rebate Amount (as defined in the Tax Regulatory Agreement) from an Authorized Representative of the Obligors, shall deposit in the Rebate Fund within sixty (60) days following each Computation Date (as defined in the Tax Regulatory Agreement), an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of such Computation Date. If there has been delivered to the Trustee a certification of the Rebate Amount in conjunction with the completion of the Project pursuant to Section 3.2(f) of the Loan Agreement or the restoration of the Facility pursuant to Section 5.03, at any time during a Bond Year, the Trustee shall deposit in the Rebate Fund at that time an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated at the completion of the Project or the restoration of the Facility as aforesaid. The amount deposited in the Rebate Fund pursuant to the previous sentences shall be withdrawn from the Earnings Fund. If the amount on deposit in the Rebate Fund following such deposit is less than the Rebate Amount, the Trustee shall promptly deliver a notice stating the amount of such deficiency to the Obligors. It is provided in the Loan Agreement that promptly upon receipt of such notice, the Obligors shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.

(c) If within sixty (60) days following any Computation Date, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative of the Borrower, shall withdraw such excess amount and deposit it in the Series 2018A Construction Account of the Project Fund (Tax-Exempt) until the completion of the Project as provided in Section 3.2(f) of the Loan Agreement, or, after the completion of the Project, deposit it in the Interest Account of the Bond Fund (Tax-Exempt).

(d) The Trustee, upon the receipt of written instructions from an Authorized Representative of the Borrower, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each five (5) years after the Closing Date, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to 90% of the Rebate Amount with respect to the Series 2018A Bonds as of the date of such payment and (ii) notwithstanding the provisions of Article X, not later than thirty (30) days after the date on which all Series 2018A Bonds have been paid in full, 100% of the Rebate Amount as of the date of payment.

Section 5.08 Transfer to Rebate Fund. The Trustee shall have no obligation under this Indenture to transfer any amounts to the Rebate Fund unless the Trustee shall have received specific written instructions from an Authorized Representative of the Borrower to make such transfer.

Section 5.09 Investment of Funds and Accounts. (a) Amounts in any Fund or Account established under this Indenture may, if and to the extent then permitted by law, be invested only in Qualified Investments provided that any Qualified Investment shall not have a maturity date greater than five (5) years from the date of the making of such investment unless such Qualified Investment may be put at par at any time at the option of the owner thereof, and provided, further, that any investment of amounts held in the Debt Service Reserve Fund (Tax-Exempt) shall be limited to Government Obligations. Any investment herein authorized is subject to the condition that no portion of the proceeds derived from the sale of Tax-Exempt Bonds shall be used, directly or indirectly, in such manner as to cause any Tax-Exempt Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code. In particular, unexpended Tax-Exempt Bond proceeds transferred from the Project Fund (Tax-Exempt) (or from the Earnings Fund with respect to amounts deposited therein from the Project Fund (Tax-Exempt)) to the Redemption Account of the Bond Fund (Tax-Exempt) pursuant to Section 5.02(g) may not be invested at a Yield (as defined in the Tax Regulatory Agreement) which is greater than the Yield on the applicable Series of Tax-Exempt Bonds. Such investments shall be made by the Trustee only at the written request of an Authorized Representative of the Borrower; and if such investment is to be in one or more certificates of deposit, investment agreements or guaranteed investment contracts, then such written request shall include written assurance to the effect that such investment complies with the Tax Regulatory Agreement. Any investment hereunder shall be made in accordance with the Tax Regulatory Agreement, and the Borrower shall so certify to the Trustee with each such investment direction as referred to below. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make payments from the applicable Fund. Net income or gain received and collected from such investments shall be credited and losses charged to (i) the Rebate Fund with respect to the investment of amounts held in the Rebate Fund, (ii) the Bond Fund (Tax-

Exempt) with respect to the investment of amounts held in the Bond Fund (Tax-Exempt), (iii) the Bond Fund (Taxable) with respect to the investment of amounts held in the Bond Fund (Taxable), (iv) the Renewal Fund with respect to the investment of amounts held in the Renewal Fund, (v) the Repair and Replacement Fund with respect to the investment of amounts held in the Repair and Replacement Fund and (vi) the Earnings Fund with respect to the investment of amounts held in any other Fund.

(b) At the written request of an Authorized Representative of the Borrower no sooner than ten (10) days prior to each Loan Payment Date under the Loan Agreement, the Trustee shall notify the Borrower of the amount of such net investment income or gain received and collected subsequent to the last such loan payment and the amount then available in the various Accounts of each Bond Fund.

(c) Upon the written direction of an Authorized Representative of the Borrower, the Trustee shall sell at the best price reasonably obtainable, or present for redemption or exchange, any obligations in which moneys shall have been invested to the extent necessary to provide cash in the respective Funds or Accounts, to make any payments required to be made therefrom, or to facilitate the transfers of moneys or securities between various Funds and Accounts as may be required from time to time pursuant to the provisions of this Article. The Trustee shall not be liable for losses incurred as a result of actions taken in good faith in accordance with this Section 5.09(c). As soon as practicable after any such sale, redemption or exchange, the Trustee shall give notice thereof to the Issuer and the Borrower.

(d) Neither the Trustee nor the Issuer shall be liable for any loss arising from, or any depreciation in the value of any obligations in which moneys of the Funds and Accounts shall be invested in accordance with this Indenture. The investments authorized by this Section 5.09 shall at all times be subject to the provisions of applicable law, as amended from time to time.

(e) In computing the amount in any Fund or Account, obligations purchased as an investment of moneys therein shall be valued at fair market value as determined by the Trustee one month prior to each Interest Payment Date.

The fair market value of Qualified Investments shall be determined as follows:

(i) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*), the average bid and asked prices for such investments so published on or most recently prior to such time of determination;

(ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*, the average bid price at such nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or as quoted in the Interactive Data Service; and

(iii) as to certificates of deposit and bankers acceptances and other investments, the face amount thereof, plus accrued interest.

If more than one provision of this definition of “fair market value” shall apply at any time to any particular investment, the fair market value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment.

(f) In the case of the Debt Service Reserve Fund (Tax-Exempt), a “surplus” means the amount by which the amount on deposit therein is in excess of the Debt Service Reserve Fund Requirement (Tax-Exempt). On each Valuation Date, and upon any withdrawal from the Debt Service Reserve Fund (Tax-Exempt), the Trustee shall determine the amount on deposit in the Debt Service Reserve Fund (Tax-Exempt). If on any such date a deficiency exists, the Trustee shall notify the Issuer and the Borrower of such deficiency and that such deficiency must be replenished by the Borrower as required by Section 4.3(a)(i)(6) of the Loan Agreement. If a surplus exists, the Trustee shall notify the Issuer and the Borrower thereof and, subject to the requirements of the Tax Regulatory Agreement, shall upon written instructions of the Borrower transfer an amount equal to such surplus to the Series 2018A Construction Account of the Project Fund (Tax-Exempt) until the completion of the Project as provided in Section 3.2(f) of the Loan Agreement and thereafter shall transfer such amount to the Interest Account of the Bond Fund (Tax-Exempt).

(g) [Reserved]

(h) In the case of the Repair and Replacement Fund, a “surplus” means the amount by which the amount on deposit therein is in excess of the Repair and Replacement Fund Requirement. On each Valuation Date, and upon any withdrawal from the Repair and Replacement Fund, the Trustee shall determine the amount on deposit in the Repair and Replacement Fund. If on any such date a deficiency exists, the Trustee shall notify the Issuer and the Borrower of such deficiency and that such deficiency must be replenished by the Borrower as required by Section 8.32(d) of the Loan Agreement. If a surplus exists, the Trustee shall notify the Issuer and the Borrower thereof and shall upon written instructions of the Borrower transfer an amount equal to such surplus to the Series 2018B Construction Account of the Project Fund (Taxable) until the completion of the Project as provided in Section 3.2(f) of the Loan Agreement and thereafter shall transfer such amount to the Revenue Fund.

Section 5.10 Application of Moneys in Certain Funds for Retirement of Bonds. Notwithstanding any other provisions of this Indenture, if on any Interest Payment Date or Redemption Date the amounts held in the Funds established under this Indenture (other than the Earnings Fund and the Rebate Fund) are sufficient to pay one hundred percent (100%) of the principal or Redemption Price, as the case may be, of all Outstanding Bonds and the interest accruing on such Bonds to the next date on which such Bonds are redeemable or payable, as the case may be, whichever is earlier, the Trustee shall so notify the Issuer and the Borrower. Upon receipt of written instructions from an Authorized Representative of the Borrower directing such redemption, the Trustee shall proceed to redeem all such Outstanding Bonds in the manner provided for redemption of such Bonds by this Indenture.

Section 5.11 Repayment to the Borrower from the Funds. After payment in full of the Bonds (in accordance with Article X) and the payment of all fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar, the Bondholder Representative, if any, and the Paying Agents and all other amounts required to be paid hereunder and under each of the

Security Documents, and the payment of any amounts which the Trustee is directed to rebate to the federal government pursuant to this Indenture and the Tax Regulatory Agreement, all amounts remaining in any Fund shall be paid to the Borrower upon the expiration or sooner termination of the term of the Loan Agreement as provided in Section 4.3(f) of the Loan Agreement.

Section 5.12 Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the Redemption Date thereof, or otherwise, and funds sufficient to pay any such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, together with interest to the date on which principal is due, all liability of the Issuer to the Holder thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to pay such funds to the Person entitled thereto or if the Person is not known to the Trustee, to hold such funds, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, such Bond. Such amounts so held shall, pending payment to the Holder of such Bond, (y) be subject to any rebate requirement as set forth in the Tax Regulatory Agreement or this Indenture, and (z) shall be uninvested, or, if invested, invested or re-invested only in Government Obligations maturing within thirty (30) days. Funds remaining with the Trustee as above and unclaimed for the earlier of two (2) years or one month less than the applicable statutory escheat period shall be paid to the Borrower. After the payment of such unclaimed moneys to the Borrower, the Holder of such Bond shall thereafter look only to the Borrower for the payment thereof, and all obligations of the Trustee or such Paying Agent with respect to such moneys shall thereupon cease.

Section 5.13 Debt Service Reserve Funds (Tax-Exempt). (a) (i) If on any Interest Payment Date or Redemption Date on the Tax-Exempt Bonds, the amount in the Interest Account of the Bond Fund (Tax-Exempt) (after taking into account amounts available to be transferred to the Interest Account of the Bond Fund (Tax-Exempt) from the Project Fund (Tax-Exempt)) shall be less than the amount of interest then due and payable on the Tax-Exempt Bonds, or if on any Principal Payment Date on the Tax-Exempt Bonds the amount in the Principal Account of the Bond Fund (Tax-Exempt) shall be less than the amount of principal of the Tax-Exempt Bonds then due and payable, or if on any Sinking Fund Installment payment date for the Tax-Exempt Bonds the amount in the Sinking Fund Installment Account of the Bond Fund (Tax-Exempt) shall be less than the amount of the Sinking Fund Installment then due and payable on the Tax-Exempt Bonds, in each case, after giving effect to all payments received by the Trustee in immediately available funds by 10:00 a.m. (New York City time) on such date from or on behalf of the Borrower or the Issuer on account of such interest, principal or Sinking Fund Installment, the Trustee forthwith shall transfer moneys from the Debt Service Reserve Fund (Tax-Exempt), first, to such Interest Account, second, to such Principal Account, and third, to such Sinking Fund Installment Account, all to the extent necessary to make good any such deficiency.

(ii) The Trustee shall give to the Borrower on or prior to each Loan Payment Date on which the Borrower is obligated pursuant to Section 4.3(a)(i)(6) of the Loan Agreement to pay to the Trustee amounts in respect of any deficiency in the Debt Service Reserve Fund

(Tax-Exempt), telephonic notice (to be promptly confirmed in writing) specifying any such deficiency in the Debt Service Reserve Fund (Tax-Exempt). The failure of the Trustee to deliver such notice or any defect in such notice shall not relieve the Borrower from any of its obligations hereunder or any other obligor from any of its obligations under any of the Security Documents.

(iii) In the event that the Borrower shall deliver written notice to the Trustee of its intention to redeem Tax-Exempt Bonds, the Borrower may direct the Trustee to apply such amounts in the Debt Service Reserve Fund (Tax-Exempt) to effect such redemption such that the amount remaining in the Debt Service Reserve Fund (Tax-Exempt) upon such redemption shall not be less than the reduced Debt Service Reserve Fund Requirement (Tax-Exempt) as will be applicable to the remainder of the Tax-Exempt Bonds Outstanding.

Section 5.14 Repair and Replacement Fund.

(a) There shall be deposited into the Repair and Replacement Fund as and when received (a) all payments by the Obligors pursuant to Section 8.32 of the Loan Agreement, (b) all other moneys deposited into the Repair and Replacement Fund pursuant to the Loan Agreement or this Indenture, and (c) all other moneys received by the Trustee when accompanied by directions not inconsistent with the Loan Agreement or this Indenture that such moneys are to be paid into the Repair and Replacement Fund. There shall also be retained in the Repair and Replacement Fund, interest and other income received on investment of moneys in the Repair and Replacement Fund to the extent provided in this Section 5.14. Any amounts on deposit in the Repair and Replacement Fund in excess of the Repair and Replacement Fund Requirement shall be transferred by the Trustee, on a Pro Rata Basis, to the Interest Account of each Bond Fund; provided, however, that the amount remaining in the Repair and Replacement Fund immediately after such transfer shall not be less than the Repair and Replacement Fund Requirement.

(b) The Repair and Replacement Fund shall be in the custody of the Trustee, and, absent an Event of Default hereunder, the Trustee is hereby authorized and directed to make each disbursement authorized or required by the provisions of this Section 5.14 and to issue its checks (or, at the direction of the Borrower, make wire transfers) therefor. The Trustee shall keep and maintain adequate records pertaining to the Repair and Replacement Fund and all disbursements therefrom and shall annually file an accounting thereof with the Issuer and the Borrower.

(c) Payments shall be made from the Repair and Replacement Fund upon receipt by the Trustee of a written requisition from an Authorized Representative of the Borrower consented to in writing by the Bondholder Representative, if any, setting forth the amount and the payee for the purpose of paying the cost of extraordinary maintenance and replacements which may be required to keep the Facility in sound condition, including but not limited to replacement of equipment, replacement of any roof or other structural component, exterior painting and the replacement of heating, air conditioning, plumbing and electrical equipment; provided, however, the Bondholder Representative, if any, shall consent to any such payment from the Repair and Replacement Fund if (i) no Event of Default shall exist and be in effect, (ii) the payment is for a purpose consistent with the purpose of the Repair and

Replacement Fund, and (iii) the payment is not to be made to an Obligor or an Affiliate of either Obligor.

(d) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Repair and Replacement Fund shall be credited to the Repair and Replacement Fund if the amount therein is less than the Repair and Replacement Fund Requirement. If the amount in the Repair and Replacement Fund is greater than the Repair and Replacement Fund Requirement, such amount in excess of the Repair and Replacement Fund Requirement shall be paid monthly, on a Pro Rata Basis, into the Interest Account of each Bond Fund.

(e) If on any Interest Payment Date or Redemption Date on the Bonds, the amount in either Interest Account of a Bond Fund (after taking into account amounts available to be transferred to either such Interest Account from the related Project Fund) shall be less than the amount of interest then due and payable on the Bonds of the related Series, or if on any Principal Payment Date on the Bonds the amount in either Principal Account of a Bond Fund shall be less than the amount of principal of the Bonds of the related Series then due and payable, or if on any Sinking Fund Installment payment date for the Bonds the amount in either Sinking Fund Installment Account of a Bond Fund shall be less than the amount of the Sinking Fund Installment then due and payable on the Bonds of the related Series, in each case, after giving effect to all payments received by the Trustee in immediately available funds by 10:00 a.m. (New York City time) on such date from or on behalf of the Borrower or the Issuer on account of such interest, principal or Sinking Fund Installment, the Trustee forthwith shall transfer moneys from the Repair and Replacement Fund, first, to such Interest Account, second, to such Principal Account, and third, to such Sinking Fund Installment Account, all to the extent necessary to make good any such deficiency, and on a Pro Rata Basis, if applicable.

Section 5.15 Payments into the Revenue Fund. Unless otherwise provided herein, the Trustee shall promptly deposit all amounts received from the Borrower, or transferred pursuant to Section 5.17, into the Revenue Fund.

Section 5.16 Application of Revenue Fund Moneys.

(a) Amounts in the Revenue Fund shall be transferred by the Trustee on each Loan Payment Date commencing on the September 10, 2020 Loan Payment Date, to the following Funds and Accounts in the following manner and in the order of priority indicated, provided, that, in the event funds on any Loan Payment Date are insufficient to make any one or more of such transfers, any and all of such deficiencies will be remedied prior to making any transfers to any lesser priority purposes (based on the following order of priority) on any future Loan Payment Date:

(i) First, on a Pro Rata Basis to each Bond Fund:

(1) For deposit into the Interest Account of each Bond Fund, an amount equal (i) to one-sixth (1/6) (or such other pro-rated amount, adjusted as necessary) of the amount of interest that will become due on the Bonds on the next Interest Payment Date, including default interest (after taking into account

any amounts on deposit in the related Interest Account of a Bond Fund, and as shall be available to pay interest on the Bonds on such next succeeding Interest Payment Date);

(2) commencing on that Loan Payment Date as shall precede the first Principal Payment Date (other than such principal as shall become due as a mandatory Sinking Fund Installment payment) by twelve (12) Loan Payment Dates, for deposit into the Principal Account of each Bond Fund, an amount equal to one-twelfth (1/12) (or such other pro-rated amount, adjusted as necessary) of the amount of the principal of the Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments); and

(3) commencing on that Loan Payment Date as shall precede the first Sinking Fund Installment payment date by twelve (12) Loan Payment Dates, for deposit into the Sinking Fund Installment Account of each Bond Fund, an amount equal to at least one-twelfth (1/12) (or such other pro-rated amount, adjusted as necessary) of the amount of the next Sinking Fund Installment to become due on the Bonds;

(ii) Second, if the amount on deposit in the Debt Service Reserve Fund (Tax-Exempt) shall be less than the Debt Service Reserve Fund Requirement (Tax-Exempt), an amount equal to one-twelfth (1/12) of such deficiency in the Debt Service Reserve Fund (Tax-Exempt) for deposit in the Debt Service Reserve Fund (Tax-Exempt);

(iii) Third, each June 30, commencing June 30, 2020 and continuing through and including June 30, 2027, an amount equal to one-eighth (1/8) of Series 2018A Bonds MADS for deposit in the Debt Service Reserve Fund (Tax-Exempt); provided, however, that no additional payments shall be made into the Debt Service Reserve Fund (Tax-Exempt) once the balance therein is equal to the Debt Service Reserve Fund Requirement (Tax-Exempt) as of such date;

(iv) Fourth, to the Rebate Fund, to pay any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement;

(v) Fifth, to the Repair and Replacement Fund, initially \$50,000 until the amount on deposit in the Repair and Replacement Fund equals the Repair and Replacement Fund Requirement, and commencing July 10, 2023 and each Loan Payment Date thereafter, an amount equal to one-sixtieth (1/60) (or such other pro-rated amount, adjusted as necessary) of the amount necessary such that the amount on deposit in the Repair and Replacement Fund is equal to the Repair and Replacement Fund Requirement within the then-applicable five year period;

(vi) Sixth, if at any time on or after July 1, 2028, the balance in the Repair and Replacement Fund is less than \$300,000, to the Repair and Replacement Fund, each month, the amount necessary, in addition to the amounts required to be deposited therein pursuant to clause "Fifth" above, if necessary, such that the Repair and

Replacement Fund shall have a balance of at least \$300,000 by the end of the following Fiscal Year;

(vii) Seventh, to the Bondholder Representative, to pay fees and expenses submitted in accordance with Section 9.12 hereof; and

(viii) Eighth, all remaining funds shall be paid to the Borrower and used for any authorized purpose.

Section 5.17 Blocked Account Control Agreement.

(a) The Trustee is hereby directed to enter into the Blocked Account Control Agreement.

(b) The Trustee hereby acknowledges the automatic transfers to be made pursuant to the Blocked Account Control Agreement. The Trustee is hereby directed to transfer such monies held pursuant to the Blocked Account Control Agreement in the amounts set forth in Exhibit to the Blocked Account Control Agreement to the Revenue Fund promptly upon receipt thereof, but in no event later than two (2) Business Days after receipt.

ARTICLE VI

REDEMPTION OF BONDS

Section 6.01 Privilege of Redemption and Redemption Price. Bonds or portions thereof subject to redemption prior to maturity shall be redeemable, upon mailed notice as provided in this Article, at the times, at the Redemption Prices and upon such terms in addition to and consistent with the terms contained in this Article as shall be specified in this Indenture and in said Bonds.

Section 6.02 Selection of Bonds to be Redeemed. In the event of redemption of less than all the Outstanding Bonds of the same Series and maturity, the particular Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair, except that (i) Bonds of a Series to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the Trustee shall select Bonds of a Series for redemption such that no Bond of such Series shall be of a denomination of less than the Authorized Denomination for such Series of Bonds. In the event of redemption of less than all the Outstanding Bonds of the same Series stated to mature on different dates, the principal amount of such Series of Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series of Bonds to be redeemed and by lot within a maturity. The portion of Bonds of any Series to be redeemed in part shall be in the principal amount of the minimum Authorized Denomination thereof or some integral multiple thereof and, in selecting Bonds of a particular Series for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of such Series which is obtained by dividing the principal amount of such registered Bond by the minimum Authorized Denomination thereof (referred to below as a "unit") then issuable rounded down to the integral multiple of such minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Bond shall forthwith surrender such Bond to the Trustee for (a) payment to such Holder of the Redemption Price of the unit or units of principal amount called for redemption and (b) delivery to such Holder of a new Bond or Bonds of such Series in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds of the same Series and maturity representing the unredeemed balance of the principal amount of such Bond shall be issued to the registered Holder thereof, without charge therefor. If the Holder of any such Bond of a denomination greater than a unit shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the Redemption Date to the extent of the unit or units of principal amount called for redemption (and to that extent only).

Section 6.03 Notice of Redemption. When redemption of any Bonds is requested or required pursuant to this Indenture, the Trustee shall give notice of such redemption in the name of the Issuer, specifying the name of the Series, CUSIP number, Bond numbers, the date of original issue of such Series, the date of mailing of the notice of redemption, maturities, interest rates and principal amounts of the Bonds or portions thereof to be redeemed, the Redemption Date, the Redemption Price, and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at the Trustee) and specifying the principal amounts of the Bonds or portions thereof to be

payable and, if less than all of the Bonds of any maturity are to be redeemed, the numbers of such Bonds or portions thereof to be so redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond or portion thereof to be redeemed the Redemption Price thereof together with interest accrued to the Redemption Date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice may set forth any additional information relating to such redemption. The Trustee, in the name and on behalf of the Issuer, (i) shall mail a copy of such notice by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days prior to the Redemption Date, to the registered owners of any Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of such Series of Bonds with respect to which proper mailing was effected; and (ii) cause notice of such redemption to be sent to the national information service that disseminates redemption notices. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. In the event of a postal strike, the Trustee shall give notice by other appropriate means selected by the Trustee in its discretion. If any Bond shall not be presented for payment of the Redemption Price within sixty (60) days of the Redemption Date, the Trustee shall mail a second notice of redemption to such Holder by first class mail, postage prepaid. Any amounts held by the Trustee due to non-presentment of Bonds for payments on or after any Redemption Date shall be retained by the Trustee for a period of at least one year after the final maturity date of such Bonds. Further, if any Holders of Bonds shall constitute registered depositories, the notice of redemption described in the first sentence of this Section 6.03 shall be mailed to such Holders at least two (2) days prior to the mailing of such notice to all Holders.

If notice of redemption shall have been given as aforesaid, the Bonds of such Series called for redemption shall become due and payable on the Redemption Date, provided, however, that with respect to any optional redemption of the Bonds of a Series, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds of such Series to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem the Bonds of such Series. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of the Bonds of such Series so called for redemption at the place or places of payment, such Series of Bonds shall be redeemed.

Under no circumstances shall the Trustee be required to expend any of its own funds for any purpose for which funds are to be disbursed under this Indenture.

So long as the Securities Depository is effecting book entry transfers of the Bonds, the Trustee shall provide the notices specified above only to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the

part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Trustee, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Section 6.04 Payment of Redeemed Bonds. (a) Notice having been given in the manner provided in Section 6.03, the Bonds or portions thereof so called for redemption shall become due and payable on the Redemption Dates so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date. If, on the Redemption Date, moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the Redemption Date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date, (i) interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (ii) the Bonds or portions thereof so called for redemption shall cease to be entitled to any lien, benefit or security under this Indenture, and (iii) the Holders of the Bonds or portions thereof so called for redemption shall have no rights in respect thereof, except to receive payment of the Redemption Price together with interest accrued to the Redemption Date. If said moneys shall not be so available on the Redemption Date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(b) Payment of the Redemption Price plus interest accrued to the Redemption Date shall be made to or upon the order of the registered owner only upon presentation of such Bonds for cancellation and exchange as provided in Section 6.05; provided, however, that any Holder of at least \$1,000,000 in original aggregate principal amount of the Initial Bonds may, by written request to the Trustee no later than five (5) days prior to the Redemption Date, direct that payments of Redemption Price and accrued interest to the Redemption Date be made by wire transfer as soon as practicable after tender of the Bonds in federal funds at such wire transfer address as the owner shall specify to the Trustee in such written request.

Section 6.05 Cancellation of Redeemed Bonds. (a) All Bonds redeemed in full under the provisions of this Article, shall forthwith be cancelled and returned to the Issuer and no Bonds shall be executed, authenticated or issued hereunder in exchange or substitution therefor, or for or in respect of any paid portion of a Bond.

