

LIMITED OFFERING MEMORANDUM DATED JANUARY 9, 2020

NEW ISSUE — Book-Entry Only

NOT RATED

In the opinion of Katten Muchin Rosenman LLP, Bond Counsel, based on existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable in gross income for federal income tax purposes and is not includable in taxable income for purposes of personal income taxes imposed by the State of New York, The City of New York and the City of Yonkers, New York, assuming compliance with certain covenants and the accuracy of certain representations. In the opinion of Bond Counsel, interest on the Bonds is not an "item of tax preference" for purposes of the federal alternative minimum tax. See "TAX MATTERS" herein.



\$9,350,000

**BUILD NYC RESOURCE CORPORATION
REVENUE BONDS
(CONSORTIUM FOR WORKER EDUCATION, INC. PROJECT), SERIES 2020**

Dated: Date of Delivery

Due: As shown on the inside front cover

Build NYC Resource Corporation (the "Issuer") is issuing up to \$9,350,000 of its Build NYC Resource Corporation Revenue Bonds (Consortium for Worker Education, Inc. Project), Series 2020 (the "Bonds"). The Bonds will initially be issued only in fully registered form in denominations of \$100,000, or any integral multiple of \$5,000 in excess thereof.

The Bonds will be registered in the name of Cede & Co., as holder of the Bonds and nominee for The Depository Trust Company ("DTC"). Purchases of the Bonds will be made in book-entry only form. See "BOOK-ENTRY ONLY SYSTEM" herein. Interest on the Bonds will be payable by The Bank of New York Mellon, as trustee for the Bonds (the "Trustee"), on each June 1 and December 1 of each year, commencing June 1, 2020. The Bonds are subject to optional, extraordinary, and mandatory redemption, as further described herein. See "THE BONDS- Redemption Provisions" herein.

The Bonds are being issued for the benefit of Consortium for Worker Education, Inc., a New York not-for-profit corporation (the "Institution"), pursuant to an Indenture of Trust dated as of January 1, 2020 (the "Indenture"), between the Issuer and the Trustee in order to provide a portion of the funds required to (i) finance the acquisition, renovation furnishing and equipping of an approximately 9,476 square foot commercial condominium, comprising the entire third floor of a 20-story building located on an approximately 8,068 square foot parcel of land at 305 7th Avenue, New York, New York (the "Facility"); (ii) fund a debt service reserve fund; and (iii) pay certain costs related to the issuance of the Bonds, all as more fully described herein.

The proceeds from the sale of the Bonds are being loaned to the Institution pursuant to a Loan Agreement, dated as of January 1, 2020 (the "Loan Agreement"), between the Issuer and the Institution. The Institution will be obligated under the Loan Agreement and a Promissory Note (the "Promissory Note") to make payments sufficient to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds as the same become due. The Institution's obligations under the Loan Agreement and the Promissory Note are secured by a Mortgage (as herein defined) on certain real property owned or leased by the Institution. The Bonds are secured by (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 or pledged thereunder, including but not limited to, Gross Revenues (as defined in the Indenture), and the security interest granted pursuant to the Loan Agreement, excluding, however, the Issuer's Reserved Rights (as defined in the Indenture), and the Promissory Note, (ii) moneys and obligations held by the Trustee under the Indenture, and (iii) the Security Documents (as defined in the Indenture). See "SECURITY FOR THE BONDS" herein.

The Underwriter intends to hereby offer the Bonds at initial issuance to Qualified Institutional Buyers as defined in Rule 144A under the Securities Act of 1933; provided that subsequent transfers of the Bonds may be made only to Qualified Institutional Buyers and "accredited investors" (as defined in Regulation D under the Securities Act).

THE BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, SINKING FUND INSTALLMENTS, REDEMPTION PRICE, AND INTEREST SOLELY FROM THE PAYMENTS MADE BY THE INSTITUTION UNDER THE LOAN AGREEMENT AND THE PROMISSORY NOTE, AND FROM THE TRUST ESTATE (AS HEREINAFTER DEFINED). 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 THE INTEREST ON, THE 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 BONDS. THE BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE 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 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

THE BONDS ARE NOT RATED. AN INVESTMENT IN THE BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK AND IS NOT APPROPRIATE FOR UNSOPHISTICATED INVESTORS. A BONDHOLDER IS ADVISED TO READ THIS ENTIRE LIMITED OFFERING MEMORANDUM, INCLUDING THE APPENDICES HERETO. SPECIAL REFERENCE IS MADE TO THE SECTIONS "SECURITY FOR THE BONDS" AND "BONDHOLDERS' RISKS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE BONDS.

The Bonds are offered, when, as and if issued subject to the approval of legality by Katten Muchin Rosenman LLP, New York, New York, Bond Counsel to the Issuer, and certain other conditions. Certain legal matters will be passed upon for the Issuer by its General Counsel and for the Institution by its counsel, The Law Offices of Jeffrey E. Storch, Esq., New York, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, Ballard Spahr LLP, New York, New York. The Institution was advised on certain financial matters by its financial advisor, Think Forward Financial Group, New York, New York. It is expected that delivery of the Bonds will take place through the facilities of DTC on or about January 22, 2020.

D.A. DAVIDSON & Co.

\$9,350,000
BUILD NYC RESOURCE CORPORATION
REVENUE BONDS
(CONSORTIUM FOR WORKER EDUCATION, INC. PROJECT), SERIES 2020

MATURITY, PRINCIPAL AMOUNT, INTEREST RATE, YIELD, AND CUSIP

\$4,580,000 5.000% Term Bond due December 1, 2039 – Yield 3.750% CUSIP¹: 12008EQP4

\$4,770,000 5.000% Term Bond due December 1, 2049 – Yield 4.000% CUSIP¹: 12008EQQ2

¹ CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Bonds. Neither the Issuer nor the Underwriter is responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

NOTICE TO INVESTORS

THIS LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL NOR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION, OR SALE IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER, SOLICITATION, OR SALE IS NOT QUALIFIED TO DO SO OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION, OR SALE.

THERE CAN BE NO GUARANTEE THAT THERE WILL BE A SECONDARY MARKET FOR THE BONDS OR, IF A SECONDARY MARKET EXISTS, THAT SUCH BONDS CAN BE SOLD FOR ANY PARTICULAR PRICE. OCCASIONALLY, BECAUSE OF GENERAL MARKET CONDITIONS, LACK OF CURRENT INFORMATION, THE ABSENCE OF A CREDIT RATING FOR THE BONDS OR BECAUSE OF ADVERSE HISTORY OR ECONOMIC PROSPECTS CONNECTED WITH A PARTICULAR ISSUE OR INDUSTRY, SECONDARY MARKETING PRACTICES IN CONNECTION WITH A PARTICULAR ISSUE ARE SUSPENDED OR TERMINATED. ADDITIONALLY, PRICES OF ISSUES FOR WHICH A MARKET IS BEING MADE WILL DEPEND UPON THEN PREVAILING CIRCUMSTANCES. SUCH PRICES COULD BE SUBSTANTIALLY DIFFERENT FROM THE ORIGINAL PURCHASE PRICE.

THE BONDS ARE NOT INSURED OR GUARANTEED BY ANY GOVERNMENTAL AGENCY OR INSTRUMENTALITY, OR BY ANY OTHER PERSON. THE BONDS ARE NONRECOURSE TO THE ISSUER AND ARE PAYABLE SOLELY FROM THE TRUST ESTATE, AS DEFINED HEREIN, AND PROSPECTIVE INVESTORS SHOULD MAKE AN INVESTMENT DECISION BASED UPON AN ANALYSIS OF THE SUFFICIENCY OF THE TRUST ESTATE.

THE BONDS OFFERED HEREBY ARE SPECULATIVE, AND AN INVESTMENT IN THE BONDS INCLUDES A HIGH DEGREE OF RISK. (SEE "BONDHOLDERS' RISKS.") THIS LIMITED OFFERING MEMORANDUM HAS BEEN PREPARED FROM INFORMATION FURNISHED BY THE INSTITUTION AND FROM OTHER SOURCES. THE INFORMATION CONTAINED IN THIS LIMITED OFFERING MEMORANDUM IS PROVIDED SOLELY IN CONNECTION WITH THE CONSIDERATION OF THE PURCHASE OF THE BONDS. ITS USE FOR ANY OTHER PURPOSE IS NOT AUTHORIZED.

IN MAKING AN INVESTMENT DECISION REGARDING THE BONDS OFFERED HEREBY, PROSPECTIVE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INSTITUTION, AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS HEREOF AS INVESTMENT, LEGAL, OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, ACCOUNTANT, AND OTHER ADVISORS AS TO LEGAL, TAX, BUSINESS, FINANCIAL, AND RELATED ASPECTS OF AN INVESTMENT IN THE BONDS. THE ISSUER AND INSTITUTION ARE NOT MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE BONDS REGARDING THE LEGALITY OF AN INVESTMENT IN THE BONDS BY SUCH OFFEREE OR PURCHASER UNDER APPROPRIATE LEGAL INVESTMENT OR SIMILAR LAWS. THE OFFERING IS BEING MADE SOLELY ON THE BASIS HEREOF. ANY DECISION TO PURCHASE BONDS IN THE OFFERING MUST BE BASED ON THE INFORMATION CONTAINED HEREIN.

EACH PURCHASER OF THE BONDS MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS, OR SELLS THE BONDS OR POSSESSES OR DISTRIBUTES THIS LIMITED OFFERING MEMORANDUM AND MUST OBTAIN ANY CONSENT, APPROVAL, OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER, OR SALE BY IT OF THE BONDS UNDER THE LAWS

AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS, OR SALES, AND THE ISSUER DOES NOT HAVE ANY RESPONSIBILITY THEREFOR.

NO PERSON IS AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED HEREIN AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE INSTITUTION. THE INFORMATION CONTAINED HEREIN IS SUBJECT TO CHANGE, COMPLETION, OR AMENDMENT WITHOUT NOTICE. NEITHER THE DELIVERY HEREOF AT ANY TIME NOR ANY SUBSEQUENT COMMITMENT TO ENTER INTO ANY FINANCING SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN OR IN THE AFFAIRS OF THE INSTITUTION SINCE THE DATE HEREOF.

THE OBLIGATIONS OF THE PARTIES TO THE TRANSACTIONS REFERRED TO HEREIN ARE SET FORTH IN, AND GOVERNED BY, CERTAIN DOCUMENTS DESCRIBED HEREIN, AND ALL OF THE STATEMENTS AND INFORMATION CONTAINED HEREIN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS. THIS LIMITED OFFERING MEMORANDUM CONTAINS SUMMARIES OF CERTAIN OF THESE DOCUMENTS, WHICH THE INSTITUTION BELIEVES TO BE ACCURATE, BUT FOR A COMPLETE DESCRIPTION OF THE RIGHTS AND OBLIGATIONS OF THE PARTIES THERETO SUMMARIZED HEREIN, REFERENCE IS HEREBY MADE TO THE ACTUAL DOCUMENTS. THE FINANCIAL DATA AND OTHER INFORMATION CONTAINED HEREIN HAVE BEEN OBTAINED FROM SOURCES WHICH ARE BELIEVED TO BE RELIABLE. THERE IS NO GUARANTEE THAT ANY OF THE ASSUMPTIONS OR ESTIMATES CONTAINED HEREIN WILL BE REALIZED.

THE INFORMATION CONTAINED HEREIN IS SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM NOR ANY SALE MADE HEREUNDER WILL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION OR OPINIONS SET FORTH HEREIN OR IN THE AFFAIRS OF ANY PARTIES DESCRIBED HEREIN SINCE THE DATE HEREOF.

THIS LIMITED OFFERING MEMORANDUM CONTAINS FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE BASED ON CURRENT EXPECTATIONS AND PROJECTIONS ABOUT FUTURE EVENTS. FORWARD-LOOKING STATEMENTS ARE IDENTIFIED IN THIS LIMITED OFFERING MEMORANDUM BY USING WORDS OR PHRASES SUCH AS “ANTICIPATE,” “BELIEVE,” “CONTEMPLATE,” “CONTINUE,” “ESTIMATE,” “EXPECT,” “INTEND,” “MAY,” “OBJECTIVE,” “PLAN,” “PREDICT,” “POTENTIAL,” “PROJECT,” “SHOULD,” AND “WILL” AND SIMILAR WORDS OR PHRASES, OR THE NEGATIVE OF THOSE WORDS OR PHRASES. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO NUMEROUS ASSUMPTIONS, RISKS, AND UNCERTAINTIES. EXCEPT AS OTHERWISE REQUIRED BY THE FEDERAL SECURITIES LAWS, THE INSTITUTION DISCLAIMS ANY OBLIGATION OR UNDERTAKING TO PUBLICLY RELEASE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT CONTAINED IN THIS LIMITED OFFERING MEMORANDUM TO REFLECT ANY CHANGE IN ITS EXPECTATIONS WITH REGARD TO THESE STATEMENTS OR ANY CHANGE IN EVENTS, CONDITIONS, OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED. ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE INSTITUTION OR PERSONS ACTING ON ITS BEHALF ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH OR REFERRED TO ABOVE. NOTHING HEREIN SHALL BE DEEMED TO CONSTITUTE A REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE INSTITUTION OR THE BONDS.

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**LIMITED OFFERING MEMORANDUM
RELATING TO

\$9,350,000
BUILD NYC RESOURCE CORPORATION
REVENUE BONDS
(CONSORTIUM FOR WORKER EDUCATION, INC. PROJECT), SERIES 2020**

See “APPENDIX C – SUMMARIES OF PRINCIPAL LEGAL DOCUMENTS” for definitions of certain of the words and terms used in this Limited Offering Memorandum.

INTRODUCTION

This Limited Offering Memorandum (including the front cover page, the inside front cover page, and the Appendices) is being distributed in connection with the offering and sale by Build NYC Resource Corporation (the “*Issuer*”) of up to \$9,350,000 aggregate principal amount of its Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Consortium for Worker Education, Inc. Project), Series 2020 (the “*Bonds*”). The Issuer is a local development corporation created pursuant to 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 Bonds are authorized to be issued under and pursuant to a resolution of the Issuer adopted on July 16, 2019, as amended on November 5, 2019, authorizing the issuance and sale of the Bonds and an Indenture of Trust dated as of January 1, 2020, (the “*Indenture*”) between the Issuer and The Bank of New York Mellon, as trustee (the “*Trustee*”). The Trustee also will serve as Paying Agent and Bond Registrar for the Bonds.

The proceeds from the sale of the Bonds are being loaned to Consortium for Worker Education, Inc., a not-for-profit corporation organized and existing under the laws of the State (the “*Institution*”) pursuant to a Loan Agreement dated as of January 1, 2020 (the “*Loan Agreement*”) between the Issuer and the Institution, for the purposes described below. The Institution will be obligated under the Loan Agreement and a Promissory Note from the Institution to the Issuer (the “*Promissory Note*”) to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds as the same become due.

The obligations of the Institution to make payments pursuant to the Loan Agreement and the Promissory Note will be unconditional obligations of the Institution and secured by the Mortgage (as hereinafter defined). The Bonds are secured by (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 or pledged thereunder, including but not limited to, Gross Revenues, and the security interest granted pursuant to the Loan Agreement, excluding, however, the Issuer’s Reserved Rights, and the Promissory Note, (ii) moneys and obligations held by the Trustee under the Indenture, and (iii) the Security Documents. See “SECURITY FOR THE BONDS” herein.

Pursuant to the Indenture, the Issuer will assign to the Trustee substantially all of its right, title, and interest in and to the Promissory Note and the Loan Agreement (except for the Issuer’s Reserved Rights), including all rights to receive the payments of principal or Redemption Price of, Sinking Fund Installments for, and interest on, the Bonds to be made by the Institution pursuant to the Loan Agreement and the Promissory Note.

The Bonds are special limited revenue obligations of the Issuer payable solely from the payments made by the Institution under the Loan Agreement and the Promissory Note and from the Trust Estate as described in the Indenture. See “SECURITY FOR THE BONDS.”

The proceeds from the sale of the Bonds will be loaned to the Institution and used, together with the other available funds of the Institution, to (i) finance a portion of the costs of the acquisition, renovation, furnishing and equipping of an approximately 9,476 square foot commercial condominium, comprising the entire third floor of a 20-story building located on an approximately 8,068 square foot parcel of land at 305 7th Avenue, New York, New York (the “*Facility*”); (ii) fund a debt service reserve fund; and (iii) pay certain costs related to the issuance of the Bonds. See “THE PROJECT,” “ESTIMATED SOURCES AND USES OF FUNDS” and APPENDIX A – INFORMATION CONCERNING THE INSTITUTION.”

The Bonds are subject to optional, extraordinary, and mandatory redemption, as further described herein. See “THE BONDS — Redemption Provisions” herein.

Subject to compliance with the provisions of the Indenture, the Loan Agreement, and the Indenture summarized below under the heading “SECURITY FOR THE BONDS—Debt Service Coverage Ratio

The Loan Agreement requires that the Institution maintain a Debt Service Coverage Ratio of 1.20x (the “*Debt Service Coverage Ratio Requirement*”) or higher for each fiscal year, commencing with the fiscal year ending December 31, 2020 and continuing each fiscal year for so long as the Bonds are Outstanding.

Within two hundred seventy (270) days after the close of each fiscal year, the Institution is required to file with the Issuer and the Trustee a certificate of an Authorized Officer of the Institution stating whether the Debt Service Coverage Ratio Requirement is satisfied for the immediately preceding fiscal year and setting forth the calculation upon which such statement is based.

If the certificate required by the preceding paragraph shows that the required Debt Service Coverage Ratio Requirement is not satisfied for two (2) consecutive fiscal years, the Institution is required to retain an Independent Consultant within ten (10) Business Days after the certificate required by the preceding paragraph is filed with the Issuer and the Trustee to make recommendations to achieve the required Debt Service Coverage Ratio Requirement in the following fiscal year. Any Independent Consultant so retained is required to submit such recommendations to the Issuer and the Trustee within forty-five (45) days after being so retained. The Institution is required, to the maximum extent permitted by law, to follow the reasonable recommendations of the Independent Consultant. So long as the Institution retains an Independent Consultant and follows the Independent Consultant’s recommendations to the extent required by this paragraph and permitted by law, the Debt Service Coverage Ratio Requirement shall be deemed to have been complied with even if the Debt Service Coverage Ratio Requirement for any fiscal year was below the required level.

Additional Indebtedness,” the Issuer may, upon the request of the Institution, issue Additional Bonds under the Indenture for the benefit of the Institution.

The front portion of this Limited Offering Memorandum contains brief descriptions of the Issuer, the Institution, the Bonds, the Indenture, the Loan Agreement, and the Continuing Disclosure Agreement entered into between the Institution and the Trustee on the date of issuance of the Bonds (the “*Continuing Disclosure Agreement*”). Additional information about the Institution is set forth in “APPENDIX A – INFORMATION CONCERNING THE INSTITUTION”. The audited financial statements of the Institution as of and for the two fiscal years ended December 31, 2017 and 2018, are included in APPENDIX B – “AUDITED CONSOLIDATED FINANCIAL STATEMENTS”. Summaries of the Loan Agreement and the Indenture are included in “APPENDIX C – SUMMARIES OF PRINCIPAL LEGAL DOCUMENTS”. Certain of the defined terms used herein are defined in “APPENDIX C – SUMMARIES OF PRINCIPAL LEGAL DOCUMENTS”. The proposed form of the Continuing Disclosure Agreement is included in “APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT”. The proposed form of opinion of Bond Counsel is included in “APPENDIX E – PROPOSED FORM OF OPINION OF BOND COUNSEL”.

All information contained in APPENDIX A to this Official Statement has been furnished by the Institution. All references in this Limited Offering Memorandum to the Indenture, the Loan Agreement and the Continuing Disclosure Agreement are qualified in their entirety by reference to such documents, and the description of the Bonds is qualified in its entirety by reference to the terms thereof and the information with respect thereto included in the Indenture and the Loan Agreement. All such descriptions are further qualified in their entirety by reference to laws relating to or affecting the enforcement of creditors' rights generally.

This introduction is subject in all respects to the additional information contained in this Limited Offering Memorandum, including APPENDICES A through F.