(b) If there shall be drawn for redemption less than all of a Bond, as described in Section 6.02, the Issuer shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, a Bond or Bonds of like Series and maturity in any of the authorized denominations.

Section 6.06 No Partial Redemption After Default. Anything in this Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default hereunder, there shall be no redemption of less than all of the Bonds Outstanding.

ARTICLE VII

PARTICULAR COVENANTS

Section 7.01 Payment of Principal and Interest. The Issuer covenants that it will from the sources herein contemplated promptly pay or cause to be paid the interest, principal, Purchase Price or Redemption Price of, and Sinking Fund Installments for, the Bonds, together with interest accrued thereon, at the place, on the dates and in the manner provided in this Indenture and in the Bonds according to the true intent and meaning thereof.

Section 7.02 Performance of Covenants; Authority. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State, including particularly its Organizational Documents, to issue the Bonds authorized hereby and to execute this Indenture, to make the Loan to the Borrower pursuant to the Loan Agreement and the Promissory Notes, to assign the Loan Agreement and the Promissory Notes, to execute and deliver the Assignment of Mortgage and the Assignment of ALR, and to pledge the loan payments, revenues and receipts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the hands of the Holders thereof are and will be the valid and enforceable special limited revenue obligations of the Issuer according to the import thereof.

Section 7.03 Books and Records; Certificate as to Defaults. The Issuer and the Trustee each covenant and agree that, so long as any of the Bonds shall remain Outstanding, proper books of record and account will be kept showing complete and correct entries of all transactions relating to the Project and the Facility, and that the Bondholders shall have the right at all reasonable times to inspect all records, accounts and data relating thereto. In this regard, so long as the Loan Agreement is in full force and effect, records furnished by the Issuer, the Borrower and the School to, or kept by, the Trustee in connection with its duties as such shall be deemed to be in compliance with the Issuer's obligations under this Section 7.03. Within thirty (30) days after receiving the certificates from the Obligor as provided in Section 8.26(b) of the Loan Agreement, the Trustee shall render to the Issuer a statement that moneys received by the Trustee pursuant to the Loan Agreement and the Promissory Notes were applied by it to the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds, at the place, on the dates and in the manner provided in this Indenture and that the Trustee has no knowledge of any defaults under this Indenture, the Promissory Notes or the Loan Agreement or any other Security Document or specifying the particulars of such defaults which may exist.

Upon reasonable written request, the Trustee shall make available to the Borrower and/or the School for their inspection during normal business hours, the Trustee's records with respect to the Project and the Facility.

The Trustee agrees that, upon the written request of the Borrower or the Issuer, it will, not more than twice in each calendar year, provide a statement to the requesting party setting forth the principal amount of Bonds Outstanding as of the date of such statement.

Section 7.04 Loan Agreement. An executed copy of the Loan Agreement will be on file in the office of the Issuer and in the designated corporate trust office of the Trustee. Reference is hereby made to the Loan Agreement for a detailed statement of the terms and conditions thereof and for a statement of the rights and obligations of the parties thereunder. All covenants and obligations of the Borrower and/or the School under the Loan Agreement shall be enforceable either by the Issuer or by the Trustee, to whom, in its own name or in the name of the Issuer, is hereby granted the right, to the extent provided therefor in this Section 7.04 and subject to the provisions of Section 9.02, to enforce all rights of the Issuer and all obligations of the Borrower and/or the School under the Loan Agreement, whether or not the Issuer is enforcing such rights and obligations. The Trustee shall take such action in respect of any matter as is provided to be taken by it in the Loan Agreement (including, without limitation, Sections 3.5, 6.3 and 8.10 thereof) upon compliance or noncompliance by the Borrower and/or the School and the Issuer with the provisions of the Loan Agreement relating to the same.

Section 7.05 Creation of Liens; Indebtedness. It is the intention of the Issuer and the Trustee that the Mortgage is and will continue to be a mortgage lien upon the Mortgaged Property (subject only to Permitted Encumbrances). The Issuer shall not create or suffer to be created, or incur or issue any evidences of indebtedness secured by, any lien or charge upon or pledge of the Trust Estate, except the lien, charge and pledge created by this Indenture and the other Security Documents.

Section 7.06 Ownership; Instruments of Further Assurance. The Trustee on behalf of the Borrower and/or the School, subject to Section 7.04 and only upon the written direction of any Bondholder, shall defend the interest of the Borrower and/or the School in the Facility and the Pledged Collateral and every part of each thereof for the benefit of the Holders of the Bonds, to the extent permitted by law, against the claims and demands of all Persons whomsoever. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the property described herein and in the remainder of the Trust Estate, subject to the liens, pledge and security interests of this Indenture and of the other Security Documents and the loan payments, revenues and receipts pledged hereby to the payment of the principal, Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien, pledge and security interest hereof (other than the Obligors' Property as defined in the Loan Agreement) and of the other Security Documents shall ipso facto, and without any further conveyance, assignment or act on the part of the Issuer or the Trustee, become and be subject to the lien, pledge and security interest of this Indenture and the Mortgage as fully and completely as though specifically described herein and therein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Issuer heretofore made by this Section 7.06.

Section 7.07 Security Agreement; Filing. (a) This Indenture constitutes a “security agreement” within the meaning of Article 9 (Secured Transactions) of the New York State Uniform Commercial Code. The security interest of the Trustee, as created by this Indenture, in the rights and other intangible interests described herein, shall be perfected by the filing of a financing statement by the Borrower, at the direction of the Issuer, in the office of the Secretary of State of the State in the City of Albany, New York, which financing statement shall be in accordance with the New York State Uniform Commercial Code-Secured Transactions. Subsequent to the foregoing filings, this Indenture shall be re-indexed, and financing and continuation statements shall be filed and re-filed, by the Trustee whenever in the Opinion of Counsel to the Borrower (which opinion shall be reasonably acceptable to and addressed to the Trustee) such action is necessary to preserve the lien and security interest hereof. Any such filings or re-filings shall be prepared and filed by the Borrower and delivered to the Trustee (if electronic filing is not elected by the Issuer) on a timely basis accompanied by any fees or requisite charges and the Opinion of Counsel referred to above. The Trustee will thereupon effect any such filings and re-filings of financing and continuation statements in said office of the Secretary of State, and promptly notify the Borrower of any such filings.

(b) The Issuer and the Trustee acknowledge that, as of the Closing Date,

(i) Section 9-515 of the New York State Uniform Commercial Code provides that an initial financing statement filed in connection with a “public-finance transaction” is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public-finance transaction,

(ii) Section 9-102(67) of the New York State Uniform Commercial Code defines a “public-finance transaction” as a secured transaction in connection with which (x) debt securities are issued, (y) all or a portion of the debt securities issued have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a security interest is a state or a governmental unit of a state, and

(iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.

(c) The parties hereto acknowledge and agree that, because the foregoing financing statements evidence collateral for the Initial Bonds, and because the Series 2018A Bonds are municipal debt securities with a term that is at least twenty (20) years in duration, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the liens and security interests that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

Subsequent to the initial filings, if it is necessary to re-file financing statements and/or file continuation statements and/or take any other actions to preserve the lien and security

interest of this Indenture (individually or collectively, the “**Continuation Action(s)**”), then the Borrower in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Trustee all necessary instruments and filing papers, together with remittances equal to the cost of required filing fees and other charges, so that the Trustee may perform the Continuation Actions, or (ii) electronically perform the Continuation Actions and deliver to the Trustee written certification (upon which the Trustee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause “(i)” and the others in the manner described in clause “(ii)”; and (B) if requested by the Trustee (acting at the direction of the Bondholder Representative or, if no Bondholder Representative, the Majority Holders) or the Issuer, deliver or cause to be delivered to the Issuer and the Trustee the Opinion of Counsel to the Borrower as described below. The Trustee may conclusively rely upon (y) when applicable, the certification referred to in clause “(A)(ii),” and (z) in all instances, the Opinion of Counsel to the Borrower. In the event the Borrower chooses to have the Trustee perform all or some of the Continuation Actions, as provided in clause “(A)(i)”, the Trustee shall reasonably promptly perform such Continuation Actions at the Borrower’s sole expense. The Borrower shall perform the obligations described hereinabove in clauses “(A)” (in every case) and “(B)” (if so requested) no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause “(i)”) on which a Continuation Action is to be taken to preserve the lien and security interest of this Indenture.

If an Opinion of Counsel to the Borrower is requested pursuant to clause “(B)”, then the Opinion of Counsel to the Borrower shall be addressed to the Borrower, the Issuer and the Trustee. If so requested, the Borrower shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year anniversary thereafter through the term of the Series 2018A Bonds, and/or (ii) the date of any required Continuation Action not covered by clause “(i),” in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Borrower, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Trustee with instruments and papers prepared by the Borrower, or (ii) the Borrower through electronic filing, or (iii) the Trustee as to some Continuation Actions, and the Borrower as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Borrower, the Issuer and the Trustee then requisite to the maintenance of the perfection of the security interest of the Trustee in and to all property and interests which by the terms of this Indenture are to be subjected to the lien and security interest of this Indenture.

(d) Any filings with respect to Uniform Commercial Code financing statements may be made electronically, and the Issuer shall have the right to designate a company (which shall be reasonably acceptable to the Trustee) to facilitate the filing of Uniform Commercial Code financing statements.

(e) The Trustee acknowledges and agrees (on behalf of itself and the Bondholders) that neither the Issuer, nor any of its directors, members, officers, employees,

servants, agents, persons under its control or supervision, or attorneys (including Nationally Recognized Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests, or the recording or rerecording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

(f) All costs (including reasonable attorneys' fees and expenses) incurred in connection with the effecting of the requirements specified in this Section shall be paid by the Institution.

Section 7.08 Issuer Tax Covenant. The Issuer covenants that it shall not take any action within its control, nor refrain from taking any action reasonably requested by the Borrower or the Trustee, that would cause the interest on the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes; provided, however, the breach of this covenant shall not result in any pecuniary liability of the Issuer and the only remedy to which the Issuer shall be subject shall be specific performance.

Section 7.09 LISC Guarantee. It is anticipated, but not required, that subsequent to the Closing Date, the Local Initiatives Support Corporation ("**LISC**") will execute and deliver a guarantee in favor of the Trustee, pursuant to which LISC will guarantee the due and punctual payment of the principal of, Sinking Fund Installments for, and interest on, the Initial Bonds to the extent of approximately \$1,000,000 (the "**LISC Guarantee**"). The LISC Guarantee (and any related reimbursement agreement or related documents between LISC and either the Borrower and/or the School) will be required to be in form and substance acceptable to the Bondholder Representative and the Trustee, and either the Trustee and/or the Bondholder Representative may require the delivery of an opinion of counsel on behalf of LISC with respect to the validity and enforceability of the LISC Guarantee as against LISC. Upon the approval of the LISC Guarantee by the Trustee and the Bondholder Representative, (i) written evidence of such approval shall be sent by the Trustee and the Bondholder Representative to each of the other Notice Parties, accompanied by a copy of the executed LISC Guarantee, and (ii) the LISC Guarantee shall be deemed a "Security Document" for purposes of this Indenture and the other Project Documents. To the extent of each payment made by the Borrower pursuant to Section 4.3(a)(i)(5) for deposit in the Debt Service Reserve Fund (Tax-Exempt), the dollar amount secured by the LISC Guarantee shall be correspondingly reduced, with the understanding that the LISC Guarantee will only remain in effect for a term of ten (10) years from its effective date. Upon the occurrence of an Event of Default under Section 8.01(a)(A) or (B) hereof, the Trustee shall, first, apply moneys on deposit in the Debt Service Reserve Fund (Tax-Exempt) to the extent of any failed payment with respect to the Series 2018A Bonds (and not with respect to the Series 2018B Bonds), second, enforce the LISC Guarantee against LISC to the extent of the remaining failed payment with respect to the Initial Bonds, and apply the amount recovered from LISC for deposit in the Bond Fund (Tax-Exempt) and the Bond Fund (Taxable) on a Pro Rata Basis to the extent of the remaining deficiency, and, third, take any other remedies elsewhere provided in the Security Documents. The LISC Guarantee will provide, among other things, for prompt written notice to be given by LISC to the Trustee and the Bondholder Representative if

the Borrower and/or the School shall be in default under any related reimbursement or other agreement with LISC, and of any remedies to be taken by LISC as a result thereof.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES OF BONDHOLDERS

Section 8.01 Events of Default; Acceleration of Due Date. (a) Each of the following events is hereby defined as and shall constitute an “Event of Default”:

(A) Failure in the payment of the interest on any Bond when the same shall become due and payable (subject to cure pursuant to Section 7.09);

(B) Failure in the payment of the principal or Redemption Price of, or Sinking Fund Installment for, any Bonds, when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon to the Redemption Date after notice of redemption therefor or otherwise (subject to cure pursuant to Section 7.09);

(C) Failure of the Issuer to observe or perform any covenant, condition or agreement in the Bonds or hereunder on its part to be performed (except as set forth in Section 8.01(a)(1) or (2)) and (A) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Issuer, the Borrower and the School specifying the nature of same from the Trustee, the Bondholder Representative, if any, or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, or (B) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Issuer, the Borrower and/or the School fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said original notice in clause (A) above; or

(D) The occurrence of an “Event of Default” under the Loan Agreement or any other Security Document.

(b) Upon the happening and continuance of any Event of Default, unless the principal of all the Bonds shall have already become due and payable, either the Trustee (by notice in writing to the Issuer, the Borrower and the School), the Bondholder Representative, if any, or the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding (by notice in writing to the Issuer, the Borrower, the School and the Trustee) may declare the principal or Redemption Price, if any, of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything in this Indenture or in any of the Bonds contained to the contrary notwithstanding.

(c) If there shall occur an Event of Default under Section 9.1(d) or (e) of the Loan Agreement, the unpaid principal of all the Bonds (and all principal installments of loan payments under the Loan Agreement) and the interest accrued thereon shall be due and payable

immediately without the necessity of any declaration or other action by the Trustee or any other Person.

(d) The right of the Trustee, of the Bondholder Representative, if any, or of the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding to make any such declaration as aforesaid, however, is subject to the condition that if, at any time before such declaration, all overdue installments of principal of and interest on all of the Bonds which shall have matured by their terms and the unpaid Redemption Price of the Bonds or principal portions thereof to be redeemed has been paid by or for the account of the Issuer, and all other Events of Default have been otherwise remedied, and the reasonable and proper charges, expenses and liabilities of the Trustee, shall either be paid by or for the account of the Issuer or provision satisfactory to the Trustee shall be made for such payment and the Facility shall not have been sold or otherwise encumbered, and all defaults have been otherwise remedied as provided in this Article VIII, then and in every such case any such default and its consequences shall ipso facto be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

(e) Pursuant to the Loan Agreement, the Issuer has granted to the Borrower and/or the School full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged in any notice received by the Borrower and/or the School to constitute a default hereunder, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts with power of substitution. The Trustee agrees to accept such performance by the Borrower and/or the School as performance by the Issuer.

(f) Pursuant to the Blocked Account Control Agreement, upon the happening and continuance of any Event of Default, the Trustee, as Secured Party under the Blocked Account Control Agreement, shall withdraw any funds on deposit in the Accounts (as defined in the Blocked Account Control Agreement) which are required to pay, and such funds shall be applied to pay, principal or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds.

Section 8.02 Enforcement of Remedies. (a) Upon the occurrence and continuance of any Event of Default, then and in every case the Trustee may proceed, and upon the written request of the Bondholder Representative, if any, or of the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Bonds, the Loan Agreement, this Indenture and under any other Security Document forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in this Indenture or in any other Security Document or in aid of the execution of any power granted in this Indenture or in any other Security Document or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under this Indenture or under any other Security Document. In addition to any rights or remedies available to the Trustee hereunder or elsewhere, upon the occurrence and continuance of an Event of Default the Trustee may take such action, without notice or demand, as it deems advisable.

(b) In the enforcement of any right or remedy under this Indenture or under any other Security Document, the Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due from the Issuer, for principal, interest, Sinking Fund Installments, Redemption Price, or otherwise, under any of the provisions of this Indenture, of any other Security Document or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under this Indenture, under any such other Security Document and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Issuer, but solely as provided in this Indenture and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the moneys in the Bond Funds and other moneys available therefor to the extent provided in this Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable. The Trustee shall file proof of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the Borrower, the School, the Developer or the Issuer or their creditors or property.

(c) Regardless of the occurrence of an Event of Default, the Trustee, if requested in writing by the Bondholder Representative, if any, or the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Indenture or under any other Security Document by any acts which may be unlawful or in violation of this Indenture or of such other Security Document or of any resolution authorizing any Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; provided, that such request shall not be otherwise than in accordance with the provisions of law and of this Indenture and shall not be unduly prejudicial to the interests of the Holders of the Bonds not making such request.

Section 8.03 Application of Revenues and Other Moneys After Default.

(a) All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article or under any other Security Document, and all moneys held in all Funds and Accounts (other than the Rebate Fund), shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances (including legal fees and expenses) incurred or made by the Trustee or the Bondholder Representative (provided that the Trustee shall be entitled to payment in full for the foregoing prior to the Bondholder Representative being entitled to receive payment for the foregoing), and after making any required deposits to the Rebate Fund in accordance with the Tax Regulatory Agreement, be deposited in the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable; provided, however, that (i) the amounts on deposit in the Bond Fund (Tax-Exempt) shall remain in such Fund and (ii) the amounts on deposit in the Bond Fund (Taxable) shall remain in such Fund, and all moneys so deposited and available for payment of the Bonds shall be applied, subject to Section 9.04, as follows (provided, however, that the amounts on deposit in the Bond Fund (Tax-Exempt) and in the Debt Service Reserve Fund (Tax-Exempt) shall only be applied to the payment of Tax-Exempt Bonds, and the amounts on deposit

in the Bond Fund (Taxable) shall only be applied to the payment of Taxable Bonds), and all moneys so deposited and available for payment of the Bonds shall be applied, subject to Section 9.04, as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First - To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the Persons entitled thereto of the unpaid principal, Purchase Price or Redemption Price, if any, of any of the Bonds or principal installments which shall have become due (other than Bonds or principal installments called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds or principal installments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

(ii) If the principal of all the Bonds shall have become or have been declared due and payable, to the payment to the Bondholders of the principal and interest (at the rate or rates expressed in the Bonds) then due and unpaid upon the Bonds and if applicable to the Redemption Price of the Bonds without preference or priority of principal over interest or of interest over principal, Sinking Fund Installments, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

(iii) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article VIII, then, subject to the provisions of Section 8.03(a)(ii) which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the moneys shall be applied in accordance with the provisions of Section 8.03(a)(i).

(b) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever

the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; provided, however, that if the principal or Redemption Price of the Bonds Outstanding, together with accrued interest thereon, shall have been declared to be due and payable pursuant to Section 8.01, such date of declaration shall be the date from which interest shall cease to accrue. The Trustee shall give such written notice to the Bondholder Representative, if any, and all Bondholders as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 8.04 Actions by Trustee. All rights of actions under this Indenture, under any other Security Document or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall, subject to the provisions of Section 8.03, be for the equal benefit of the Holders of the Outstanding Bonds.

Section 8.05 Bondholder Representative or Majority Holders Control Proceedings. Anything in this Indenture to the contrary notwithstanding, the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders) shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken by the Trustee in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 8.06 Individual Bondholder Action Restricted. (a) Subject to the right of the Bondholder Representative to direct the Trustee to undertake an enforcement action (including the instituting by the Trustee of any suit, action or proceeding at law or in equity in accordance with Section 8.05), no Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity (i) with respect to the Bonds, this Indenture or any other Security Document, (ii) for the enforcement of any provisions of the Bonds, this Indenture or of any other Security Document, (iii) for the execution of any trust under this Indenture or (iv) for any remedy under the Bonds, this Indenture or under any other Security Document, unless such Holder shall have previously given to the Trustee and the Bondholder Representative, if any, written notice of the occurrence of an Event of Default as provided in this Article, and the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee (with a copy to the Bondholder Representative, if any) and shall have offered it reasonable opportunity either to exercise the powers granted in the Bonds, this Indenture or in such other Security Document or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of

indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the pledge created by this Indenture, or to enforce any right under this Indenture except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of the Bonds or this Indenture shall be instituted, had and maintained in the manner provided in this Indenture and, subject to the provisions of Section 8.03, be for the equal benefit of all Holders of the Outstanding Bonds.

(b) Nothing in this Indenture, in any other Security Document or in the Bonds contained shall affect or impair the right of any Bondholder to payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on each of the Bonds to the respective Holders thereof at the time, place, from the source and in the manner herein and in said Bonds expressed.

Section 8.07 Effect of Discontinuance of Proceedings. In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case, the Borrower, the School, the Issuer, the Trustee and the Bondholders shall be restored, respectively, to their former positions and rights hereunder, and all rights, remedies, powers and duties of the Trustee shall continue as in effect prior to the commencement of such proceedings.

Section 8.08 Remedies Not Exclusive. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Indenture or now or hereafter existing at law or in equity or by statute.

Section 8.09 Delay or Omission. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon any default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

Section 8.10 Notice of Default. The Trustee shall promptly mail to the Issuer, to registered Holders of Bonds, to the Bondholder Representative, if any, to the Borrower and to the School by first class mail, postage prepaid, written notice of the occurrence of any Event of Default. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required by this Section.

Section 8.11 Waivers of Default. The Trustee shall waive any default hereunder and its consequences and rescind any declaration of acceleration only upon the written request of the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders); provided, however, that there shall not be waived without the consent of the

Holders of all the Bonds Outstanding (a) any default in the payment of the principal of any Outstanding Bonds at the date specified therein or (b) any default in the payment when due of the interest on any such Bonds, unless, prior to such waiver, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, and all arrears of payment of principal when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Borrower, the School, the Developer, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 8.12 ISSUER APPROVAL OF CERTAIN NON-FORECLOSURE REMEDIES. Notwithstanding any other remedy or other action available under this Indenture or otherwise under any other Security Document or at law, no remedy or other action (whether exercised by the Trustee, the Bondholder Representative or the Holders of the Bonds) shall have the effect of (x) continuing the exemption from the mortgage recording tax of the Mortgage upon any restructuring of the underlying indebtedness secured by the Mortgage (a “Mortgage Restructuring”), (y) modifying or terminating this Indenture or the Loan Agreement (other than a termination of this Indenture in connection with the retirement of all of the Outstanding Bonds in accordance with the discharge provisions of this Indenture) (a “Security Document Action”) or (z) substituting for the Borrower and/or the School, as applicable, a new Entity to either be a counterparty to the Issuer under the Loan Agreement or to use all or a portion of the Facility (a “Substitute Entity”), unless, in either case, all material facts relating to either the Mortgage Restructuring, the Security Document Action and/or the Substitute Entity shall have been set forth in a writing delivered to the Issuer and (i) the Mortgage Restructuring, the Security Document Action and/or the Substitute Entity shall be approved in writing by the Issuer, such approval not to be unreasonably withheld or delayed (and which approval may, in the sole discretion of the Issuer, be subject to action by the Issuer’s Board of Directors), and (ii) there shall be delivered to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such Mortgage Restructuring, Security Document Action and/or Substitute Entity shall not cause the interest on any Outstanding Tax-Exempt Bonds to become subject to federal income taxation by reason of any such Mortgage Restructuring, Security Document Action and/or Substitute Entity. For the avoidance of doubt, no Issuer consent is required hereby for the commencement of a foreclosure action under the Mortgage. In connection with the retirement or surrender for cancellation of all of the Outstanding Bonds (other than as a result of the payment in full of all Outstanding Bonds), the Trustee hereby agrees to provide written notice to the Issuer of such retirement or cancellation promptly upon the earlier of (i) the Trustee’s receipt of direction to effectuate such retirement or cancellation, and (ii) the Trustee’s receipt of surrendered Bonds for cancellation, but in no event later than fourteen (14) Business Days after the occurrence of the event set forth in clause (i) or (ii).

ARTICLE IX

TRUSTEE, BOND REGISTRAR AND PAYING AGENTS; BONDHOLDER REPRESENTATIVE

Section 9.01 Appointment and Acceptance of Duties of Trustee. The entity identified as the Trustee on the cover page hereof is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations of the Trustee hereunder and under each Security Document by executing this Indenture and agrees to perform said trusts as a corporate trustee ordinarily would under a corporate mortgage subject to the express terms and conditions herein. All provisions of this Article IX shall be construed as extending to and including all the rights, duties and obligations imposed upon the Trustee under the Loan Agreement and under any other Security Document to which it shall be a party as fully for all intents and purposes as if this Article IX were contained in the Loan Agreement and each such other Security Document.

Section 9.02 Indemnity of Trustee. The Trustee shall be under no obligation to institute any suit, or to take any remedial or legal action under this Indenture or under or pursuant to any other Security Document or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers or fulfillment of any extraordinary duties under this Indenture, or under any other Security Document, until it shall be indemnified to its satisfaction against any and all reasonable compensation for services, costs and expenses, outlays, and counsel fees and other disbursements, and against all liability not due to its willful misconduct or gross negligence.

Section 9.03 Responsibilities of Trustee. (a) The Trustee shall have no responsibility in respect of the validity or sufficiency of this Indenture or of any other Security Document or the security provided hereunder or thereunder or any offering document or the due execution of this Indenture by the Issuer, or the due execution of any other Security Document by any party (other than the Trustee) thereto, or in respect of the title or the value of the Facility, or in respect of the validity of the Bonds authenticated and delivered by the Trustee in accordance with this Indenture or to see to the recording or filing of any document or instrument whatsoever except as otherwise provided in Section 7.07. The recitals, statements and representations contained in this Indenture and in the Bonds shall be taken and be construed as made by and on the part of the Issuer and not by the Trustee, and the Trustee does not assume any responsibility for the correctness of the same; provided, however, that the Trustee shall be responsible for its representation contained in its certificate on the Bonds and for its responsibility as to filing or re-filing as contained in Section 7.07.

(b) The Trustee shall not be liable or responsible because of the failure of the Issuer to perform any act required of it by this Indenture or by any other Security Document or because of the loss of any moneys arising through the insolvency or the act or default or omission of any depository other than itself in which such moneys shall have been deposited under this Indenture or the Tax Regulatory Agreement. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred in accordance with this Indenture or the Tax Regulatory Agreement or for any loss resulting from any such investment. The Trustee shall not

be liable in connection with the performance of its duties under the Loan Agreement, under this Indenture or under any other Security Document except for its own willful misconduct or gross negligence. The immunities and exemptions from liability of the Trustee shall extend to its directors, officers, employees, agents and servants and persons under the Trustee's control or supervision.

(c) The Trustee, prior to the occurrence of an Event of Default and after curing of all Events of Default which may have occurred, if any, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent man would exercise under the circumstances in the conduct of his own affairs. If an Event of Default has occurred (which has not been cured), and the Trustee, in exercising its remedies, as set forth in Section 8.02, proceeds to foreclose on the Mortgage, the Trustee may retain attorneys, receivers, managing agents, leasing agents and/or real estate brokers, all of whom shall be paid reasonable compensation, to be reimbursed by the Borrower. The Trustee shall not be charged with knowledge of the occurrence of an Event of Default unless, (i) the Trustee has not received any certificate, financial statement, insurance notice or other document regularly required to be delivered to the Trustee under the Loan Agreement or any other Security Document, (ii) the Trustee has not received payment of any amount required to be remitted to the Trustee under the Loan Agreement or any other Security Document, (iii) a Responsible Officer of the Trustee has actual knowledge thereof, or (iv) the Trustee has received written notice thereof from the Borrower, the School, the Bondholder Representative, if any, the Issuer or any Bondholder. The Trustee shall not be charged with the knowledge of a Determination of Taxability unless the Trustee has received written notice thereof from the Internal Revenue Service, the Borrower, the School, the Bondholder Representative, if any, the Issuer or any Bondholder or former Bondholder.

(d) The Trustee shall not be liable or responsible for the failure of the Borrower and/or the School to effect or maintain insurance on the Facility as provided in the Loan Agreement or the Mortgage nor shall it be responsible for any loss by reason of want or insufficiency in insurance or by reason of the failure of any insurer in which the insurance is carried to pay the full amount of any loss against which it may have insured the Issuer, the Borrower, the School, the Trustee or any other Person.

(e) The Trustee shall execute and cause to be filed those continuation statements, any additional financing statements and all other instruments required by it by Section 7.07 at the expense of the Institution.

(f) The Trustee shall on the same date as it shall render the statement required of it by Section 7.03, make annual reports to the Issuer and the Borrower of all moneys received and expended during the preceding year by it under this Indenture and of any Event of Default known to it under the Loan Agreement or this Indenture or under any other Security Document.

(g) With respect to the Tax Regulatory Agreement, the Trustee shall not be required to make any payment of a Rebate Amount or any transfer of funds or take any other action required to be taken thereunder except upon the receipt of a written certificate of direction

of an Authorized Representative of the Obligors delivered to the Trustee in accordance with the terms of the Tax Regulatory Agreement. Notwithstanding any provision of the Tax Regulatory Agreement or any other Security Document, nothing in the Tax Regulatory Agreement, either expressed or implied, shall be deemed to impose upon the Trustee any responsibility for the legal sufficiency of the Tax Regulatory Agreement to effect compliance with the Code nor any duty to independently review or verify any information or calculation furnished to the Trustee by the Borrower and/or the School.

(h) The permissive right of the Trustee to do things enumerated in this Indenture or the other Security Documents shall not be construed as a duty, and in doing or not doing so the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

Section 9.04 Compensation of Trustee, Bond Registrar and Paying Agents.

The Trustee, the Bond Registrar and Paying Agents shall be entitled to receive and collect from the Institution as provided in the Loan Agreement payment or reimbursement for reasonable fees for services rendered hereunder and under each other Security Document and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee, the Bond Registrar or Paying Agents in connection therewith. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first right of payment prior to payment on account of the principal of or interest on any Bonds, upon the revenues (but not including any amounts held by the Trustee under Section 5.12, 6.04 or Article X) for the foregoing advances, fees, costs and expenses incurred.

Section 9.05 Evidence on Which Trustee May Act.

(a) In case at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action, or doing or not doing anything, as such Trustee, and in any case in which this Indenture provides for permitting or taking any action, it may rely upon any certificate required or permitted to be filed with it under the provisions of this Indenture, and any such certificate shall be evidence of such fact to protect it in any action that it may or may not take, or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact.

(b) The Trustee may conclusively rely and shall be fully protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person, or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or, at the sole cost and expense of the Borrower, and when determined necessary in the reasonable discretion of the Trustee, upon the written opinion of any attorney (who may be an attorney for the Issuer or an employee of the Borrower and/or the School), engineer, appraiser, architect or accountant believed by the Trustee to be qualified in relation to the subject matter.

Section 9.06 Trustee and Paying Agents May Deal in Bonds.

Any national banking association, bank or trust company acting as a Trustee or Paying Agent, and its

respective directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in any action which any Bondholder may be entitled to take with like effect as if such association, bank or trust company were not such Trustee or Paying Agent.

Section 9.07 Resignation or Removal of Trustee. The Trustee may resign and thereby become discharged from the trusts created under this Indenture for any reason by giving written notice by first class mail, postage prepaid, to the Issuer, to the Borrower, to the School, to the Bondholder Representative, if any, and to the Holders of all Bonds not less than sixty (60) days before such resignation is to take effect, but such resignation shall not take effect until the appointment and acceptance thereof of a successor Trustee pursuant to Section 9.08.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing filed with the Trustee and signed by the Issuer or the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders) or their attorneys-in-fact duly authorized. Such removal shall become effective either upon the appointment and acceptance of such appointment by a successor Trustee or at the date specified in the instrument of removal. The Trustee shall promptly give notice of such filing to the Issuer, the Borrower and the School. No removal shall take effect until the appointment and acceptance thereof of a successor Trustee pursuant to Section 9.08.

If the Trustee shall resign or shall be removed, such Trustee must transfer and assign to the successor Trustee, not later than the date of this acceptance by the successor Trustee of its appointment as such, or thirty (30) days from the date specified in the instrument of removal or resignation, if any, whichever shall last occur, (i) all amounts (including all investments thereof) held in any Fund or Account under this Indenture, together with a full accounting thereof, (ii) all records, files, correspondence, registration books, Bond inventory, all information relating to this Indenture and to Bond payment status (i.e., outstanding principal balances, principal payment and interest payment schedules, Sinking Fund Installment schedules, pending notices of redemption, payments made and to whom, delinquent payments, default or delinquency notices, deficiencies in any Fund or Account balance, etc.) and all such other information (in whatever form) relating to all Funds and Accounts in the possession of the Trustee being removed or resigning, and (iii) all Security Documents and other documents or agreements, including, without limitation, all Uniform Commercial Code Financing Statements, all insurance policies or certificates, letters of credit or other instruments provided to the Trustee being removed or resigning (clauses (i), (ii) and (iii), together with the Trust Estate, being collectively referred to as the “Trust Corpus”).

Section 9.08 Successor Trustee. (a) If at any time the Trustee shall be dissolved or otherwise become incapable of acting or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator thereof, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason or if the Trustee shall resign, the Borrower shall cooperate with the Issuer and the Issuer shall appoint a successor Trustee and shall use its best efforts to obtain acceptance of such trust by the successor Trustee within sixty (60) days from such vacancy or notice of resignation. Within twenty (20) days after such appointment and

acceptance, the Issuer shall notify in writing the Borrower, the School, the Bondholder Representative, if any, and the Holders of all Bonds.

(b) In the event of any such vacancy or resignation and if a successor Trustee shall not have been appointed within sixty (60) days of such vacancy or notice of resignation, the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders), by an instrument or concurrent instruments in writing, signed by the Bondholder Representative or by such Bondholders or their attorneys-in-fact thereunto duly authorized and filed with the Issuer, may appoint a successor Trustee which shall, immediately upon its acceptance of such trusts, and without further act, supersede the predecessor Trustee. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 9.08, within ninety (90) days of such vacancy or notice of resignation, the Holder of any Bond then Outstanding, the Issuer or any retiring Trustee or the Borrower may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

(c) Any Trustee appointed under this Section shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States authorized to exercise corporate trust powers under the laws of the State and authorized by law and its charter to perform all the duties imposed upon it by this Indenture and each other Security Document. At the time of its appointment, any successor Trustee shall (x) have a capital stock and surplus aggregating not less than \$100,000,000 and (y) have an investment grade rating of at least "Baa3" or "P-3".

(d) Any predecessor Trustee shall transfer to any successor Trustee appointed under this Section as a result of a vacancy in the position the Trust Corpus by a date not later than thirty (30) days from the date of the acceptance by the successor Trustee of its appointment as such. Where no vacancy in the position of the Trustee has occurred, the transfer of the Trust Corpus shall take effect in accordance with the provisions of Section 9.07.

(e) Every successor Trustee shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, an instrument in writing accepting such appointment, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessor, with like effect as if originally named as such Trustee; but such predecessor shall, nevertheless, on the written request of its successor or of the Issuer, and upon payment of the compensation, expenses, charges and other disbursements of such predecessor which are due and payable pursuant to Section 9.04, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, immunities, powers and trusts of such predecessor and the Trust Corpus; and every predecessor Trustee shall deliver all property and moneys, together with a full accounting thereof, held by it under this Indenture to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such Trustee the estate, properties, rights, immunities, powers and trusts vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall, on request, be executed, acknowledged and delivered by the Issuer. Any successor Trustee shall promptly notify the Issuer and the Paying Agent of its appointment as Trustee.

(f) Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States and shall be authorized by law and its charter to perform all the duties imposed upon it by this Indenture and each other Security Document shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

Section 9.09 Paying Agents. (a) The Trustee is hereby appointed as Paying Agent for the Bonds. The Issuer may also from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 9.09(b) for the appointment of a successor Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Issuer, and in the case of all Paying Agents other than the Trustee, to the Trustee a written acceptance thereof. The principal offices of the Paying Agents are designated as the respective offices or agencies of the Issuer for the payment of the principal, Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds. Each Paying Agent shall not be liable in connection with the performance of its duties hereunder except for its own willful misconduct or gross negligence.

(b) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days prior written notice to the Issuer and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Issuer. Any successor Paying Agent shall be appointed by the Issuer, with the approval of the Trustee, and shall be a commercial bank or trust company duly organized under the laws of any state of the United States or a national banking association, having a capital stock and surplus aggregating at least \$40,000,000, having an investment grade rating of at least "Baa3" or "P-3", and willing and able to accept the office on reasonable and customary terms and authorized by law and its charter to perform all the duties imposed upon it by this Indenture.

(c) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

Section 9.10 Appointment of Co-Trustee. (a) It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or under any other Security Document, and in particular in case of the enforcement of any powers, rights or remedies on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee

appoint an additional institution as a separate trustee or co-trustee. The following provisions of this Section are adapted to these ends.

(b) In the event that the Trustee appoints an additional institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them. Such co-trustee may be removed by the Trustee at any time, with or without cause.

(c) Should any instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed or removed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

(d) No trustee shall be liable for the acts or omissions of any other trustee hereunder.

Section 9.11 Patriot Act. The Trustee hereby acknowledges that in accordance with Section 326 of the U.S.A. Patriot Act (being the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, as amended, and signed into law October 26, 2001), each depository bank, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with a depository bank. The Trustee hereby acknowledges that it shall obtain such information from the other Notice Parties as may be required in order for it to satisfy the requirements of the U.S.A. Patriot Act.

Section 9.12 Appointment of Bondholder Representative. (a) The Majority Holders may, but shall not be required to, from time to time appoint a representative or agent, by giving signed, written notice of such appointment to the Issuer, the Borrower, the School and the Trustee, to act on behalf of the Holders of the Bonds Outstanding hereunder to give any consents, authorizations, or approvals; exercise any rights of the Holders; or take any other action as may be taken by the Holders of the Bonds or a percentage in aggregate principal amount thereof under this Indenture, the Loan Agreement or any other Security Document (subject, however, to Section 8.11 and 11.03(a)). Upon such appointment, the Trustee shall accept the consent, authorization, or direction of such Bondholder Representative to the extent specified in such notice, as it would accept such action from such Majority Holders. A Bondholder Representative may be a Holder. The initial Bondholder Representative is

Rosemawr Management LLC. Rosemawr Management LLC shall remain the Bondholder Representative so long as the Initial Beneficial Owners or any other Affiliates of Rosemawr Management LLC shall remain the Majority Holders.

(b) Unless otherwise specified in the notice delivered to the Issuer, the Borrower, the School and the Trustee appointing a Bondholder Representative pursuant to Section 9.12(a), such Bondholder Representative shall be the sole representative of the Holders of the Bonds hereunder with respect to all matters specifically listed in such notice (subject however, to Sections 8.11 and 11.03(a)), until a signed, written notice of the removal of a Bondholder Representative shall be delivered to the Trustee (with a copy to the Issuer, the Borrower and the School) by the Majority Holders. A Bondholder Representative may resign at any time by delivering written notice thereof to the Trustee (with a copy to the Issuer, the Borrower and the School). Any notice of removal or resignation meeting the foregoing requirements shall be effective immediately upon receipt thereof by the Trustee. In no event shall more than one Bondholder Representative be appointed.

(c) Any successor Bondholder Representative hereunder shall automatically become a party to each Project Document to which the Bondholder Representative is a party without the execution or filing of any paper or the performance of any further act.

(d) The Bondholder Representative shall file a notice with the Trustee and the Issuer, substantially in the form attached hereto as Exhibit E, notifying the Trustee and the Issuer when it shall cease to serve as Bondholder Representative or shall no longer be designated as Bondholder Representative by the Majority Holders.

(e) The permissive right of the Bondholder Representative to act pursuant to this Indenture shall not be construed as a duty, and the Bondholder Representative shall not be answerable with respect to any such permissive right other than for its gross negligence, bad faith or willful misconduct that the Bondholder Representative is finally adjudicated (sustained on appeal, if any) by a court of competent jurisdiction to have committed. The Bondholder Representative shall have no duties, including no fiduciary or contractual duties, to any Person which are not expressly set forth in this Indenture, and no such duties shall be implied or imposed under any principle of equity. Whenever this Indenture or any other Project Document makes reference to obtaining or granting Bondholder Representative consent or approval, such consent or approval may be granted or withheld by the Bondholder Representative in its sole, absolute and unreviewable discretion.

(f) The Trustee shall pay the reasonable fees and expenses (including reasonable fees and expenses of counsel) of the Bondholder Representative out of the funds on deposit in the Project Fund (Taxable) as a Cost of Issuance or the Revenue Fund, upon invoice, which, so long as no Event of Default has occurred and is continuing, has been sent to the Borrower for review at least five (5) Business days prior to the next occurring Loan Payment Date, incurred in connection with the acceptance or administration of its rights and duties (on behalf of the Holders of the Bonds hereunder) under this Indenture, and in connection with any amendment, modification, supplement, consent or waiver with respect to or required under any of the Project Documents, except any such expense, disbursement or advance as may arise from its gross negligence, bad faith or willful misconduct. Unless the Trustee receives written notice

to the contrary from the Borrower, the Trustee may assume that there is no claim that any such expense, disbursement or advance arose from the gross negligence, bad faith or willful misconduct of the Bondholder Representative, and that such expenses, disbursements or advances are reasonable. Any payments hereunder shall not be payable from the funds of the Issuer or the Trustee, but shall be payable solely from the funds or assets of the Borrower received by the Trustee in accordance with terms of this Indenture.

(g) The appointment of the Bondholder Representative shall in no way affect any reporting or notice requirements to the Holders hereunder or under any other of the Project Documents, except that the Bondholder Representative shall also receive copies of all such reports and notices.

(h) The Bondholder Representative (and its officers, directors, employees agents and representatives) shall: (i) not be liable to the Holders of the Bonds, or to any Beneficial Owner of Bonds, for any act or omission in its capacity as Bondholder Representative unless it is determined by a court of competent jurisdiction by a final and non-appealable order that the Bondholder Representative engaged in fraud, gross negligence, bad faith or willful misconduct; and (ii) be entitled to treat as genuine any letter or other document furnished to it in its capacity as Bondholder Representative that it believed to be genuine and to have been signed and presented by the proper party or parties. In addition, the Bondholders shall severally, and not jointly, in proportion to each Bondholders' pro rata interest in the Bonds, indemnify and hold harmless the Bondholder Representative (and its officers, directors, employees agents and representatives) against any claims, damages, judgments, loss, liability, cost or expense (including attorney's fees and costs) incurred on the part of the Bondholder Representative and arising out of or in connection with the acceptance, performance or administration of the Bondholder Representative's duties hereunder, including, without limitation, the Bondholder Representative having to indemnify the Trustee for any actions it takes hereunder or under any Project Document. The Bondholders covenant and agree not to commence any action or proceeding in any court against the Bondholder Representative (and its officers, directors, employees agents and representatives), all of which claims shall be subject to mandatory arbitration pursuant to Section 9.12(i) hereof.

(i) Any action, claim or proceeding brought against the Bondholder Representative by the Bondholders, or any other party to any of the Project Documents (other than the Trustee, the Borrower, the School or the Issuer) shall be determined by arbitration administered by the American Arbitration Association and governed by its arbitration rules in effect as of the Closing Date, subject to any modifications contained herein. The number of arbitrators shall be three (3). The place of arbitration shall be the City, and any and all awards and other decisions shall be deemed to have been made within the City, without prejudice to the right of the arbitral tribunal to hold hearings, meetings or sessions any place it deems appropriate. The language of the arbitration shall be English. All and any awards or other decisions of the arbitral tribunal shall be final and binding on the parties. The parties consent to the jurisdiction of the courts of the State of New York to confirm an arbitration award.

(j) BY THE PURCHASE OF A BOND, EACH HOLDER IS DEEMED TO HAVE AGREED TO THE PROVISIONS OF THIS SECTION 9.12.

ARTICLE X

DISCHARGE OF INDENTURE; DEFEASANCE

Section 10.01 Defeasance. (a) If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, interest and all other amounts due or to become due thereon or in respect thereof, at the times and in the manner stipulated therein and in this Indenture, and all fees and expenses and other amounts due and payable under this Indenture and the Loan Agreement, and any other amounts required to be rebated to the federal government pursuant to the Tax Regulatory Agreement or this Indenture, shall be paid in full, then the pledge of any loan payments, revenues or receipts from or in connection with the Security Documents or the Facility under this Indenture and the estate and rights hereby granted, and all covenants, agreements and other obligations of the Issuer to the Bondholders hereunder shall thereupon cease, terminate and become void and be discharged and satisfied and the Bonds shall thereupon cease to be entitled to any lien, benefit or security hereunder, except as to moneys or securities held by the Trustee or the Paying Agents as provided below in this subsection. At the time of such cessation, termination, discharge and satisfaction, (1) the Trustee shall cancel and discharge the lien of this Indenture, of the Pledge and Security Agreement, of the Assignment of Lease and Rents and of the Mortgage and execute and deliver to the Borrower all such instruments as may be appropriate to satisfy such liens and to evidence such discharge and satisfaction, and (2) the Trustee and the Paying Agents shall pay over or deliver to the Borrower or on its order all moneys or securities held by them pursuant to this Indenture which are not required (i) for the payment of the principal or Redemption Price, if applicable, Sinking Fund Installments for, or interest on Bonds not theretofore surrendered for such payment or redemption, (ii) for the payment of all such other amounts due or to become due under the Security Documents, or (iii) for the payment of any amounts the Trustee has been directed to pay to the federal government under the Tax Regulatory Agreement or this Indenture.

(b) Bonds or interest installments for the payment or redemption of which moneys (or Defeasance Obligations which shall not be subject to call or redemption or prepayment prior to maturity and the full and timely payment of the principal of and interest on which when due, together with the moneys, if any, set aside at the same time, will provide funds sufficient for such payment or redemption) shall then be set aside and held in trust by the Trustee or Paying Agents, whether at or prior to the maturity or the Redemption Date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section, if (i) in case any such Bonds are to be redeemed prior to the maturity thereof, all action necessary to redeem such Bonds shall have been taken and notice of such redemption shall have been duly given or provision satisfactory under the requirements of this Indenture to the Trustee shall have been made for the giving of such notice, and (ii) if the maturity or Redemption Date of any such Bond shall not then have arrived, (y) provision shall have been made by deposit with the Trustee or other methods satisfactory to the Trustee for the payment to the Holders of any such Bonds of the full amount to which they would be entitled by way of principal or Redemption Price, Sinking Fund Installments, and interest and all other amounts then due under the Security Documents to the date of such maturity or redemption, and (z) provision satisfactory to the Trustee shall have been made for the mailing of a notice to the

Holders of such Bonds that such moneys are so available for such payment on such maturity or Redemption Date.

Section 10.02 Defeasance Opinion and Verification. Prior to any defeasance becoming effective as provided in Section 10.01(b), there shall have been delivered to the Issuer and to the Trustee (A) an opinion of Nationally Recognized Bond Counsel to the effect that interest on any Tax-Exempt Bonds being discharged by such defeasance will not become subject to federal income taxation by reason of such defeasance, and (B) a verification from an independent certified public accountant or firm of independent certified public accountants (in each case reasonably satisfactory to the Issuer and the Trustee) to the effect that the moneys and/or Defeasance Obligations are sufficient, without reinvestment, to pay the principal of, Sinking Fund Installments for, interest on, and redemption premium, if any, of the Bonds to be defeased.

Section 10.03 No Limitation of Rights of Holders. No provision of this Article X, including any defeasance of Bonds, shall limit the rights of the Holder of any Bonds under Section 3.06, 3.07 or 3.09 until such Bonds shall have been paid in full.

ARTICLE XI

AMENDMENTS OF INDENTURE

Section 11.01 Limitation on Modifications. This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article.

Section 11.02 Supplemental Indentures Without Bondholders' Consent. (a) The Issuer and the Trustee may, from time to time and at any time, enter into Supplemental Indentures without the consent of the Bondholders (but subject to the consent of the Bondholder Representative, if any) for any of the following purposes:

(1) To cure any formal defect, omission or ambiguity in this Indenture or in any description of property subject to the lien hereof, if such action is not materially adverse to the interests of the Bondholders. The Issuer or the Trustee may request an Opinion of Counsel with respect to any foregoing matters.

(2) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as theretofore in effect.

(3) To add to the covenants and agreements of the Issuer in this Indenture other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with this Indenture as theretofore in effect.

(4) To add to the limitations and restrictions in this Indenture other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with this Indenture as theretofore in effect.

(5) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture, of the properties of the Facility, or revenues or other income from or in connection with the Facility or of any other moneys, securities or funds, or to subject to the lien or pledge of this Indenture additional revenues, properties or collateral.

(6) To modify or amend such provisions of this Indenture as shall, in the opinion of Nationally Recognized Bond Counsel, be necessary to assure that the interest on the Tax-Exempt Bonds not be includable in gross income for federal income tax purposes.

(7) To effect any other change herein which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Bondholders.

(8) To modify, amend or supplement this Indenture or any Supplemental Indenture in such manner as to permit the qualification hereof and

thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to this Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

(b) Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to this Section, there shall have been filed with the Trustee an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms.

Section 11.03 Supplemental Indentures With Bondholders' Consent.

(a) Subject to the terms and provisions contained in this Article, the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders) shall have the right from time to time, to consent to and approve the entering into by the Issuer and the Trustee of any Supplemental Indenture as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein. Nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of, Sinking Fund Installments for, or Redemption Price of, or interest on, any Outstanding Bonds, a change in the terms of redemption or maturity of the principal of or the interest on any Outstanding Bonds, or a reduction in the principal amount of or the Redemption Price of any Outstanding Bond or the rate of interest thereon, or any extension of the time of payment thereof, without the consent of the Holder of such Bond, (ii) the creation of a lien upon or pledge of the Trust Estate other than the liens or pledge created by this Indenture and the other Security Documents, except as provided in this Indenture with respect to Additional Bonds, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, or (v) a modification, amendment or deletion with respect to any of the terms set forth in this Section 11.03(a), without, in the case of items (ii) through and including (v) of this Section 11.03(a), the written consent of one hundred percent (100%) of the Holders of the Outstanding Bonds.

(b) If at any time the Issuer shall determine to enter into any Supplemental Indenture for any of the purposes of this Section, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders.

(c) Within one year after the date of such notice, the Issuer and the Trustee may enter into such Supplemental Indenture in substantially the form described in such notice only if there shall have first been filed with the Trustee (i) the written consents of the Bondholder Representative (or, if no Bondholder Representative then exists, the Majority Holders) or the Holders of not less than 100%, as the case may be, in aggregate principal amount of the Bonds then Outstanding and (ii) an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture (A) is authorized or permitted by this Indenture and complies with its

terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms and (B) will not cause the interest on any Series of Tax-Exempt Bonds to become includable in gross income for federal income tax purposes. Each valid consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient in accordance with this Indenture shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee prior to the execution of such Supplemental Indenture.

(d) If the Bondholder Representative, if any, or the Holders of not less than the percentage of Bonds required by this Section shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

(e) Upon the execution of any Supplemental Indenture pursuant to the provisions of this Section, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under this Indenture, subject in all respects to such modifications and amendments.

Section 11.04 Supplemental Indenture Part of this Indenture. Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all the terms and conditions contained in any such Supplemental Indenture as to any provisions authorized to be contained therein shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. The Trustee shall execute any Supplemental Indenture entered into in accordance with the provisions of Section 11.02 or 11.03.