THE ISSUER

Build NYC Resource Corporation (the "*Issuer*") is a not-for-profit local development corporation created pursuant to the Not-for-Profit Corporation Law of the State, as amended, at the direction of the Mayor of the City. The Issuer is not an agency of State or City government. The Issuer is authorized by the Not-for-Profit Corporation Law of the State and the Issuer's 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 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.

The Issuer has offered and plans to offer other obligations from time to time to finance eligible projects for other eligible entities. Such obligations have been and will be issued pursuant to and secured by instruments separate and apart from the Indenture.

The Bonds are special, limited revenue obligations of the Issuer payable solely out of certain funds pledged therefor. Nothing in the Bonds or the Indenture shall be considered as pledging or committing any other funds or assets of the Issuer to the payment of the Bonds or the satisfaction of any other obligation of the Issuer under the Bonds or the Indenture.

Neither the Issuer nor its members, directors, officers, agents, servants or employees, nor any person executing the Bonds, shall be liable personally with respect to the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. Accordingly, no financial information regarding the Issuer or its members, directors, officers, employees or agents has been included herein.

Neither the State nor any political subdivision of the State including, without limitation, the City, is or shall be obligated to pay the principal or redemption price of or interest on the Bonds, and neither the faith and credit nor the taxing power of the State or the City is pledged to such payment. The Issuer has no taxing power.

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 "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

Bonds, the Issuer has not otherwise assisted in the offer, sale, or distribution of the 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, or distribution of the Bonds. The Institution has agreed to indemnify the Issuer against certain liabilities relating to this Limited Offering Memorandum.

THE INSTITUTION

The Institution has provided the information in “APPENDIX A – INFORMATION CONCERNING THE INSTITUTION” and “APPENDIX B – AUDITED CONSOLIDATED FINANCIAL STATEMENTS” attached hereto for use herein. While such information is believed to be reliable, none of the Issuer, the Underwriter, or any of their respective counsel (including Bond Counsel), members, directors, officers or employees makes any representation as to the accuracy or sufficiency of such information.

THE PROJECT

The “Project” being financed with the proceeds of the Bonds consists of (i) financing a portion of the costs of the acquisition, renovation, furnishing and equipping of an approximately 9,476 square foot commercial condominium, comprising the entire third floor of a 20-story building located on an approximately 8,068 square foot parcel of land at 305 7th Avenue, New York, New York (the “Facility”); (ii) funding a debt service reserve fund; and (iii) paying certain costs related to the issuance of the Bonds (the “Project”).

The Institution will enter into a Contract of Sale and Leaseback dated as of the Closing Date (the “Contract of Sale”), between the Institution, as purchaser, and the current owner of the Facility, as seller. The related lease expires on April 30, 2020. Pursuant to the Contract of Sale, the Institution agrees that it (i) will not extend the term of the lease past April 30, 2020, and (ii) will occupy the Facility on or before August 1, 2020.

Further information regarding the Project is set forth in “APPENDIX A – INFORMATION CONCERNING THE INSTITUTION” to this Limited Offering Memorandum.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds, together with other sources of funds, are expected to be applied as follows:

Sources of Funds	Bonds
Par Amount	\$ 9,350,000.00
Original Issue Premium	\$ 853,163.80
Equity Contribution	\$ 141,956.22
TOTAL SOURCES	\$ 10,345,120.02
Uses of Funds	
Deposit to Project Fund Project Account	\$ 9,379,100.52
Debt Service Reserve Fund	\$ 620,000.00
Costs of Issuance	\$ 287,582.00
Underwriter’s Discount	\$ 58,437.50
TOTAL USES	\$ 10,345,120.02

THE BONDS

The information under this heading is subject in its entirety to the information set forth below under the heading “BOOK-ENTRY-ONLY SYSTEM” while the Bonds are held in DTC’s (defined below) book-entry only system.

General

The Bonds will be dated their date of original issuance and will bear interest from their date at the applicable rate or rates until the entire principal amount of the Bonds has been paid, payable initially on June 1, 2020, and semiannually thereafter on each June 1 and December 1 (each an “*Interest Payment Date*”) computed on the basis of a 360-day year of twelve 30-day months. The Bonds will mature (subject to prior redemption) in the principal amounts and on the dates set forth on the inside front cover page of this Limited Offering Memorandum. The Bonds will initially be issuable only in fully registered, book-entry only form in a minimum denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof. Authorized Denominations shall mean, \$100,000 or any integral multiple of \$5,000 in excess thereof (the “*Authorized Denomination*”). See “BOOK-ENTRY ONLY SYSTEM” herein.

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.

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.

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 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 Institution, 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 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

Institution but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

Payment of Principal and Interest

The Issuer shall, from the sources provided for in the Indenture, pay the principal of, or Redemption Price of, and Sinking Fund Installments for, (as such terms are defined in the Indenture) Bonds together with interest accrued thereon, at the place, on the dates and in the manner provided in the Indenture and in the Bonds by check or draft or wire transfer of immediately available funds at maturity or upon earlier redemption to the Persons in whose names such 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 Bond either at final maturity or upon redemption in whole shall only be payable upon presentation and surrender of such Bonds at the designated corporate trust office of the Trustee, as trustee and paying agent (the "*Paying Agent*"), or at the corporate trust office of any successor Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Regular 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 Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of 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 Regular Record Date for any interest payment.

Interest on any 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 Bond on the relevant Regular Record Date and shall be payable to the owner in whose name such 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 Institution shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each 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 Bonds entitled to such Defaulted Interest as provided in the Indenture. 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 Institution of such Special Record Date and, in the name and at the expense of the Institution, 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 a 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.

Redemption Provisions

General Optional Redemption

The Bonds shall be subject to redemption, on or after December 1, 2029, in whole at any time or in part on any Interest Payment 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 Institution of its intention to prepay loan payments due under the Loan Agreement, at the Redemption Price of one hundred percent (100%) of the principal amount of the Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption.

Extraordinary Redemption

The Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Institution (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement pursuant to the terms of the Loan Agreement), as a whole on any date, upon notice or waiver of notice as provided in the Indenture, at a Redemption Price of 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:

- (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, (B) the Institution 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 Institution 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 Institution, 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 Institution by reason of the operation of the Facility.

Mandatory Sinking Fund Installment Redemption

The 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 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	Sinking Fund Installment	Sinking Fund Installment Payment Date	Sinking Fund Installment
12/1/2020	\$ -	12/1/2036	\$ 310,000
12/1/2021	150,000	12/1/2037	325,000
12/1/2022	160,000	12/1/2038	345,000
12/1/2023	165,000	12/1/2039	360,000
12/1/2024	175,000	12/1/2040	380,000
12/1/2025	185,000	12/1/2041	400,000
12/1/2026	190,000	12/1/2042	415,000
12/1/2027	200,000	12/1/2043	440,000
12/1/2028	210,000	12/1/2044	460,000
12/1/2029	220,000	12/1/2045	485,000
12/1/2030	235,000	12/1/2046	505,000
12/1/2031	245,000	12/1/2047	535,000
12/1/2032	255,000	12/1/2048	560,000
12/1/2033	270,000	12/1/2049	590,000
12/1/2034	285,000		
12/1/2035	295,000		
			\$9,350,000

Mandatory Redemption from Excess Proceeds and Certain Other Amounts

The 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) excess Bond proceeds shall remain after the completion of the Project;
- (ii) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and the Indenture;
- (iii) excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personalty (as such terms are defined in the Indenture), or
- (iv) certain funds received by the Institution pursuant to any capital campaign which are earmarked for specific Project Costs shall remain with the Institution and shall not be required for completion of the Project or related Project Costs,

in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed, together with interest accrued thereon to the date of redemption.

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 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 Institution 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 Institution, any Principal of the Institution or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Institution 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 Institution 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 Institution 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 Institution of written notice of such default or failure from the Issuer and a demand by the Issuer on the Institution 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 Bonds, together with interest accrued thereon to the date of redemption.

Mandatory Taxability Redemption

Upon the occurrence of a Determination of Taxability, the Bonds shall be redeemed prior to maturity on any date within one hundred twenty (120) days following such Determination of Taxability, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest thereon to the date of redemption. The Bonds shall be redeemed in whole unless redemption of a portion of the Bonds Outstanding would have the result that interest payable on the Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Bond. In such event, the 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 Bonds for optional redemption, the Bonds shall be subject to mandatory tender for purchase at the direction of the Issuer, upon the direction of the Institution, in whole or in part (and, if in part, in such manner as determined by the Institution) on any date on or after December 1, 2029, at a Purchase Price equal to the applicable Redemption Price for any optional redemption of such Bonds, plus accrued interest to the purchase date. Purchases of tendered Bonds may be made without regard to any provision of the Indenture relating to the selection of Bonds in a partial optional redemption. The Bonds purchased pursuant to any mandatory tender(s) are not required to be cancelled, and if not so cancelled (subject to the Loan Agreement), shall, prior to any resale by or on behalf of the Institution, not be deemed Outstanding in connection with any subsequent partial optional redemption solely for purposes of those provisions of this Indenture relating to the selection of the Bonds in a partial redemption.

General Redemption Provisions

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 date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only).

When redemption of any 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, 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 date fixed for redemption, 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 the Indenture 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 above 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 the Indenture.

SO LONG AS CEDE & CO. IS THE HOLDER OF THE BONDS, ALL PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, AND

INTEREST ON THE BONDS WILL BE MADE DIRECTLY TO DTC. DISBURSEMENT OF SUCH PAYMENTS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) WILL BE THE RESPONSIBILITY OF DTC, AND DISBURSEMENT OF SUCH PAYMENTS TO BENEFICIAL OWNERS (AS HEREINAFTER DEFINED) WILL BE THE RESPONSIBILITY OF THE DIRECT PARTICIPANTS AND INDIRECT PARTICIPANTS (AS HEREINAFTER DEFINED). SEE “BOOK-ENTRY ONLY SYSTEM” HEREIN.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. DTC 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 issues, 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*”). 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 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 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults and proposed amendments to bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 Trustee and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, sinking fund installments, Redemption Prices and interest on the 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 Trustee on a 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 principal, Sinking Fund Installments, interest and Redemption Prices 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.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 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, bond certificates will be printed and delivered to DTC.

THE INFORMATION UNDER THIS HEADING HAS BEEN OBTAINED FROM SOURCES BELIEVED TO BE RELIABLE. HOWEVER, NO REPRESENTATION IS MADE BY THE ISSUER, THE TRUSTEE, THE INSTITUTION, OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF THE INFORMATION SET FORTH ABOVE UNDER THIS HEADING OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Under the Indenture, payments made by the Trustee to DTC or its nominee will satisfy the Issuer's obligations under the Indenture and the Institution's obligations under the Loan Agreement and the Promissory Note, to the extent of the payments so made.

Prior to any discontinuation of the book-entry only system described above, the Trustee and the Issuer may treat DTC or its nominee, Cede & Co., as, and deem DTC or its nominee, Cede & Co., to be, the absolute owner of the Bonds for all purposes whatsoever, including, without limitation, (i) the payment of principal of, Sinking Fund Installments for, and Redemption Price of, and interest on the Bonds, (ii) giving notices of redemption and other matters with respect to the Bonds, (iii) registering transfers with respect to the Bonds and (iv) the selection of Bonds for redemption.

NONE OF THE ISSUER, THE TRUSTEE, THE INSTITUTION, OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION WITH RESPECT TO (I) THE ACCURACY OF THE RECORDS OF DTC, ITS NOMINEE OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT WITH RESPECT TO ANY BENEFICIAL OWNERSHIP INTEREST IN ANY BOND, (II) THE DELIVERY TO ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OR ANY OTHER PERSON, OTHER THAN AN OWNER, AS SHOWN IN THE BOND REGISTER, OF ANY NOTICE WITH RESPECT TO ANY BOND, INCLUDING, WITHOUT LIMITATION, ANY NOTICE OF REDEMPTION OR ANY EVENT WHICH WOULD OR COULD GIVE RISE TO AN OPTION WITH RESPECT TO ANY BOND, (III) THE PAYMENT OF ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OR ANY OTHER PERSON, OTHER THAN AN OWNER, AS SHOWN IN THE BOND REGISTER, OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, SINKING FUND INSTALLMENT FOR, REDEMPTION PRICE OF, OR INTEREST ON, ANY BOND OR (IV) ANY CONSENT GIVEN BY DTC AS HOLDER OF THE BONDS.

SECURITY FOR THE BONDS

General

Concurrently with the issuance of the Bonds, the Issuer will enter into the Loan Agreement with the Institution pursuant to which the Issuer will loan the proceeds from the sale of the Bonds to the Institution. The Institution will be unconditionally obligated under the Loan Agreement and the Promissory Note to make payments on the 20th day of each month (or, if the 20th day shall not be a Business Day, the immediately preceding Business Day)(each a “*Loan Payment Date*”) to the Trustee for deposit to the Bond Fund the amounts established under the Indenture. See “SECURITY FOR THE BONDS—The Indenture” and “APPENDIX C – SUMMARIES OF PRINCIPAL LEGAL DOCUMENTS”.

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 Bonds as the same become due, to be made by the Institution pursuant to the Loan Agreement and the Promissory Notes.

The Indenture

The Trust Estate

The Issuer and the Trustee will enter into the Indenture pursuant to which the Bonds will be issued. The Issuer, in order to secure the payment of the Bonds, has pledged and assigned to the Trustee pursuant to the terms of the Indenture for the benefit of the Bondholders and the Beneficial Owners, all of the following, which comprise the Trust Estate:

- (a) 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, including but not limited to, Gross Revenues, excluding, however, the Issuer’s Reserved Rights, which Issuer’s Reserved Rights may be enforced by the Issuer and the Trustee, jointly or severally;
- (b) All right, title, and interest of the Issuer in and to the Promissory Note;

- (c) All moneys and securities from time to time held by the Trustee under the terms of the Indenture including amounts set apart and transferred to the Earnings Fund, the Project Fund, the Renewal Fund, the Bond Fund, the Debt Service Reserve Fund or any special fund, and all investment earnings of any of the foregoing, subject to disbursements from the Earnings Fund, the Debt Service Reserve Fund, the Project Fund, the Renewal Fund or any such special fund in accordance with the provisions of the Loan Agreement and the Indenture; provided, however, there is hereby expressly excluded from any assignment, pledge, lien or security interest any amounts set apart and transferred to the Rebate Fund;
- (d) 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.

The Trust Estate shall be held by the Trustee for the equal and proportionate benefit, security, and protection of all Holders and owners of the Bonds issued under and secured by the 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 the Indenture. See “APPENDIX C – SUMMARIES OF PRINCIPAL LEGAL DOCUMENTS”.

Events of Default under the Indenture

Each of the following events is hereby defined as and shall constitute an “Event of Default” under the Indenture with respect to the Bonds:

- (1) Failure in the payment of the interest on any Bond when the same shall become due and payable;
- (2) Failure in the payment of the principal or redemption premium, if any, 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 date of redemption after notice of redemption therefor or otherwise;
- (3) 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 paragraphs (1) or (2) above) and (A) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Issuer and the Institution specifying the nature of same from the Trustee 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 or the Institution 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 notice; or
- (4) The occurrence of an “Event of Default” under the Loan Agreement or any other Security Document.

Project Fund

There shall be deposited in the Project Fund any and all amounts required to be deposited therein pursuant to the Indenture or otherwise required to be deposited therein pursuant to the Loan Agreement, or the Indenture.

The Trustee shall apply the amounts on deposit in the Project Fund to the payment, or reimbursement to the extent the same have been paid by or on behalf of the Institution or the Issuer, of Project Costs to the extent requisitioned under the Indenture.

The Trustee is hereby authorized to disburse from the Project Fund amounts required to pay (in whole or in part) the Project Costs and is directed to issue its checks (or, at the direction of the Institution, make wire transfers) for each disbursement from the Project Fund for the Project Costs, upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Institution; provided, however, that the Trustee shall retain in the Project Fund 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 Bonds or (ii) \$500,000, until an Authorized Representative of the Institution shall have delivered the completion certificate and other documents required by the Loan Agreement.

The requisition from 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 Institution), 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 or the Institution of the Reimbursement Resolution for the Project. Such requisition shall be as set forth in the Indenture and shall be submitted to the Trustee. The Trustee shall disburse amounts from the Project Fund 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 such 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 the Loan Agreement, indicating that since the last preceding disbursement of any amounts held in the Project Fund, 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.

The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom and shall furnish copies of same to the Issuer or the Institution upon reasonable written request.

The Trustee shall on written request furnish to the Issuer and the Institution within a reasonable time period a written statement of disbursements from the 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.

The completion of the Project shall be evidenced as set forth in the Loan Agreement including the filing of the certificate of an Authorized Representative of the Institution referred to therein. Upon the filing of such certificate, the balance in the Project Fund 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 Certificate and the Indenture, be deposited by the Trustee in the Redemption Account of the Bond Fund. 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, together with any amount on deposit in the Earnings Fund derived from transfers made thereto from the Project Fund, shall, after making any such transfer to the Rebate Fund, and after depositing in the Debt Service Reserve Fund an amount equal to any deficiency therein), be deposited in the Redemption Account of the Bond Fund to

be applied to the redemption of Bonds at the earliest practicable date. The Trustee shall promptly notify the Institution of any amounts so deposited in the Redemption Account of the Bond Fund pursuant to the Indenture.

In the event the Institution shall be required to or shall elect to cause the Bonds to be redeemed in whole pursuant to the Loan Agreement, the balance in the Project Fund and in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Certificate and the Indenture) and in the Debt Service Reserve Fund shall be deposited in the Redemption Account of the Bond Fund. In the event the unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default hereunder, the balance in the Project Fund and in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Certificate and the Indenture) and in the Debt Service Reserve Fund shall be deposited in the Bond Fund as provided in the Indenture.

Except as provided in the Indenture, all earnings on amounts held in the Project 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 Project Fund.

Bond Fund

The Trustee shall promptly deposit the following receipts into the Bond Fund:

(a) The interest accruing on any Series of 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 and applied to the payment of interest on such Series of Bonds.

(b) Excess or remaining amounts in the Project Fund 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 Certificate and the Indenture, or to the Debt Service Reserve Fund to the extent of any deficiency therein) (i) in the Redemption Account of the Bond Fund pursuant to the Indenture, or (ii) in the Bond Fund pursuant to the Indenture.

(c) Loan payments received by the Trustee pursuant to 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.

(d) Advance loan payments received by the Trustee pursuant to the Loan Agreement, which shall be deposited in and credited to the Redemption Account of the Bond Fund.

(e) Any amounts transferred from the Earnings Fund pursuant to the Indenture, which shall be deposited in and credited to the Interest Account of the Bond Fund.

(f) The excess amounts referred to in the Indenture, which shall be deposited in and credited to the Interest Account of the Bond Fund.

(g) Any amounts transferred from the Redemption Account pursuant to the Indenture, which shall be deposited to the Interest Account, the Principal Account, and the Sinking Fund Installment Account of the Bond Fund, as the case may be and in such order of priority, and applied solely to such purposes.

(h) Amounts in the Renewal Fund required by the Indenture or by the Mortgage to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Certificate and the Indenture or to the Debt Service Reserve Fund to the extent of any deficiency therein), to the Redemption Account of the Bond Fund.

(i) All other receipts when and if required by the Loan Agreement or by the Indenture or by any other Security Document to be paid into the Bond Fund, which shall be credited (except as provided in the Indenture), to the Redemption Account of the Bond Fund.

(j) Any amounts transferred from the Debt Service Reserve Fund pursuant to the Indenture, 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.

The Trustee shall (i) on each Interest Payment Date pay or cause to be paid out of the Interest Account in the Bond Fund the interest due on the Bonds, and (ii) further pay out of the Interest Account of the Bond Fund any amounts required for the payment of accrued interest upon any purchase or redemption (including any mandatory Sinking Fund Installment redemption) of the Bonds.

The Trustee shall on each principal payment date on the Bonds pay or cause to be paid to the respective Paying Agents therefor out of the Principal Account of the Bond Fund, the principal amount, if any, due on the Bonds (other than such as shall be due by mandatory Sinking Fund Installment redemption), upon the presentation and surrender of the requisite Bonds.

There shall be paid from the Sinking Fund Installment Account of the Bond Fund to the Paying Agents on each Sinking Fund Installment payment date in immediately available funds the amounts required for the Sinking Fund Installment due and payable with respect to Bonds which are to be redeemed from Sinking Fund Installments on such date (accrued interest on such Bonds being payable from the Interest Account of the Bond Fund). 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 the Indenture, Bonds for which Sinking Fund Installments are applicable in a principal amount equal to the Sinking Fund Installment then due with respect to such 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.

Amounts in the Redemption Account of the Bond Fund shall be applied, at the written direction of the Institution, as promptly as practicable, to the purchase of Bonds at prices not exceeding the Redemption Price thereof applicable on the earliest date upon which the Bonds are next subject to optional redemption, plus accrued interest to the date of redemption. Any amount in the Redemption Account not so applied to the purchase of Bonds by forty-five (45) days prior to the next date on which the Bonds are so redeemable shall be applied to the redemption of Bonds on such redemption date. Any amounts deposited in the Redemption Account and not applied within twelve (12) months of their date of deposit to the purchase or redemption of Bonds (except if held in accordance with the Indenture) shall be transferred to the Interest Account. Upon the purchase of any Bonds out of advance loan payments as provided in the Indenture, or upon the redemption of any Bonds, an amount equal to the principal of such Bonds so purchased or redeemed shall be credited against the next ensuing and future Sinking Fund Installments for such Bonds in chronological order of the due dates of such Sinking Fund Installments until the full principal amount of such 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 the Indenture. The Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in the Indenture. Amounts in the Redemption Account to be applied to the redemption of 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 Bonds being redeemed plus interest on such Bonds accrued to the redemption date.

In connection with purchases of Bonds out of the Bond Fund as provided in the Indenture, the Institution 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 Institution. The payment of the purchase price shall be made out of the moneys deposited in the Redemption Account of the Bond Fund, and the payment of accrued interest shall be made out of moneys deposited in the Interest Account of the Bond Fund.

The Issuer shall receive a credit in respect of Sinking Fund Installments for any Bonds which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Issuer or the Institution to the Trustee on or before the forty-fifth (45th) day next preceding any Sinking Fund Installment payment date and for any Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installment Account) and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment (whether pursuant to the Indenture or otherwise). Each 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 Bonds of such Series and maturity and the principal amount of such Bonds to be redeemed by operation of the Sinking Fund Installment Account 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 direct chronological order, and the principal amount of Bonds to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

The Institution shall on or before the forty-fifth (45th) day next preceding each Sinking Fund Installment payment date furnish the Trustee with the certificate of an Authorized Representative of the Institution indicating whether or not and to what extent the provisions of the Indenture 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.

Moneys in the Redemption Account of the Bond Fund which are not set aside or deposited for the redemption or purchase of 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.

Renewal Fund

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 the Mortgage).

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 the Indenture, and the Institution shall have so directed the Trustee in writing within ninety (90) days of the occurrence of such Loss Event, the Trustee shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Certificate and the Indenture, transfer the amounts deposited in the Renewal Fund to the Redemption Account of the 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 Institution shall have failed to take action to effect such redemption, or
- (3) the Institution 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 Certificate and the Indenture, to such rebuilding, replacement, repair, and restoration.

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 Majority Holders and shall

thereupon apply such Net Proceeds, after making any transfer to the Rebate Fund as directed pursuant to the Tax Certificate and the Indenture, to the rebuilding, replacement, repair and restoration of the Facility, or for deposit in the Redemption Account of the Bond Fund, as directed by 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 in the Redemption Account of the Bond Fund).

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 Institution or the Issuer) of the costs required for the rebuilding, replacement, repair, and restoration of the Facility upon written instructions from the Institution. 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 Institution. 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 Institution upon reasonable written request therefor.

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 Institution 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 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 Institution 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 the Indenture and 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 Institution 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 Institution 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 Institution 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.

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.

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 Certificate and the Indenture, and after depositing in the Debt Service Reserve Fund an amount equal to any deficiency therein, be transferred by the Trustee to the Redemption Account of the Bond Fund.

Earnings Fund

All investment income or earnings on amounts held in the Project Fund, the Renewal Fund, the Debt Service Reserve Fund or any other special fund (other than the Rebate Fund or the Bond Fund) 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.

On the first Business Day following each Computation Period (as defined in the Tax Certificate), 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 Institution pursuant to the Tax Certificate. Computations of the amounts on deposit in each Fund and of the Rebate Amount shall be furnished to the Trustee by the Institution in accordance with the Tax Certificate.

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 Institution shall deliver to the Trustee a certificate of an Authorized Representative of the Institution 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 Certificate, (y) the proceeds of the 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 Bonds have been invested in obligations the Yield (as herein defined) on which (calculated as set forth in the Tax Certificate) does not exceed the Yield on such Bonds (calculated as set forth in the Tax Certificate). Any amounts on deposit in the Earnings Fund following the transfers to the Rebate Fund required by the Indenture shall be deposited in the Project Fund until the completion of the Project as provided in the Loan Agreement, and thereafter in the Interest Account of the Bond Fund.

Rebate Fund

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.

The Trustee, upon the receipt of a certification of the Rebate Amount (as defined in the Tax Certificate) from an Authorized Representative of the Institution, shall deposit in the Rebate Fund within sixty (60) days following each Computation Date (as defined in the Tax Certificate), 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 the Loan Agreement or the restoration of the Facility pursuant to the Indenture, 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 Institution.

It is provided in the Loan Agreement that promptly upon receipt of such notice, the Institution shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.

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 Institution, shall withdraw such excess amount and deposit it in the Project Fund until the completion of the Project as provided in the Loan Agreement, or, after the completion of the Project, deposit it in the Interest Account of the Bond Fund.

The Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, 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 Bonds as of the date of such payment and (ii) notwithstanding the provisions of the Indenture, not later than thirty (30) days after the date on which all Bonds have been paid in full, 100% of the Rebate Amount as of the date of payment.

The Trustee shall have no obligation under the Indenture to transfer any amounts to the Rebate Fund unless the Trustee shall have received specific written instructions from an Authorized Representative of the Institution to make such transfer.

Debt Service Reserve Fund

If on any Interest Payment Date or redemption date on the Bonds the amount in the Interest Account of the Bond Fund (after taking into account amounts available to be transferred to the Interest Account from the Project Fund) shall be less than the amount of interest then due and payable on the Bonds, or if on any principal payment date on the Bonds the amount in the Principal Account shall be less than the amount of principal of the Bonds then due and payable, or if on any Sinking Fund Installment payment date for the Bonds the amount in the Sinking Fund Installment Account of the Bond Fund shall be less than the amount of the Sinking Fund Installment then due and payable on the 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 Institution 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, 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.

The Trustee shall give to the Institution on or prior to each Loan Payment Date on which the Institution is obligated pursuant to the Loan Agreement to pay to the Trustee amounts in respect of any deficiency in the Debt Service Reserve Fund, telephonic notice (to be promptly confirmed in writing) specifying any such deficiency in the Debt Service Reserve Fund. The failure of the Trustee to deliver such notice or any defect in such notice shall not relieve the Issuer from any of its obligations hereunder or any other obligor from any of its obligations under any of the Security Documents.

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

Investment of Funds and Accounts

Amounts in any Fund or Account established under the 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 shall be limited to Government Obligations. Any investment authorized by the Indenture is subject to the condition that no portion of the proceeds derived from the sale of the Bonds shall be used, directly or indirectly, in such manner as to cause any Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code. In particular, unexpended Bond proceeds transferred from the Project Fund (or from the Earnings Fund with respect to amounts deposited therein from the Project Fund) to the Redemption Account of the Bond Fund pursuant to the Indenture may not be invested at a Yield (as defined in the Tax Certificate) which is greater than the Yield on the applicable Series of Bonds. Such investments shall be made by the Trustee only at the written request of an Authorized Representative of the Institution; 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 Certificate. Any investment hereunder shall be made in accordance with the Tax Certificate, and the Institution 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 with respect to the investment of amounts held in the Bond Fund, and (iii) the Earnings Fund with respect to the investment of amounts held in any other Fund. See “APPENDIX C – SUMMARIES OF PRINCIPAL LEGAL DOCUMENTS.”

Gross Revenues

As security for the Bonds under the Loan Agreement, the Institution pledges and grants to the Trustee a security interest in, and assigns to the Trustee for the benefit of the Bondholders, its Gross Revenues, together with the Institution’s right to receive and collect the Gross Revenues and the proceeds of such Gross Revenues. The Gross Revenues consist of all receipts, revenues, income and other moneys received by or on behalf of the Institution, including, but without limiting the generality of the foregoing, revenues derived from the ownership or operation of all real or personal property owned by the Institution including but not limited to the Facility, casualty insurance and condemnation proceeds with respect to all real or personal property owned by the Institution including but not limited to the Facility or any portion thereof, and all rights to receive the same (including amounts retained by Institution under the Loan Agreement), whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence; provided, however, that gifts, grants, bequests, donations and contributions heretofore or hereafter made and designated or specified by the granting authority, donor or maker thereof as being for specified purposes (other than payment of debt service on Indebtedness) and the income derived therefrom to the extent required by such designation or specification shall be excluded from Gross Revenues. See “SECURITY FOR THE BONDS—Outstanding Indebtedness” and “BONDHOLDERS’ RISKS—Enforceability of Lien on Gross Revenues” herein and “APPENDIX C – SUMMARIES OF PRINCIPAL LEGAL DOCUMENTS”.

Mortgage

The Bonds are also secured by mortgage liens on and security interests in the Institution’s fee 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 January 1, 2020 (as each of the same may hereafter be amended or supplemented, collectively the “*Mortgage*”), and each from the Institution to the Trustee. The Mortgage is subject to Permitted Encumbrances.

IN NO EVENT SHALL ANY OBLIGATIONS OF THE ISSUER UNDER THE INDENTURE OR THE BONDS OR UNDER THE LOAN AGREEMENT OR UNDER ANY OTHER SECURITY 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 THE INDENTURE.

No Sale or Disposition of the Project

The Institution shall not sell, assign, encumber (other than Permitted Encumbrances), convey or otherwise dispose of its fee title to or interest in the Facility, including the Improvements, or any part of the Facility or interest therein, except as set forth in the Loan Agreement, without (i) the prior written consents of the Issuer and of the Trustee and (ii) the Institution delivering to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that such action pursuant to the Loan Agreement will not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income taxes. Any purported disposition without such consents and opinion shall be void. See “APPENDIX C – SUMMARIES OF PRINCIPAL LEGAL DOCUMENTS.”

No Transfer or Merger

The Institution covenants and agrees that at all times during the term of the Loan Agreement, it will: (i) maintain its existence as a not-for-profit corporation constituting a Tax-Exempt Organization, (ii) continue to be subject to service of process in the State, (iii) continue to be organized under the laws of, or qualified to do business in, the State, (iv) not liquidate, wind up, or dissolve, or otherwise dispose of all or substantially all of its property, business or assets remaining after the Closing Date, except as provided in the Loan Agreement, (v) not consolidate with or merge into another Entity or permit one or more Entities to consolidate with or merge into it except as provided in the Loan Agreement, and (vi) not change or permit the change of any Principal of the Institution, or a change in the relative Control of the Institution of any of the existing Principals, except in each case as provided in the Loan Agreement. See “APPENDIX C – SUMMARIES OF PRINCIPAL LEGAL DOCUMENTS.”

Debt Service Coverage Ratio

The Loan Agreement requires that the Institution maintain a Debt Service Coverage Ratio of 1.20x (the “*Debt Service Coverage Ratio Requirement*”) or higher for each fiscal year, commencing with the fiscal year ending December 31, 2020 and continuing each fiscal year for so long as the Bonds are Outstanding.

Within two hundred seventy (270) days after the close of each fiscal year, the Institution is required to file with the Issuer and the Trustee a certificate of an Authorized Officer of the Institution stating whether the Debt Service Coverage Ratio Requirement is satisfied for the immediately preceding fiscal year and setting forth the calculation upon which such statement is based.

If the certificate required by the preceding paragraph shows that the required Debt Service Coverage Ratio Requirement is not satisfied for two (2) consecutive fiscal years, the Institution is required to retain an Independent Consultant within ten (10) Business Days after the certificate required by the preceding paragraph is filed with the Issuer and the Trustee to make recommendations to achieve the required Debt Service Coverage Ratio Requirement in the following fiscal year. Any Independent Consultant so retained is required to submit such recommendations to the Issuer and the Trustee within forty-five (45) days after being so retained. The Institution is required, to the maximum extent permitted by law, to follow the reasonable recommendations of the Independent Consultant. So long as the Institution retains an Independent Consultant and follows the Independent Consultant’s recommendations to the extent required by this paragraph and permitted by law, the Debt Service Coverage Ratio Requirement shall be deemed to have been complied with even if the Debt Service Coverage Ratio Requirement for any fiscal year was below the required level.

Additional Indebtedness

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 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 the Institution is not in default under the Loan Agreement 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.

Each Series of Additional Bonds issued pursuant to the Indenture shall be equally and ratably secured under the Indenture with the Bonds and all other Series of Additional Bonds, if any, issued pursuant to the Indenture without preference, priority or distinction of any Bond over any other Bonds except as expressly provided in or permitted by the Indenture. No Series of Additional Bonds shall be issued unless the Promissory Note, 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. (See “SECURITY FOR THE BONDS — The Indenture” above, and “APPENDIX C – SUMMARIES OF PRINCIPAL LEGAL DOCUMENTS”).

No Series of Additional Bonds shall be issued unless the Institution provides to the Trustee a certificate of an Authorized Representative of the Institution demonstrating (a) a Debt Service Coverage Ratio of 1.20x or higher for the preceding two fiscal years for which audited financial statements are available and (b) pro forma calculations demonstrating that the Debt Service Coverage Ratio, taking into account the current Indebtedness and the proposed additional Indebtedness (as if it had been incurred at the beginning of such two-year period) would not be less than 1.25x. See “APPENDIX C – SUMMARIES OF PRINCIPAL LEGAL DOCUMENTS”.

Outstanding Indebtedness

The Institution maintains a \$3,000,000 operating line of credit with Amalgamated Bank (the “*Line of Credit*”). The Line of Credit is secured by the accounts receivable, inventory, equipment and personal property of the Institution. The Line of Credit is typically drawn upon annually between February and April while the Institution awaits contract payment from governmental agencies. In 2019, the Institution drew a maximum amount of \$2,000,000, which it repaid in April 2019. The Line of Credit is renewable annually.

Special Limited Obligations

THE BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, SINKING FUND INSTALLMENTS, REDEMPTION PRICE, AND INTEREST SOLELY FROM THE PAYMENTS MADE BY THE INSTITUTION UNDER THE LOAN AGREEMENT AND THE PROMISSORY NOTE, AND FROM THE TRUST ESTATE (AS HEREINAFTER DEFINED). 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 THE INTEREST ON, THE 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 BONDS. THE BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE 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 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

ANNUAL BOND DEBT SERVICE REQUIREMENTS

The following table sets forth, for each 12-month period ending December 31 of the years shown, the amounts, rounded to the nearest dollar, required to be made available in such period for the payment of the principal of and interest on the Bonds:

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
6/1/2020	\$	%	\$167,520.83	\$167,520.83	\$
12/1/2020			233,750.00	233,750.00	401,270.83
6/1/2021			233,750.00	233,750.00	
12/1/2021	150,000	5.000	233,750.00	383,750.00	617,500.00
6/1/2022			230,000.00	230,000.00	
12/1/2022	160,000	5.000	230,000.00	390,000.00	620,000.00
6/1/2023			226,000.00	226,000.00	
12/1/2023	165,000	5.000	226,000.00	391,000.00	617,000.00
6/1/2024			221,875.00	221,875.00	
12/1/2024	175,000	5.000	221,875.00	396,875.00	618,750.00
6/1/2025			217,500.00	217,500.00	
12/1/2025	185,000	5.000	217,500.00	402,500.00	620,000.00
6/1/2026			212,875.00	212,875.00	
12/1/2026	190,000	5.000	212,875.00	402,875.00	615,750.00
6/1/2027			208,125.00	208,125.00	
12/1/2027	200,000	5.000	208,125.00	408,125.00	616,250.00
6/1/2028			203,125.00	203,125.00	
12/1/2028	210,000	5.000	203,125.00	413,125.00	616,250.00
6/1/2029			197,875.00	197,875.00	
12/1/2029	220,000	5.000	197,875.00	417,875.00	615,750.00
6/1/2030			192,375.00	192,375.00	
12/1/2030	235,000	5.000	192,375.00	427,375.00	619,750.00
6/1/2031			186,500.00	186,500.00	
12/1/2031	245,000	5.000	186,500.00	431,500.00	618,000.00
6/1/2032			180,375.00	180,375.00	
12/1/2032	255,000	5.000	180,375.00	435,375.00	615,750.00
6/1/2033			174,000.00	174,000.00	
12/1/2033	270,000	5.000	174,000.00	444,000.00	618,000.00
6/1/2034			167,250.00	167,250.00	
12/1/2034	285,000	5.000	167,250.00	452,250.00	619,500.00
6/1/2035			160,125.00	160,125.00	
12/1/2035	295,000	5.000	160,125.00	455,125.00	615,250.00
6/1/2036			152,750.00	152,750.00	
12/1/2036	310,000	5.000	152,750.00	462,750.00	615,500.00
6/1/2037			145,000.00	145,000.00	
12/1/2037	325,000	5.000	145,000.00	470,000.00	615,000.00
6/1/2038			136,875.00	136,875.00	

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/1/2038	345,000	5.000	136,875.00	481,875.00	618,750.00
6/1/2039			128,250.00	128,250.00	
12/1/2039	360,000	5.000	128,250.00	488,250.00	616,500.00
6/1/2040			119,250.00	119,250.00	
12/1/2040	380,000	5.000	119,250.00	499,250.00	618,500.00
6/1/2041			109,750.00	109,750.00	
12/1/2041	400,000	5.000	109,750.00	509,750.00	619,500.00
6/1/2042			99,750.00	99,750.00	
12/1/2042	415,000	5.000	99,750.00	514,750.00	614,500.00
6/1/2043			89,375.00	89,375.00	
12/1/2043	440,000	5.000	89,375.00	529,375.00	618,750.00
6/1/2044			78,375.00	78,375.00	
12/1/2044	460,000	5.000	78,375.00	538,375.00	616,750.00
6/1/2045			66,875.00	66,875.00	
12/1/2045	485,000	5.000	66,875.00	551,875.00	618,750.00
6/1/2046			54,750.00	54,750.00	
12/1/2046	505,000	5.000	54,750.00	559,750.00	614,500.00
6/1/2047			42,125.00	42,125.00	
12/1/2047	535,000	5.000	42,125.00	577,125.00	619,250.00
6/1/2048			28,750.00	28,750.00	
12/1/2048	560,000	5.000	28,750.00	588,750.00	617,500.00
6/1/2049			14,750.00	14,750.00	
12/1/2049	590,000	5.000	14,750.00	604,750.00	619,500.00
	\$9,350,000		\$8,958,020.83	\$18,308,020.83	\$18,308,020.83

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BONDHOLDERS' RISKS

The following is a discussion of certain risks that could affect payments to be made by the Institution with respect to the Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Limited Offering Memorandum, and such discussion should not be considered to be a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should carefully analyze the information contained in this Limited Offering Memorandum, including the Appendices hereto, and in the documents summarized herein, copies of which are available as described herein.

General

The Bonds are not a debt or liability of the State or any political subdivision thereof, but are special and limited obligations of the Issuer payable solely from the revenues received by the Issuer pursuant to the Loan Agreement and the Promissory Note, the funds and accounts held by the Trustee pursuant to the Indenture (except the Rebate Fund). Such payments will be made from the revenues derived by the Institution from its operations and from other nonoperating revenues received by the Institution, including income from the investment of funds held on behalf of the Institution. The Issuer has no taxing power. No representation or assurance can be made that revenues will be realized from the Institution in amounts sufficient to provide funds for payment of debt service on the Bonds when due and to make other payments necessary to meet the obligations of the Institution. Further, there is no assurance that the revenues of the Institution can be increased sufficiently to match increased costs that may be incurred.