ARTICLE XII

AMENDMENTS OF RELATED SECURITY DOCUMENTS

Section 12.01 Rights of Obligors. Anything herein to the contrary notwithstanding, any Supplemental Indenture entered into pursuant to Article XI which materially and adversely affects any rights, powers and authority of the Borrower and/or the School under the Loan Agreement or requires a revision of the Loan Agreement shall not become effective unless and until the Borrower and/or the School, as applicable, shall have given its written consent to such Supplemental Indenture signed by an Authorized Representative of the Borrower and/or the School.

Section 12.02 Amendments of Related Security Documents Not Requiring Consent of Bondholders. The Issuer and the Trustee may, without the consent of or notice to the Bondholders (but subject to the consent of the Bondholder Representative, if any), consent (if required) to any amendment, change or modification of any of the Related Security Documents for any of the following purposes: (i) to cure any ambiguity, inconsistency, formal defect or omission therein; (ii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may be lawfully granted or conferred; (iii) to subject thereto additional revenues, properties or collateral; (iv) to evidence the succession of a successor Trustee or to evidence the appointment of a separate or co-Trustee or the succession of a successor separate or co-Trustee; (v) to make any change required in connection with a permitted amendment to a Related Security Document or a permitted Supplemental Indenture; (vi) to provide for changes to Section 5.1 of the Loan Agreement; and (vii) to make any other change that, in the judgment of the Trustee (which, in exercising such judgment, may conclusively rely, and shall be protected in relying, in good faith, upon an Opinion of Counsel or an opinion or report of engineers, accountants or other experts) does not materially adversely affect the Bondholders. The Trustee shall have no liability to any Bondholder or any other Person for any action taken by it in good faith pursuant to this Section. Before the Issuer or the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any Series of the Tax-Exempt Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

Section 12.03 Amendments of Related Security Documents Requiring Consent of Bondholders. Except as provided in Section 12.02, the Issuer and the Trustee shall not consent to any amendment, change or modification of any of the Related Security Documents, without mailing of notice and the written approval or consent of the Bondholder Representative (or, if no Bondholder Representative exists, the Majority Holders) given and procured as in Section 11.03 set forth; provided, however, there shall be no amendment, change or modification to (i) the obligation of the Borrower to make loan payments with respect to the Bonds under the Loan Agreement or the Promissory Notes or (ii) the Tax Regulatory Agreement, without the delivery of an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change, modification, reduction or postponement will not cause the interest on any Series of Tax-Exempt Bonds to become includable in gross income for federal income tax purposes. If at any time the Borrower shall request the consent of the Trustee to any such

proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change or modification to be mailed in the same manner as is provided in Article XI with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders. The Trustee may, but shall not be obligated to, enter into any such amendment, change or modification to a Related Security Document which affects the Trustee's own rights, duties or immunities under such Related Security Document or otherwise. Before the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any Series of Tax-Exempt Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

ARTICLE XIII

MISCELLANEOUS

Section 13.01 Evidence of Signature of Bondholders and Ownership of Bonds. (a) Any request, consent, revocation of consent, approval, objection or other instrument which this Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by any Bondholder in person or by his duly authorized attorney appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of this Indenture (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable: the fact and date of the execution by any Bondholder or his attorney of such instruments may be proved by a guarantee of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. For the purposes of the transfer or exchange of any Bond, the fact and date of the execution of the Bondholder or his attorney of the instrument of transfer shall be proved by a guarantee of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(b) The ownership of Bonds and the amount, numbers and other identification shall be proved by the registry books.

(c) Except as otherwise provided in Section 11.03 with respect to revocation of a consent, any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer or the Trustee or any Paying Agent in accordance therewith.

(d) Any Bonds held by the Borrower or the School shall not be entitled to any voting rights hereunder.

(e) The Bondholder Representative shall be an intended beneficiary of this Indenture entitled to enforce the rights of the Bondholder Representative hereunder as if the Bondholder Representative were a party hereto.

Section 13.02 Notices. Any notice, demand, direction, certificate, Opinion of Counsel, request, instrument or other communication authorized or required by this Indenture to be given to or filed with the Issuer, the Borrower, the School, the Bondholder Representative, if

any, or the Trustee shall be sufficient if sent (i) by return receipt requested or registered or certified United States mail, postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

(A) if to the Issuer, to:

Build NYC Resource Corporation
110 William Street
New York, New York 10038
Attention: General Counsel

with a copy to:

Build NYC Resource Corporation
110 William Street
New York, New York 10038
Attention: Executive Director

(B) if to the Borrower, to:

American Dream Gerard LLC
c/o Friends of the American Dream Charter School Inc.
510 East 141st Street, 4th Floor
Bronx, New York 10454
Attention: Melissa Melkonian

with a copy to:

American Dream Gerard LLC
c/o Friends of the American Dream Charter School Inc.
700 Gerard Avenue
Bronx, New York 10451
Attention: Melissa Melkonian

and an additional copy to:

Gilbride, Tusa, Last & Spellane LLC
675 Third Avenue, 31st Floor
New York, New York 10017
Attention: Eric Seltzer, Esq.

(C) if to the School, to

American Dream Charter School
510 East 141st Street, 4th Floor
Bronx, New York 10454
Attention: Melissa Melkonian

with a copy to:

American Dream Charter School
700 Gerard Avenue
Bronx, New York 10451
Attention: Melissa Melkonian

and an additional copy to:

Gilbride, Tusa, Last & Spellane LLC
675 Third Avenue, 31st Floor
New York, New York 10017
Attention: Eric Seltzer, Esq.

(D) if to the Trustee, to

The Bank of New York Mellon
240 Greenwich Street, Floor 7W
New York, New York 10286
Attention: Corporate Trust Administration

(E) if to the Bondholder Representative, to:

Rosemawr Management, LLC
810 Seventh Avenue, 27th Floor
New York, New York 10019
Attention: c/o ADS Disclosure Department
with a copy to ads@rosemawr.com

The Issuer, the Borrower, the School, the Bondholder Representative, if any, and the Trustee may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder. The Trustee shall promptly provide copies of all notices received by the Trustee hereunder or under any other Project Document to the Bondholder Representative.

In addition to the above means of delivering notice, the Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“**Instructions**”) given pursuant to this Indenture and delivered using Electronic Means; provided, however, that the Borrower shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“**Authorized Officers**”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Borrower whenever a person is to be added or deleted from the listing. If the Borrower elects to

give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Borrower understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Borrower shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Borrower and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Borrower. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Borrower agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that each is individually fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Borrower; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 13.03 Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Borrower, the School, the Bondholder Representative, if any, the Trustee, the Bond Registrar, the Paying Agents and the Holders of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof. All covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Borrower, the School, the Bondholder Representative, if any, the Trustee, the Bond Registrar, the Paying Agents and the Holders of the Bonds.

Section 13.04 Partial Invalidity. If any one or more of the provisions of this Indenture or of the Bonds shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions hereof or of the Bonds, but this Indenture and the Bonds shall be construed and enforced as of such illegal or invalid provision had not been contained herein.

Section 13.05 Effective Date; Counterparts. The date of this Indenture shall be for reference purposes only and shall not be construed to imply that this Indenture was executed on the date first above written. This Indenture was delivered on the Closing Date. This Indenture shall become effective upon its delivery on the Closing Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.06 Laws Governing Indenture. This Indenture shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

Section 13.07 No Pecuniary Liability of Issuer or Members; No Debt of the State or the City. Every agreement, covenant and obligation of the Issuer under this Indenture is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall not create a debt of the State or the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor but shall be a limited revenue obligation of the Issuer payable by the Issuer solely from the loan payments, revenues and receipts pledged to the payment thereof in the manner and to the extent in this Indenture specified and nothing in the Bonds, in the Loan Agreement, in this Indenture or in any other Security Document shall be considered as pledging any other funds or assets of the Issuer. The Issuer shall not be required under this Indenture or the Loan Agreement or any other Security Document to expend any of its funds other than (i) the proceeds of the Bonds, (ii) the loan payments, revenues and receipts and other moneys pledged to the payment of the Bonds, (iii) any income or gains therefrom, and (iv) the Net Proceeds with respect to the Facility. No provision, covenant or agreement contained in this Indenture or in the Bonds or any obligations herein or therein imposed upon the Issuer or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit.

All covenants, stipulations, promises, agreements and obligations of the Issuer contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, director, officer, employee or agent of the Issuer in his individual capacity, and no recourse shall be had for the payment of the principal or Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. Neither the Bonds, the interest thereon, the Sinking Fund Installments therefor, nor the Purchase Price or the Redemption Price thereof shall ever constitute a debt of the State or of the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor.

Section 13.08 Priority of Indenture Over Liens. This Indenture and the Mortgage are given in order to secure funds to pay for the Project and by reason thereof, it is intended that this Indenture and the Mortgage shall be superior to any laborers', mechanics' or materialmen's liens which may be placed upon the Facility subsequent to the recordation of the Mortgage. In compliance with Section 13 of the Lien Law, the Issuer will receive the advances secured by this Indenture and the Mortgage and will hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of improvements and that the Issuer will apply the same first to the payment of the costs of improvements before using any part of the total of the same for any other purpose.

Section 13.09 Consent to Jurisdiction. Each party hereto irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of or related to this Indenture may be brought in the courts of record of the State in New York County or the

United States District Court for the Southern District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (x) to move to dismiss on grounds of *forum non conveniens*, (y) to remove to any federal court other than the United States District Court for the Southern District of New York, and (z) to move for a change of venue to a New York State Court outside New York County.

Section 13.10 Waiver of Trial by Jury. Each party hereto hereby expressly waives all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Indenture or any matters whatsoever arising out of or in any way connected with this Indenture. The provisions of this Indenture relating to waiver of trial by jury shall survive the termination or expiration of this Indenture.

Section 13.11 Legal Counsel; Mutual Drafting. Each party acknowledges that this Indenture is a legally binding contract and that it was represented by legal counsel in connection with the drafting, negotiation and preparation of this Indenture. Each party acknowledges that it and its legal counsel has cooperated in the drafting, negotiation and preparation of this Indenture and agrees that this Indenture and any provision hereof shall be construed, interpreted and enforced without regard to any presumptions against the drafting party. Each party hereby agrees to waive any rule, doctrine or canon of law, including without limitation, the *contra preferentem* doctrine, that would require interpretation of any ambiguities in this Indenture against the party that has drafted it.

Section 13.12 Control by Bondholder Representative. Notwithstanding any other provision to the contrary, any discretionary action on the part of the Trustee contained herein or in any Project Document, including, without limitation, any consent or waiver hereunder or thereunder, which would otherwise require the Trustee to seek the direction of a stated percentage of Bondholders, shall require the prior written consent of the Bondholder Representative (if in effect), and the Trustee hereby agrees to take such action, or refrain from taking such action, upon the written direction of the Bondholder Representative. Notwithstanding the foregoing, the Trustee shall not be required to take any such action at the direction of the Bondholder Representative unless the Bondholder Representative provides indemnification to the Trustee as provided in Section 9.02.

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IN WITNESS WHEREOF, Build NYC Resource Corporation, New York, New York, has caused these presents to be executed in its name and behalf by its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel, and, to evidence its acceptance of the trust hereby created, the Trustee has caused these presents to be signed in its name and behalf by an authorized representative, all as of the day and year first above written.

BUILD NYC RESOURCE CORPORATION

By: _____
Krishna Omolade
Deputy Executive Director

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Glenn Kunak
Vice President

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On the ____ day of October, in the year two thousand eighteen, before me, the undersigned, personally appeared Krishna Omolade known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon the behalf of whom the individual acted, executed the instrument.

Notary Public/Commissioner of Deeds

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On the ____ day of October, in the year two thousand eighteen, before me, the undersigned, personally appeared Glenn Kunak, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon the behalf of whom the individual acted, executed the instrument.

Notary Public

APPENDICES

EXHIBIT A

DESCRIPTION OF THE LAND

ALL THAT CERTAIN PLOT, PIECE OR PARCEL OF LAND, SITUATE, LYING AND BEING IN THE BOROUGH AND COUNTY OF THE BRONX, CITY AND STATE OF NEW YORK, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EASTERLY SIDE OF GERARD AVENUE (60 FEET WIDE), DISTANT 180.00 FEET NORTHERLY FROM THE CORNER FORMED BY THE INTERSECTION OF THE EASTERLY SIDE OF GERARD AVENUE AND THE NORTHEASTERLY SIDE OF EAST 153RD STREET (60 FEET WIDE);

RUNNING THENCE NORTHERLY ALONG THE EASTERLY SIDE OF GERARD AVENUE, 88.68 FEET TO A POINT;

THENCE EASTERLY, AT RIGHT ANGLES TO THE EASTERLY SIDE OF GERARD AVENUE, 95.27 FEET TO A POINT;

THENCE SOUTHERLY ALONG A LINE FORMING AN INTERIOR ANGLE OF 90° 43' WITH THE PRECEDING COURSE, 88.69 FEET;

THENCE WESTERLY ALONG A LINE FORMING A RIGHT ANGLE WITH THE EASTERLY SIDE OF GERARD AVENUE, 96.37 FEET TO THE EASTERLY SIDE OF GERARD AVENUE AT THE POINT OR PLACE OF BEGINNING.

EXHIBIT B

DESCRIPTION OF THE FACILITY PERSONALTY

NONE

EXHIBIT C-1

FORM OF FULLY REGISTERED SERIES 2018A BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN RELIANCE UPON EXEMPTIONS PROVIDED BY THE SECURITIES ACT. NO RESALE OR OTHER TRANSFER OF THIS BOND MAY BE MADE UNLESS SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS AND IN ACCORDANCE WITH THE INDENTURE OF TRUST REFERRED TO HEREIN. NEITHER THE ISSUER NOR THE TRUSTEE IS OBLIGATED TO REGISTER THIS BOND UNDER THE SECURITIES ACT OR ANY OTHER SECURITIES OR "BLUE SKY" LAW.

THIS BOND MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) SO LONG AS THIS BOND IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A OF THE SECURITIES ACT, TO A PERSON CONSTITUTING A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (2) TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT.

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR

BUILD NYC RESOURCE CORPORATION
REVENUE BOND
(AMERICAN DREAM CHARTER SCHOOL PROJECT), SERIES 2018A

Maturity Date: June 15, 2052
Registered Owner: Cede & Co.
Maximum Principal Amount: \$25,725,000
Interest Rate: 5.875%
Bond Number: AR-
CUSIP: 12008E PH3

THIS BOND IS BEING ISSUED AS A DRAW-DOWN BOND, IN THAT THE INITIAL BENEFICIAL OWNERS WILL PURCHASE THE PRINCIPAL AMOUNT OF THIS BOND IN INSTALLMENTS, AT PAR, IN ACCORDANCE WITH THE TERMS OF AND AS REQUIRED BY SECTION 4.01(d) OF THE INDENTURE (HEREINAFTER DEFINED). ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND WHICH HAS BEEN PURCHASED BY THE REGISTERED HOLDER AT ANY GIVEN TIME MAY BE LESS THAN THE MAXIMUM PRINCIPAL AMOUNT OF THIS BOND AS SET FORTH ON THE FACE OF THIS BOND. UPON EACH PURCHASE OF A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND IN ACCORDANCE WITH THE TERMS OF SECTION 4.01(d) OF THE INDENTURE, THE TRUSTEE (HEREINAFTER DEFINED) WILL NOTE ON A PRINCIPAL LOG KEPT BY THE TRUSTEE (IN THE SAME FORM AS EXHIBIT A HERETO) THE PRINCIPAL AMOUNT OF THIS BOND SO PURCHASED, THE DATE OF SUCH PURCHASE AND THE TOTAL PRINCIPAL AMOUNT OF THIS BOND THEN OUTSTANDING. THE RECORDS MAINTAINED BY THE TRUSTEE IN SUCH REGARD WILL BE CONCLUSIVE EVIDENCE OF THE PRINCIPAL AMOUNT OF THIS BOND WHICH HAS BEEN PURCHASED AND IS OUTSTANDING ABSENT MANIFEST ERROR. THE PRINCIPAL AMOUNT OF THIS BOND PURCHASED BY THE INITIAL BENEFICIAL OWNERS WILL BE NOTED BY THE TRUSTEE ON THE PRINCIPAL LOG ATTACHED TO THIS BOND.

Promise to Pay. Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York (herein called the "Issuer"), for value received, hereby promises to pay as hereinafter provided, solely from the loan payments, revenues and receipts as provided in the Indenture of Trust hereinafter referred to, to the Registered Holder identified above or registered assigns, upon presentation and surrender hereof, on the Maturity Date set forth above, up to the Maximum Principal Amount set forth above so advanced, and in like manner to pay interest at the Interest Rate set forth above on the unpaid Principal Amount hereof purchased on the respective Draw-Down Date set forth in Exhibit A

until the Issuer's obligation with respect to the payment of such Principal Amount shall be discharged. Payment of interest shall be made on June 15 and December 15 in each year, commencing December 15, 2018 (or, if such day is not a Business Day, the immediately succeeding Business Day) (each, an "Interest Payment Date"). Such interest shall be computed on the basis of a 360-day year of twelve 30-day months. In no event shall the interest rate payable hereon exceed the maximum permitted by, or enforceable under, applicable law. Payment shall be made in any coin or currency of the United States of America which, on the respective dates of payment, is legal tender for the payment of public and private debts. Capitalized terms used but not defined in this bond shall have the respective meanings assigned to such terms in the Indenture hereinafter referred to.

This bond shall bear interest as to each unpaid Principal Amount from the respective Draw-Down Date indicated in Exhibit A. If authenticated on or after the first Interest Payment Date following such Draw-Down Date, in exchange for or upon the registration of transfer of Series 2018A Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

Method of Currency. The principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Series 2018A Bonds shall be payable in any coin or currency of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Payments. The principal of, Sinking Fund Installments for, and the Purchase Price or the Redemption Price, if applicable, on all Series 2018A Bonds shall be payable by check or draft or wire transfer of immediately available funds at maturity or upon earlier purchase or redemption to the Persons in whose names such Series 2018A Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or Redemption Date thereof, provided, however, that the payment in full of any Series 2018A Bond either at final maturity or upon purchase or redemption in whole shall only be payable upon the presentation and surrender of such Series 2018A Bond at the designated corporate trust office of The Bank of New York Mellon in New York, New York, as trustee and paying agent (the "Paying Agent"), or at the corporate trust office of any successor Paying Agent.

The interest payable on each Series 2018A Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Series 2018A Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Record Date for such interest, (1) by check or draft mailed to such registered owner at his address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Series 2018A Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Series 2018A Bonds in the aggregate principal amount of at least \$1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Record Date for any interest payment.

Interest on any Series 2018A Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Series 2018A Bond on the relevant Record Date and shall be payable to the owner in whose name such Series 2018A Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed as provided in the Indenture.

Authorization and Purpose. This bond is one of an authorized issue of bonds designated as "Build NYC Resource Corporation Revenue Bonds (American Dream Charter School Project), Series 2018A" (the "Series 2018A Bonds") issued as draw-down bonds in the maximum aggregate principal amount of \$25,725,000. Concurrently with the issuance of the Series 2018A Bonds, the Issuer is also issuing its "Build NYC Resource Corporation Revenue Bonds (American Dream Charter School Project), Series 2018B (Taxable)" in the aggregate principal amount of \$1,020,000 (the "Series 2018B Bonds", and, together with the Series 2018A Bonds, collectively, the "Initial Bonds"). The Initial Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and under and pursuant to a resolution adopted by the members of the Issuer on June 12, 2018 authorizing the issuance of the Initial Bonds and under and pursuant to an Indenture of Trust, dated as of October 1, 2018 (as the same may be amended or supplemented, the "Indenture"), made and entered into by and between the Issuer and The Bank of New York Mellon, as trustee (said bank and any successor thereto under the Indenture being referred to herein as the "Trustee"), for the purpose of financing a portion of the cost of the acquisition, construction, furnishing and equipping by the Issuer of a facility (the "Facility") for American Dream Gerard LLC, a limited liability company organized and existing under the laws of the State of New York (hereinafter, together with any assignee of the Loan Agreement hereinafter referred to, called the "Borrower"), consisting of the acquisition of an approximately 8,497 square-foot parcel of land located at 700 Gerard Avenue, Bronx, New York, the demolition of a parking lot located thereon, and the design, construction, furnishing and equipping of an approximately 33,173 square-foot, five-story building located thereon, together with related site improvements, all for general classroom and administrative use (the "Project") by American Dream Charter School, a not-for-profit education corporation and a charter school organized and existing under the laws of the State of New York (hereinafter referred to as the "School"; the Borrower and the School are collectively referred to as the "Obligors"). The Facility is owned by the Borrower and leased by the Borrower to the School pursuant to a Lease Agreement, dated October 30, 2018, between the Borrower, as landlord, and the School, as tenant (as the same may be amended or supplemented, the "Facility Lease"). In order to finance a portion of the costs of the Project, the Issuer has made a loan to the Borrower in the original principal amount of the Initial Bonds from the proceeds of the Initial Bonds pursuant to a certain Loan and Use Agreement, dated as of October 1, 2018, between the Issuer, as one party, and the Borrower and the School, as the other party (as the same may be amended or supplemented, the "Loan Agreement"), and the Borrower has executed two certain Promissory Notes, one related to the Series 2018A Bonds and one related to the Series 2018B Bonds, with each Promissory Date dated the date of original issuance of the Initial Bonds in favor of the Issuer (as the same may be amended or supplemented, the "Promissory Notes") to evidence the Borrower's obligation under the Loan Agreement to repay such loan. Each of the Loan Agreement and the Promissory Notes requires the payment by the Borrower of loan payments sufficient to provide for the payment of the principal or Redemption Price, if any, of, Sinking

Fund Installments for, and interest on the Initial Bonds as the same become due. Copies of the Facility Lease, the Indenture, the Loan Agreement, the Promissory Notes, the Pledge and Security Agreement hereinafter referred to, the Assignment of Lease and Rents hereinafter referred to, the Blocked Account Control Agreement hereinafter referred to, and the Mortgage hereinafter referred to are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Initial Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Initial Bonds, the rights and remedies of the holders of the Initial Bonds, and the rights, duties and obligations of the Issuer, the Borrower, the School, the Bondholder Representative (as defined in the Indenture), if any, and the Trustee.

Pledge and Security. Pursuant to the Indenture, the Issuer has assigned to the Trustee all of its right, title and interest in and to the Promissory Notes and substantially all of its right, title and interest in and to the Loan Agreement, including all rights to receive loan payments sufficient to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest and all other amounts due on the Initial Bonds as the same become due, to be made by the Borrower pursuant to the Loan Agreement and the Promissory Notes. The Bonds are secured by mortgage liens on and security interests in the Borrower's fee title interest in the Facility pursuant to a Mortgage and Security Agreement (Acquisition Loan), a Mortgage and Security Agreement (Building Loan) and a Mortgage and Security Agreement (Indirect Loan), each dated as of October 1, 2018, and each from the Borrower to the Issuer and the Trustee (as each of the same may hereafter be amended or supplemented, collectively, the "Mortgage"). Pursuant to an Assignment of Mortgage (as defined in the Indenture), the Issuer has assigned to the Trustee all of the Issuer's right, title and interest in and to the Mortgage. The Initial Bonds are also secured pursuant to an Assignment of Lease and Rents (Acquisition Loan), an Assignment of Lease and Rents (Building Loan) and an Assignment of Lease and Rents (Indirect Loan), each dated as of October 1, 2018, and each from the Borrower to the Issuer and the Trustee (as each of the same may hereafter be amended or supplemented, collectively, the "Assignment of Lease and Rents"). Pursuant to an Assignment of ALR (as defined in the Indenture), the Issuer has assigned to the Trustee all of the Issuer's right, title and interest in and to the Assignment of Lease and Rents. Pursuant to the terms of the Facility Lease, the Borrower has directed the School to make the School's Facility Lease Rental Payments (as defined in the Indenture) directly to the Borrower's bank account that is subject to the Account Control Agreement, dated as of October 1, 2018, by and among the Trustee, the Borrower and The Bank of New York Mellon as depository bank (the "Blocked Account Control Agreement"). Pursuant to the terms of the Blocked Account Control Agreement, the Borrower has granted a security interest in the Borrower's operating account to the Trustee and also authorizes the Trustee to transfer the amounts required under the Indenture and the Loan Agreement to the Revenue Fund established under the Indenture. The Initial Bonds are further secured by a lien and security interest in the Pledged Collateral pursuant to, and as defined in, a certain Pledge and Security Agreement, dated as of October 1, 2018 (as the same may hereafter be amended or supplemented, the "Pledge and Security Agreement") from the Borrower to the Trustee.

THE INITIAL BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER AND SHALL NEVER CONSTITUTE A DEBT OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW

YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE THEREON, NOR SHALL THE INITIAL BONDS BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR.

Reference is hereby made to the Indenture for the definition of any capitalized word or term used but not defined herein and for a description of the property pledged, assigned and otherwise available for the payment of the Initial Bonds, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Initial Bonds, and the terms upon which the Initial Bonds are issued and secured.

Additional Bonds. As provided in the Indenture, upon satisfying certain conditions including in certain circumstances obtaining consents of the Bondholder Representative (or, if no Bondholder Representative exists, of the Majority Holders), a Series of Additional Bonds may be issued from time to time in one or more series for the purpose of financing the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, providing extensions, additions or improvements to the Facility, or refunding outstanding Bonds (to the extent that such Bonds shall be subject to earlier redemption). All bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

General Interest Rate Limitation. Anything herein or in the Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Indenture shall be subject to the limitation that payments of interest or other amounts hereon shall not be required to the extent that receipt of any such payment by a holder of this bond would be contrary to the provisions of law applicable to such holder of this bond which would limit the maximum rate of interest which may be charged or collected by such holder of this bond.