The receipt of future revenues by the Institution is subject to, among other factors, federal and state regulations and policies. The effect on the Institution of future changes in federal, state, and private policies cannot be determined at this time.

Future revenues and expenses of the Institution may be affected by events and economic conditions, which may include an inability to control expenses in periods of inflation, as well as other conditions. Other factors that may affect revenues and expenses include the ability of the Institution to provide services required; economic and demographic developments in the United States; and changes in interest rates that affect investment results and governmental regulations concerning payment. All of the above referred-to factors could affect the Institution's ability to make payments pursuant to the Loan Agreement and the Promissory Note. See "APPENDIX A – INFORMATION CONCERNING THE INSTITUTION," "APPENDIX B – AUDITED CONSOLIDATED FINANCIAL STATEMENTS of Consortium for Worker Education, Inc. as of and for the years ended December 31, 2018 and 2017."

Secondary Market

There can be no assurance that there will be a secondary market for the purchase or sale of the Bonds. From time to time there may be no market for them depending upon prevailing market conditions, including the financial condition or market position of firms who may make the secondary market, the evaluation of the Institution's capabilities and the financial conditions and results of operations of the Institution.

Enforceability of Lien on Gross Revenues

The Loan Agreement provides that the Institution shall make payments to the Trustee sufficient to pay the Bonds and the interest thereon as the same become due. The obligation of the Institution to make such payments is evidenced by the Promissory Note and secured by obligations under the Loan Agreement, which, in turn, is secured by, among other things, a security interest granted to the Trustee in the Gross Revenues of the Institution. See "SECURITY FOR THE BONDS-The Indenture - The Trust Estate." The lien on Gross Revenues may become subordinate to certain Permitted Encumbrances under the Indenture. Gross Revenues paid by the Institution to other parties in the ordinary course might no longer be subject to the lien on the Indenture and might therefore be unavailable to the Trustee.

In the event of bankruptcy of the Institution, transfers of property by the bankrupt entity, including the payment of debt or the transfer of any collateral, including receivables and Gross Revenues on or after the date which is 90 days (or, in some circumstances, one year) prior to the commencement of the case in bankruptcy court, may be subject to avoidance or recoupment as preferential transfers. Under certain circumstances a court may have the power to direct the use of Gross Revenues to meet expenses of the Institution before paying debt service on the Bonds.

Pursuant to the New York Uniform Commercial Code, a security interest in the proceeds of Gross Revenues may not continue to be perfected if such proceeds are not paid over to the Trustee by the Institution under certain circumstances. If any required payment is not made when due, the Institution must transfer or pay over immediately to the Trustee any Gross Revenues with respect to which the security interest remains perfected pursuant to law. Any Gross Revenues thereafter received shall upon receipt by the Institution be transferred to the Trustee without such Gross Revenues being commingled with other funds, in the form received (with necessary endorsements) up to an amount equal to the amount of the missed payment. The value of the security interest in the Gross Revenues could be diluted by the incurrence of Additional Indebtedness secured equally and ratably with the Bonds as to the security interest in the Gross Revenues or by the issuance of debt secured on a basis senior to the Bonds. See “SECURITY FOR THE BONDS - The Indenture.”

Matters Affecting the Value of the Mortgaged Property

Certain of the Mortgaged Property does not comprise general purpose buildings and would require renovations in order to be generally suitable for industrial or commercial use. Consequently, it could be difficult to find a buyer or lessee for the Mortgaged Property if it were necessary to foreclose on the Mortgaged Property. Thus, upon default, it may not be possible to realize proceeds at least equal to the amount of the Outstanding Bonds then outstanding, if any, from a sale or lease of the Mortgaged Property due to its purpose-built improvements or the real estate market generally.

Bondholders also should note that, under applicable federal and State environmental statutes, in the event of any past or future releases of pollutants or contaminants on or near the Mortgaged Property, a lien superior to the Trustee’s lien on behalf of the Bondholders could attach to the Mortgaged Property and Gross Revenues to secure the costs of removing or otherwise treating such pollutants or contaminants. Such a lien would adversely affect the Trustee’s ability to realize value from disposition of the Mortgaged Property upon foreclosure. Furthermore, in determining whether to exercise any foreclosure rights with respect to the Mortgaged Property, the Trustee would need to take into account the potential liability of any owner of the Mortgaged Property, including an owner by foreclosure, for clean-up costs with respect to such pollutants and contaminants.

The value of the lien on the Mortgaged Property could be diluted by the issuance of Additional Indebtedness secured equally and ratably with the obligations under the Loan Agreement as to the lien on the Mortgaged Property. See “SECURITY FOR THE BONDS – The Indenture,” herein and “APPENDIX C – SUMMARIES OF PRINCIPAL LEGAL DOCUMENTS.”

Bankruptcy

The Bonds are payable from the sources and are secured as described in this Limited Offering Memorandum. The practical realization of value from the collateral for the Bonds described herein upon any default will depend upon the exercise of various remedies specified by the Loan Agreement and the Indenture. These and other remedies may, in many respects, require judicial actions which are often subject to discretion and delay.

Under existing law, the remedies specified by the Loan Agreement and the Indenture may not be readily available or may be limited. A court may decide not to order the performance of the covenants contained in those documents. The legal opinions to be delivered concurrently with the delivery of the

Bonds will be qualified as to the enforceability of the various agreements and other instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization or other laws affecting the enforcement of creditors' rights generally.

The rights and remedies of the holders of the Bonds are subject to various provisions of Title 11 of the United States Code (the "*Bankruptcy Code*"). If the Institution were to file a petition for relief under the Bankruptcy Code, the filing would automatically stay among other things, the commencement or continuation of any judicial or other proceedings against the Institution, any action to enforce a lien against and any action to enforce any judgments or obtain possession of control over the Institution's property its property. The Institution would not be permitted or required to make payments of principal or interest under the Loan Agreement and the Promissory Note, unless an order of the United States Bankruptcy Court were issued for such purpose. In addition, without an order of the United States Bankruptcy Court, the automatic stay may serve to prevent the Trustee from applying amounts on deposit in certain funds and accounts held under the Indenture from being applied in accordance with the provisions of the Indenture, and the application of such amounts to the payment of principal and Sinking Fund Installments of, and interest on, the Bonds. Moreover, any motion for an order modifying or terminating the automatic stay and permitting such funds and accounts to be applied in accordance with the provisions of the Indenture would be subject to prevailing legal limitations and the discretion of the United States Bankruptcy Court, and would be subject to objection and/or comment by other creditors of the Institution, which could affect the likelihood or timing of obtaining such relief. The automatic stay may also extinguish the Trustee's continuing security interest in the Institution's Gross Revenues arising subsequent to the filing of the bankruptcy petition, adversely affect the ability of the Trustee to exercise remedies upon default, including the acceleration of all amounts payable by the Institution, the Indenture, and the Loan Agreement, and may adversely affect the Trustee's or the Trustee's ability to take all steps necessary to file a claim under the applicable documents on a timely basis.

The Institution could file a plan for the restructuring of its debts in a proceeding under the Bankruptcy Code, which plan could include provisions modifying or altering the rights of creditors generally, or any class of them, whether secured or unsecured. The plan, if and when confirmed by the United States Bankruptcy Court, would bind all creditors who have notice or knowledge of the bankruptcy case whether or not they notice to approve the Plan and could discharge all claims against the Institution provided for in the plan. No plan may be confirmed unless certain conditions are met, among which are that the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired there under and does not discriminate unfairly.

Considerations Relating to Additional Debt

Subject to the terms set forth therein, the Loan Agreement and the Indenture permit the Institution to incur additional indebtedness, including Additional Bonds.

Such indebtedness would increase the Institution's debt service and repayment requirements and may adversely affect debt service coverage on the Bonds.

Risks Related to Interest Rate Swaps

The Institution may from time to time enter into hedging arrangements to hedge the interest payable or manage interest cost on certain of its indebtedness, assets, or other derivative arrangements. Changes in the market value of such agreements could have a negative impact on the Institution's operating results and financial condition, and such impact could be material. Any such future hedging agreement may be subject to early termination upon the occurrence of certain events. If either the Institution or the counterparty

terminates any hedge agreement entered into in the future when such agreement has a negative value to the Institution, the Institution could be obligated to make a substantial termination payment, which could materially adversely affect the financial condition of the Institution.

LITIGATION

The Issuer

There is no action, suit or proceeding or investigation at law or in equity by or before any court, public board or body pending against the Issuer of which the Issuer has notice, or, to the Issuer's knowledge, overtly threatened against the Issuer, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Indenture or the Loan Agreement.

The Institution

There is no litigation of any nature now pending, or to the knowledge of the Institution's officers threatened, against the Institution restraining or enjoining the execution, sale or delivery of the Bonds by the Issuer or in any way contesting or affecting the validity of the Bonds, the Loan Agreement, the Promissory Note or the Indenture, any proceedings of the Institution taken concerning the execution, sale or delivery of the Loan Agreement or the Promissory Note, or the application of any moneys or security provided for the payment of the Bonds. See "APPENDIX A – INFORMATION CONCERNING THE INSTITUTION – Litigation".

LEGAL MATTERS

Legal matters in connection with the authorization, issuance and sale of the Bonds are subject to the approving opinion of Katten Muchin Rosenman LLP, New York, New York, Bond Counsel to the Issuer, which opinion will be substantially in the form attached hereto as "APPENDIX E – PROPOSED FORM OF OPINION OF BOND COUNSEL". Certain legal matters will be passed upon for the Issuer by its General Counsel, and for the Institution by its counsel, The Law Offices of Jeffrey E. Storch, Esq., New York, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, Ballard Spahr LLP, New York, New York.

TAX MATTERS

Summary of Certain Federal Tax Requirements; Post-Issuance Compliance

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order for interest on the Bonds to be and remain not includable in gross income of the owners thereof under Section 103 of the Code. Included among the continuing requirements of the Code are the maintenance of the status of the Institution as an organization described in Section 501(c)(3) of the Code, certain restrictions and prohibitions on the use of proceeds of the Bonds and the use of the facilities financed by the Bonds, restrictions on the investment of such proceeds and other amounts, and the rebate to the United States of certain earnings in respect of investments. Failure to comply with these continuing requirements may cause the interest on the Bonds to be includable in gross income for federal income tax purposes (and to be includable in taxable income for purposes of the State and the City personal income taxes) retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs. The Indenture provides for the mandatory redemption of all of the Bonds (or such portion thereof as is necessary in the opinion of Bond Counsel to preserve the tax-exempt status of the interest on the Bonds that remain outstanding) within one hundred twenty (120) days following such Determination of Taxability at a redemption price equal to one hundred percent (100%) of the principal amount of the Bonds so redeemed

plus interest accrued to the date of redemption. However, the Indenture makes no provision to increase the interest rate on the Bonds or to reimburse holders of the Bonds subject to an Event of Taxability for tax deficiencies, interest, and penalties paid by such holders to the IRS or loss of market value of the Bonds, resulting from the loss of the exclusion of interest on the Bonds from federal gross income. In the Indenture, the Loan Agreement, and the Tax Certificate of the Issuer and the Institution, the Issuer and the Institution have covenanted to comply with certain procedures, and it has made certain representations and certifications, designed to assure compliance with the requirements of the Code.

In addition, Bond Counsel has relied, among other things, on the opinion of The Law Offices of Jeffrey E. Storch, Esq., counsel to the Institution, regarding the current qualification of the Institution as an organization described in Section 501(c)(3) of the Code and the use contemplated by Institution of facilities financed by the Bonds as in furtherance of the Institution's exempt purposes under Section 501(c)(3) of the Code. Neither Bond Counsel nor counsel to the Institution can give or has given any opinion or assurance about the future activities of the Institution, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof, or the resulting changes in the enforcement thereof by the IRS. Failure of the Institution to be organized and operated in accordance with the IRS's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code or to operate the facilities financed by the Bonds in a manner that is substantially related to its charitable purposes under Section 513 of the Code may result in interest payable with respect to the Bonds being included in federal gross income and in the State and the City taxable income, possibly from the date of original issuance of the Bonds.

Opinion of Bond Counsel

In the opinion of Katten Muchin Rosenman LLP, New York, New York, Bond Counsel, assuming continuing compliance by the Issuer and the Institution (and their successors) with the covenants, and the accuracy of the representations discussed above, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable in gross income for federal income tax purposes. Bond Counsel is of the further opinion that interest on the Bonds is not an "item of tax preference" for purposes of the federal alternative minimum tax.

In the opinion of Bond Counsel, assuming continuing compliance by the Issuer and the Institution (and their successors) with the requirements of the Code that must be met in order for interest on the Bonds to be not includable in gross income for federal income tax purposes, interest on the Bonds is also not includable in taxable income for purposes of personal income taxes imposed by the State and the City, under existing statutes and regulations.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the IRS or any court. Further, Bond Counsel cannot give, and has not given, any opinion or assurance about the future activities of the Issuer or the Institution, or about the effect of future changes in the Code, applicable regulations, the interpretation thereof or the enforcement thereof by the IRS.

Certain requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Certificate of the Issuer and the Institution and other relevant documents may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of a Nationally Recognized Bond Counsel. Katten Muchin Rosenman LLP expresses no opinion as to the effect on the exclusion from gross income for federal tax purposes, and as to the effect on the non-inclusion in taxable income for purposes of personal income taxes imposed by the State and the City of interest on the Bonds of any such change occurring, or such action or other action taken or not taken, after the date of issuance of the Bonds, upon the advice or approval of bond counsel other than Katten Muchin Rosenman LLP.

Original Issue Premium

The Bonds are initially offered to the public at a price in excess of their principal amount and such excess will constitute bond premium in the event the Bonds are sold at their initial offering price (the "Premium Bonds"). An initial purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium that is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of such Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning Premium Bonds. Owners of Premium Bonds are advised that they should consult with their own advisors with respect to the federal, state and local tax consequences of owning Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 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 unless the recipient is one of a limited class of exempt recipients, including corporations. 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 of interest is required to deduct and withhold a tax from the payment, calculated in the manner set forth in the Code. If a Holder purchasing a 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 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 IRS.

Other Considerations

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of, tax-exempt obligations may have collateral federal income tax consequences for certain taxpayers, including financial institutions, certain S corporations, United States branches of foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. The foregoing is not intended as an exhaustive list of potential tax consequences. Prospective purchasers should consult their tax advisors as to any possible collateral tax consequences in respect of the Bonds. Bond Counsel expresses no opinion regarding any such collateral tax consequences.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the Closing Date of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. No assurance can be given that any future legislation, including amendments to the Code or the State income tax laws, will not cause interest on the Bonds to be subject, directly or indirectly, to federal or State or local income taxation, or otherwise prevent Holders from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal or State tax legislation. Further no assurance can be given that the introduction or enactment of any such future

legislation, or any action of the IRS, including but not limited to regulation, ruling, or selection of the Bonds for audit, or the course or result of any IRS examination of the Bonds, or obligations which present similar tax issues, will not affect the market price of the Bonds.

Bond Counsel's engagement with respect to the Bonds ends on the Closing Date of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer or the Institution or the Bondholders regarding the tax status of interest on the Bonds in the event of an audit by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current procedures parties other than the Issuer, the Institution, and their appointed counsel, including the Bondholders, would have little, if any, right to participate in the audit process. Moreover, because achieving judicial review in connection with any audit of tax-exempt bonds is difficult, obtaining an independent judicial review of IRS positions with which the Issuer or the Institution legitimately disagrees, may not be practical. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market prices for, or the marketability of, the Bonds, and may cause the Issuer or the Institution and the Bondholders to incur significant expense.

RATINGS

The Bonds shall not be rated at the time of issuance. So long as any Bonds are Outstanding, the Institution agrees, not later than sixty days after receipt of a written request executed by more than 50% of the Bonds then Outstanding, to cooperate with the solicitation of a credit rating on the then Outstanding Bonds from one or more Nationally Recognized Credit Rating Agencies in order to obtain a rating on the Bonds, which ratings shall be paid for by the beneficial owners of the Bonds.

UNDERWRITING

D.A. Davidson & Co. (the "*Underwriter*") is underwriting the Bonds. On the sale date, the Underwriter will enter into a Bond Purchase Agreement with the Issuer and the Institution pursuant to which the Underwriter will agree to purchase the Bonds subject to certain conditions contained in the Bond Purchase Agreement (including the purchase of the Bonds by the Bondholder) and to pay to the Trustee, on the date of issuance of the Bonds the aggregate amount of \$9,350,000.

The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as a part of, its 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.

INDEPENDENT AUDITORS

The audited financial statements of the Institution as of and for the years ended December 31, 2018 and 2017, included in "APPENDIX B – AUDITED CONSOLIDATED FINANCIAL STATEMENTS" to this Limited Offering Memorandum, have been audited by Walter & Shuffain, P.C., independent auditors, as stated in their report appearing therein.

CONTINUING DISCLOSURE

The Underwriter has determined that the Bonds are not subject to Securities and Exchange Commission Rule 15c2-12, which prohibits participating underwriters (as defined in the Rule) from

purchasing or selling certain municipal securities unless the issuers of those securities agree to provide continuing disclosure information for the benefit of the owners of those securities. However, the Institution will nevertheless enter into the Continuing Disclosure Agreement, in which the Institution will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board (the “MSRB”), through its Electronic Municipal Market Access (“EMMA”) system, certain information concerning the Institution and the Bonds on a quarterly or annual basis, as well as contemporaneous notice of the occurrence of certain events affecting the Bonds. See “APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT” hereto for a description of the annual information and the notices of events to be provided and other terms of the Continuing Disclosure Agreement.

The Institution has not previously entered into any continuing disclosure obligations.

MISCELLANEOUS

The foregoing summaries or descriptions of provisions in the Indenture, the Loan Agreement, the Promissory Note, the Tax Certificate, the Continuing Disclosure Agreement, and the other agreements and documents referred to herein, and all references to other materials not purporting to be quoted in full, are only brief outlines of certain provisions thereof and do not constitute complete statements of such provisions or purport to summarize all of the pertinent provisions thereof. Reference is made to the complete Indenture and the Loan Agreement, copies of which may be obtained during the initial offering period from the Underwriter at 757 Third Avenue, Suite 1902, New York, New York 10017, and thereafter from the Trustee.

The information contained in this Limited Offering Memorandum is the responsibility of the Institution, except for the information contained under the heading “BOOK-ENTRY ONLY SYSTEM,” which has been provided by DTC to the extent described therein, the information under the heading “THE ISSUER” and “LITIGATION—The Issuer,” which has been provided by the Issuer, and the information under the heading “UNDERWRITING,” which has been provided by the Underwriter. The Issuer makes no representation, warranty, or certification as to the adequacy or accuracy of the information set forth in this Limited Offering Memorandum, other than the information set forth under the headings “THE ISSUER” and “LITIGATION — The Issuer.” This Limited Offering Memorandum is not intended to be construed as a contract or agreement between the Issuer and the purchasers or holders of the Bonds.

Any statements made in this Limited Offering Memorandum involving matters of opinion or estimates, whether or not expressly stated, are set forth as such, and not as representations of facts. No representation is made that any of the opinions or estimates will be realized.

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The distribution of this Limited Offering Memorandum has been duly authorized by the Issuer and the Institution.

BUILD NYC RESOURCE CORPORATION

By: /s/ Krishna Omolade
Krishna Omolade
Executive Director

**CONSORTIUM FOR WORKER EDUCATION,
INC.**

By: /s/ George Miranda
George Miranda
Chairman

APPENDIX A – INFORMATION CONCERNING THE INSTITUTION

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APPENDIX A

CONSORTIUM FOR WORKER EDUCATION, INC.

INTRODUCTION

The Consortium for Worker Education, Inc. (“CWE”) is a private, non-profit agency that provides a wide array of workforce preparation, industry specific training and employment services to over 44,000 New York City workers annually, including union members, New Americans and dislocated workers, and is the workforce development arm of the New York City Central Labor Council, AFL-CIO, whose affiliated unions represent over 1.2 million workers in the metropolitan region. Partnering with 40 of the Council affiliates, CWE union upgrade programs assist the incumbent workforce in maintaining and upgrading their skills and advancing their careers. Tens of thousands of unionized workers in varied economic sectors, including healthcare, construction, transportation, civil service, education and child care, retail and tourism rely on CWE for promotional instruction.

CWE has 77 full-time employees, including 20 full-time instructors. In addition, CWE has 91 part-time instructors

CWE PROGRAMS AND INITIATIVES

WORKFORCE DEVELOPMENT

To assist the unemployed or underemployed, CWE and its community based partners created the Jobs to Build On program (“JtBO”), a jobs creation initiative funded by the New York City Council and sponsored by the Councils Black, Latino and Asian Caucus. The JtBO expands the efforts of a network of established community based employment service providers citywide. Workforce readiness, industry specific skills courses and job placement services are available at no cost. Applicants are placed in career track, sustainable employment in a variety of growth industries at higher than the New York City Councils living wage. Since its inception in 2008, over 10,000 New Yorkers have been placed in full time employment through the JtBO network.

To prepare for workforce training and job placement services offered by the JtBO initiative, the CWE Worker Service Center Program offers New Yorkers workforce preparation services and other progressive programs in neighborhood-based locations throughout the five boroughs. The programs are funded by the New York City Council, the New York State Department of Education and the New York State Legislature.

UNION INITIATIVES

Incumbent Worker Training Programs: 40 New York City Unions offer education and training programs that are coordinated by CWE. In Program Year 2018-2019, over 44,000 workers were enrolled in over 4,000 classes. Some examples of these CWE coordinated programs, drawn from the significant industry sectors currently served by CWE, include:

The Edward J. Malloy Initiative for Construction Skills. Jointly founded in 2001 by the Greater New York City Building and Construction Trades Council and CWE, and administered by CWE, the Edward J. Malloy Initiative for Construction Skills program offers pre-apprenticeship training designed to assist New York City's public high school seniors become apprentices in the union construction trades.

The program consists of a 30 hour classroom component followed by hands-on work in a variety of construction settings. The classroom phase, conducted at CWE, consists of a curriculum that includes construction related mathematics, area and material measurement, tool familiarity, overviews of the

different building trades and their skill sets, and safety procedures and practices. Classes are taught by senior instructors from the fourteen affiliated building trades.

In the second phase, the students work at various building sites, under supervision, gaining hands-on experience in tools, materials, and workplace safety. Instruction is provided by senior journey-workers from each affiliated trade. This supervised on-site pre-apprentice training takes place daily from 7 a.m. to 3 p.m. for four weeks. Those who successfully complete both phases of the program are referred to the various NYC building trades unions for apprentice membership.

Since the program's inception in 2001, nearly 1,200 high school seniors have become apprentice members of construction unions.

RWDSU Building Maintenance. Retail Wholesale and Department Store Union Local 670, with the assistance of CWE, conducts a wide range of building maintenance, engineering and boiler repair classes, for their members working in these titles in commercial buildings.

Advanced Licenses for the Teamsters and Transport Workers Union. The Transport Workers Union prepares members for promotion as train and bus operators. With the assistance of CWE, the International Brotherhood of Teamsters conducts CDL training for DMV Certification for over-the-road trucking and van driving. These classes prepare participants to pass the commercial driver's license tests, and to acquire jobs with local fleets.

Childcare for AFSCME DC 1707. With CWE support, DC 1707 conducts workshops to certify members to work in day care and early childhood educational facilities across New York City. The curriculum includes early childhood education, nutrition and safety.

New Textile Technology for Workers United. With CWE support, Workers United provides classes to upgrade the skills of garment workers and to introduce them to new fashion trade technologies.

Retail and Customer Communications for RWDSU. RWDSU Local 1-S (Macys) and UFCW Local 1500 (Fairway), with assistance from CWE, conduct on-site classes that provide workers with the skills that they need to interact more effectively with the public. Local 338, RWDSU also conducts ESL and computer classes for members drawn from workers at a number of supermarkets and chain pharmacies throughout New York City, as these members job security and ability to function effectively in the workplace depend upon learning the skills these classes offer.

HEALTH CARE TRAINING INITIATIVES

CWE has been providing clinical and administrative expertise in workforce training and development for allied health care workers since 1993. CWE primarily provides services to its 1199SEIU Funds partners, including the Job Security Fund, the Labor-Management Project, the Continuing Education Institute and the Workforce Training Academy, a partnership of 1199SEIU and New York-Presbyterian Hospital. CWE has also provided training to numerous labor, community and industry partners, including District Council 37. These cooperative projects allow CWE to facilitate a complete range of workforce service classes and customized training that leads health care professionals to new jobs or to transition between jobs. In addition to traditional classroom training held at a state-of-the art facility at 83 Maiden Lane in New York City, CWE has the capacity to offer programming via webinars and distance learning.

Allied health care training and review programs include:

- Surgical Technology*
- Central Sterile Processing and Distribution
- Pharmacy Technician
- Clinical Medical Assistant
- Credentialed Alcohol and Substance Abuse Counselor
- Nurse Aide/Nursing Assistant
- Electrocardiogram/Phlebotomy Technician
- Home Health Aide
- Patient Care Technician
- CPR/First Aid
- Medical Billing and Coding
- Electronic Health Care/Medical Record Specialist (training and support)

* Bronx Lebanon Hospital Center is the sponsoring hospital; CWE is the only organization in New York State approved by the accreditation council to offer the Accelerated Alternate Delivery training for Surgical Technology. CWE is accredited by the Commission on Accreditation of Allied Health Education Programs (www.caahep.org) upon the recommendation of the Accreditation Review Council on Education for Surgical Technology & Surgical Assisting.

In addition, CWE offers an array of professional development training seminars for health care workers which include:

- computer training
- ensuring field worker safety
- job readiness
- effective communication
- conflict resolution
- team building
- cultural competency
- writing for documentation
- stress management
- time management

CHILD CARE FACILITATED ENROLLMENT PROJECT

The Child Care Facilitated Enrollment Project is a pilot program that was developed to assist working parents to increase access to child care subsidies and quality care in New York City for children up to 13 years of age with qualifying incomes. The project was developed by the New York Union Child Care

Coalition, a committee of the New York City Central Labor Council, is funded by the New York State Legislature and is administered by CWE in coordination with the New York State Office of Children and Family Services (“OCFS”) and the New York City Administration for Children's Services.

CWE Revenues

CWE receives the majority of its revenue from Federal, New York State, and New York City agencies and its programs are funded by the New York City Council, the New York State Department of Education and the New York State Legislature. Timing of payments for services provided is unpredictable, and thus the organization maintains a line of credit to bridge gaps between revenue and expenses. Below is a brief narrative detailing CWE’s revenue sources.

Workforce Education (WFE) – CWE receives \$13M in workforce education (“WFE”) funding through the New York State Education Department (“NYSED”) Employment Preparation Education program. CWE has received WFE funding since 1987. Since 1992, CWE has received WFE funding through Chapter 756 of the New York State Education law. The funding is allocated through the Governor’s budget and augmented by the New York State Legislature and must be renewed with each budget. This allocation is specifically identified in the New York State budget which is approved on April 1st. The program year runs from July 1 through June 30. CWE reports contact hours (one hour of instruction for one student) and is reimbursed according to a rate established by NYSED. For the current Program Year (7/1/19 – 6/30/20, CWE will be reimbursed \$9.00 for each contact hour reported up to a total of 1,444,444 contact hours. In 2018-19, the NYSED contact hour reimbursement rate was \$8.88 and CWE reported 1,499,235 contact hours and received the full \$13M in available reimbursement. The CWE Program Year begins July 1st, and a small delay in the New York State Legislature budget passage would have limited impact; however, a delay of several months could have an impact on CWE, potentially delaying reimbursement payments to subcontractors funded under the WFE Program.

WFE funding is a significant portion of CWE’s revenue. However, because nearly all of CWE’s services are performed by partner unions and Community Based Organizations, loss of such revenue would have minimal impact on CWE's ability to maintain operations or meet its obligations.

NYSED Credentials – CWE has expanded its workforce development services to provide low income workers access to workplace credentials, certifications and licenses needed for career advancement and employment retention. The Enhanced Credential to Careers Initiative provides targeted occupation-specific training resulting in credential achievement. These industry-recognized credentials will lead directly to living wage jobs in commercial transportation, systems maintenance, health care, advanced computer programming, building trades and other NYC sectors. These credentials, certification and licenses enable workers to retain current jobs requiring credentials, advance on a career ladder or qualify in new fields of employment. The funding is appropriated by the State Legislature and included in the Education budget. The Program Year (PY) runs from July through June. Funding for PY18 was \$250k, increased to \$500k for PY19. PY20 funding level remains \$500K.

WSC and JtBO – CWE will receive \$7,554,220 from City Council Discretionary funding for the Program Year 7/1/19 – 6/30/20 for The Worker Service Center (“WSC”) program and JtBO program. For PY19 and PY20, the WSC funding level was \$2,400,000. Specifically, WSC funds UFT teachers who provide educational services for workers at CWE and partner sites throughout the New York City. WSC also provides funding for Know Your Rights Education for NYC immigrants. JtBO and WSC contracts are administered by the New York City Department of Small Business Services. The funding is provided through City Council Discretionary funding and contained with Schedule C of the Council Budget. The WSC contract began in 2005, while the JtBO contract began in 2007.

Construction Skills – CWE provides Recruitment, Assessment and Training as a subcontractor for the Building Trades Council Pre-Apprenticeship programs. CWE functions as a subcontractor according to a

schedule determined by the Building Trades Council Construction Skill program. 2019 Funding is projected at \$350K.

Facilitated Enrollment – CWE provides program administration, including determining eligibility determination and the distribution of vouchers to low income workers to access affordable childcare. The program is funded by the New York State legislature, administered by OCFS, and each contract year runs from April 1 through March 31. Funding for the current year is \$425,400.

1199 Healthcare Training – Healthcare and related training are provided under subcontract to 1199SEIU by the CWE Healthcare Training Institute to 1199 members. Individual subcontracts are let for each training class. 1199 SEIU estimates the total value of subcontracts for 2019 to be \$840,000.

1199 Counselors – CWE provides CWE staff counselors to 1199 to facilitate their preparation and entry into CUNY degree classes. The subcontract agreement runs January through December. Funding level for 2019 is planned at \$250K.

JPMorgan Chase Foundation – In 2017, CWE was awarded a grant from the JPMorgan Chase Foundation to facilitate the education and training of Bronx Youth for employment in the Transportation Sector. The three year grant of \$1.4M began on 5/1/17 and runs through 4/30/20 and the Foundation has indicated its intention to renew the grant for three additional years.

GOVERNANCE

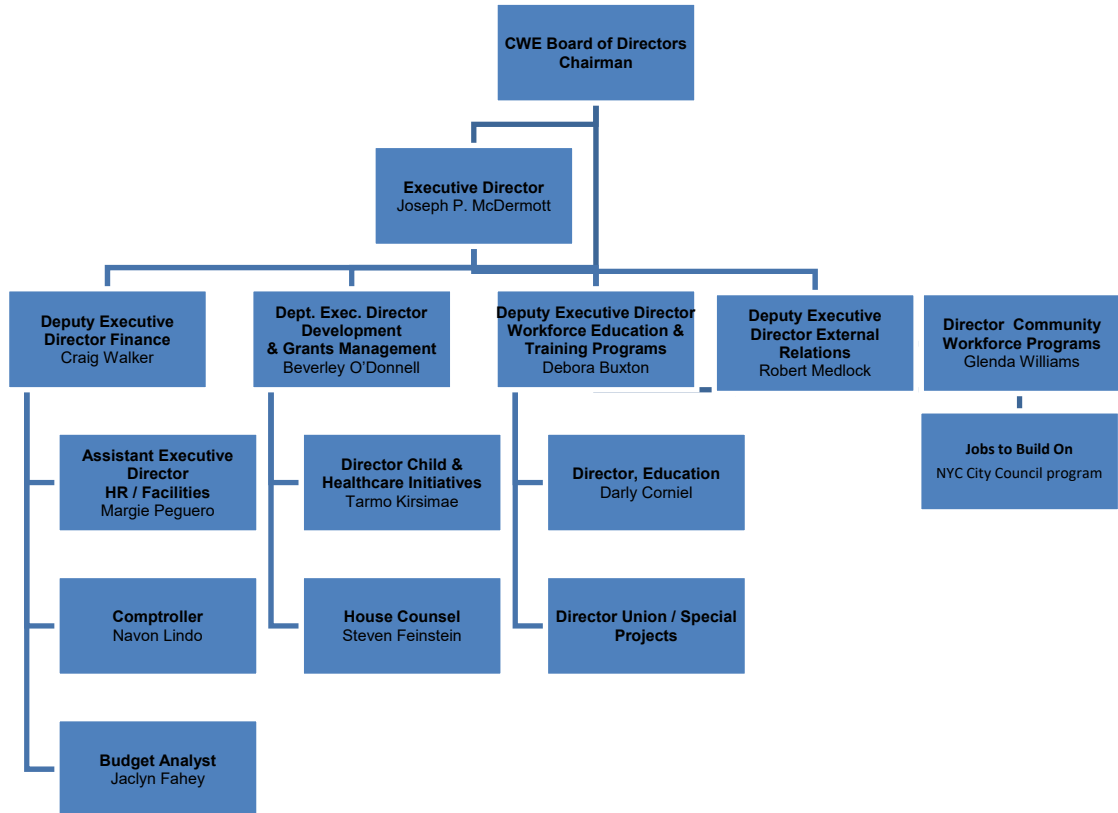
CWE is a New York not-for-profit corporation and is qualified as a tax-exemption organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and is managed by a Board of Directors (the “*Board*”). Pursuant to CWE’s bylaws, the Board must comprise not less than 3 and not more than 19 members (each a “*Director*”) and each Director shall hold office until the next annual meeting of CWE and until their successors shall have been elected and shall have qualified. The Board shall have the general power to control and manage the affairs and property of CWE in accordance with the purposes and limitations set forth in the Certificate of Incorporation. The number of Directors may be increased or decreased by action of the Board, provided that any action of the Directors to effect such increase or decrease shall require the vote of a majority of the entire Board. Each Director shall be at least eighteen years of age and any Director may be removed for cause by the Board, provided there is a quorum of not less than a majority present at the meeting of Directors at which such action was taken, and 2/3rds of the Directors in office (excluding the Director whose removal is proposed) vote affirmatively for such removal.

BOARD OF DIRECTORS

The Directors may elect or appoint a Chairman of the Board, a President, one or more Vice Presidents, a Secretary, one or more Assistant Secretaries, a Treasurer, one or more Assistant Treasurers and such other officers as they may determine and, unless otherwise provided in the resolution of election or appointment, each officer shall remain in office until the next annual meeting of the Board and until his or her successor shall have been elected and qualified. CWE’s current Board of Directors and labor affiliations are listed below.

NAME	BOARD	LABOR AFFILIATIONS
George Miranda	Chairman	President, Joint Council 16, International Brotherhood of
Joseph McDermott	President	Executive Director, Consortium for Worker Education, Inc.
Edgar Romney	Secretary	Secretary-Treasurer, Workers United
James Conigliaro	Treasurer	Vice President, International Association of Machinists
Vincent Alvarez	Vice President	President, NYC Central Labor Council
Stuart Appelbaum	Vice President	President, Retail, Wholesale Department Store Union
George Gresham	Vice President	President, 1199 Service Employees International Union
Beverley Brakeman	Vice President	Regional Director, United Autoworkers, Region 9A
Gary LaBarbera	Vice President	President, NYC Building and Construction Trades Council
Peter Ward	Vice President	President, New York Hotel Trades Council
Jill Furillo	Vice President	Executive Director, New York State Nurses Association
Kim Medina	Vice President	Executive Director, District Council 1707

ORGANIZATION CHART



LEADERSHIP TEAM

George Miranda, Chairman of CWE, has been Chairman of the CWE Board since 2014 and a member of the CWE Board since 1998. Mr. Miranda is an International Vice President- At Large of the Teamsters and currently serves as Secretary-Treasurer of Local 210 in New York, the President of Joint Council 16, the President of the Teamsters National Hispanic Caucus, the Chairman of the Board of Directors for the Teamsters Airline Division, and the Vice President of the NYC Central Labor Council.

Joseph McDermott, President, is a graduate of Queens College and served in the Peace Corps (Sierra Leone) for two years. As a career labor educator focused on workforce education and training, he began at the College of New Rochelle and founded the education program at Teamsters Joint Council 16. Since 1985, Mr. McDermott has served as Executive Director of CWE and currently serves on the New York City and New York State Workforce Industry Boards.

Craig Walker, Chief Finance Officer, attended the Trinity School and Williams College in Williamstown, MA. Before joining CWE in 1990, Mr. Walker was the Director of Operations at the New York City Private Industry Council, and during his time at CWE, Mr. Walker has led the development of a network of Career Centers serving the five boroughs. Mr. Walker has been the CFO since 2005.

Debora Maria Buxton, Deputy Executive Director, Education, came to the United States in 1969 at the age of 12 and has attended various universities, including SUNY Stony Brook, CUNY Hunter College and New York University. Before joining CWE in 1993, Ms. Buxton was staff at the Amalgamated Clothing Textile Workers Union Education Program, and at CWE, Ms. Buxton worked as Director of Education overseeing both union and community based training programs, and has been Deputy Executive Director since 2009.

Glenda Williams, Deputy Executive Director, Workforce Partnerships, is a graduate of Theodore Roosevelt High School and Fordham University in New York City. Before joining CWE in 1989, Ms. Williams was Administrative Assistant to Joseph McDermott, Education Director at the Teamsters, Local 237 and, prior to that, Ms. Williams was Associate Director of Enforcement with the NYC Department of Buildings. Ms. Williams began her career at CWE as a Manager of Job Development for the Manhattan office and has since worked her way up to Deputy Executive Director of Workforce Partnerships where she manages a portfolio of 29 Community Based Organizations that provide workforce development services for unemployed and underemployed workers throughout New York City. Ms. Williams has been Deputy Executive Director since 2014.

Beverley O'Donnell, Deputy Executive Director for Development, received a BA from Ohio University and did post-graduate work at New York University and the New School. Ms. O'Donnell's career in human services has been concentrated in the workforce development field, working at national, state and local levels. Ms. O'Donnell has been with CWE for the past 12 years and currently serves as Deputy Executive Director for Development.

Navon Lindo, Comptroller, attended Long Island University (Brooklyn Campus) where he obtained an MBA in Finance and Accounting. Prior to joining CWE in 2006, Mr. Lindo was Controller for New York College of Podiatric Medicine. At CWE, Mr. Lindo and his team have instituted and implemented a comprehensive system of internal controls. Mr. Lindo is a Certified Public Accountant licensed to practice in New York and all other states with reciprocity and has been CWE's Comptroller since 2006.

Anthony Thomas, Senior Director for Strategic Planning, previously served as the Political & Legislative Director for the New York City Central Labor Council, AFL-CIO. Mr. Thomas has degrees from the University of Missouri and New York University.