Redemption of Initial Bonds. (A) General Optional Redemption. (i) The Series 2018A Bonds shall be subject to redemption, on or after November 1, 2028, in whole or in part on any date (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000) at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Borrower of its intention to prepay loan payments due under the Loan Agreement with respect to the Series 2018A Bonds), at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2018A Bonds to be redeemed, plus accrued interest to the Redemption Date.

(ii) The Series 2018A Bonds are also subject to redemption, in whole (and not in part) on any date prior to November 1, 2028, at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Borrower of its intention to prepay loan payments due under the Loan Agreement with respect to the Series 2018A Bonds pursuant to the Loan Agreement), at the Redemption Price equal to the greater of

(y) the unpaid principal amount of the Series 2018A Bonds to be redeemed, or

(z) the sum of (i) the unpaid principal amount of the Series 2018A Bonds to be redeemed, and (ii) the present value of the remaining scheduled payments of interest to but not including November 1, 2028, discounted to the Redemption Date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Applicable Tax-Exempt Municipal Bond Rate plus twenty-five (25) basis points,

plus, in each case, accrued interest to the Redemption Date.

(B) Extraordinary Redemption. The Initial Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Borrower (which option shall be exercised only upon the giving of notice by the Borrower of its intention to prepay loan payments due under the Loan Agreement), as a whole on any date, upon notice or waiver of notice as provided in the Indenture, at a Redemption Price equal to one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the Redemption Date, if one or more of the following events shall have occurred:

(i) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of one year from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the School is thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

(ii) Title to, or the temporary use of, all or substantially all of the Facility shall have been taken or condemned by a competent authority which taking or condemnation results, or is likely to result, in the School being thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such taking or condemnation, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee; or

(iii) As a result of changes in the Constitution of the United States of America or of the State or of legislative or executive action of the State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by the Borrower and/or the School, the Loan Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or unreasonable burdens or excessive liabilities are imposed upon the Borrower and/or the School by reason of the operation of the Facility.

If the Initial Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the School shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the School stating that, as a result of the occurrence of the event giving rise to such redemption, the School has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

(C) Mandatory Sinking Fund Installment Redemption. The Series 2018A Bonds shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth in the Indenture, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture.

(D) Mandatory Redemption from Excess Proceeds and Certain Other Amounts. The Initial Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent:

(i) in the case of the Series 2018A Bonds only, excess Series 2018A Bond proceeds shall remain after the completion of the Project,

(ii) in the case of the Initial Bonds but only on a Pro Rata Basis, excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and the Indenture, or

(iii) in the case of the Initial Bonds but only on a Pro Rata Basis, excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personality,

in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2018A Bonds and/or the Series 2018B Bonds, as applicable, to be redeemed, together with interest accrued thereon to the Redemption Date.

(E) Mandatory Redemption Upon Failure to Operate the Facility for the Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Initial Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (w) the Borrower and/or the School is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project Operations, (x) the Borrower, the School, any Principal of the Borrower and/or of the School or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Borrower and/or the School has committed a material violation of a material Legal Requirement, (y) any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (z) a Required Disclosure Statement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its sole discretion, or (ii) the Obligors shall fail to obtain or maintain the liability insurance with respect to the Facility required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Obligors shall fail to cure any such default or failure within the applicable time periods set forth in the Loan Agreement following the receipt by the Borrower and/or the School of written notice of such default or failure from the Issuer and a demand by the Issuer on the Obligors to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in the Indenture, at the Redemption Price of one hundred percent

(100%) of the unpaid principal amount of the Initial Bonds, together with interest accrued thereon to the Redemption Date.

(F) Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the Initial Bonds shall be redeemed prior to maturity on any date within forty-five (45) days following such Determination of Taxability, at the Redemption Prices (expressed as percentages of unpaid principal amount of the Initial Bonds to be redeemed) set forth below, together with accrued interest to the Redemption Date:

<u>Redemption Dates</u> <u>(both dates inclusive)</u>	<u>Redemption</u> <u>Prices</u>
Closing Date through October 31, 2028	105%
November 1, 2028 and thereafter	100

The Initial Bonds shall be redeemed in whole unless redemption of a portion of the Series 2018A Bonds Outstanding would have the result that interest payable on the Series 2018A Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Series 2018A Bond. In such event, the Series 2018A Bonds (and not the Series 2018B Bonds) shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

(G) Purchase in Lieu of Optional Redemption. In lieu of calling the Series 2018A Bonds for optional redemption, the Series 2018A Bonds shall be subject to mandatory tender for purchase at the direction of the Issuer, upon the direction of the Borrower, in whole or in part (and, if in part, in such manner as determined by the Borrower) on any date on or after November 1, 2028, at a Purchase Price equal to the applicable Redemption Price for any optional redemption of such Series 2018A Bonds as provided above, plus accrued interest to the purchase date. Purchases of tendered Series 2018A Bonds may be made without regard to any provision of the Indenture relating to the selection of Series 2018A Bonds in a partial optional redemption. The Series 2018A Bonds purchased pursuant to any mandatory tender(s) are required to be cancelled, and until cancelled, shall not be deemed Outstanding.

Purchases in lieu of an optional redemption shall be permitted, with the consent of the Issuer, upon the delivery to the Issuer and the Trustee of (i) an opinion of Nationally Recognized Bond Counsel addressed to the Issuer and the Trustee substantially to the effect that (A) such purchases in lieu of optional redemption comply with the provisions of the Indenture and (B) neither such purchases in lieu of an optional redemption nor any transaction directly related thereto will adversely affect the exclusion from gross income of interest on the Series 2018A Bonds for purposes of federal income taxation, and (ii) such other opinions, certificates or documentation as the Issuer may require.

Redemption Procedures. If any of the Series 2018A Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed at least thirty (30) days prior to such Redemption Date to the registered owner of each Series 2018A Bond to be redeemed at the address shown on the registration books. All Series 2018A Bonds so called for redemption will cease to bear interest after the Redemption Date if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given

as aforesaid, the Series 2018A Bonds called for redemption shall become due and payable on the Redemption Date, provided, however, that with respect to any optional redemption of the Series 2018A Bonds as provided in this bond, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Series 2018A Bonds to be redeemed, and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Issuer shall not be required to redeem such Series 2018A Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of Series 2018A Bonds so called for redemption at the place or places of payment, such Series 2018A Bonds shall be redeemed.

Amendment of Indenture. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Initial Bonds at any time by the Issuer with the consent of the Bondholder Representative (or, if no Bondholder Representative exists, the holders of not less than a majority in aggregate principal amount of the Initial Bonds at the time Outstanding thereunder). Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Initial Bond and of any such Initial Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

Denominations. The Series 2018A Bonds are issuable in the form of fully registered bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof; provided however, that if the Series 2018A Bonds are rated investment grade by a Rating Agency, then upon the Trustee receiving written notice of the occurrence of such event, the Authorized Denominations with respect to the Series 2018A Bonds shall be \$5,000 or any integral multiple thereof.

Exchange of Series 2018A Bonds. The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Series 2018A Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Series 2018A Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any Series 2018A Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Series 2018A Bonds to be redeemed, or (ii) transfer or exchange any Series 2018A Bonds selected, called or being called for redemption in whole or in part.

Transfer of Series 2018A Bonds. This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered owner or his duly authorized

attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Series 2018A Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Purchase Price or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Series 2018A Bond to the extent of the sum or sums so paid, and neither the Issuer, the Borrower, the School, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

In all cases in which the privilege of transferring or exchanging Series 2018A Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Borrower but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

Book Entry System. The Series 2018A Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Series 2018A Bond certificate with respect to each date on which the Series 2018A Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Series 2018A Bonds by the Securities Depository's Participants, beneficial ownership of the Series 2018A Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Beneficial Owners of the Series 2018A Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Special Agreement by Holder. Each Holder and Beneficial Owner of a Series 2018A Bond, by the purchase and acceptance of such Series 2018A Bond, is deemed to have represented and agreed as follows:

(A) (i) it is either a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”)) or an “accredited investor” (as defined in Regulation D under the Securities Act), and it has acquired such Series 2018A Bond for its own account or for the account of a qualified institutional buyer or an accredited investor, and (ii) it understands and acknowledges that such Series 2018A Bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer such Series 2018A Bond, such Series 2018A Bond may be offered, resold, pledged or transferred only in accordance with the above transfer restrictions set forth in the Indenture and only to a Person meeting the requirements set forth in the preceding clause (i); provided however, that if the Series 2018A Bonds are rated investment grade by a Rating Agency, then, upon the Trustee receiving written notice of the occurrence of such event, this paragraph (A) shall no longer apply to the Series 2018A Bonds; and

(B) to indemnify the Bondholder Representative, if any, to release the Bondholder Representative from liability, and to otherwise agree to those provisions within the Indenture relating to the rights, duties and liabilities of the Bondholder Representative.

Acceleration of Bonds. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Initial Bonds and Additional Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

Limitation on Bondholder Enforcement Rights. The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Special Obligation of the Issuer. This bond and the issue of which it forms a part are special limited revenue obligations of the Issuer, payable by the Issuer solely out of the loan payments, revenues or other receipts, funds or moneys of the Issuer pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Initial Bonds.

Estoppel Clause. It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

No Personal Liability. Neither the members, directors, officers or agents of the Issuer nor any person executing this bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

Authentication by Trustee. This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

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IN WITNESS WHEREOF, Build NYC Resource Corporation has caused this bond to be executed in its name by the manual or facsimile signature of its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and its official seal or a facsimile thereof to be hereunto impressed or imprinted hereon and attested by the manual or facsimile signature of its Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, all as of the Bond Date indicated above.

BUILD NYC RESOURCE CORPORATION

By: _____
Deputy Executive Director

(SEAL)

ATTEST:

Assistant Secretary

CERTIFICATE OF AUTHENTICATION

This bond is one of the Series 2018A Bonds of the issue described in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Authorized Signatory

Date of Authentication: _____

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevocably constitute and appoint _____
Attorney to transfer such bond on the books kept for the registration thereof, with full power of
substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment
must correspond with the name as it
appears on the face of the within bond in
every particular, without alteration or
enlargement or any change whatever.

**SIGNATURE GUARANTEED
MEDALLION GUARANTEED**

Authorized Signature
(Signature Guarantee Program Name)

[Signature Guarantee must be by a
member of the Stock Exchange
Medallion Program or the New York
Stock Exchange, Inc. Signature Program
in accordance with Securities and
Exchange Commission Rule 17Ad-15]

EXHIBIT A

PRINCIPAL LOG

Purchase Amount	Draw-Down Date	Payment Amount	Payment Date	Outstanding Principal	Trustee Initials

[END OF FORM OF SERIES 2018A BOND]

FORM OF FULLY REGISTERED SERIES 2018B BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN RELIANCE UPON EXEMPTIONS PROVIDED BY THE SECURITIES ACT. NO RESALE OR OTHER TRANSFER OF THIS BOND MAY BE MADE UNLESS SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS AND IN ACCORDANCE WITH THE INDENTURE OF TRUST REFERRED TO HEREIN. NEITHER THE ISSUER NOR THE TRUSTEE IS OBLIGATED TO REGISTER THIS BOND UNDER THE SECURITIES ACT OR ANY OTHER SECURITIES OR "BLUE SKY" LAW.

THIS BOND MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) SO LONG AS THIS BOND IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A OF THE SECURITIES ACT, TO A PERSON CONSTITUTING A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (2) TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT.

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR

BUILD NYC RESOURCE CORPORATION
REVENUE BOND
(AMERICAN DREAM CHARTER SCHOOL PROJECT), SERIES 2018B (TAXABLE)

Bond Date: _____
Maturity Date: June 15, 2025
Registered Owner: Cede & Co.
Principal Amount: \$ _____
Interest Rate: 7.750%
Bond Number: BR-
CUSIP: 12008E PJ9

Promise to Pay. Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York (herein called the “Issuer”), for value received, hereby promises to pay as hereinafter provided, solely from the loan payments, revenues and receipts as provided in the Indenture of Trust hereinafter referred to, to the Registered Holder identified above or registered assigns, upon presentation and surrender hereof, on the Maturity Date set forth above, the Principal Amount set forth above, and in like manner to pay interest at the Interest Rate set forth above on the unpaid principal balance hereof from the Bond Date set forth above until the Issuer’s obligation with respect to the payment of such Principal Amount shall be discharged. Payment of interest shall be made on June 15 and December 15 in each year, commencing December 15, 2018 (or, if such day is not a Business Day, the immediately succeeding Business Day) (each, an “Interest Payment Date”). Such interest shall be computed on the basis of a 360-day year of twelve 30-day months. In no event shall the interest rate payable hereon exceed the maximum permitted by, or enforceable under, applicable law. Payment shall be made in any coin or currency of the United States of America which, on the respective dates of payment, is legal tender for the payment of public and private debts. Capitalized terms used but not defined in this bond shall have the respective meanings assigned to such terms in the Indenture hereinafter referred to.

This bond shall bear interest from the Bond Date indicated above, if authenticated prior to the first Interest Payment Date. If authenticated on or after the first Interest Payment Date, in exchange for or upon the registration of transfer of Series 2018B Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

Method of Currency. The principal or Redemption Price of, Sinking Fund Installments for, and interest on the Series 2018B Bonds shall be payable in any coin or currency

of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Payments. The principal of, Sinking Fund Installments for, or the Redemption Price, if applicable, on all Series 2018B Bonds shall be payable by check or draft or wire transfer of immediately available funds at maturity or upon earlier purchase or redemption to the Persons in whose names such Series 2018B Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or Redemption Date thereof, provided, however, that the payment in full of any Series 2018B Bond either at final maturity or upon redemption in whole shall only be payable upon the presentation and surrender of such Series 2018B Bond at the designated corporate trust office of The Bank of New York Mellon in New York, New York, as trustee and paying agent (the “Paying Agent”), or at the corporate trust office of any successor Paying Agent.

The interest payable on each Series 2018B Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Series 2018B Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Record Date for such interest, (1) by check or draft mailed to such registered owner at his address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Series 2018B Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Series 2018B Bonds in the aggregate principal amount of at least \$1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Record Date for any interest payment.

Interest on any Series 2018B Bond that is due and payable but not paid on the date due (“Defaulted Interest”) shall cease to be payable to the owner of such Series 2018B Bond on the relevant Record Date and shall be payable to the owner in whose name such Series 2018B Bond is registered at the close of business on a special record date (the “Special Record Date”) for the payment of such Defaulted Interest, which Special Record Date shall be fixed as provided in the Indenture.

Authorization and Purpose. This bond is one of an authorized issue of bonds designated as “Build NYC Resource Corporation Revenue Bonds (American Dream Charter School Project), Series 2018B (Taxable)” (the “Series 2018B Bonds”) issued in the aggregate principal amount of \$1,020,000. Concurrently with the issuance of the Series 2018B Bonds, the Issuer is also issuing as draw-down bonds its “Build NYC Resource Corporation Revenue Bonds (American Dream Charter School Project), Series 2018A” in the maximum aggregate principal amount of \$25,725,000 (the “Series 2018A Bonds”, and, together with the Series 2018B Bonds, collectively, the “Initial Bonds”). The Initial Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and under and pursuant to a resolution adopted by the members of the Issuer on June 12, 2018 authorizing the issuance of the Initial Bonds and under and pursuant to an Indenture of Trust, dated as of October 1, 2018 (as the same may be amended or supplemented, the “Indenture”), made and entered into by and between the Issuer and The Bank of New York Mellon, as trustee (said bank and any successor thereto under

the Indenture being referred to herein as the “Trustee”), for the purpose of financing a portion of the cost of the acquisition, construction, furnishing and equipping by the Issuer of a facility (the “Facility”) for American Dream Gerard LLC, a limited liability company organized and existing under the laws of the State of New York (hereinafter, together with any assignee of the Loan Agreement hereinafter referred to, called the “Borrower”), consisting of the acquisition of an approximately 8,497 square-foot parcel of land located at 700 Gerard Avenue, Bronx, New York, the demolition of a parking lot located thereon, and the design, construction, furnishing and equipping of an approximately 33,173 square-foot, five-story building located thereon, together with related site improvements, all for general classroom and administrative use (the “Project”) by American Dream Charter School, a not-for-profit education corporation and a charter school organized and existing under the laws of the State of New York (hereinafter referred to as the “School”; the Borrower and the School are collectively referred to as the “Obligors”). The Facility is owned by the Borrower and leased by the Borrower to the School pursuant to a Lease Agreement, dated October 30, 2018, between the Borrower, as landlord, and the School, as tenant (as the same may be amended or supplemented, the “Facility Lease”). In order to finance a portion of the costs of the Project, the Issuer has made a loan to the Borrower in the original principal amount of the Initial Bonds from the proceeds of the Initial Bonds pursuant to a certain Loan and Use Agreement, dated as of October 1, 2018, between the Issuer, as one party, and the Borrower and the School, as the other party (as the same may be amended or supplemented, the “Loan Agreement”), and the Borrower has executed two certain Promissory Notes, one related to the Series 2018A Bonds and one related to the Series 2018B Bonds, with each Promissory Date dated the date of original issuance of the Initial Bonds in favor of the Issuer (as the same may be amended or supplemented, the “Promissory Notes”) to evidence the Borrower’s obligation under the Loan and Use Agreement to repay such loan. Each of the Loan Agreement and the Promissory Notes requires the payment by the Borrower of loan payments sufficient to provide for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Initial Bonds as the same become due. Copies of the Facility Lease, the Indenture, the Loan Agreement, the Promissory Notes, the Pledge and Security Agreement hereinafter referred to, the Assignment of Lease and Rents hereinafter referred to, the Blocked Account Control Agreement hereinafter referred to, and the Mortgage hereinafter referred to are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Initial Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Initial Bonds, the rights and remedies of the holders of the Initial Bonds, and the rights, duties and obligations of the Issuer, the Borrower, the School, the Bondholder Representative (as defined in the Indenture), if any, and the Trustee.

Pledge and Security. Pursuant to the Indenture, the Issuer has assigned to the Trustee all of its right, title and interest in and to the Promissory Notes and substantially all of its right, title and interest in and to the Loan Agreement, including all rights to receive loan payments sufficient to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest and all other amounts due on the Initial Bonds as the same become due, to be made by the Borrower pursuant to the Loan Agreement and the Promissory Notes. The Bonds are secured by mortgage liens on and security interests in the Borrower’s fee title interest in the Facility pursuant to a Mortgage and Security Agreement (Acquisition Loan), a Mortgage and Security Agreement (Building Loan) and a Mortgage and Security Agreement

(Indirect Loan), each dated as of October 1, 2018, and each from the Borrower to the Issuer and the Trustee (as each of the same may hereafter be amended or supplemented, collectively, the "Mortgage"). Pursuant to an Assignment of Mortgage (as defined in the Indenture), the Issuer has assigned to the Trustee all of the Issuer's right, title and interest in and to the Mortgage. The Initial Bonds are also secured pursuant to an Assignment of Lease and Rents (Acquisition Loan), an Assignment of Lease and Rents (Building Loan) and an Assignment of Lease and Rents (Indirect Loan), each dated as of October 1, 2018, and each from the Borrower to the Issuer and the Trustee (as each of the same may hereafter be amended or supplemented, collectively, the "Assignment of Lease and Rents"). Pursuant to an Assignment of ALR (as defined in the Indenture), the Issuer has assigned to the Trustee all of the Issuer's right, title and interest in and to the Assignment of Lease and Rents. Pursuant to the terms of the Facility Lease, the Borrower has directed the School to make the School's Facility Lease Rental Payments (as defined in the Indenture) directly to the Borrower's bank account that is subject to the Account Control Agreement, dated as of October 1, 2018, by and among the Trustee, the Borrower and The Bank of New York Mellon as depository bank (the "Blocked Account Control Agreement"). Pursuant to the terms of the Blocked Account Control Agreement, the Borrower has granted a security interest in the Borrower's operating account to the Trustee and also authorizes the Trustee to transfer the amounts required under the Indenture and the Loan Agreement to the Revenue Fund established under the Indenture. The Initial Bonds are further secured by a lien and security interest in the Pledged Collateral pursuant to, and as defined in, a certain Pledge and Security Agreement, dated as of October 1, 2018 (as the same may hereafter be amended or supplemented, the "Pledge and Security Agreement") from the Borrower to the Trustee.

THE INITIAL BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER AND SHALL NEVER CONSTITUTE A DEBT OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE THEREON, NOR SHALL THE INITIAL BONDS BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR.

Reference is hereby made to the Indenture for the definition of any capitalized word or term used but not defined herein and for a description of the property pledged, assigned and otherwise available for the payment of the Initial Bonds, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Initial Bonds, and the terms upon which the Initial Bonds are issued and secured.

Additional Bonds. As provided in the Indenture, upon satisfying certain conditions including in certain circumstances obtaining consents of the Bondholder Representative (or, if no Bondholder Representative exists, of the Majority Holders), a Series of Additional Bonds may be issued from time to time in one or more series for the purpose of financing the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, providing extensions, additions or improvements to the Facility, or refunding outstanding Bonds (to the extent that such Bonds shall be subject to earlier redemption). All bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

General Interest Rate Limitation. Anything herein or in the Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Indenture shall be subject to the limitation that payments of interest or other amounts hereon shall not be required to the extent that receipt of any such payment by a holder of this bond would be contrary to the provisions of law applicable to such holder of this bond which would limit the maximum rate of interest which may be charged or collected by such holder of this bond.

Redemption of Initial Bonds. (A) General Optional Redemption. The Series 2018B Bonds shall be subject to limited optional redemption prior to maturity in part (and not in whole) on any date within ninety (90) days following a Draw-Down Date (other than the Closing Date), in integral multiples of \$5,000, at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Borrower of its intention to redeem the Series 2018B Bonds from Costs of Issuance Reimbursement (Tax-Exempt)), at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2018B Bonds to be redeemed, plus accrued interest to the Redemption Date.

(B) Extraordinary Redemption. The Initial Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Borrower (which option shall be exercised only upon the giving of notice by the Borrower of its intention to prepay loan payments due under the Loan Agreement), as a whole on any date, upon notice or waiver of notice as provided in the Indenture, at a Redemption Price equal to one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the Redemption Date, if one or more of the following events shall have occurred:

(i) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of one year from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the School is thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

(ii) Title to, or the temporary use of, all or substantially all of the Facility shall have been taken or condemned by a competent authority which taking or condemnation results, or is likely to result, in the School being thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such taking or condemnation, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee; or

(iii) As a result of changes in the Constitution of the United States of America or of the State or of legislative or executive action of the State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by the Borrower and/or the School, the Loan Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or unreasonable burdens or

excessive liabilities are imposed upon the Borrower and/or the School by reason of the operation of the Facility.

If the Initial Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the School shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the School stating that, as a result of the occurrence of the event giving rise to such redemption, the School has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

(C) Mandatory Sinking Fund Installment Redemption. The Series 2018B Bonds shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth in the Indenture, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture.

(D) Mandatory Redemption from Excess Proceeds and Certain Other Amounts. The Initial Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent:

(i) in the case of the Series 2018A Bonds only, excess Series 2018A Bond proceeds shall remain after the completion of the Project,

(ii) in the case of the Initial Bonds but only on a Pro Rata Basis, excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and the Indenture, or

(iii) in the case of the Initial Bonds but only on a Pro Rata Basis, excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personalty,

in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2018A Bonds and/or the Series 2018B Bonds, as applicable, to be redeemed, together with interest accrued thereon to the Redemption Date.

(E) Mandatory Redemption Upon Failure to Operate the Facility for the Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Initial Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (w) the Borrower and/or the School is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project Operations, (x) the Borrower, the School, any Principal of the Borrower and/or of the School or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Borrower and/or the School has committed a material violation of a material Legal Requirement, (y) any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (z) a Required Disclosure Statement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its

sole discretion, or (ii) the Obligors shall fail to obtain or maintain the liability insurance with respect to the Facility required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Obligors shall fail to cure any such default or failure within the applicable time periods set forth in the Loan Agreement following the receipt by the Borrower and/or the School of written notice of such default or failure from the Issuer and a demand by the Issuer on the Obligors to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in the Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Initial Bonds, together with interest accrued thereon to the Redemption Date.

(F) Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the Initial Bonds shall be redeemed prior to maturity on any date within forty-five (45) days following such Determination of Taxability, at the Redemption Prices (expressed as percentages of unpaid principal amount of the Initial Bonds to be redeemed) set forth below, together with accrued interest to the Redemption Date:

Redemption Dates (both dates inclusive)	Redemption Prices
Closing Date through October 31, 2028	105%
November 1, 2028 and thereafter	100

The Initial Bonds shall be redeemed in whole unless redemption of a portion of the Series 2018A Bonds Outstanding would have the result that interest payable on the Series 2018A Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Series 2018A Bond. In such event, the Series 2018A Bonds (and not the Series 2018B Bonds) shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

Redemption Procedures. If any of the Series 2018B Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed at least thirty (30) days prior to such Redemption Date to the registered owner of each Series 2018B Bond to be redeemed at the address shown on the registration books. All Series 2018B Bonds so called for redemption will cease to bear interest after the Redemption Date if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Series 2018B Bonds called for redemption shall become due and payable on the Redemption Date.

Amendment of Indenture. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Initial Bonds at any time by the Issuer with the consent of the Bondholder Representative (or, if no Bondholder Representative exists, the holders of not less than a majority in aggregate principal amount of the Initial Bonds at the time Outstanding thereunder). Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Initial Bond and of any such Initial Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

Denominations. The Series 2018B Bonds are issuable in the form of fully registered bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof; provided however, that if the Series 2018B Bonds are rated investment grade by a Rating Agency, then upon the Trustee receiving written notice of the occurrence of such event, the Authorized Denominations with respect to the Series 2018B Bonds shall be \$5,000 or any integral multiple thereof.