PARTNERS

CWE partners with community based, not-for-profit and union organizations to deliver workforce development services in local communities and employment sectors including:

Worker Service Center Program (NYC City Council Funding)

Brooklyn Workforce Innovations
CAMBA
Community Care Development Project
East River Development Alliance
Henry Street Settlement
Jacob Riis Settlement House NYCHA
Make the Road by Walking NY
New York Communities for Change
Non-Traditional for Women
Northern Manhattan Coalition for Economic Development
Opportunities For a Better Tomorrow
Saint Brigid's School (Archdiocese of Brooklyn/Queens)
St. Jerome HANDS Community Center
Staten Island Employment Education Consortium
STRIVE

Union Movement Partners

Actor's Work Program
AFSCME District Council 1707
Communications Workers of America Local 1180
Garment Industry Development Council/ UNITE
Joseph Murphy Institute
New York City Central Labor Council, AFL-CIO
NYS Civil Service Employees Union
Office and Professional Employees Local 153
Operating Engineers Local 30
Operating Engineers Local 94
RWDSU Local 1S
RWDSU Local 3
RWDSU Local 670
SEIU Local 1199 Health and Human Service Workers
Teamsters Joint Council 16
Teamsters Local 237
The Hotel Trades Council
Transport Workers Union of America
United Auto Workers Region 9-A
United Food and Commercial Workers Local 1102
Workers United

Apprentice and Building Trades Unions

Asbestos Workers Local 12
Building and Construction Trades Council of Greater New York

Cement & Concrete Workers DC16
District Council of Carpenters
Elevator Constructors Local 1
International Laborers Association Local 79
Iron Workers Local 40/361
Iron Workers Local 580
Metal Lathers Local 46
Operating Engineers Local 15
Painters District Council 9
Plumbers Local 1
Roofers and Waterproofers Local 8
Sheet Metal Workers Local 28
Steamfitters Local 638
Tile Marble and Terrazzo Local 7
United Cement Masons Local 780

Jobs to Build On Community Partners (NYC City Council Funding)

Argus Community, Inc.
The Actors Fund - Actors Work Program
The Association of Community Employment Programs (ACE)
Bedford Stuyvesant Restoration Corp.
Black Veterans for Social Justice
Brooklyn Workforce Innovations (BWI)
Business Outreach Center Network, Inc. (BOC)
CAMBA, Inc.
Center for Employment Opportunities (CEO)
Coalition for the Homeless
Community League of the Heights (CLOTH)
Cooperative Home Care Associates
East River Development Alliance (ERDA)dba Urban Upbound
Edward J. Malloy Initiative for Construction Skills, Inc.
Exodus Transitional Community
HANAC
Henry Street Settlement
Members Assistance Program, Inc. (MAP)
New York Urban League (Bronx)
Nontraditional Employment for Women (NEW)
Northern Manhattan Improvement Corp. (NMIC)
NYCDCC Apprenticeship Journeyman Retraining Educational & Industry Fund
Opportunities for a Better Tomorrow
Per Scholas, Inc.
South Bronx Overall Economic Development Corp. (SoBRO)
St. Nicks Alliance
STRIVE - East Harlem Employment Services, Inc.
The HOPE Program

FINANCE

The following summary and discussion of financial matters should be read in conjunction with the 2018 consolidated financial statements of CWE, related notes, and independent auditors report. The consolidated financial statements for FY 2018 have been audited by Walter & Shuffain, P.C.

EBITDA

FYE 12/31	HISTORICAL			PROJECTED*				
	2016	2017	2018	2019	2020	2021	2022	2023
Support and Revenue								
WFE	12,508,009	12,935,700	12,999,223	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000
NYSED Credentials	0	82,237	166,263	432,500	500,000	750,000	1,000,000	1,000,000
WSC	2,269,959	2,331,194	2,362,858	2,400,000	2,400,000	2,400,000	2,600,000	2,600,000
JTBO	5,154,918	5,245,924	5,009,841	5,154,200	5,154,200	5,250,000	5,250,000	5,522,953
CS2K	185,600	341,554	690,222	350,000	350,000	360,500	360,500	360,500
Facilitated Enrollment	433,890	432,930	425,400	425,400	445,400	445,000	445,000	445,000
1199 Healthcare	643,198	555,501	365,674	840,000	960,000	800,000	800,000	800,000
1199 Counselors	0	59,217	249,652	250,000	250,000	255,000	260,100	265,302
JP Morgan Chase	0	92,580	588,680	445,000	235,000	235,000	235,000	150,000
FMCS	0	0	0	50,000	50,000	50,000	50,000	0
IAM Apprenticeship	0	0	0	60,000	60,000	61,200	62,424	63,672
Development/Other	701,086	948,822	1,062,471	900,000	918,000	936,360	945,724	955,181
SNAP	265,000	269,750	0	0	0	0	0	0
305 Leaseback			0	0	87,500	0	0	0
Total Operating	22,161,661	23,295,409	23,920,284	24,307,100	24,410,100	24,543,060	25,008,748	25,162,609
Operating expenses								
Salaries	8,096,344	8,452,808	8,623,180	8,964,004	9,143,284	9,234,717	9,419,411	9,607,799
Payroll taxes and	2,136,891	2,235,063	2,444,619	2,330,641	2,377,254	2,401,026	2,449,047	2,498,028
Total salaries and	10,233,235	10,687,871	11,067,799	11,294,645	11,520,538	11,635,743	11,868,458	12,105,827
Professional Fees and	8,716,957	9,325,480	9,164,307	9,343,354	9,436,787	9,531,155	9,626,467	9,722,732
Occupancy Costs (See	1,813,265	1,906,844	2,089,012	2,115,008	1,571,640	1,236,824	1,245,955	1,254,343
Insurance	229,095	234,019	234,343	241,575	244,000	248,000	250,000	252,000
Office expense	214,978	214,070	221,668	158,092	161,254	164,479	155,000	160,000
Equipment rental	153,093	175,332	146,189	180,577	192,000	195,000	198,000	200,000
Telephone	128,172	134,126	141,662	152,296	160,000	160,000	162,000	162,000
Maintenance and	269,243	98,469	58,742	45,265	46,170	47,094	48,036	48,996
Supplies	73,549	94,517	75,108	76,656	78,189	79,752	81,347	82,974
Conference and	44,471	48,991	63,008	45,925	46,384	46,848	47,317	47,790
Depreciation	54,685	57,205	57,205	95,000	282,000	282,000	282,000	282,000
Interest	66,862	33,728	24,914	35,000	413,660	434,163	428,800	423,275
Travel	16,258	13,128	15,564	20,000	20,000	22,000	22,000	24,000
Printing	4,561	4,262	8,362	3,265	3,500	3,500	4,000	4,000
Total Operating	22,018,424	23,028,042	23,367,883	23,806,658	24,176,122	24,086,558	24,419,379	24,769,937
CHANGE IN NET	143,237	267,367	552,401	500,042	233,978	456,502	589,368	392,671

Cash Flow Available	HISTORICAL			PROJECTED				
	2016	2017	2018	2019	2020	2021	2022	2023
Change in Net Assets	143,237	267,367	552,401	500,442	233,978	456,502	589,368	392,671
Plus: Depreciation &	54,685	57,205	57,205	95,000	282,000	282,000	282,000	282,000
Plus: Interest Expense	66,862	33,728	24,914	35,000	413,660	434,163	428,800	423,275
Cash Flow Available	264,784	358,300	634,520	630,442	929,638	1,172,664	1,300,168	1,097,946

* All information contained in this table has been furnished by Walter & Shuffain, P.C., independent auditors.

BALANCE SHEET

	2016	2017	2018
ASSETS			
CURRENT ASSETS			
Cash	2,879,992	2,782,166	2,667,397
Grants Receivable	6,229,020	6,722,829	6,737,552
Total Current Assets	<u>9,109,012</u>	<u>9,504,995</u>	<u>9,404,949</u>
FIXED ASSETS, NET	737,012	679,807	622,602
OTHER ASSETS:			
Security Deposits	548,873	548,873	548,873
TOTAL ASSETS	<u>10,394,897</u>	<u>10,733,675</u>	<u>10,576,424</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	4,853,625	5,006,629	4,442,093
Deferred Revenue	2,715,700	2,780,000	2,780,777
Note payable, current portion	150,000	150,000	150,000
Total Current Liabilities	<u>7,719,325</u>	<u>7,936,629</u>	<u>7,372,870</u>
NON-CURRENT LIABILITIES			
Deferred rent	801,082	805,189	809,296
Note payable, net of current portion	337,500	187,500	37,500
Total Non-Current Liabilities	<u>1,138,582</u>	<u>992,689</u>	<u>846,796</u>
TOTAL LIABILITIES	8,857,907	8,929,318	8,219,666
NET ASSETS			
Unrestricted Net Assets	1,536,990	1,804,357	2,356,758
TOTAL NET ASSETS AND LIABILITIES	<u>10,394,897</u>	<u>10,733,675</u>	<u>10,576,424</u>

STATEMENT OF ACTIVITIES

	2016	2017	2018
<u>Support and Revenue</u>			
Government grant revenue	20,631,777	21,509,101	20,963,585
Program revenue	753,422	785,783	1,894,228
Other	776,463	1,000,525	1,062,471
Total Operating Revenue	22,161,662	23,295,409	23,920,284
<u>Operating expenses</u>			
Salaries	8,096,344	8,452,808	8,623,180
Payroll Taxes	2,136,891	2,235,063	2,444,619
Total salaries and related expenses	10,233,235	10,687,871	11,067,799
Professional fees and contracted services	8,716,957	9,325,480	9,164,307
Occupancy	1,813,265	1,906,844	2,089,012
Insurance	229,095	234,019	234,343
Office expense	214,978	214,070	221,668
Equipment rental	153,093	175,332	146,189
Telephone	128,172	134,126	141,662
Maintenance and repairs	269,243	98,469	58,742
Supplies	73,549	94,517	75,108
Conference and seminars	44,471	48,991	63,008
Depreciation	54,685	57,205	57,205
Interest	66,862	33,728	24,914
Travel	16,258	13,128	15,564
Printing	4,561	4,262	8,362
Total Operating Expenses	22,018,424	23,028,042	23,367,883
CHANGE IN NET ASSETS	143,238	267,367	552,401
Net assets (deficit), beginning of year	1,393,752	1,536,990	1,804,357
Net assets (deficit), end of year	1,536,990	1,804,357	2,356,758

LITIGATION

CWE, like other non-profit institutions, has been engaged in a variety of suits and proceedings arising in the ordinary course of business. In the opinion of CWE, there is no litigation of any nature pending or threatened wherein an unfavorable decision would have a material adverse impact on the financial condition of CWE or its ability to pay debt service on the Bonds. See "LITIGATION - The Institution" in the Limited Offering Memorandum attached hereto.

PROJECT TO BE FINANCED

In order to realize greater efficiencies and control occupancy costs, CWE has identified a condominium at 305 7th Avenue in Manhattan, at which it will acquire the 3rd Floor, consisting of 9,476 square feet. The acquisition will ultimately reduce occupancy costs, as leasing costs for its current facility – which entails more space than the organization presently requires – are very high and continuing to escalate. The acquisition cost of the facility is \$7.5 million, and will require approximately \$1.8 million of renovations, furnishings and equipment. The project is expected to be financed with the proceeds of the Bonds with the remaining balance to be paid from current CWE funds.

The new facility is presently used as office space for a not-for-profit, so renovations are not expected to be significant. The \$1.8 million in renovations will include demolishing all existing cosmetic finishes, HVAC unit and associated ductwork and minor drywall partitions removals. New installations will include concrete floor patching and fireproofing, masonry wall patching, new drywall partitions, new pantry and reception millwork, new thermal and acoustical insulation, new doors, door frames and hardware, new interior wall and floor finishes, the replacement of ceiling tiles and the installation of a new suspended ceiling system, architectural specialty items (glass & metal), the replacement of existing window shades, the modification of existing sprinkler system, new pantry plumbing fixtures, a new heating ventilation & air conditioning (HVAC) system, including ductwork, supply and return grills and controls, new electrical outlets and wiring, new lighting fixtures and switches and new fire alarm devices.

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APPENDIX B – AUDITED CONSOLIDATED FINANCIAL STATEMENTS
of Consortium for Worker Education, Inc. as of and for the years ended December 31, 2018
and 2017

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**CONSORTIUM FOR WORKER EDUCATION
FINANCIAL STATEMENTS FOR THE
YEARS ENDED DECEMBER 31, 2018 AND 2017**



WALTER & SHUFFAIN, P.C.
Certified Public Accountants & Business Advisors

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WALTER & SHUFFAIN, P.C.

Certified Public Accountants & Business Advisors

Accounting & Auditing • Business Consultants • Financial Services • Litigation/Valuation • Tax & Estate Planning

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Consortium for Worker Education
New York, New York

We have audited the accompanying financial statements of the Consortium for Worker Education (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 the Consortium for Worker Education as of December 31, 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 September 25, 2019, on our consideration the Consortium for Worker Education'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 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 the Consortium for Worker Education's internal control over financial reporting and compliance.

Walter E. Sheffari P.C.

September 25, 2019

**CONSORTIUM FOR WORKER EDUCATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

	2018	2017
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 2,667,397	\$ 2,782,166
Grants receivable	6,737,552	6,722,829
Total Current Assets	9,404,949	9,504,995
Fixed Assets, Net	622,602	679,807
Other Assets:		
Security deposits	548,873	548,873
Total Assets	\$ 10,576,424	\$ 10,733,675
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 4,442,093	\$ 5,006,629
Deferred revenue	2,780,777	2,780,000
Note payable, current portion	150,000	150,000
Total Current Liabilities	7,372,870	7,936,629
Non-Current Liabilities:		
Deferred rent	809,296	805,189
Note payable, net of current portion	37,500	187,500
Total Non-Current Liabilities	846,796	992,689
Total Liabilities	8,219,666	8,929,318
Net Assets Without Donor Restrictions	2,356,758	1,804,357
Total Liabilities and Net Assets	\$ 10,576,424	\$ 10,733,675

The accompanying notes are an integral part of these financial statements.

**CONSORTIUM FOR WORKER EDUCATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
Net Assets Without Donor Restrictions		
Support and Revenue:		
Government grant revenue	\$ 20,963,585	\$ 21,509,101
Program revenue	1,894,228	785,783
Other	1,062,471	1,000,525
Total Revenue	23,920,284	23,295,409
Expenses:		
Program services	19,506,336	19,249,168
Management, general, and administrative	3,861,547	3,778,874
Total Expenses	23,367,883	23,028,042
Increase in Net Assets Without Donor Restrictions	552,401	267,367
Net Assets Without Donor Restrictions, Beginning of Year	1,804,357	1,536,990
Net Assets Without Donor Restrictions, End of Year	\$ 2,356,758	\$ 1,804,357

The accompanying notes are an integral part of these financial statements.

**CONSORTIUM FOR WORKER EDUCATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 552,401	\$ 267,367
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	57,205	57,205
Changes in operating assets and liabilities:		
Grants receivable	(14,723)	(493,809)
Accounts payable and accrued liabilities	(564,536)	153,004
Deferred revenue	777	64,300
Deferred rent	4,107	4,107
Total adjustments	<u>(517,170)</u>	<u>(215,193)</u>
Net cash flow from operating activities	<u>35,231</u>	<u>52,174</u>
Cash Flows From Financing Activities:		
Principal payments on note payable	<u>(150,000)</u>	<u>(150,000)</u>
Net cash flow from financing activities	<u>(150,000)</u>	<u>(150,000)</u>
Net Decrease in Cash	(114,769)	(97,826)
Cash, Beginning of Year	<u>2,782,166</u>	<u>2,879,992</u>
Cash, End of Year	<u>\$ 2,667,397</u>	<u>\$ 2,782,166</u>
Supplemental disclosure of cash flow activities:		
Cash paid for interest during the year	<u>\$ 24,914</u>	<u>\$ 33,728</u>

The accompanying notes are an integral part of these financial statements.

**CONSORTIUM FOR WORKER EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Program Services</u>	<u>Management, General, and Administrative</u>	<u>Total</u>
Salaries	\$ 6,898,544	\$ 1,724,636	\$ 8,623,180
Payroll taxes and employee benefits	1,955,695	488,924	2,444,619
Total salaries and related expenses	<u>8,854,239</u>	<u>2,213,560</u>	<u>11,067,799</u>
Professional fees and contracted services	8,247,876	916,431	9,164,307
Occupancy	1,775,660	313,352	2,089,012
Insurance	199,192	35,151	234,343
Office expense	-	221,668	221,668
Equipment rental	131,570	14,619	146,189
Telephone	120,413	21,249	141,662
Supplies	67,597	7,511	75,108
Conference and seminars	42,215	20,793	63,008
Maintenance and repairs	49,931	8,811	58,742
Depreciation	-	57,205	57,205
Interest	-	24,914	24,914
Travel	10,117	5,447	15,564
Printing	7,526	836	8,362
Total functional expenses	<u>\$ 19,506,336</u>	<u>\$ 3,861,547</u>	<u>\$ 23,367,883</u>

The accompanying notes are an integral part of these financial statements.

**CONSORTIUM FOR WORKER EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Program Services</u>	<u>Management, General, and Administrative</u>	<u>Total</u>
Salaries	\$ 6,762,246	\$ 1,690,562	\$ 8,452,808
Payroll taxes and employee benefits	1,788,050	447,013	2,235,063
Total salaries and related expenses	<u>8,550,296</u>	<u>2,137,575</u>	<u>10,687,871</u>
Professional fees and contracted services	8,392,932	932,548	9,325,480
Occupancy	1,620,817	286,027	1,906,844
Insurance	198,916	35,103	234,019
Office expense	-	214,070	214,070
Equipment rental	157,799	17,533	175,332
Telephone	114,007	20,119	134,126
Maintenance and repairs	83,699	14,770	98,469
Supplies	85,065	9,452	94,517
Depreciation	-	57,205	57,205
Conference and seminars	33,314	15,677	48,991
Interest	-	33,728	33,728
Travel	8,402	4,726	13,128
Printing	3,921	341	4,262
Total functional expenses	<u>\$ 19,249,168</u>	<u>\$ 3,778,874</u>	<u>\$ 23,028,042</u>

The accompanying notes are an integral part of these financial statements.

**CONSORTIUM FOR WORKER EDUCATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

Note 1 – Summary of Significant Accounting Policies:

Nature of Operations

Consortium for Worker Education ("CWE") was organized as a nonprofit corporation under the laws of the State of New York on March 28, 1989. The Organization provides a wide array of employment, training, and education services to New York City workers, including union members, New Americans and dislocated workers.

CWE's Worker Service Center Program offers New Yorkers free courses in adult basic education, computer literacy, English as a Second Language (ESL) classes and other programs in neighborhood-based locations throughout the five boroughs. The programs are funded by the New York City Council, the New York State Department of Education and the New York State Legislature.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization may designate assets without restrictions for specific operational purposes from time to time.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenues are reported as increases in net assets with donor restrictions when the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Income Taxes

CWE is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2015.

Grants Receivable

On a periodic basis, CWE evaluates its grants and contracts receivable and establishes an allowance for doubtful accounts based on a history of past write-offs and the grantor's disallowance of certain costs which CWE deemed as non-reimbursable. As of December 31, 2018 and 2017, no allowance for doubtful accounts was deemed necessary.

**CONSORTIUM FOR WORKER EDUCATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

Note 1 – Summary of Significant Accounting Policies (Continued):

Fixed Assets

Fixed assets are capitalized and depreciated, on a straight-line basis, over their estimated useful lives or, as in the case of leasehold improvements, the term of the lease if shorter.

Deferred Rent

Deferred rent represents the difference between actual operating lease payments due and straight-line rent expense, which is recorded by the Organization over the term of the lease. The amount of the difference is recorded as a deferred credit in the early periods of the lease, when cash payments are generally lower than straight-line rent expense, and is reduced in the later periods of the lease when payments begin to exceed the straight-line expense.

Grants and Contracts

Revenue from government grants and contracts is recognized either when the services are performed or when the expenditures are incurred. Cash received prior to providing services is deferred to future periods and is recorded as deferred revenue. Reimbursable amounts include direct expenditures for labor and materials, as well as indirect costs. Indirect costs related to Federal, State, and City grants are recorded at a predetermined rate. Indirect cost rates for grants and contracts are subject to audit, and subsequent final settlements, if any, are recorded as current period adjustments. Management believes the impact of any future settlements to be immaterial to the financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting service functions that benefit from such costs. Such allocations have been determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Compensation and related	Time and effort
Professional fees	Actual costs
Occupancy	Square footage
Insurance	Square footage
Equipment rental	Actual costs
Telephone	Square footage
Maintenance and repairs	Actual costs
Supplies	Actual costs
Conferences	Actual costs
Travel	Actual costs
Printing	Actual costs

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

**CONSORTIUM FOR WORKER EDUCATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

Note 1 – Summary of Significant Accounting Policies (Continued):

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. In July 2015, the FASB deferred the effective date of the new standard to interim and annual reporting periods beginning after December 15, 2018. The standard permits the use of either the retrospective or cumulative effect transition method. The Organization does not expect the adoption of this pronouncement to have a material impact on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. ASU No. 2016-02 supersedes the previous leases standard, *Leases* (Topic 840). The new standard is effective for fiscal years beginning after December 15, 2019. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization has begun analyzing the effect of implementing this guidance, which involves developing an inventory of all leases as well as identifying any non-lease components in its lease arrangements. The Organization is currently evaluating the impact the adoption of ASU 2016-02 will have on the Organization's financial statements.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. Accounting Pronouncements Adopted The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in-service approach to recognize the expiration of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Organization implemented this ASU as of and for the year ended December 31, 2018 with retrospective application for the 2017 financial statements. As a result, the Organization changed its presentation of net asset classes and expanded the footnote disclosures as required by the ASU.

Reclassification

Certain amounts in the 2017 financial statements have been reclassified in order to conform to the 2018 presentation.

**CONSORTIUM FOR WORKER EDUCATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

Note 2 – Liquidity:

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash	\$	2,667,397
Grants Receivable		6,737,552
 Total financial assets	 \$	 9,404,949

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Note 3 – Fixed Assets:

CWE had the following fixed assets as of December 31, 2018 and 2017:

	2018	2017
Furniture, Fixtures, and Equipment	\$ 204,117	\$ 204,117
Computer Equipment	2,142,825	2,142,825
Leasehold Improvements	2,320,942	2,320,942
Computer Software	65,126	65,126
	4,733,010	4,733,010
Accumulated Depreciation	(4,110,408)	(4,053,203)
	\$ 622,602	\$ 679,807

Note 4 – Line of Credit:

CWE has a \$3,000,000 line of credit agreement with a bank. Interest on the line of credit is calculated on the outstanding balance at the prime rate plus 2% (7.50% at December 31, 2018). In October 2018, the line of credit agreement was amended extending the maturity date until October 20, 2019. The line of credit is secured by CWE's grants receivable and equipment and requires CWE to comply with certain financial covenants. At December 31, 2018 and 2017, there were no outstanding balances on the line of credit. Interest expense on the line of credit for the years ended December 31, 2018 and 2017, totaled \$4,909 and \$5,884, respectively.

Note 5 – Note Payable:

In November 2014, CWE entered into a construction line of credit agreement to finance a build out of new classroom space. Per the agreement, the outstanding balance on the line of \$750,000 converted to a five-year term note in March 2015. Interest is calculated on the outstanding balance at the prime rate plus 2.5% (8.00% at December 31, 2018). Accrued interest and principal is payable monthly through March 21, 2020. The note is secured by CWE's present and future personal property and fixtures. At December 31, 2018 and 2017, the outstanding balance on the note payable was \$187,500 and \$337,500, respectively. Interest expense on the note payable at December 31, 2018 and 2017 totaled \$20,005 and \$27,844, respectively.

**CONSORTIUM FOR WORKER EDUCATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

Note 5 – Note Payable (Continued):

The minimum principal payments due on the note for years subsequent to December 31, 2018 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 150,000
2020	37,500
	<u>\$ 187,500</u>

Note 6 – Retirement Plans:

CWE has adopted various defined contribution pension plans described below for employees who meet the eligibility requirements set forth in the respective plans. The total contribution required for all plans was \$369,046 and \$329,973 as of December 31, 2018 and 2017, respectively.

Profit-Sharing Plan

The plan, dated January 1, 1992, was established for all eligible employees covered under a collective bargaining agreement with the International Brotherhood of Teamsters Local 210. The plan's contributions, which are to be made on behalf of eligible employees, are a percentage of the covered employees' compensation. The amount of contribution is subject to the discretion of the board of directors and the limitations established in the Internal Revenue Code. The employer's contribution for covered employees is 6% of eligible employees' compensation.

Pension Pool Plan

CWE has negotiated a collective bargaining agreement with the United Federation of Teachers Union Local 2, originally dated July 1, 1993. As part of that agreement CWE must make contributions to the pension pool. Additionally, the plan allows eligible employees to make voluntary contributions of 1% of eligible compensation. Employees electing to make such contributions are eligible for an additional 1% employer matching contribution. The current agreement expires June 30, 2020.

Deferred Compensation Plan

CWE has made available a deferred compensation plan, as in IRC Section 403(b), to all eligible employees, as defined in the plan, who wish to participate. All contributions to the plan are at the discretion of the eligible participant of the plan through a deferred compensation agreement. The plan allows for employees to contribute amounts, based on the eligible employee's annual compensation, as defined in the plan, but may not exceed certain amounts or percentages as specified by the Internal Revenue Code.

Note 7 – Commitments:

In March 2007, CWE signed a ten year lease for office and classroom space in New York City. The lease provided for a period of free rent followed by escalating payments. Rent expense was being recognized on a straight-line basis over the term of the lease. In June 2014, CWE renegotiated and extended a portion of its current lease through 2027. The extension contained a landlord option to terminate the classroom space portion of the original lease, which was exercised on December 30, 2014. The aggregate difference between the expense and the cash payments amounted to \$215,504 and \$240,370 at December 31, 2018 and 2017, respectively.

**CONSORTIUM FOR WORKER EDUCATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

Note 7 – Commitments (Continued):

In August 2014, CWE executed a new fifteen year lease for classroom space also in New York City. CWE effectively took possession of the space in December 2014 to begin the construction build out phase. The lease provides for a period of free rent. Rent expense is being recognized on a straight-line basis over the term of the lease. The aggregate difference between the expense and cash payments amounted to \$593,792 and \$564,819 at December 31, 2018 and 2017, respectively.

CWE leases classroom space, vehicles, and equipment under various non-cancellable real property, vehicle, and equipment leases expiring at various times through August 2030. All of these leases are accounted for as operating leases.

The aggregate minimum rental commitment for each of the five years subsequent to December 31, 2018 approximates as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 1,964,000
2020	1,974,000
2021	2,019,000
2022	2,071,000
2023	2,148,000
Thereafter	11,304,000
	<u>\$ 21,480,000</u>

Rental expense from real property leases and equipment was \$2,089,012 and \$1,906,844 for the years December 31, 2018 and 2017, respectively.

Note 8 – Concentrations:

Concentration of Revenue

CWE receives substantially all of its grant and revenue from Federal, State, and City agencies.

Concentration of Credit Risk

The Company has potential concentration of credit risk, in that, at times, it may maintain deposits with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). To mitigate this risk, the Company places its cash deposits only with high credit quality institutions. Management believes the risk of loss is minimal.

Note 9 – Subsequent Events:

The Organization has evaluated all events subsequent to the balance sheet date of December 31, 2018, through September 25, 2019, which is the date these financial statements were available to be issued, and has determined that, except as noted below, there are no subsequent events that need to be recorded or that are required to be disclosed under the “Subsequent Events” topic of the FASB Accounting Standards Codification.

In August 2019, the Organization entered into an agreement to purchase commercial office space in New York City for \$7,500,000. The Organization has secured initial financing for 75% of the purchase price and is seeking additional financing for the balance of the acquisition. The tentative closing date is scheduled for November 2019.



WALTER & SHUFFAIN, P.C.

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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
Consortium for Worker Education
New York, New York

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 the Consortium for Worker Education (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Consortium for Worker Education'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 Consortium for Worker Education'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 the Consortium for Worker Education'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.

Walter E. Shiffan P.C.

September 25, 2019



WALTER & SHUFFAIN, P.C.
Certified Public Accountants & Business Advisors

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APPENDIX C – SUMMARIES OF PRINCIPAL LEGAL DOCUMENTS

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CERTAIN DEFINITIONS

The following are definitions of certain terms, unless the context shall otherwise require, used in the Indenture, the Loan Agreement and/or this Offering Memorandum.

Additional Bonds shall mean one or more Series of additional bonds issued, executed, authenticated and delivered under the Indenture.

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.

Approved Facility shall mean the Facility as occupied, used and operated by the Institution 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 305 7th Avenue, New York, for use by the Institution in the providing of workforce development and industry-specific training and employment services.

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.

Authority shall mean the Dormitory Authority of the State of New York.

Authorized Denomination shall mean, in the case of the Initial Bonds, \$100,000 or any integral multiple of \$5,000 in excess thereof.

Authorized Principal Amount shall mean, in the case of the Initial Bonds, \$9,350,000.

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, and (ii) in the case of the Institution, a person named in Exhibit C — “Authorized Representative” to the Loan Agreement, or any other officer or employee of the Institution who is authorized to perform specific duties under the Loan Agreement or under any other Project Document and of whom another Authorized Representative of the Institution 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 the Loan Agreement or any other Project Document, 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.

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.

Board of Managers shall have the meaning assigned to that term in the Facility Condominium Declaration.

Bond Fund shall mean the special trust fund so designated, established pursuant to the Indenture.

Bond Registrar shall mean the Trustee acting as registrar as provided in the Indenture.

Bondholder, Holder of Bonds, Holder or holder shall mean any Person who shall be the registered owner of any Bond or Bonds.

Bonds shall mean the Initial Bonds and any Additional Bonds.

Building Loan Agreement shall mean the Building Loan Agreement, dated as of January 1, 2020, among the Issuer, the Institution 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.

Cash Available for Debt Service shall mean for any Fiscal Year the amount determined as the sum of net income, depreciation, amortization and any other noncash expense for such Fiscal Year, all as determined for financial reporting purposes for such Fiscal Year in accordance with GAAP.

City shall mean The City of New York, New York.

Closing Date shall mean January 22, 2020, 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.

Completion Deadline shall mean December 31, 2021.

Computation Date shall have the meaning assigned to that term in the Tax Certificate.

Conduct Representation shall mean the following representations made by the Institution under the Loan Agreement to the effect that none of the Institution, the Principals of the Institution, or any Person that is an Affiliate of the Institution:

(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,

or any representations by any other Person in any Required Disclosure Statement delivered to the Issuer.

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.

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: Underwriter’s spread (whether realized directly or derived through the purchase of the Initial Bonds at a discount below the price at which they are expected to be sold to the public); counsel fees (including bond counsel, counsel to the Underwriter, Trustee’s counsel, Issuer’s counsel, Institution’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 Institution 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 Certificate); 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.

Debt Service Coverage Ratio shall mean for a Fiscal Year, the ratio determined by dividing (i) a numerator equal to Cash Available for Debt Service during such fiscal year, by (ii) a denominator equal to the required payments during such Fiscal Year of principal of and interest on all Indebtedness of the Institution.

Debt Service Coverage Ratio Requirement means for a Fiscal Year a Debt Service Coverage Ratio for such Fiscal Year of at least 1.20:1.

Debt Service Reserve Fund shall mean the special trust fund so designated, established pursuant to the Indenture.

Debt Service Reserve Fund Requirement 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) is equal to the least of (i) 125% of the average annual amount required in the then current or any future calendar year to pay the sum of scheduled principal and interest on Outstanding Bonds, (ii) the maximum annual amount required in the then current or any future calendar year to pay the sum of scheduled principal and interest on Outstanding Bonds and (iii) an amount equal to ten percent (10%) of the principal amount of the Outstanding Bonds (provided that if an issue of Bonds is issued with at a premium or discount or premium greater than two percent of the principal amount of the issue, the principal amount shall adjusted to take into account such premium or discount). With respect to each Series of Bonds, the amount of proceeds thereof deposited in the Debt Service Reserve Fund shall not exceed ten percent (10%) of the principal amount of such Series of Bonds (provided that if a Series of Bonds is issued with at a premium or discount or premium greater than two percent of the principal amount of the issue, the principal amount shall adjusted to take into account such premium or discount).

Debt Service Reserve Fund Valuation Date shall mean May 15 and November 15 of each year commencing May 15, 2020.

Defaulted Interest shall mean interest on any Bond that is due and payable but not paid on the date due.

Defeasance Obligations shall mean Government Obligations that are not subject to redemption prior to maturity.

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 Institution has participated or has been given the opportunity to participate, and which ruling or memorandum the Institution, 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 Institution 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 Institution;

in any case, to the effect that the interest payable on the 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 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 Bonds is not so includable when required pursuant to a request by a Bondholder 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 Bond involved in such proceeding (a) gives the Institution and the Trustee prompt notice of the commencement thereof and (b) (if the Institution agrees to pay all expenses in connection therewith) offers the Institution the opportunity to control the defense thereof and (2) either (a) the Institution does not agree within thirty (30) days of receipt of such offer to pay such expenses and to control such defense or (b) the Institution 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 Institution determines to be appropriate. A Bondholder 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 Institution, upon delivery by the Bondholder to the Institution of a letter from the Bondholder's accountant stating that, in his or her reasonable opinion, interest on the Bonds is includable in the gross income of such Bondholder 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 Bond in the computation of minimum or indirect taxes.

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 the Indenture.

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.

Event of Default shall have the meaning specified in the Indenture or the Loan Agreement, as applicable.

Facility shall mean, collectively, the Facility Personalty and the Facility Realty.

Facility Common Elements shall mean the Institution's undivided 4.74% Common Interest in the Common Elements (as such term is defined in the Facility Condominium Declaration).

Facility Condominium shall mean the condominium located at 305 7th Avenue, New York, New York, created pursuant to the Facility Condominium Declaration.

Facility Condominium By-Laws shall mean the by-laws established and adopted pursuant to the Facility Condominium Declaration, as the same may hereafter be amended from time to time in accordance therewith.

Facility Condominium Declaration shall mean the Declaration of The Seventh Avenue Condominium dated November 23, 1992, and recorded in the Office of the City Register, New York County on December 17, 1992, in Reel 1927 page 1568 (as amended).

Facility Condominium Documents shall mean, collectively, the Facility Condominium Declaration and the Facility Condominium By-Laws.

Facility Personalty shall mean those items of machinery, equipment 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 described in Exhibit B—“Description of the Facility Personalty” attached to the Loan Agreement, 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 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 the Loan Agreement.

Facility Realty shall mean the Facility Unit and the Facility Common Elements as described in Exhibit A – “Description of the Facility Realty” attached to the Loan Agreement and the Indenture, and all rights or interests therein or appertaining thereto, together with all structures, buildings, foundations, related facilities, fixtures (other than trade fixtures) and other improvements now or at any time made, erected or situated on the Facility Unit and on the Facility Common Elements (to the extent any Bond proceeds are used in relation to the Facility Common Elements) (including the improvements made pursuant to attached to the Loan Agreement), and all replacements, improvements, extensions, substitutions, restorations, repairs or additions thereto.

Facility Unit shall mean Unit Nos 3A and 3B as so designated in the Facility Condominium Declaration.

Fiscal Year shall mean a year of 365 or 366 days, as the case may be, commencing on January 1 and ending on December 31 of each calendar year, or such other fiscal year of similar length used by the Institution for accounting purposes as to which the Institution shall have given prior written notice thereof to the Issuer and the Trustee at least ninety (90) days prior to the commencement thereof.

Fitch shall mean Fitch, 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 Institution, 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.

Gross Revenues shall mean all receipts, revenues, income and other moneys received by or on behalf of the Institution, including, but without limiting the generality of the foregoing, revenues derived from the ownership or operation of all real or personal property owned by the Institution including but not limited to the Facility, casualty insurance and condemnation proceeds with respect to all real or personal property owned by the Institution including but not limited to the Facility or any portion thereof, and all rights to receive the same (including amounts retained by Institution under the Loan Agreement), whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence; provided, however, that gifts, grants, bequests, donations and contributions heretofore or hereafter made and designated or specified by the granting authority, donor or maker thereof as being for specified purposes (other than payment of debt service on Indebtedness) and the income derived therefrom to the extent required by such designation or specification shall be excluded from Gross Revenues.

Impositions shall mean 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, or interest of the Institution in the Facility, or against any of the loan payments or other payments or other amounts payable under the Loan Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution 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.

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 Facility Unit or on the Facility Common Elements (to the extent any Bond proceeds are used in relation to the Facility Common Elements);

(ii) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Facility Unit or on the Facility Common Elements (to the extent any Bond proceeds are used in relation to the Facility Common Elements) (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.

Improvements Square Footage shall mean approximately 9,476 square feet, the square footage of the Improvements.

Indebtedness shall mean (a) all obligations of the Institution for borrowed money, (b) all obligations of the Institution 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 the Institution as a lessee under capital leases, (d) all obligations or liabilities of others secured by a lien on any asset of the Institution, irrespective of whether such obligation or liability is assumed, (e) all obligations of the Institution 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 the Institution 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 guaranty, 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.

Indemnification Commencement Date shall mean July 16, 2019, the date on which the Issuer first adopted a resolution with respect to the Project.

Indenture shall mean the Indenture of Trust, dated as of January 1, 2020, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with the Indenture.

Independent Consultant shall mean a Person or firm selected by the Institution that is not (and no member, stockholder, director, officer or employee of which is) an officer or employee of the Institution or any Affiliate thereof, that is an independent professional consultant with substantial experience and recognized expertise in the operation of a similar type of organization or business as the Institution. Any and all fees, costs and expenses of Independent Consultant shall be borne by the Institution.

Independent Engineer shall mean a Person (not an employee of either the Issuer or the Institution or any Affiliate of either thereof) registered and qualified to practice engineering or architecture under the laws of the State, selected by the Institution, and approved in writing by the Trustee (which approval shall not be unreasonably withheld).

Initial Bonds shall mean the Issuer's \$9,350,000 Revenue Bonds (Consortium for Worker Education, Inc. Project), Series 2020, authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Institution shall mean Consortium for Worker Education, 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 Institution under the Loan Agreement relating to assignment of the Loan Agreement or merger, consolidation, dissolution or transfer of assets.

Institution's Property shall mean the machinery, equipment and other personal property installed or permitted to be installed at the Facility Realty, by the Institution and at the Institution's own cost and expense, in addition to the Facility Personalty.

Interest Account shall mean the special trust account of the Bond Fund so designated, established pursuant to the Indenture.

Interest Payment Date shall mean, with respect to the Initial Bonds, June 1 and December 1 of each year, commencing June 1, 2020, 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 Institution 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 Institution 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 Institution the recapture of benefits provisions without the consent of the Trustee or any Bondholder

(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 the Loan Agreement relating to, among other matters, manner of project completion, maintenance, alternations and improvements, removal of property, title insurance, loan payments, recapture of benefits, damage or condemnation, insurance, indemnity, mergers, taxes, liens, compliance with Legal Requirements, remedies and events of default, termination of the Loan Agreement, redemption and amendments; and

(vii) 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 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 Institution, (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 Institution to the Issuer, the Trustee and the Underwriter of the Initial Bonds.

Loan shall mean the loan made by the Issuer to the Institution pursuant to the Loan Agreement as described in the Loan Agreement.

Loan Agreement shall mean the Loan Agreement, dated as January 1, 2020, between the Issuer and the Institution, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Loan Payment Date shall mean the twentieth (20th) day of each month (or, if the twentieth (20th) day shall not be a Business Day, the immediately preceding Business Day).

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.

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 January 1, 2020, and each from the Institution 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.

Nationally Recognized Bond Counsel shall mean Katten Muchin Rosenman 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 Institution, the Bond Registrar, the Paying Agents and the Trustee.

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.

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.

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 the defeasance provisions of the Indenture, there has been separately set aside and held in the Redemption Account of the Bond Fund 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 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 under the Indenture or under any other Security Document, Bonds owned by the Institution or any Affiliate of the Institution 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 Institution or any Affiliate of the Institution.

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.

Permitted Encumbrances shall mean:

(i) the Mortgage (as assigned by the Assignment of Mortgage), the Facility Condominium Documents, the Building Loan 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 the Loan Agreement;

(iv) utility, access and other easements and rights of way, restrictions and exceptions that an Authorized Representative of the Institution certifies to the Issuer and the Trustee will not materially interfere with or impair the Institution's use and enjoyment of the Facility as provided in the Loan Agreement;

(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 Institution 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 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 Institution in connection with the tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Institution 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 Institution 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 Institution, 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;

(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 Institution from the City, the State or any governmental agency or instrumentality;

(xiii) any lien, security interest, encumbrances or charge which exists in favor of the Trustee or to which the Trustee shall consent in writing; and

(xiv) the \$3,000,000 Amalgamated Bank Third Amended and Restated Revolving (Grid) Promissory Note, dated October 23, 2013, as amended and extended annually by and between Amalgamated Bank and the Consortium for Worker Education, Inc. (the "Line of Credit").

Permitted Lease shall mean the leasehold grant provided in the Contract of Sale and Leaseback dated the Closing Date, between the Institution, as purchaser, and Episcopal Social Services of New York, Inc. n/k/a Sheltering Arms Children and Family Services, Inc., as seller.

Person shall mean an individual or any Entity.