Exchange of Series 2018B Bonds. The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Series 2018B Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Series 2018B Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any Series 2018B Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Series 2018B Bonds to be redeemed, or (ii) transfer or exchange any Series 2018B Bonds selected, called or being called for redemption in whole or in part.

Transfer of Series 2018B Bonds. This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Series 2018B Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Series 2018B Bond to the extent of the sum or sums so paid, and neither the Issuer, the Borrower, the School, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

In all cases in which the privilege of transferring or exchanging Series 2018B Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Borrower but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

Book Entry System. The Series 2018B Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Series 2018B Bond certificate with respect to each date on which

the Series 2018B Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Series 2018B Bonds by the Securities Depository's Participants, beneficial ownership of the Series 2018B Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Beneficial Owners of the Series 2018B Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Special Agreement by Holder. Each Holder and Beneficial Owner of a Series 2018B Bond, by the purchase and acceptance of such Series 2018B Bond, is deemed to have represented and agreed as follows:

(A) (i) it is either a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")) or an "accredited investor" (as defined in Regulation D under the Securities Act), and it has acquired such Series 2018B Bond for its own account or for the account of a qualified institutional buyer or an accredited investor, and (ii) it understands and acknowledges that such Series 2018B Bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer such Series 2018B Bond, such Series 2018B Bond may be offered, resold, pledged or transferred only in accordance with the above transfer restrictions set forth in the Indenture and only to a Person meeting the requirements set forth in the preceding clause (i); provided however, that if the Series 2018B Bonds are rated investment grade by a Rating Agency, then, upon the Trustee receiving written notice of the occurrence of such event, this paragraph (A) shall no longer apply to the Series 2018B Bonds; and

(B) to indemnify the Bondholder Representative, if any, to release the Bondholder Representative from liability, and to otherwise agree to those provisions within the Indenture relating to the rights, duties and liabilities of the Bondholder Representative.

Acceleration of Bonds. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Initial Bonds and Additional

Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

Limitation on Bondholder Enforcement Rights. The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Special Obligation of the Issuer. This bond and the issue of which it forms a part are special limited revenue obligations of the Issuer, payable by the Issuer solely out of the loan payments, revenues or other receipts, funds or moneys of the Issuer pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Initial Bonds.

Estoppel Clause. It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

No Personal Liability. Neither the members, directors, officers or agents of the Issuer nor any person executing this bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

Authentication by Trustee. This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Build NYC Resource Corporation has caused this bond to be executed in its name by the manual or facsimile signature of its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and its official seal or a facsimile thereof to be hereunto impressed or imprinted hereon and attested by the manual or facsimile signature of its Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, all as of the Bond Date indicated above.

BUILD NYC RESOURCE CORPORATION

By: _____
Deputy Executive Director

(SEAL)

ATTEST:

Assistant Secretary

CERTIFICATE OF AUTHENTICATION

This bond is one of the Series 2018B Bonds of the issue described in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Authorized Signatory

Date of Authentication: _____

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevocably constitute and appoint _____
Attorney to transfer such bond on the books kept for the registration thereof, with full power of
substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment
must correspond with the name as it
appears on the face of the within bond in
every particular, without alteration or
enlargement or any change whatever.

**SIGNATURE GUARANTEED
MEDALLION GUARANTEED**

Authorized Signature
(Signature Guarantee Program Name)

[Signature Guarantee must be by a
member of the Stock Exchange
Medallion Program or the New York
Stock Exchange, Inc. Signature Program
in accordance with Securities and
Exchange Commission Rule 17Ad-15]

[END OF FORM OF SERIES 2018B BOND]

**Form of Requisition from the
[Series 2018A Costs of Issuance Account]
[Series 2018A Construction Account]
of the Project Fund (Tax-Exempt)**

REQUISITION NO.

TO: The Bank of New York Mellon, as Trustee

FROM: American Dream Gerard LLC

Ladies and Gentlemen:

You are requested to draw from the [Series 2018A Costs of Issuance Account] [Series 2018A Construction Account] of the Project Fund (Tax-Exempt), established by Section 5.01 of the Indenture of Trust, dated as of October 1, 2018 (the "Indenture"), between Build NYC Resource Corporation (the "Issuer") and yourself, a check or checks or wire transfer, as applicable, in the amounts, payable to the order of those persons and for the purpose of paying those costs set forth on Schedule A attached hereto. All capitalized terms used in this Requisition not otherwise defined herein shall have the meanings given such terms by the Indenture or by the Loan Agreement referred to in the Indenture.

I hereby certify that

(i) I am an Authorized Representative of American Dream Gerard LLC (the "Borrower");

(ii) the number of this Requisition is _____;

(iii) the items of cost set forth on Schedule A attached hereto are correct and proper under the Tax Regulatory Agreement, under Section 5.02 of the Indenture, under Section 3.2 of the Loan Agreement and under the Construction Disbursement Agreement, and each such item has been properly paid or incurred as an item of Project Cost (Tax-Exempt);

(iv) none of the items for which this Requisition is made has formed the basis for any disbursement heretofore made from the Project Fund (Tax-Exempt);

(v) the payees and amounts stated in Schedule A attached hereto are true and correct and each item of cost so stated is due and owing;

(vi) each such item stated in Schedule A attached hereto is a proper charge against the Project Fund (Tax-Exempt);

(vii) each such item in Schedule A attached hereto represents the value of work actually furnished, or labor or services actually rendered and no item relates to materials, that are not incorporated into the improvement or deposits toward same;

(viii) each item of cost set forth in Schedule A attached hereto is consistent in all material respects with the Tax Regulatory Agreement;

(ix) if the payment herein requested is a reimbursement to the Borrower and/or the School for costs or expenses of the Borrower and/or the School incurred by reason of work performed or supervised by officers or employees of the Borrower and/or the School or any Affiliate of either, such officers or employees were specifically employed for such purpose and the amount to be paid does not exceed the actual cost thereof to the Borrower and/or the School and such costs or expenses will be treated by the Borrower and/or the School on its books as a capital expenditure in conformity with generally accepted accounting principles applied on a consistent basis;

(x) no portion of the proceeds of the Series 2018A Bonds will be applied to reimburse the Borrower and/or the School for Project Costs (Tax-Exempt) paid more than sixty (60) days prior to April 17, 2018, the date the Member submitted its application to the Issuer with respect to the Project and the debt financing thereof, except for amounts which do not exceed twenty percent (20%) of the Project Costs (Tax-Exempt) financed with the proceeds of the Series 2018A Bonds which were applied to finance certain preliminary expenses with respect to the Project. Preliminary expenses, for purposes of this exception, include architectural, engineering, surveying, soil testing and similar costs incurred prior to the commencement of construction or rehabilitation of the Project, but do not include land acquisition, site preparation and similar costs incident to the commencement of construction or rehabilitation of the Project. No portion of the proceeds of the Series 2018A Bonds will be applied to reimburse the Borrower and/or the School for a cost (other than preliminary expenditures) paid more than eighteen (18) months prior to the date of this Requisition or the date the Facility to which the cost relates was placed in service, whichever is later. In no event shall the proceeds of the Series 2018A Bonds be applied to reimburse the Borrower and/or the School for a Project Cost (Tax-Exempt) paid more than three (3) years prior to the date of issuance of the Series 2018A Bonds, unless such cost is attributable to a preliminary expenditure, as described above;

(xi) no Determination of Taxability has occurred, and no Event of Default exists and is continuing under the Indenture or the Loan Agreement or any other Project Document nor any condition, event or act which, with notice or lapse of time or both, would constitute such an Event of Default;

(xii) I have no knowledge of any vendor's lien, mechanic's lien or security interest which should be satisfied or discharged before the payment herein requested is made or which will not be discharged by such payment or, to the extent that any such costs shall be the subject of a bona fide dispute, for which such costs have not been appropriately bonded or for which a surety or security has not been posted which is at least equal to the amount of such costs;

(xiii) each item which payment under this Requisition is to be made when added to all other payments previously made from the Project Fund (Tax-Exempt), will not result in (A) more than 2% of the net proceeds of the Series 2018A Bonds advanced to date being applied to pay costs of issuance, nor (B) less than 95% of the proceeds of the Series 2018A Bonds advanced to date (exclusive of costs of issuance of the Series 2018A Bonds or any reasonably required reserve) (including any earnings thereon) being used for the acquisition, construction, reconstruction or improvement of land or property that is subject to the allowance for depreciation provided in section 167 of the Code;

(xiv) such item of cost for which payment is herein requested is chargeable to the capital account of the Facility for federal income tax purposes, or would be so chargeable either with an election by the Borrower or but for the election of the Borrower to deduct the amount of such item; and

(xv) the representations and warranties made by the Borrower and the School in the Project Documents are correct on and as of the date of such disbursement as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date.

Attached to this Requisition is a schedule of or a copy of bills, invoices or other documents evidencing and supporting this Requisition and a notice of title continuation or an endorsement to the title insurance policies pursuant to Section 5.02(b) of the Indenture.

Dated: _____

AMERICAN DREAM GERARD LLC

By: _____
Authorized Representative

APPROVED IN ACCORDANCE
WITH THE CONSTRUCTION
DISBURSEMENT AGREEMENT BY:

CBRE, INC.,
as Construction Consultant and agent for
ROSEMAWR MANAGEMENT LLC,
as Bondholder Representative

By: _____
Name:
Title:

SCHEDULE A TO REQUISITION NO.

<u>Amount</u>	<u>Payee (with address or wire information)</u>	<u>Purpose</u>
---------------	---	----------------

Receipt is hereby acknowledged of a payment in the amount of \$_____ in connection with the submission of the attached Requisition.

AMERICAN DREAM GERARD LLC

By: _____
Authorized Representative

Date: _____

EXHIBIT D-2

**Form of Requisition from the
[Series 2018B Costs of Issuance Account]
[Series 2018B Construction Account]
of the Project Fund (Taxable)**

REQUISITION NO.

TO: The Bank of New York Mellon, as Trustee

FROM: American Dream Gerard LLC

Ladies and Gentlemen:

You are requested to draw from the [Series 2018B Costs of Issuance Account] [Series 2018B Construction Account] of the Project Fund (Taxable), established by Section 5.01 of the Indenture of Trust, dated as of October 1, 2018 (the "Indenture"), between Build NYC Resource Corporation (the "Issuer") and yourself, a check or checks or wire transfer, as applicable, in the amounts, payable to the order of those persons and for the purpose of paying those costs set forth on Schedule A attached hereto. All capitalized terms used in this Requisition not otherwise defined herein shall have the meanings given such terms by the Indenture or by the Loan Agreement referred to in the Indenture.

I hereby certify that

(i) I am an Authorized Representative of American Dream Gerard LLC (the "Borrower");

(ii) the number of this Requisition is _____;

(iii) the items of cost set forth on Schedule A attached hereto are correct and proper under Section 5.02 of the Indenture, under Section 3.2 of the Loan Agreement and under the Construction Disbursement Agreement, and each such item has been properly paid or incurred as an item of Project Cost (Taxable);

(iv) none of the items for which this Requisition is made has formed the basis for any disbursement heretofore made from the Project Fund (Taxable);

(v) the payees and amounts stated in Schedule A attached hereto are true and correct and each item of cost so stated is due and owing;

(vi) each such item stated in Schedule A attached hereto is a proper charge against the Project Fund (Taxable);

(vii) each such item in Schedule A attached hereto represents the value of work actually furnished, or labor or services actually rendered and no item relates to materials, that are not incorporated into the improvement or deposits toward same;

(viii) if the payment herein requested is a reimbursement to the Borrower and/or the School for costs or expenses of the Borrower and/or the School incurred by reason of work performed or supervised by officers or employees of the Borrower and/or the School or any Affiliate of either, such officers or employees were specifically employed for such purpose and the amount to be paid does not exceed the actual cost thereof to the Borrower and/or the School and such costs or expenses will be treated by the Borrower and/or the School on its books as a capital expenditure in conformity with generally accepted accounting principles applied on a consistent basis;

(ix) no Determination of Taxability has occurred, and no Event of Default exists and is continuing under the Indenture or the Loan Agreement or any other Project Document nor any condition, event or act which, with notice or lapse of time or both, would constitute such an Event of Default;

(x) I have no knowledge of any vendor's lien, mechanic's lien or security interest which should be satisfied or discharged before the payment herein requested is made or which will not be discharged by such payment or, to the extent that any such costs shall be the subject of a bona fide dispute, for which such costs have not been appropriately bonded or for which a surety or security has not been posted which is at least equal to the amount of such costs;

(xi) such item of cost for which payment is herein requested is chargeable to the capital account of the Facility for federal income tax purposes, or would be so chargeable either with an election by the Borrower or but for the election of the Borrower to deduct the amount of such item; and

(xii) the representations and warranties made by the Borrower and the School in the Project Documents are correct on and as of the date of such disbursement as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date.

Attached to this Requisition is a schedule of or a copy of bills, invoices or other documents evidencing and supporting this Requisition and a notice of title continuation or an endorsement to the title insurance policies pursuant to Section 5.02(b) of the Indenture.

Dated: _____

AMERICAN DREAM GERARD LLC

By: _____
Authorized Representative

APPROVED IN ACCORDANCE
WITH THE CONSTRUCTION
DISBURSEMENT AGREEMENT BY:

CBRE, INC.,
as Construction Consultant for
ROSEMAWR MANAGEMENT LLC,
as Bondholder Representative

By: _____
Name:
Title:

SCHEDULE A TO REQUISITION NO.

<u>Amount</u>	<u>Payee (with address or wire information)</u>	<u>Purpose</u>
---------------	---	----------------

Receipt is hereby acknowledged of a payment in the amount of \$ _____ in connection with the submission of the attached Requisition.

AMERICAN DREAM GERARD LLC

By: _____
Authorized Representative

Date: _____

EXHIBIT E

BONDHOLDER REPRESENTATIVE NOTICE

The Bank of New York Mellon
240 Greenwich Street, 7W
New York, New York 10286
Attention: Corporate Trust Department

Build NYC Resource Corporation
110 William Street
New York, New York 10038
Attention: General Counsel
(with a copy to the Executive Director)

Re: Build NYC Resource Corporation Revenue Bonds
(American Dream Charter School Project), Series 2018A and
Build NYC Resource Corporation Revenue Bonds
(American Dream Charter School Project), Series 2018B (Taxable)

In accordance with Section 9.12(d) of the Indenture of Trust dated as of October 1, 2018 (the "Indenture"), between Build NYC Resource Corporation, as issuer, and The Bank of New York Mellon, as trustee, you are hereby notified that, effective [_____, 20__], Rosemawr Management LLC is no longer the Bondholder Representative as defined in and as contemplated in the Indenture.

Dated Date: _____

ROSEMAWR MANAGEMENT LLC,
as Bondholder Representative

By: _____
Name:
Title:

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FORM OF LEASE

AMERICAN DREAM GERARD LLC, LESSOR

and

AMERICAN DREAM CHARTER SCHOOL, LESSEE

LEASE AGREEMENT

Dated: October 30, 2018

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LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease"), is made and dated as of October 30, 2018 by and between AMERICAN DREAM GERARD LLC, a limited liability company organized and existing under the laws of the State of New York ("Lessor"), and AMERICAN DREAM CHARTER SCHOOL, a not-for-profit education corporation organized and existing under the Education Law of the State of New York ("Lessee"). Lessor and Lessee shall collectively be referred to herein as the "Parties".

RECITALS:

WHEREAS, Lessor is the owner of the real property and improvements constructed and/or to be constructed at the premises commonly known as 700 Gerard Avenue, Bronx, New York, which is designated on the Tax Map of the City of New York as Block 2473, Lot 8 and identified more particularly by the legal description attached hereto as **Exhibit A** (the "Demised Premises");

WHEREAS, Lessor intends to construct a new 33,173 square foot, five-story school building on, and to constitute part of, the Demised Premises (the "Building");

WHEREAS, Lessor desires to lease the Demised Premises to Lessee and Lessee desires to hire the Demised Premises from Lessor on the terms contained herein.

ARTICLE 1: LEASE AND RENT

(a) Lessor hereby leases and demises the Demised Premises (including all rights of possession) to Lessee for a term ("Term") commencing on the date hereof ("Commencement Date") and terminating at midnight on the forty-ninth (49th) anniversary of the Commencement Date, or on such earlier date upon which said Term may expire or be cancelled or terminated pursuant to any of the conditions or covenants of this Lease or pursuant to applicable law.

(b) At the expiration of the Term, Lessee shall surrender possession of the Demised Premises to Lessor.

(c) So long as there is no default by Lessee, Lessor covenants that Lessee shall lawfully and quietly hold, occupy, and enjoy the Demised Premises during the Term of this Lease without hindrance by or from Lessor or anyone claiming by, through or under Lessor, subject to Lessor's rights under this Lease.

(d) Lessee shall use the Demised Premises solely as a charter school and for such other uses ancillary thereto (the "Permitted Use"). Notwithstanding the foregoing, Lessee shall not at any time use or occupy the Demised Premises, or suffer or permit anyone else to use or occupy the Demised Premises, (i) in any manner that violates the provisions of this Lease, the certificate of occupancy, and applicable law, or (ii) so as to cause waste, or (iii) so as to violate any insurance policy then issued in respect of the Demised Premises, or (iv) so as to create a nuisance. Lessee shall comply with all legal requirements applicable to the Permitted Use and

such legal requirements otherwise application to Lessee with respect to the Premises (the “Legal Requirements”).

(e) Commencing on October 1, 2020 (the “Rent Commencement Date”) and continuing on the 1st day of each month thereafter during the Term, Lessee shall pay Lessor rent (“Rent”) in an amount set forth on Exhibit B hereto. The Lessee will pay all Rent due under this Lease by direct deposit to Account No. ____ of the Lessor, held at The Bank of New York Mellon.

(f) This Lease is a triple net lease, and Lessee shall pay on or before the date when same shall be due as additional rent (“Additional Rent”) all amounts owed in connection with the operation of the Demised Premises including, but not limited to (i) real estate taxes, if any, (ii) property, casualty and liability insurance, (iii) utilities, (iv) water/sewer charges, and (v) all maintenance, cleaning and repairs (structural and non-structural of any nature whatsoever).

(g) Obligations Unconditional. Except as provided to the contrary in this Lease, the obligations of Lessee under this Lease shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against Lessor. Except as provided to the contrary in this Lease, Lessee will not suspend or discontinue any such payment or terminate this Lease (other than in the manner provided for hereunder) for any cause, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, failure of title, or commercial frustration of purpose, or any damage to or destruction of the Demised Premises, or the taking by eminent domain of title to or the right of temporary use of all or any part of the Demised Premises, or any change in the tax or other laws of the United States, the State of New York or any political subdivision of either thereof, or any failure of Lessor to pay, perform and observe any payment, agreement or covenant, whether expressed or implied, or any duty, liability or obligation arising out of or connected with this Lease.

ARTICLE 2: ASSIGNMENT AND SUBLEASING

Lessee shall not assign this Lease except with the consent of Lessor, which consent Lessor may withhold in its sole discretion. For so long as any mortgage loan shall encumber the Demised Premises, Lessee shall not assign this Lease except with the written consent of such lender (the “Lender”), which consent said Lender may withhold in its sole discretion.

ARTICLE 3: SUBORDINATION

This Lease is subject and subordinate to all ground or underlying leases and to all mortgages which may now or hereafter affect such leases or the real property of which the Demised Premises are a part and to all renewals, modifications, consolidations, replacements and extensions of any such underlying leases and mortgages. This clause shall be self-operative and no further instrument of subordination shall be required by any ground or underlying lessor or by any mortgagee, affecting any lease or the real property of which the Demised Premises are a part.

ARTICLE 4: DEFAULT

(a) If Lessee defaults in fulfilling any of the covenants of this Lease, including the covenant to pay Rent or Additional Rent or in making any other payment required; or if the Demised Premises become vacant or deserted other than as a result of a casualty and only until restoration is complete; or if any execution or attachment shall be issued against Lessee or any of Lessee's property whereupon the Demised Premises shall be taken or occupied by someone other than Lessee; or if this Lease be rejected under Section 365 of Title 11 of the U.S. Code (Bankruptcy Code); then, in any one or more of such events, upon Lessor serving a written five (5) days' Notice upon Lessee specifying the nature of said default and upon the expiration of said five (5) days, if Lessee shall have failed to comply with or remedy such default, or if the said default or omission complained of is non-monetary and of a nature that the same cannot be completely cured or remedied within said five (5) day period, and if Lessee shall not have diligently commenced curing such default within such five (5) day period, and shall not thereafter with reasonable diligence and in good faith proceed to remedy or cure such default within thirty (30) days, then Lessor may serve a written three (3) day Notice of cancellation of this Lease upon Lessee, and upon the expiration of said three (3) days, this Lease and the Term thereunder shall end and expire as fully and completely as if the expiration of such three (3) day period were the day herein definitely fixed for the end and expiration of this Lease and the Term thereof, and Lessee shall then quit and surrender the Demised Premises to Lessor but Lessee shall remain liable for all amounts that would have been payable for the remaining Term of the Lease.

(b) If the Notice provided for in (a) hereof shall have been given, and the Term shall expire as aforesaid, then in any of such events Lessor may, without notice, re-enter the Demised Premises either by force or otherwise, and dispossess Lessee and the legal representative of Lessee or other occupant of the Demised Premises and remove their effects by summary proceedings or otherwise, and hold the Demised Premises as if this Lease had not been made, and Lessee hereby waives the service of Notice of intention to re-enter or to institute legal proceedings to that end.

ARTICLE 5: ALTERATIONS

Lessee shall not, without Lessor's prior written consent, make any alterations, improvements or additions to the Demised Premises, provided, however, that interior cosmetic and decorative alterations such as floor or wall covers, painting, mounting white boards, bulletin boards, cases for student artwork, and similar interior changes and installations that do not materially affect the structure or functionality of the Demised Premises do not require Lessor's consent. Lessor's consent may be given or withheld for any reason in Lessor's sole and absolute discretion and may additionally be subject to consent of any Lender holding a mortgage against the Demised Premises. Any and all such alterations, physical additions or improvements, when made to the Demised Premises by Lessee, shall immediately become the property of Lessor; provided, however, that this clause shall not apply to equipment, furniture, or trade fixtures installed by Lessee.

ARTICLE 6: DESTRUCTION, FIRE AND OTHER CASUALTY

(a) If the Demised Premises or any part thereof shall be damaged by fire or other casualty, Lessee shall give immediate Notice thereof to Lessor and this Lease shall continue in full force and effect except as hereinafter set forth.

(b) If the Demised Premises are partially damaged or rendered partially unusable by fire or other casualty, the damages thereto shall be promptly repaired by and at the expense of Lessee.

(c) If the Demised Premises are totally damaged or rendered wholly unusable by fire or other casualty, then in any of such event, either party may elect to terminate this Lease by written Notice to the other given within 60 days after such fire or casualty specifying a date for the expiration of the Lease, which date shall not be more than 30 days after the giving of such Notice, and, upon the date specified in such Notice, the Term of this Lease shall expire as fully and completely as if such date were the date set forth above for the termination of this Lease and Lessee shall forthwith quit, surrender and vacate the Demised Premises without prejudice however, to Lessor's rights and remedies against Lessee under the Lease provisions in effect prior to such termination, and any Rent and Additional Rent owing shall be paid up to such date.

(d) To the extent permitted by law, Lessor and Lessee each hereby release and waive all right of recovery against the other or anyone claiming through or under each of them by way of subrogation or otherwise for recovery for loss or damage resulting from fire or other casualty.

ARTICLE 7: EMINENT DOMAIN

(a) The following terms shall have the meanings set forth below:

1. The term "Taking" shall mean a taking during the Term of all or any part of the Demised Premises, or any interest therein or right accruing thereto including any right of access, by or on behalf of any governmental or quasi-governmental authority or by any entity granted the authority to take property through the exercise of a power of eminent domain granted by statute, any agreement that conveys to the condemning authority all or any part of the Demised Premises as the result of, or in lieu of, or in anticipation of the exercise of a right of condemnation or eminent domain, or a change of grade affecting the Demised Premises. The date of the Taking shall be deemed to be the date that title vests in the condemning authority or its designee.

2. The term "Award" shall mean the condemnation award and/or proceeds of the Taking, including any interest earned on the Award.

3. The term "Substantial Portion" shall mean a taking of so much of the Demised Premises and any improvements located thereon that reasonably renders or causes the remaining portion of the Demised Premises and improvements to

not be of a sufficient size to permit the economic and feasible operation of the Demised Premises for its Permitted Use.

(b) If there is a Taking of the entire or a Substantial Portion of the Demised Premises, then and in such event, the Term of this Lease shall cease and terminate from the date of the Taking and Lessee shall have no claim for the value of any unexpired Term of the Lease.

(c) In the event of a Taking of less than a Substantial Portion of the Demised Premises, the Term of this Lease shall continue and Lessee's Rent shall be proportionately reduced in accordance with said Taking; provided, however, that the Rent shall not be reduced below the amount required to pay any mortgage loan made by Lessor which is of record at the time of the Taking.

(d) In the event of a Taking, any Award with respect to the Demised Premises shall belong to the Lessor except that Lessee shall have a right to file a separate claim against the condemning authority for any of its trade fixtures; provided, however, that any Award to Lessee shall not reduce the Award due and payable to Lessor.

(e) Lessor and Lessee shall each notify the other if it becomes aware of a threatened or possible Taking (including any letter of interest from the condemning authority or its designee), or the commencement of any proceedings or negotiations which might result in a Taking. Lessor and Lessee shall have the right to appear in such proceedings, as their interests may appear, and be represented by their respective counsel.

ARTICLE 8: ENVIRONMENTAL COMPLIANCE.

(a) Lessee shall comply with all applicable Environmental Laws (as defined herein). Except for reasonable quantities of supplies used in the normal course of a school in compliance with all applicable Legal Requirements and Environmental Laws, Lessee shall not generate, store, manufacture, refine, transport, treat, dispose of, or otherwise permit to be present on or about the Premises, any Hazardous Substances (as defined herein).

(b) If Lessee shall become aware of or receive notice or other communication concerning any actual, alleged, suspected or threatened violation of any Environmental Law or liability of Lessee for environmental damages in connection with the Premises or past or present activities of any person thereon, including, but not limited to, notice or other communication concerning any actual or threatened investigation, inquiry, lawsuit, claim, citation, directive, summons, proceeding, complaint, notice, order, writ or injunction relating to same, then Lessee shall promptly deliver to Lessor copies of any such notice or communication.

(c) Definitions. For the purposes of this Article 8 of this Lease, certain terms set forth above shall be defined as set forth herein:

1. "Environmental Laws" shall be defined as: any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, relating to protection of human health (as it relates to exposure to Hazardous Substances) or the environment, relating to Hazardous Substances

and/or relating to liability for or costs of other actual or threatened danger to human health (as it relates to exposure to Hazardous Substances) or the environment. The term "Environmental Laws" includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act (including, but not limited to, Subtitle I relating to underground storage tanks); the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act (as it relates to exposure to Hazardous Substances); the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; the River and Harbors Appropriation Act; and those relating to Lead Based Paint. The term "Environmental Laws" also includes, but is not limited to, any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, conditioning transfer of property upon a negative declaration or other approval of a Governmental Authority (as hereinafter defined) of the environmental condition of the Premises; requiring notification or disclosure of Releases (as hereinafter defined) of Hazardous Substances or other environmental condition of a property to any Governmental Authority or other Person (as hereinafter defined), whether or not in connection with any transfer of title to or interest in such property; imposing conditions or requirements in connection with permits or other authorization for lawful activity; relating to nuisance, trespass or other causes of action related to the Property; and relating to wrongful death, personal injury or property or other damage in connection with any physical condition or use of the Premises.

2. "Hazardous Substances" shall be defined as any and all substances (whether solid, liquid or gas) defined, listed or otherwise classified as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes or words of similar meaning or regulatory effect under any present or future Environmental Laws or that may have a negative impact on human health or the environment, including, but not limited to, petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls, lead, radon, radioactive materials, flammables and explosives, Lead Based Paint (as hereinafter defined) and Toxic Mold (as hereinafter defined). Notwithstanding anything to the contrary contained herein and for the avoidance of doubt, the term "Hazardous Substances" will not include substances which otherwise would be included in such definition but which are of kinds and in amounts ordinarily and customarily used or stored in similar properties, including, without limitation substances used for the purposes of cleaning, maintenance, or operations, substances typically used in construction, and typical products used in properties like the Property, and which are otherwise in compliance with all Environmental Laws.

3. "Governmental Authority" shall be defined as the United States government, New York State, New York City, or any political subdivision thereof, whether at the national, state, territorial, provincial, municipal or any other level, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of, or pertaining to, government and having or asserting jurisdiction over the Premises.

4. "Releases" shall be defined as any release, deposit, discharge, emission, leaking, leaching, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Substances.

5. "Person" shall be defined as natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

6. "Toxic Mold" shall be defined as fungi that reproduce through the release of spores or the splitting of cells or other means that may pose a risk to human health or the environment or negatively affect the value of the Premises, including, but not limited to, mold, mildew, fungi, fungal spores, fragments and metabolites such as mycotoxins and microbial volatile organic compounds.

7. "Lead Based Paint" shall be defined as paint containing more lead than is permissible at the Premises under applicable law.

ARTICLE 9: OPERATING CONDITIONS ANALYSIS

Given the length of the Term of this Lease and Lessor and Lessee's inability to predict with precision the rise of cost of operations, insurance and other expenses attendant to operating the Building and other unknown costs that may increase or occur from time to time that are beyond what has been reasonably estimated by Lessor and Lessee while negotiating the Rent, Lessor and Lessee agree to meet in good faith every two (2) years during the Term to assess market conditions and their effect on the costs related to the operating the Building, and shall work collaboratively and in good faith to mutually determine what changes to the Lease (including without limitation an increase in Rent (but for the avoidance of doubt, never a decrease in Rent below the amounts set forth in Exhibit B) or shift in obligations) may be required to maintain both Lessor and Lessee's ability to effectively operate and occupy the Building, respectively.

ARTICLE 10: GENERAL

(a) Indemnification and Insurance.

1. Lessee agrees to protect, indemnify, defend and hold harmless Lessor and its present and future members, servants, agents (other than Lessee and its sub-agents), officers, independent contractors and employees (each an "Indemnified Party") from and against any liability, loss, damage, cost, expense (including reasonable attorneys' fees and expenses), tax, judgment, claim, demand, suit, action or other proceeding arising or purportedly arising from or in connection with Lessee's operation or use of the Demised Premises.

2. At all times during the Term, Lessee shall maintain liability and property insurance naming Lessor, and its designees, as an additional insured and provide Lessor with evidence that such insurance is in full force and effect. Lessee shall also comply with any insurance requirements of any Lender having a mortgage loan secured by the Demised Premises.

3. Lessee acknowledges and agrees that the liability of Lessor under this Lease shall be limited to its interest in the Demised Premises and any judgment rendered against Lessor shall be satisfied solely out of the proceeds of sale of its interest in the Demised Premises which have been received by Lessor. No personal judgment shall lie against Lessor upon extinguishment of its rights in the Demised Premises and any judgment so rendered shall not give rise to any right of execution or levy against Lessor's assets. The provisions hereof shall inure to Lessor's successors and assigns. The foregoing provisions are not designed to relieve Lessor from the performance of any of Lessor's obligations under this Lease, but only to limit the personal liability of Lessor in case of recovery of a judgment against Lessor. The foregoing shall not be deemed to limit Lessee's rights to obtain injunctive relief or specific performance.

(b) Inspection. Lessor and its duly authorized agents shall have (1) the right upon reasonable advance Notice and at reasonable times during Lessee's business hours and accompanied by a representative of Lessee at all times to enter upon and to examine and inspect the Demised Premises, and (2) such rights of access thereto as may be reasonably necessary for the proper maintenance and repair thereof in the event of failure by Lessee to perform its obligations under this Lease.

(c) Amendments. This Lease may only be amended by written agreement executed by Lessee and Lessor. No amendments may be made to this Lease without Lender's prior written consent.

(d) Notices. Whenever it is provided in this Lease that a notice, demand, request, consent, approval or other communication (each of which is herein referred to as a "Notice") shall or may be given to or served upon either of the parties by the other, and whenever either of the parties shall desire to give or serve upon the other any Notice with respect hereto or the Demised Premises, each such Notice shall be in writing and, any law or statute to the contrary notwithstanding, shall not be effective for any purpose unless given or served by (a) personal delivery (with receipt acknowledged), (b) reputable, national overnight delivery service (with its confirmatory receipt therefor) next business day delivery specified, or (c) mailing same

by registered or certified mail, return receipt requested, postage paid, in each case to the parties as follows:

If to Lessee:

American Dream Gerard LLC
510 East 141st Street
Bronx, New York 10454
Attn: Melissa Melkonian

With a copy to:

Eric H. Seltzer, Esq.
Gilbride, Tusa, Last & Spellane LLC
675 Third Avenue, 31st Floor
New York, New York 10017

If to Lessor:

American Dream Charter School
510 East 141st Street
Bronx, New York 10454
Attn: Melissa Melkonian

With a copy to:

Oliver Chase, Esq.
Hirschen Singer & Epstein LLP
902 Broadway, 13th Floor
New York, New York 10010

Notices shall be deemed given when received or delivery is refused. Either party hereto may, by Notice given hereunder, designate any further or different addresses to which subsequent Notices, certificates or other communications shall be sent.

(h) Estoppel Certificates. Each party agrees at any time and from time to time (as may be reasonable) upon not less than twenty (20) days' prior Notice by the other party to execute, acknowledge and deliver to the other party or its designee a statement in writing certifying (i) that this Lease is unmodified and in full force and effect (or, if there shall have been modifications, that the same is in full force and effect as modified and stating the modifications); (ii) the dates to which Rent and Additional Rent have been paid in advance, if any; (iii) the amount of security, if any; (iv) whether or not to the best knowledge of the signer of such certificate the other party is in default in the performance of any covenant, agreement or condition contained in this Lease, and to the best of the signer's knowledge no facts or circumstances exist that, with the passage of time or the giving of Notice or both, would constitute a default under this Lease (and, if so, specifying each such default of which the signer

may have knowledge); and (v) that the party providing the certificate is not, to the best of its knowledge, entitled to any defenses, offsets, claims, counterclaims or rights or recoupment against its obligations under this Lease. Such statement may be relied upon by any party which may have an interest in the Demised Premises or this Lease, including but not limited to any Lender.

(i) Attornment. If Lessor's interest in the Demised Premises is acquired by any ground lessor, beneficiary under a deed of trust, mortgagee, or purchaser at a foreclosure sale, Lessee shall attorn to the transferee of or successor to Lessor's interest in the Demised Premises and recognize such transferee or successor as Lessor under this Lease. Lessee waives the protection of any statute or rule of law which gives or purports to give Lessee any right to terminate this Lease or surrender possession of the Demised Premises upon the transfer of Lessor's interest.

(j) Execution of Counterparts. This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(j) Severability. The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections in this Lease shall not affect the remaining portions of this Lease or any part thereof.

(k) Brokers. Lessee and Lessor covenant, warrant and represent to the other that no broker was instrumental in bringing about or consummating this Lease, and that Lessee and Lessor had no conversations or negotiations with any broker concerning the leasing of the Demised Premises. Lessee and Lessor agree to indemnify and hold harmless the other party against and from any costs, expenses and liabilities (including reasonable attorneys' fees and expenses) resulting from any breach of the covenant and warranty contained herein or its misrepresentation of the matters set forth herein.

(l) Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State, without reference to its principles of conflicts of law. Lessee and Lessor consent to the jurisdiction of any federal or state court within the City of New York having proper venue and also consent to service of process by any means authorized by New York or federal law.

(m) WAIVER OF TRIAL BY JURY AND COUNTERCLAIM. THE PARTIES HEREBY EXPRESSLY WAIVE ALL RIGHTS TO TRIAL BY JURY ON ANY CAUSE OF ACTION DIRECTLY OR INDIRECTLY INVOLVING THE TERMS, COVENANTS OR CONDITIONS OF THIS LEASE. THE PROVISION OF THIS LEASE RELATING TO WAIVER OF A JURY TRIAL AND THE RIGHT OF RE-ENTRY OR RE-POSSESSION SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS LEASE. IT IS FURTHER MUTUALLY AGREED THAT IN THE EVENT LESSOR COMMENCES ANY SUMMARY NONPAYMENT, HOLDOVER OR OTHER PROCEEDING, LESSEE WILL NOT INTERPOSE AND DOES HEREBY WAIVE THE RIGHT TO INTERPOSE ANY COUNTERCLAIM OF WHATEVER NATURE OR DESCRIPTION IN ANY SUCH PROCEEDING, PROVIDED THAT THE FAILURE TO INTERPOSE SUCH

COUNTERCLAIM WOULD NOT PREVENT LESSEE FROM ASSERTING THE BASIS THEREFOR IN A SEPARATE ACTION OR PROCEEDING.

THE REMAINDER OF THIS PAGE IS BLANK

IN WITNESS WHEREOF, the Parties have caused this Lease to be executed by their duly authorized representatives as of the date first above written.

LESSOR:

AMERICAN DREAM GERARD LLC

By: _____
Maureen Heneghan, President

LESSEE:

AMERICAN DREAM CHARTER SCHOOL

By: _____
Name:
Title:

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 30th day of October, 2018, before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 30th day of October, 2018, before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

SCHEDULE "A"

ALL THAT CERTAIN PLOT, PIECE OR PARCEL OF LAND,
SITUATE, LYING AND BEING IN THE BOROUGH AND COUNTY
OF THE BRONX, CITY AND STATE OF NEW YORK, AND MORE
PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EASTERLY SIDE OF GERARD
AVENUE (60 FEET WIDE), DISTANT 180.00 FEET NORTHERLY
FROM THE CORNER FORMED BY THE INTERSECTION OF THE
EASTERLY SIDE OF GERARD AVENUE AND THE
NORTHEASTERLY SIDE OF EAST 153RD STREET (60 FEET
WIDE);

RUNNING THENCE NORTHERLY ALONG THE EASTERLY SIDE
OF GERARD AVENUE, 88.68 FEET TO A POINT;

THENCE EASTERLY, AT RIGHT ANGLES TO THE EASTERLY
SIDE OF GERARD AVENUE, 95.27 FEET TO A POINT;

THENCE SOUTHERLY ALONG A LINE FORMING AN INTERIOR
ANGLE OF 90° 43' WITH THE PRECEDING COURSE, 88.69 FEET;

THENCE WESTERLY ALONG A LINE FORMING A RIGHT ANGLE
WITH THE EASTERLY SIDE OF GERARD AVENUE, 96.37 FEET TO
THE EASTERLY SIDE OF GERARD AVENUE AT THE POINT OR
PLACE OF BEGINNING.

EXHIBIT B
Rent Schedule

APPENDIX G

FORM OF BOND COUNSEL OPINION

Upon delivery of the Series 2018 Bonds, Bond Counsel to the Issuer proposes to issue its approving opinion in substantially the following form:

Hawkins Delafield & Wood LLP

7 WORLD TRADE CENTER
NEW YORK, NY 10007
WWW.HAWKINS.COM

October 30, 2018

Build NYC Resource Corporation
New York, New York

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of (i) the Revenue Bonds (American Dream Charter School Project), Series 2018A in the authorized aggregate principal amount of up to \$25,725,000 (the “**Series 2018A Bonds**”), and (ii) the Revenue Bonds (American Dream Charter School Project), Series 2018B (Taxable) in the aggregate principal amount of \$1,020,000 (the “**Series 2018B Bonds**”), together with the Series 2018A Bonds, collectively, the “**Bonds**”) of Build NYC Resource Corporation, a local development corporation organized pursuant to the Not-For-Profit Corporation Law of the State of New York (the “**NFP Corporation Law**”) at the direction of the Mayor of The City of New York (the “**Issuer**”).

The Bonds are issued under and pursuant to an Indenture of Trust, dated as of October 1, 2018 (the “**Indenture**”), between the Issuer and The Bank of New York Mellon, as trustee (the “**Trustee**”), and a resolution of the Issuer adopted on June 12, 2018 authorizing the Bonds.

The Series 2018A Bonds are dated the date hereof and are issuable as fully registered bonds. The Series 2018A Bonds shall mature on June 15, 2052 and shall bear interest at a fixed rate of five and seven-eighths percent ($5 \frac{7}{8} \%$) per annum payable on June 15 and December 15 of each year commencing December 15, 2018, all as set forth in the Indenture. The Series 2018A Bonds are subject to optional and mandatory redemption prior to maturity in the manner and upon the terms and conditions set forth in the Indenture. The Series 2018A Bonds are draw-down bonds, and only \$9,500,000 in principal amount of the Series 2018A Bonds are being issued on the date hereof (the “**Currently Delivered Series 2018A Bonds**”). The balance of the principal portions of the Series 2018A Bonds, after issuance of the Currently Delivered Series 2018A Bonds, are to be issued on one or more subsequent delivery dates (each, a “**Subsequent Delivery Date**”).

The Series 2018B Bonds are dated the date hereof and are issuable as fully registered bonds. The Series 2018B Bonds shall mature on June 15, 2025 and shall bear interest at a fixed rate of seven and three-quarters percent ($7 \frac{3}{4} \%$) per annum payable on June 15 and December 15 of each year commencing December 15, 2018, all as set forth in the Indenture. The Series 2018B Bonds are subject to optional and

mandatory redemption prior to maturity in the manner and upon the terms and conditions set forth in the Indenture.

The Bonds are issued for the purpose of financing a portion of the cost of a facility (the **“Facility”**) for American Dream Gerard LLC, a limited liability company organized and existing under the laws of the State of New York (the **“Borrower”**), whose sole member is Friends of the American Dream Charter School Inc., a not-for-profit corporation organized and existing under the laws of the State of New York (the **“Member”**), consisting of the acquisition of an approximately 8,497 square-foot parcel of land located at 700 Gerard Avenue, Bronx, New York, the demolition of a parking lot located thereon, and the design, construction, furnishing and equipping of an approximately 33,173 square-foot, five-story building located thereon, together with related site improvements, all for general and administrative use (the **“Project”**) by American Dream Charter School, a not-for-profit education corporation and a charter school organized and existing under the laws of the State of New York (the **“School”**). The Facility will be owned by the Borrower, and leased by the Borrower to the School pursuant to a Lease Agreement, dated October 30, 2018, between the Borrower as landlord and the School as tenant (the **“Facility Lease”**).

The Issuer and each of the Borrower and the School have entered into a Loan and Use Agreement, dated as of October 1, 2018 (the **“Loan Agreement”**), providing, among other things, for the financing of the Project and the loan of the proceeds of the Bonds (in the case of the Series 2018A Bonds, in installments upon the issuance of each principal portion thereof) to the Borrower. The obligation of the Borrower to repay the loan will be evidenced by a certain Series 2018A Promissory Note with respect to the Series 2018A Bonds, and a certain Series 2018B Promissory Note (Series 2018B) with respect to the Series 2018B Bonds, each dated the date hereof, each from the Borrower in favor of the Issuer, and each endorsed by the Issuer to the Trustee (collectively, the **“Promissory Notes”**).

The Outstanding (as defined in the Indenture) Bonds are secured by mortgage liens on and security interests in the Borrower’s fee title interest in the Mortgaged Property (as such term is defined in the Mortgages as hereinafter defined) pursuant to a Mortgage and Security Agreement (Acquisition Loan), a Mortgage and Security Agreement (Building Loan) and a Mortgage and Security Agreement (Indirect Loan), each dated as of October 1, 2018, and each from the Borrower, as mortgagor, to the Issuer and the Trustee, as mortgagees (collectively, the **“Mortgages”**). Pursuant to an Assignment of Mortgage and Security Agreement (Acquisition Loan), an Assignment of Mortgage and Security Agreement (Building Loan) and an Assignment of Mortgage and Security Agreement (Indirect Loan), each dated as of October 1, 2018 (collectively, the **“Assignments of Mortgages”**), the Issuer has assigned to the Trustee all of the Issuer’s right, title and interest in and to the Mortgages. With respect to the Facility Lease, the Outstanding Bonds are further secured by a collateral assignment of lease and rents pursuant to an Assignment of Lease and Rents (Acquisition Loan), an Assignment of Lease and Rents (Building Loan) and an Assignment of Lease and Rents (Indirect Loan), each dated as of October 1, 2018, and each from the Borrower, as assignor, to the Issuer and the Trustee, as assignees (collectively, the **“Assignments of Lease and Rents”**). Pursuant to an Assignment of Assignment of Lease and Rents (Acquisition Loan), an Assignment of Assignment of Lease and Rents (Building Loan) and an Assignment of Assignment of Lease and Rents (Indirect loan), each dated as of October 1, 2018 (collectively, the **“Assignments of ALR”**), the Issuer has assigned to the Trustee all of the Issuer’s right, title and interest in and to the Assignments of Lease and Rents.

The Outstanding Bonds are further secured by a lien and a security interest in the Pledged Collateral (as such term is defined in the Pledge and Security Agreement hereinafter defined) pursuant to a Pledge and Security Agreement, dated as of October 1, 2018, from the Borrower to the Trustee (the **“Pledge and Security Agreement”**).

It is provided in the Indenture that, upon complying with certain prescribed conditions, the Issuer may issue additional bonds from time to time on the terms and conditions and for the purposes stated in the Indenture, and said additional bonds, if issued, will be equally and ratably secured under the Indenture with the Outstanding Bonds.

The Internal Revenue Code of 1986, as amended (the “**Code**”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2018A Bonds in order that, for federal income tax purposes, the interest on the Series 2018A Bonds not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of gross proceeds of the Series 2018A Bonds, yield and other restrictions on the investment of the Series 2018A Bond proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Series 2018A Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is ascertained. The Issuer, the Borrower, the Member and the School have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2018A Bonds from gross income under Section 103 of the Code.

On the date hereof the Issuer, the Borrower, the Member, the School and the Trustee have executed a Tax Regulatory Agreement, dated the date hereof (the “**Tax Regulatory Agreement**”), containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Regulatory Agreement, the Borrower, the Member and the School each covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest paid on the Series 2018A Bonds will, for federal income tax purposes, be excluded from gross income.

We are of the opinion that:

1. The Issuer is duly organized and validly existing under the NFP Corporation Law, and has the right and power thereunder to enter into the Indenture, and the Indenture has been duly authorized, executed and delivered by the Issuer, is in full force and effect, and is valid and binding upon the Issuer and enforceable against the Issuer in accordance with its terms.
2. The Issuer has the right and power under the NFP Corporation Law to enter into the Loan Agreement, and the Loan Agreement has been duly authorized, executed and delivered by the Issuer, is in full force and effect, and constitutes a valid and binding agreement of the Issuer enforceable against the Issuer in accordance with its terms.
3. The Issuer has the right and power under the NFP Corporation Law to enter into the Assignments of Mortgages, and the Assignments of Mortgages have been duly authorized, executed and delivered by the Issuer, are in full force and effect, and constitute valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their terms.
4. The Issuer has the right and power under the NFP Corporation Law to enter into the Assignments of ALR, and the Assignments of ALR have been duly authorized, executed and delivered by the Issuer, are in full force and effect, and constitute valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their terms.
5. The Currently Delivered Series 2018A Bonds, and the Series 2018B Bonds, have each been duly authorized and issued by the Issuer in accordance with law and in accordance with the Indenture and are the valid and binding special limited revenue obligations of the Issuer, payable solely

from the loan payments, revenues and receipts derived from the Loan Agreement and the Promissory Notes and pledged under the Indenture. The Currently Delivered Series 2018A Bonds and the Series 2018B Bonds are secured pursuant to the liens and security interests of the Mortgages in the Mortgaged Property, the assignments of lease and rents with respect to the Facility Lease pursuant to the Assignments of Lease and Rents, and the security interest in the Pledged Collateral of the Pledge and Security Agreement. The Currently Delivered Series 2018A Bonds and the Series 2018B Bonds are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the benefit of the Indenture. All conditions precedent to the delivery of the Currently Delivered Series 2018A Bonds and of the Series 2018B Bonds under the Indenture have been fulfilled. To the extent that any of the Currently Delivered Series 2018A Bonds (“**Discount Bonds**”) have original issue discount (“**OID**”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Currently Delivered Series 2018A Bonds.

6. Under existing statutes and court decisions, and assuming continuing compliance with the tax covenants set forth in the Tax Regulatory Agreement in the form as in effect on the date hereof, (i) the interest on the Currently Delivered Series 2018A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) the interest on the Currently Delivered Series 2018A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018.

In rendering this opinion, we have relied on the opinion of Gilbride, Tusa, Last & Spellane LLC, special counsel to the Borrower, to the Member and to the School, dated the date hereof, regarding, among other matters, the current qualification of each of the Member and the School as being an organization described in Section 501(c)(3) of the Code. We note that the opinion of special counsel to the Borrower, the Member and the School is subject to a number of qualifications and limitations. Failure of the Borrower, the Member or the School to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of the status of the Member or the School as an organization described in Section 501(c)(3) of the Code may result in the interest on the Currently Delivered Series 2018A Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Currently Delivered Series 2018A Bonds.

7. Under existing statutes, the interest on the Currently Delivered Series 2018A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York.

Not all of the Series 2018A Bonds will be issued on the date hereof. A bond (or a portion thereof) is treated as issued only to the extent money is exchanged therefor. Consequently, any Series 2018A Bonds that do not constitute Currently Delivered Series 2018A Bonds will be treated as issued only when money is exchanged therefor on the related Subsequent Delivery Date. Each draw-down of the Series 2018A Bonds on a Subsequent Delivery Date must constitute a valid obligation of the Issuer that is legally authorized by law existing on the date of the draw, when money is actually exchanged for the delivery of such Series 2018A Bonds on such Subsequent Delivery Date. The interest on such Series 2018A Bonds issued on a Subsequent Delivery Date is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code only if the Series 2018A Bonds issued on a Subsequent Delivery Date qualify for such exclusion under the law and regulations existing on such date. In addition, the interest on the Series 2018A Bonds issued on a Subsequent Delivery Date will be exempt from personal income taxes imposed thereon by the State of New York or any political subdivision thereof, including The City of New York, only if such Series 2018A Bonds issued on a Subsequent Delivery Date

qualify for such exemption under existing statutes. Thus, for example, a change in New York state law or Federal income tax law (or interpretations thereof) subsequent to the date hereof may adversely affect the validity of the Series 2018A Bonds to be issued on a Subsequent Delivery Date or the exclusion of interest on such Series 2018A Bonds to be issued on a Subsequent Delivery Date from gross income for Federal income tax purposes or from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), as the case may be. The occurrence of an event (a “**Non-Reliance Event**”) after the date hereof that would adversely affect the validity of the Series 2018A Bonds to be issued on a Subsequent Delivery Date, or that would adversely affect the exclusion of interest on such Series 2018A Bonds to be issued on a Subsequent Delivery Date from gross income for Federal income tax purposes, or that would adversely affect the exemption of interest on the Series 2018A Bonds from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York, could result from: (i) a change in pertinent State of New York law or regulations existing on the date hereof or a change in pertinent Federal income tax law or regulations existing on the date hereof, or from a change in the interpretation thereof, including rulings or interpretations of the Internal Revenue Service or other Federal or State of New York governmental authorities, or (ii) court rulings or pending litigation affecting the issuance, legality or validity of the Series 2018A Bonds, the Indenture or the NFP Corporation Law, or the exclusion of interest on the Series 2018A Bonds from gross income for Federal income tax purposes or from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), as applicable, or (iii) the untruthfulness or inaccuracy of, or non-compliance with, any of the representations, covenants, conditions and agreements contained in the Loan Agreement or in the Tax Regulatory Agreement, or in certain certificates executed and delivered by authorized officers of the Issuer, the Borrower, the Member, the School, the underwriter or the initial beneficial owners of the Series 2018A Bonds or others on or before the date hereof, in connection with the Series 2018A Bonds, as referred to above. On each Subsequent Delivery Date, you may, however, rely upon this opinion with respect to any Series 2018A Bonds issued on such Subsequent Delivery Date, as if such Series 2018A Bonds constitute Currently Delivered Series 2018A Bonds, on the condition that a Non-Reliance Event has not occurred. This opinion, with respect to the Series 2018A Bonds issued on a Subsequent Delivery Date, as this opinion may be permitted to be relied upon, should, if reliance is permitted, be considered to be rendered on such related Subsequent Delivery Date. We have the option, but not the obligation, to notify you if a Non-Reliance Event has occurred and that you may no longer rely on this opinion. With respect to Series 2018A Bonds issued on a Subsequent Delivery Date, we assume no obligation to update, revise or supplement this opinion to reflect any action taken or not taken after the related Subsequent Delivery Date, for any facts or circumstances, for any changes in law or in interpretations thereof, that may arise or occur after the related Subsequent Delivery Date, or for any other reason. We express no opinion as to the consequence of any change in law or interpretation thereof, or otherwise, that may be enacted, arise or occur after a related Subsequent Delivery Date, and we note that such changes may take place or be proposed from time to time.

Except as stated in paragraphs 6 and 7 above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Currently Delivered Series 2018A Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, for any facts or circumstances that may hereafter come to our attention, for any changes in law or in interpretations thereof that may hereafter occur or for any other reason. We express no opinion as to the consequence of any change in law or interpretation thereof, or otherwise, that may hereafter be enacted, arise or occur, and we note that such changes may take place or be proposed from time to time. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel as to the exclusion from gross income for federal income tax purposes of interest on the Series 2018A Bonds, or under state and local tax laws.

In rendering the opinions in paragraphs 6 and 7 above, we have (i) relied upon and assumed the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Issuer Tax Certification delivered on the date hereof by the Issuer and in the Tax Regulatory Agreement with respect to the use of proceeds of the Series 2018A Bonds and the investment of certain funds, and other matters affecting the exclusion of the interest on the Series 2018A Bonds from gross income for federal income tax purposes under Section 103 of the Code, (ii) relied upon the opinion of Gilbride, Tusa, Last & Spellane LLC, special counsel to the Borrower, the Member and the School, dated the date hereof, regarding, among other matters, the current qualifications of the Member and the School as each being an organization described in Section 501(c)(3) of the Code, and (iii) relied upon and assumed compliance by the Issuer, the Borrower, the Member and the School with procedures and ongoing covenants set forth in the Tax Regulatory Agreement and with the ongoing tax covenants set forth in the Indenture and the Loan Agreement. Under the Code, failure to comply with such procedures and covenants may cause the interest on the Currently Delivered Series 2018A Bonds to be included in gross income for federal income tax purposes, retroactive to the date of issuance of the Currently Delivered Series 2018A Bonds, irrespective of the date on which such noncompliance occurs or is ascertained. Compliance with certain of such requirements may necessitate that persons not within the control of the Issuer, the Borrower, the Member or the School take or refrain from taking certain actions.

The foregoing opinions are qualified only to the extent that the enforceability of the Bonds, the Indenture, the Tax Regulatory Agreement, the Promissory Notes, the Pledge and Security Agreement, the Mortgages, the Assignments of Mortgages, the Assignments of Lease and Rents, the Assignments of ALR and the Loan Agreement may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and is subject to general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

In rendering this opinion, we have assumed the due recording of the Mortgages, the Assignments of Mortgages, the Facility Lease, the Assignments of Lease and Rents and the Assignments of ALR, and the due filing and sufficiency of financing statements under the New York State Uniform Commercial Code.

In rendering this opinion, we have relied as to matters of title of the Borrower to the Mortgaged Property under the Mortgages on the mortgagee title insurance policy issued by First American Title Insurance Company insuring the Trustee's and the Issuer's mortgagee interests under the Mortgages in the real property constituting a part of the Mortgaged Property, dated the date hereof.

In rendering this opinion, with respect to the due authorization, execution and delivery of the Loan Agreement, the Promissory Notes, the Pledge and Security Agreement, the Mortgages, the Assignments of Lease and Rents and the Tax Regulatory Agreement by the Borrower, and the enforceability of each of the same against the Borrower, we have relied upon the opinion of Gilbride, Tusa, Last & Spellane LLC, special counsel to the Borrower, the Member and the School, dated the date hereof.

In rendering this opinion, with respect to the due authorization, execution and delivery of the Tax Regulatory Agreement by the Member, and the enforceability of the same against the Member, we have relied upon the opinion of Gilbride, Tusa, Last & Spellane LLC, special counsel to the Borrower, the Member and the School, dated the date hereof.

In rendering this opinion, with respect to the due authorization, execution and delivery of the Loan Agreement and the Tax Regulatory Agreement by the School, and the enforceability of each of the same against the School, we have relied upon the opinion of Gilbride, Tusa, Last & Spellane LLC, special counsel to the Borrower, the Member and the School, dated the date hereof.

In rendering this opinion, with respect to the due authorization, execution and delivery of the Indenture, the Pledge and Security Agreement and the Tax Regulatory Agreement by the Trustee, and the enforceability of each of the same against the Trustee as its legal, valid and binding obligation, we have relied upon the opinion of Paparone Law PLLC, counsel to the Trustee, dated the date hereof.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Borrower, the Member or the School other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser or purchasers of the Bonds.

In rendering this opinion, we express no opinion as to the necessity for obtaining any licenses, permits or other approvals relating to the Facility or the Project or the application or effect of any environmental laws, ordinances, rules, regulations or other requirements of any governmental authority with respect to the Facility, the Project or the transactions contemplated under the Indenture.

The foregoing opinions are further subject, however, to the qualification that we express no opinion as to matters relating to the rights in, title to or sufficiency of the description of any property or collateral described in the Security Documents (as defined in the Indenture) or the creation, perfection or relative priority of any lien or security interest created with respect to such property or collateral thereunder.

We have examined a Series 2018A Bond in fully registered form numbered AR-1 and a Series 2018B Bond in fully registered form numbered BR-1, and, in our opinion, the form of each said Bond and their execution are regular and proper.

We undertake no responsibility for the accuracy, completeness or fairness of any limited offering memorandum or other offering materials relating to the Bonds and express herein no opinion relating thereto.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

APPENDIX H

FORM OF CONTINUING DISCLOSURE AGREEMENT

October 30, 2018

This Continuing Disclosure Undertaking Agreement (this “**Agreement**”) is entered into by American Dream Gerard LLC (the “**Borrower**”), American Dream Charter School (the “**School**”) and School Improvement Partnership, LLC, as continuing disclosure agent (the “**Continuing Disclosure Agent**”), in connection with the issuance of \$25,725,000 Build NYC Resource Corporation Revenue Bonds (American Dream Charter School Project), Series 2018A and \$1,020,000 Build NYC Resource Corporation Revenue Bonds (American Dream Charter School Project), Series 2018B (Taxable) (collectively, the “**Bonds**”). The Bonds are being issued pursuant to an Indenture of Trust dated as of October 1, 2018 (the “**Indenture**”), between Build NYC Resource Corporation (the “**Issuer**”) and The Bank of New York Mellon, as trustee (the “**Trustee**”).

In consideration of the purchase of such Bonds by the owners thereof, the Borrower hereby covenants and agrees as follows:

Section 1. Purpose of this Agreement. This Agreement is entered into by the Borrower and the School as of the date set forth below, for the benefit of the holders and owners (the “**Bondholders**”) of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below).

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires. Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Loan Agreement.

“*Annual Financial Information*” means (i) enrollment, attendance, waiting list, and academic performance data for the School for the current year in the form of Exhibit I hereto, (ii) a copy of the audit report of the Borrower and the School as certified by independent public accountants, and (iii) a copy of the certificate addressing compliance with all financial covenants required by this Agreement, as set forth in Exhibit IV hereto.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4(a).

“*Audited Financial Statements*” means the audited consolidated financial statements of the Borrower and the School, prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time, and shall include consolidating schedules reflecting financial statements for the Borrower and the School.

“*Commission*” means the Securities and Exchange Commission.

“*Continuing Disclosure Agent*” means, initially, School Improvement Partnership, LLC, its successors and assigns, and, thereafter, any agent designated as such in writing by the Borrower and the School and which has filed with the Borrower and the School a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Fiscal Year*” means each year ending June 30, commencing with the Fiscal Year ending June 30, 2018.

“*Loan Agreement*” means the Loan and Use Agreement, dated as of October 1, 2018, between the Issuer and each of the Borrower and the School.

“*Material Event*” means the occurrence of any of the events with respect to the Bonds set forth in Exhibit III.

“*Material Events Disclosure*” means dissemination of a notice of a Material Event as set forth in Section 5 hereof.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Other Financial Information*” means the information as set forth in Section 4(c).

“*Other Financial Information Disclosure*” means the dissemination of disclosure concerning the information as set forth in Section 4(c).

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Bonds.

“*Prescribed Form*” means, with regard to the filing of Annual Financial Information, Audited Financial Statements, Other Financial Information and notices of Material Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“*Quarterly Financial Information*” means the information as set forth in Section 4(b).

“*Quarterly Financial Information Disclosure*” means the dissemination of disclosure concerning the information as set forth in Section 4(b).

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of New York.

“*State Compliance Office*” means the Board of Regents of the State of New York, or any other body subsequently authorized by the State of New York to grant, revoke, suspend charters.

“*Undertaking*” means the obligations of the Borrower and the School pursuant to Sections 4 and 5.

Section 3. CUSIP Number/Final Limited Offering Memorandum. The CUSIP Number of the Series 2018A Bonds is 12008E PH3. The CUSIP Number of the Series 2018B Bonds is 12008E PJ9.

The Final Limited Offering Memorandum relating to the Bonds is dated October 26, 2018 (the “**Final Limited Offering Memorandum**”).

Section 4. Annual Financial Information Disclosure; Quarterly Financial Information Disclosure; Other Disclosure.

(a) Annual Financial Information and Audited Financial Statements. Subject to Section 9 of this Agreement, the Borrower and the School hereby covenant that each will, or will cause the Continuing Disclosure Agent to, disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I hereto) by delivering such Annual Financial Information and the Audited Financial Statements to the MSRB within 15 days after the date required for filing the Borrower’s and the School’s audited financial statements with the State, but in no case later than 150 days after the end of each Fiscal Year commencing with Fiscal Year ended June 30, 2018. It shall be sufficient if the Borrower or the School provides to the MSRB any or all of the Annual Financial Information Disclosure by specific reference to documents previously provided to the MSRB or the Commission and, if such document is a Final Limited Offering Memorandum within the meaning of the Rule, available from the MSRB.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Borrower or the School will, or will cause the Continuing Disclosure Agent to, disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

(b) Quarterly Financial Information. Subject to Section 9 of this Agreement, the Borrower and the School shall, or shall cause the Continuing Disclosure Agent to, disseminate the Quarterly Financial Information (in the form and by the dates set forth below and in Exhibit II hereto) by delivering such Quarterly Financial Information to the MSRB within 45 days after the close of each such quarter commencing with the quarter ending December 31, 2018.

(c) Disclosure in Prescribed Form. The Borrower and the School are required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

Section 5. Material Events Disclosure. Subject to Section 9 of this Agreement, the Borrower and the School hereby covenant that each will, or will cause the Continuing Disclosure Agent to, disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Bonds pursuant to the Indenture. From and after the Effective Date, the Borrower and the School are required to deliver such Material Events Disclosure in the same manner as provided by Section 4 of this Agreement.

Section 6. Duty to Update EMMA/MSRB. The Borrower and the School shall determine, in the manner each deems appropriate, whether there has occurred a change in the MSRB’s e-mail address

or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 7. Consequences of Failure of the Borrower and the School to Provide Information.

The Borrower and the School shall, or shall cause the Continuing Disclosure Agent to, give notice in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure or Quarterly Financial Information when the same is due hereunder.

In the event of a failure of the Borrower and the School to comply with any provision of this Agreement, the Bondholder of any Bond may seek specific performance by court order to cause the Borrower and the School to comply with their obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture or any other agreement, and the sole remedy under this Agreement in the event of any failure of the Borrower or the School to comply with this Agreement shall be an action to compel performance.

If there exists a Continuing Disclosure Agent and such Continuing Disclosure Agent is unable to verify that any information required to be provided to the MSRB by Section 4 hereof by the date required therein, the Continuing Disclosure Agent shall send a notice to the MSRB and the Participating Underwriter in substantially the form attached hereto as Exhibit V.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the Borrower, the School and the Continuing Disclosure Agent, if any, may amend this Agreement, and any provision of this Agreement may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Borrower and the School or type of business conducted;

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Bondholders of the Bonds, as determined either by parties unaffiliated with the Issuer, the Borrower or the School (such as the Trustee) or by an approving vote of the Bondholders of the Bonds holding a majority of the aggregate principal amount of the Bonds (excluding Bonds held by or on behalf of the Borrower and the School or any affiliate thereof pursuant to the terms of the Indenture at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

Section 9. Termination of Undertaking. The Undertaking of the Borrower and the School shall be terminated hereunder when the Borrower shall no longer have any legal liability for any obligation on or relating to the repayment of the Bonds. The Borrower shall, or shall cause the Continuing Disclosure Agent to, give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

Section 10. Continuing Disclosure Agent.

- a) The Borrower and the School have appointed School Improvement Partnership as its Continuing Disclosure Agent, and may, from time to time, appoint or engage a different Continuing Disclosure Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Continuing Disclosure Agent, with or without appointing a successor Continuing Disclosure Agent. The Continuing Disclosure Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower and the School pursuant to this Agreement. Notwithstanding anything to the contrary herein, the Continuing Disclosure Agent shall not be responsible for any determination as to the adequacy of the contents or format of any Annual Financial Information Disclosure or Other Information Disclosure, and as to the materiality of any Material Event.
- b) The duties of the Continuing Disclosure Agent are to:
- (i) contact the Borrower and the School at least 30 days before each Quarterly and Annual Report are due under the Continuing Disclosure Agreement;
 - (ii) send the draft Template to Borrower and the School management, with those sections completed that can be obtained from publicly available data;
 - (iii) assist the Borrower and the School in completing the Template by its required filing date;
 - (iv) once the completed Template and accompanying attachments are received by the Continuing Disclosure Agent, the Continuing Disclosure Agent will file a Report based solely on such information on EMMA;
 - (v) e-mail Alert to the Borrower and the School, the Participating Underwriter and the Trustee when any documents are filed on EMMA;
 - (vi) post notice on EMMA when the Borrower and the School misses a Continuing Disclosure filing deadline in the form set forth in Exhibit V;
 - (vii) post notice on EMMA when it receives notice of a Material Event at the Borrower and the School listed on Exhibit III; and
 - (viii) arrange investor calls in coordination with the Participating Underwriter as required under Section 16 hereof.
- (c) The Continuing Disclosure Agent does not serve as an auditor, financial advisor, broker-dealer or underwriter, is not providing "advice" under Dodd-Frank Wall Street Reform and Consumer Protection Act and does not certify the completeness or accuracy of the Template or any information given by the Borrower and the School to School Improvement Partnership for filing on EMMA.
- (d) In the event of a failure of the Borrower or the School to comply with any provision of this Agreement, the Bondholder of any Bond may seek specific performance by court order to cause the Borrower and the School to comply with their obligations under this Agreement.
- (e) The Continuing Disclosure Agent is due a one-time \$3,000 set-up fee at closing, and \$5,000 annually per school payable in advance on the Closing Date and on each anniversary of the Closing Date, subject to Paragraph 9 hereof.

Section 11. Indemnification. The Borrower and the School will indemnify and save the Continuing Disclosure Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Continuing Disclosure Agent may incur arising out of or in the exercise or performance of the powers and duties of the Continuing Disclosure Agent pursuant to this Agreement and the applicable, related agency agreement, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Continuing Disclosure Agent. The obligations of the Borrower and the School under this Section will survive resignation or removal of the Continuing Disclosure Agent and payment of the Bonds.

Section 12. Additional Information. Nothing in this Agreement shall be deemed to prevent the Borrower or the School from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure, Quarterly Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Borrower or the School chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Borrower and the School shall not have any obligation under this Agreement to update such information or include it in any future disclosure or notice of the occurrence of a Material Event.

Section 13. Beneficiaries. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Borrower, the School, the Continuing Disclosure Agent, if any, the Trustee and the Bondholders of the Bonds, and shall create no rights in any other person or entity.

Section 14. Recordkeeping. The Borrower and the School shall maintain records of all Annual Financial Information Disclosure, Quarterly Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 15. Past Compliance. The Borrower and the School represent that it has complied with the requirements of each Continuing Disclosure Undertaking Agreement entered into by it pursuant to the Rule in connection with previous financings to which the Rule was applicable.

Section 16. Investor Calls. On or about each January 15, the Continuing Disclosure Agent shall arrange a conference call with Registered Owners, Beneficial Owners, and potential purchasers of the Bonds, regarding performance of the Borrower for the period ending with the preceding June 30. The Continuing Disclosure Agent shall provide at least 30 days' notice of such calls to EMMA accessible at <http://emma.msrb.org/>.

Section 17. Assignment. The Borrower and the School shall not transfer its obligations under the Indenture, the Loan Agreement unless the transferee agrees to assume all obligations of the Borrower or the School under this Agreement or to execute a Continuing Disclosure Undertaking Agreement under the Rule.

Section 18. No Indebtedness of the State. No indebtedness of any kind incurred or created by the Borrower or the School shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the Borrower or the School shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.

Section 19. Governing Law. This Agreement shall be governed by the laws of the State.

Dated as of the date first set forth above.

AMERICAN DREAM GERARD LLC

By: _____
Name: Maureen K. Heneghan
Title: President

AMERICAN DREAM CHARTER SCHOOL

By: _____
Name: Luz Maria Rojas
Title: Chair of the Board

**SCHOOL IMPROVEMENT PARTNERSHIP,
LLC, as Continuing Disclosure Agent**

By: _____
Name: _____
Title: _____

[Signature Page to Continuing Disclosure Agreement]

EXHIBIT I

Annual Information

1. Financial Performance
 - a. Annual Audit
 - b. Debt Service Coverage Ratio covenant compliance with calculations for FY
 - c. Days Cash on Hand covenant compliance with calculations for FY
 - d. Budget vs. Actual, year-to-date for FY
 - e. Reasons for Material Budget Deviations on a Quarterly Basis
 - f. Balances in Debt Service Reserve Fund, Project Fund as of December 1
2. Academic Performance According to the Authorizer
 - a. vs. Host District
 - b. vs. State
3. Authorizer Relations
 - a. Charter expiration date
 - b. Material written communications from Authorizer regarding charter status
 - c. Contact person at the Authorizer
4. Sources of Revenue
 - a. Per pupil payments three-year history
 - b. Any official communication regarding changes in per-pupil payments
5. Enrollment, Retention and Waiting List By Grade and By School
 - a. Three-year history of enrollment, with current year enrollment
 - b. Three-year history of student retention rate
 - c. Three-year history of waiting list at each school
6. Teacher Employment and Retention By Grade
 - a. Three-year history of teacher retention rate
 - b. Is the work force unionized?
7. School or Board Leadership Changes
 - a. Any School leadership team changes in the past year
 - b. Any Board member changes
8. Construction Update
 - a. Has Expected Completion Date changed since closing
 - b. Percent of Project complete
 - c. Percent of Construction Budget spent
 - d. Percentage of Contingency spent

9. Has a Material Event under Rule 15c2-12 Occurred That Has Not Been Disclosed?
 - a. See Exhibit III

10. Officer's Certificate
 - a. See Exhibit IV

EXHIBIT II
Quarterly Information

1. Financial Performance
 - a. Budget vs. Actual, year-to-date on a Quarterly Basis
 - b. Reasons for Material Budget Deviations on a Quarterly Basis
 - c. Balances in Debt Service Reserve Fund, Project Fund
2. Authorizer Relations
 - a. Material written communications from Authorizer regarding charter status
3. Sources of Revenue
 - a. Any official communication regarding changes in per-pupil payments
4. Enrollment By Grade and By School
 - a. Current year enrollment
5. Construction Update
 - a. Has Expected Completion Date changed since closing
 - b. Percent of Project complete
 - c. Percent of Construction Budget spent
 - d. Percentage of Contingency spent
6. Has a Material Event under Rule 15c2-12 Occurred that has not been disclosed?
 - a. See Exhibit III
7. Officer's Certificate
 - a. See Exhibit IV

EXHIBIT III

EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Nonpayment-related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Borrower*
13. The consummation of a merger, consolidation or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower.

EXHIBIT IV

CERTIFICATE OF AUTHORIZED REPRESENTATIVE

I, _____, as the Authorized Representative for [BORROWER AND SCHOOL], hereby certifies as of the date hereof that other than as described herein:

1. The information contained in the Template prepared on the date hereof is true and correct in all material respects.
2. There have been no notices of potential adverse actions of which the school has been notified; adopted corrective plans of action, adverse actions or restrictions; charter non-renewals or revocations by the charter authorizer and status updates on appeals or actions taken by the school in response.
3. There have been no notices of investigations or actions taken by regulatory agencies (such as the SEC, for example).
4. There has been no litigation (including any matters of criminal misconduct) against the school, board members or employees to the extent such action is expected to materially affect operations and/or school finances.
5. There have been no casualty losses, to extent daily operations are disrupted for more than 7-10 days, with information about insurance coverage.
6. There have been no non-scheduled terminations by the board, or resignations of, key school administrative personnel and/or management contracts; as well as material changes in members of the board of directors (such as a mass resignation, for example).
7. There have been no building code, or other public health and safety violations in the school (or adjoining property) that disrupt operations in the school for more than 7-10 days.
8. The School is in compliance with the insurance requirements under the Bond Documents.
9. There are no material defaults which exist under the Bond Documents.
10. No Material Events as set forth in Exhibit III have occurred that have not been disclosed on EMMA.

AMERICAN DREAM GERARD LLC

By: _____
Authorized Representative

AMERICAN DREAM CHARTER SCHOOL

By: _____
Authorized Representative

Dated: _____, 20__.

EXHIBIT V

**FORM OF
NOTICE TO THE MSRB OF FAILURE TO FILE [_____]**

Name of Issuer: Build NYC Resource Corporation

Name of Issue: \$25,725,000 Build NYC Resource Corporation Revenue Bonds (American Dream Charter School Project), Series 2018A and \$1,020,000 Build NYC Resource Corporation Revenue Bonds (American Dream Charter School Project), Series 2018B (collectively, the “**Bonds**”)

Name of Borrower: American Dream Gerard LLC.

Name of School: American Dream Charter School.

Date of Issuance: [ISSUANCE DATE]

NOTICE IS HEREBY GIVEN that the Borrower has not provided [_____] with respect to the above-named Bonds as required by the Continuing Disclosure Undertaking Agreement with respect to the Bonds. The Borrower has notified the Continuing Disclosure Agent that it anticipates [_____] will be filed by _____, 20__.

Dated: _____, 20__.

SCHOOL IMPROVEMENT PARTNERSHIP, LLC,
as Continuing Disclosure Agent

By: _____
Authorized Signatory

cc: Borrower

APPENDIX I

BOOK-ENTRY ONLY SYSTEM

The information in this APPENDIX I concerning DTC (as defined below), Cede & Co. and the Book-Entry System has been furnished by DTC for use in disclosure documents such as this Limited Offering Memorandum. The Issuer and the Underwriter believe such information to be reliable, but neither the Issuer nor the Underwriter takes any responsibility for the accuracy or completeness thereof.

The Depository Trust Company (“**DTC**”), New York, New York, will act as securities depository for the securities discussed in the body of this Limited Offering Memorandum (the “**Series 2018 Bonds**”). The Series 2018 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2018 Bond certificate will be issued for each maturity of the Series 2018 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2018 Bonds under the DTC system must be made by or through Direct Participants which will receive a credit for the Series 2018 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2018 Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2018 Bonds, except in the event that use of the book-entry system for the Series 2018 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2018 Bond documents. For example, Beneficial Owners of the Series 2018 Bonds may wish to ascertain that the nominee holding the Series 2018 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of the notices be provided directly to them.

Redemption notices are required to be sent to DTC. If less than all of the Series 2018 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Series 2018 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer and the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Series 2018 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner will give notice to elect to have its Series 2018 Bonds purchased or tendered, through its Participant, to the Trustee, and will effect delivery of such Series 2018 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2018 Bonds, on DTC's records, to the Trustee.

DTC may discontinue providing its services as depository with respect to the Series 2018 Bonds at any time by giving reasonable notice to the Issuer and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2018 Bond certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2018 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy or completeness thereof.

THE INFORMATION ABOVE DISCUSSING THE BOOK-ENTRY SYSTEM HAS BEEN FURNISHED BY DTC. NO REPRESENTATION IS MADE BY THE ISSUER, THE BORROWER, THE SCHOOL OR THE UNDERWRITER AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY THE ISSUER, THE BORROWER, THE SCHOOL OR THE UNDERWRITER TO DETERMINE WHETHER DTC IS OR WILL BE FINANCIALLY OR OTHERWISE CAPABLE OF FULFILLING ITS OBLIGATIONS. THE ISSUER HAS NO RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS, OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2018 BONDS, OR FOR ANY PRINCIPAL OF, SINKING FUND INSTALLMENT, REDEMPTION PREMIUM, IF ANY, OR INTEREST PAYMENT THEREON.

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