Principal Account shall mean the special trust account of the Bond Fund so designated, established pursuant to the Indenture.

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, collectively, the financing of (i) a portion of the cost of the acquisition, renovation, furnishing and equipping of an approximately 9,476 square foot commercial condominium, comprising the entire third floor of a 20-story building located on an approximately 8,068 square foot parcel of land at 305 7th Avenue, New York, New York; (ii) a debt service reserve fund, and (iii) certain costs relating to the issuance of the Initial Bonds and other costs relating to the Facility.

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 Institution in substantially the form set forth in Exhibit G – "Form of Project Completion Certificate" to the Loan Agreement, 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 a copy of a certificate of occupancy issued by the New York City Department of Buildings from the Institution, (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 Costs shall mean:

(i) all costs of engineering and architectural services with respect to the Project, 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;

(ii) all costs paid or incurred for labor, materials, services, supplies, machinery, equipment and other expenses and to contractors, suppliers, builders and materialmen in connection with the completion of the Project;

(iii) reserved;

(iv) all costs of contract bonds and of insurance that may be required or necessary during the period of Project construction and renovation;

(v) the cost of acquisition of the Facility Realty;

(vi) all costs of title insurance as provided in 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;

(ix) all costs which the Institution shall be required to pay, under the terms of any contract or contracts, for the completion of the Project, including any amounts required to reimburse the Institution for advances made for any item otherwise constituting a Project Cost or for any other costs incurred and for work done which are properly chargeable to the Project; and

(x) all other costs and expenses relating to the completion of the Project or the issuance of a Series of Additional Bonds.

“Project Costs” shall not include (i) fees or commissions of real estate brokers, (ii) moving expenses, or (iii) operational costs.

Project Documents shall mean the Security Documents.

Project Fund shall mean the special trust fund so designated, established pursuant to 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 Note shall mean, (i) with respect to the Initial Bonds, that certain Promissory Note in substantially the form of Exhibit H 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 the Indenture.

Purchase Price shall mean an amount equal to the Redemption Price that would be applicable to the Initial Bonds being purchased pursuant to the Indenture if such Initial Bonds were being optionally redeemed pursuant to the Indenture on the date such Initial 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) Obligations issued or guaranteed by any of the following instrumentalities or agencies of the United States of America:
 - (a) Federal Home Loan Bank System
 - (b) Export-Import Bank of the United States
 - (c) Federal Financing Bank
 - (d) Government National Mortgage Association
 - (e) Farmers Home Administration
 - (f) Federal Home Loan Mortgage Corporation
 - (g) Federal Housing Administration
 - (h) Private Export Funding Corporation
 - (i) Tennessee Valley Authority
- (iii) Commercial paper having, at the time of investment or contractual commitment to invest therein, a rating of “P-1” by Moody’s or “A-1” by S&P, issued by a corporation or banking institution organized under the laws of the United States or any state thereof.
- (iv) Direct and general long-term obligations of any state of the United States on which the full faith and credit of the state is pledged and which are rated in either of the two highest rating categories by Moody’s or S&P.

(v) Direct and general short-term obligations of any state of the United States on which the full faith and credit of the state is pledged and which are rated in the highest rating category by Moody's and S&P.

(vi) Interest bearing demand or time deposits with or certificates of deposit issued by a national banking association or a state bank or trust company which is a member of the Federal Deposit Insurance Corporation ("FDIC") which are (a) continuously and fully insured by the FDIC, or (b) with a bank which has outstanding debt, or which is a subsidiary of a one-bank holding company which has outstanding debt, rated at least P-1 by Moody's or A-1 by S&P, or (c) continuously and fully secured by obligations of the type described in (i) and (ii) above which have a market value at all times at least equal to the principal amount of the deposit 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) Repurchase agreements or other contracts for the purchase and sale of, and secured by obligations of the type specified in (i), (ii), (iv), (v) and (vi) above.

(viii) 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), (vi) and (vii) above.

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 Certificate.

Rebate Fund shall mean the special trust fund so designated, established pursuant to the Indenture.

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 so designated, established pursuant to 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.

Related Security Documents shall mean all Security Documents other than the Indenture.

Renewal Fund shall mean the special trust fund so designated, established pursuant to the Indenture.

Required Disclosure Statement shall mean that certain Required Disclosure Statement in the form of Exhibit F — "Form of Required Disclosure Statement" attached to the Loan Agreement.

S&P shall mean Standard & Poor's Financial Services LLC, a Delaware limited liability company which is a subsidiary of McGraw Hill Financial, Inc., a corporation organized and existing under the laws of the State, its successors and assigns, and if such limited liability company 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.

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.

Security Documents shall mean, collectively, the Loan Agreement, the Promissory Note, the Indenture, the Tax Certificate, 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.

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 so designated, which is established pursuant to the Indenture.

State shall mean the State of New York.

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 the Indenture.

Tax Certificate shall mean the Tax Certificate, dated the Closing Date, from the Issuer and the Institution to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

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.

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.

Yield shall have the meaning assigned to such term in the Tax Certificate.

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. This summary does not purport to be complete and reference is made to the Loan Agreement for the detailed provisions thereof. This summary is qualified in its entirety by such reference. Headings are not part of the Loan Agreement and are included for ease of reference only.

Loan of Proceeds.

The Issuer agrees, upon the terms and conditions contained in the Loan Agreement and the Indenture, to loan the proceeds from the sale of the Initial Bonds to the Institution (the “**Loan**”). The Loan shall be made by depositing on the Closing Date the proceeds from the sale of the Initial Bonds into the Project Fund in accordance with the Indenture. Such proceeds shall be disbursed to or on behalf of the Institution as provided in the Indenture. *(Section 4.1)*

Promissory Note.

The Institution’s obligation to repay the Loan shall be evidenced by the Loan Agreement and the Promissory Note. On the Closing Date, the Institution shall execute and deliver the Promissory Note payable to the Issuer, and the Issuer will endorse the Promissory Note to the Trustee. The Institution acknowledges that the original principal amount payable under the Promissory Note may be more or less than the original principal amount of the Loan if the Initial Bonds are sold at a discount or at a premium, respectively, and agrees that repayment of the Loan and the Promissory Note will be made in accordance with Section 4.3 of the Loan Agreement (as described below). *(Section 4.2)*

Loan Payments; Pledge of the Loan Agreement and of the Promissory Note.

(a) The Institution covenants to pay the Promissory Note and repay the Loan made pursuant to the Loan Agreement by making loan payments which the Issuer agrees shall be paid in immediately available funds by the Institution directly to the Trustee on each Loan Payment Date (except as provided in paragraphs (a)(ii), (iv), (v) and (vi) below which shall be paid on the respective due dates thereof) for deposit in the Bond Fund (except to the extent that amounts are on deposit in the Bond Fund and available therefor) in an amount equal to the sum of:

(i) with respect to interest due and payable on the Initial Bonds, an amount equal to the quotient obtained by dividing the amount of interest on the Initial Bonds Outstanding payable on the first Interest Payment Date (after taking into account any amount on deposit in the Interest Account of the Bond Fund, and as shall be available to pay interest on the Initial Bonds on the first Interest Payment Date) by the number of Loan Payment Dates between the Closing Date and the first Interest Payment Date, and thereafter in an amount equal to one-sixth (1/6) of the amount of interest which will become due and payable on the Initial Bonds on the next succeeding Interest Payment Date (after taking into account any amounts on deposit in the Interest Account of the Bond Fund, and as shall be available to pay interest on the Initial Bonds on such next succeeding Interest Payment Date); provided that in any event the aggregate amount so paid with respect to interest on the Initial Bonds on or before the Loan Payment Date immediately preceding an Interest Payment Date shall be an amount sufficient to pay the interest next becoming due on the Initial Bonds on such immediately succeeding Interest Payment Date;

(ii) with respect to principal due on the Initial Bonds (other than such principal amount as shall become due as a mandatory Sinking Fund Installment payment), commencing on that Loan Payment Date as shall precede the first 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 Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within the next succeeding thirteen (13) month period (or, if the first principal payment date 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), and thereafter for each principal payment date 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 Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to principal on the Initial Bonds on or before the Loan Payment Date immediately preceding a principal payment date of the Initial Bonds shall be an amount sufficient to pay the principal of the Initial Bonds Outstanding becoming due on such next succeeding principal payment date of the Initial Bonds; provided further that in the event of the acceleration of the principal of the Initial Bonds, a loan payment in the amount of the principal amount of the Initial Bonds Outstanding (together with all interest accrued thereon to the date of payment), shall be due and payable on such date of acceleration;

(iii) with respect to Sinking Fund Installment payments due on the Initial Bonds, commencing on that Loan Payment Date as shall precede the first 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 on the Initial Bonds first becoming due within the next succeeding thirteen (13) month period (or, if the first Sinking Fund Installment payment date 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 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 Initial Bonds Outstanding becoming due within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to Sinking Fund Installments on the Initial Bonds on or before the Loan Payment Date immediately preceding a Sinking Fund Installment payment date of the Initial Bonds shall be an amount sufficient to pay the Sinking Fund Installment of the Initial Bonds Outstanding becoming due on such next succeeding Sinking Fund Installment payment date;

(iv) on each redemption date, with respect to the Redemption Price (other than by Sinking Fund Installments) due and payable on the Initial Bonds, whether as an optional or mandatory redemption, an amount equal to the Redemption Price together with accrued interest on the Initial Bonds being redeemed on such redemption date;

(v) with respect to interest due and payable on the Initial Bonds, the Institution shall further pay such additional amounts as set forth in the Indenture in the event of the occurrence of a Determination of Taxability with respect to the Initial Bonds or an Event of Default under the Indenture; and

(vi) upon receipt by the Institution of notice from the Trustee pursuant to the Indenture that the amount on deposit in the Debt Service Reserve Fund shall be less than the Debt Service Reserve Fund Requirement, the Institution shall pay to the Trustee for deposit in the Debt Service Reserve Fund on the first day of the month immediately following the receipt by the Institution of notice of such deficiency, and on the first day of each of the five (5) succeeding months, or over such longer time period as shall be consented to in writing by the Majority Holders, an amount equal to one sixth (1/6th) of such deficiency in the Debt Service Reserve Fund.

(b) In the event the Institution should fail to make or cause to be made any of the payments required under the foregoing provisions of this heading, the item or installment not so paid shall continue as an obligation of the Institution until the amount not so paid shall have been fully paid.

(c) The Institution has the option to make advance loan payments for deposit in the Bond Fund to effect the retirement, defeasance or redemption of the Bonds in whole or in part, all in accordance with the terms of the Indenture; provided, however, that no partial redemption of the Bonds may be effected through advance loan payments under the Loan Agreement if there shall exist and be continuing an Event of Default. The Institution shall exercise its option to make such advance loan payments by delivering a written notice of an Authorized Representative of the Institution to the Trustee 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 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 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 Institution shall exercise its option to make advance loan payments to effect the redemption in whole of the 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 Institution shall further deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise to such redemption, the Institution 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 on or before the redemption date and shall be an amount which, when added to the amounts on deposit in the Bond Fund and available therefor, will be sufficient to pay the Redemption Price of the 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. In the event the Bonds are to be redeemed in whole or otherwise retired, the Institution 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 the Loan Agreement or the Indenture together with (x) all other amounts due and payable under the Loan 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 Certificate.

(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 Institution 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 against the obligation of the Issuer on such Sinking Fund Installment payment date and any excess over such Sinking Fund Installment shall be credited on future Sinking Fund Installments in direct chronological order, and the principal

amount of Bonds to be redeemed by operation of the mandatory Sinking Fund Installments shall be accordingly reduced.

(e) In the event Defaulted Interest (as defined in the Indenture) shall become due on any Initial Bond, the Institution 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 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.

(f) 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 Fund is sufficient to satisfy and discharge the obligations of the Issuer under the Indenture and pay the Bonds as provided in the Indenture.

(g) Any amounts remaining in the Earnings Fund, the Rebate Fund, the Bond Fund, the Debt Service Reserve Fund, the Project Fund or the Renewal Fund after payment in full of (w) the Bonds (in accordance with the Indenture), (x) the fees, charges and expenses of the Issuer, the Trustee, 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 Certificate or the Indenture, and (z) all amounts required to be paid under any Project Document, shall have been so paid, shall belong to and be paid to the Institution by the Trustee as overpayment of the loan payments.

(h) In the event that the Institution fails to make any loan payment required in the Loan Agreement, the installment so in default shall continue as an obligation of the Institution until the amount in default shall have been fully paid.

(i) Notwithstanding anything in the foregoing to the contrary, if the amount on deposit and available in the Bond Fund is not sufficient to pay the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Institution shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in the Bond Fund. *(Section 4.3)*

Nature of Institution's Obligation Unconditional.

The Institution's obligation under the Loan Agreement and under the Promissory Note to pay the loan payments and all other payments provided for in the Loan Agreement and in the Promissory Note shall be absolute, unconditional and a general obligation of the Institution, 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 or the Holder of any Bond and the obligation of the Institution shall arise whether or not the Project has been completed as provided in the Loan Agreement and whether or not any provider of a credit facility or liquidity facility with respect to the Bonds shall be honoring its obligations thereunder. The Institution will not suspend or discontinue any such payment or terminate the Loan Agreement (other than such termination as is provided for under the Loan Agreement), or suspend the performance or observance of any covenant or agreement required on the part of the Institution under the Loan Agreement, for any cause whatsoever, and the Institution waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender the Loan Agreement or any obligation of the Institution under the Loan Agreement except as provided in the Loan Agreement or to any abatement, suspension, deferment, diminution or

reduction in the loan payments or other payments under the Loan Agreement or under the Promissory Note. *(Section 4.5)*

Advances by the Issuer or the Trustee.

In the event the Institution fails to make any payment or to perform or to observe any obligation required of it under the Loan Agreement, under the Promissory Note or under any other Security Document, the Issuer or the Trustee, after first notifying the Institution in writing of any such failure on its part (except that no prior notification of the Institution shall be required in the event of an emergency condition that, in the reasonable judgment of the Issuer or the Trustee, 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 the Loan 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 Institution to perform and to observe its other obligations under the Loan Agreement or thereunder. All amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Institution to the Issuer 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 Institution will pay upon demand therefor by the Issuer or the Trustee, as applicable. Any remedy vested in the Issuer or the Trustee in the Loan Agreement or in any other Security Document for the collection of the loan payments or other payments or other amounts due under the Loan Agreement, under the Promissory Note or under any other Security Document shall also be available to the Issuer 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. *(Section 4.6)*

Pledge of Gross Revenues.

As security for the payment of all liabilities and the performance of all obligations of the Institution under the Loan Agreement, the Institution does by the Loan Agreement continuously pledge, grant a security interest in and assign to the Trustee, for the benefit of the Bondholders, the Gross Revenues together with the Institution's right to receive and collect the Gross Revenues and the proceeds of such Gross Revenues. *(Section 4.7)*

Recapture of Benefits

It is understood and agreed by the parties to the Loan Agreement that the Issuer is entering into the Loan Agreement in order to provide financial assistance to the Institution for the Project and to accomplish its corporate public purposes. In consideration therefor, the Institution by the Loan Agreement agrees 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 Institution 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 Institution 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 the Loan Agreement, the Institution shall have liquidated all or substantially all of its operating assets or shall have ceased all or substantially all of its operations.

(iii) The Institution 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 Institution 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 the Loan Agreement, the Institution shall have sold, leased or otherwise disposed of all or substantially all of the Facility Realty.

(vi) The Institution shall have subleased all or part of the Facility Realty in violation of the Loan Agreement.

(vii) The Institution 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 Institution 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 Institution 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 Institution at the Facility Realty prior to relocation, and (C) the Institution 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 Institution 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 paragraphs (b) or (c), and the calculation of interest pursuant to paragraph (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 the Loan Agreement, (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 Institution to rebuild, repair, restore or replace the Facility Realty after the occurrence of a Loss Event (as described below) 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 Institution 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 Institution 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 Institution 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 paragraph(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 Institution 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 Institution, 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 Institution 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 heading, demand for payment by the Issuer shall be made in accordance with the notice requirements of the Loan Agreement and the due date for payment shall be not less than seven (7) Business Days from the date of the notice.

(d) The Institution 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 heading shall survive the termination of the Loan Agreement for any reason whatsoever, notwithstanding any provision of the Loan Agreement to the contrary. (*Section 5.1*)

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

Institution 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 Institution under the Loan Agreement or the Promissory Note or any other Security Document to which it is a party, and the Institution by the Loan Agreement waives, to the extent permitted by law, any provisions of law which would permit the Institution to terminate the Loan Agreement, the Promissory Note or any other Security Document, or eliminate or reduce its payments under the Loan Agreement, under the Promissory Note or under any other Security Document, and

(iii) the Institution will promptly give written notice of such Loss Event to the Issuer and the Trustee, generally describing the nature and extent thereof. (*Section 6.1*)

Loss Proceeds.

(a) The Issuer, the Trustee and the Institution 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 Institution, be subject to the written approval of the Institution and the Trustee (such approvals not to be unreasonably withheld).

(b) Subject to Section 8.29 of the Loan Agreement (as described below) with respect to the Facility Common Elements, the Net Proceeds with respect to the Facility shall be paid to the Trustee and deposited in the Renewal Fund (except as provided in 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 Institution shall be entitled to the Net Proceeds of any insurance proceeds or condemnation award, compensation or damages attributable to the Institution’s Property. (*Section 6.2*)

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 the Institution is not in default under the Loan Agreement 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 7.3*)

Pledge and Assignment to Trustee.

As security for the payment of the Bonds and the obligations of the Institution under the Security Documents:

(a) the Institution 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 Note and all of the Issuer's right, title and interest in the Loan Agreement (except for the Issuer's Reserved Rights), including all loan payments under the Loan Agreement and under the Promissory Note, and in furtherance of such pledge, the Issuer will unconditionally assign such loan payments to the Trustee for deposit in the Bond Fund in accordance with the Indenture. (*Section 7.4*)

Insurance.

The Institution shall obtain and maintain for itself as a primary insured the insurance required by the Loan Agreement. (*Section 8.1*)

Indemnity.

(a) The Institution shall at all times indemnify, defend, protect and hold the Issuer, the Trustee, the Bond Registrar and the Paying Agents, and any director, member, officer, employee, servant, agent (excluding for this purpose the Institution, which is not obligated by the Loan Agreement 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 the Loan 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 the Facility Condominium, or any defects (whether latent or patent) in the Facility or the Facility Condominium,

(iii) the maintenance, repair, replacement, restoration, rebuilding, construction, renovation, upkeep, use, occupancy, ownership, leasing, subletting or operation of

the Facility or the Facility Condominium or any portion thereof or the payment of any common charges or other costs in connection with the Facility Condominium or the Facility,

(iv) the execution and delivery by an Indemnified Party, the Institution or any other Person of, or performance by an Indemnified Party, the Institution or any other Person, as the case may be, of, any of their respective obligations under, the Facility Condominium Documents, the Loan Agreement or any other Project Document, or other document or instrument delivered in connection with the Loan Agreement or any other Project Document or the enforcement of any of the terms or provisions of the Loan Agreement or of any other Project Document or the transactions contemplated by the Loan Agreement or by any other Project Document,

(v) any damage or injury to the person or property of any Person in or on the premises of the Facility or the Facility Condominium,

(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 or the Facility Condominium; 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 Institution releases each Indemnified Party from, and agrees that no Indemnified Party shall be liable to the Institution or its 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 paragraph (a) above 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 Institution with respect to any of such matters above referred to.

(c) An Indemnified Party shall promptly notify the Institution in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Institution pursuant to the provisions under this heading; such notice shall be given in sufficient time to allow the Institution to defend or participate in such claim or action, but the failure to give such notice in sufficient time shall not constitute a defense under the Loan Agreement nor in any way impair the obligations of the Institution under this heading.

(d) Anything to the contrary in the Loan Agreement notwithstanding, the covenants of the Institution contained in this heading shall be in addition to any and all other obligations and liabilities that the Institution 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 the Loan 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 specified in the Loan Agreement. *(Section 8.2)*

Assignment of the Loan Agreement or Lease of Facility.

(a) The Institution shall not at any time, except as permitted by the Loan Agreement, assign or transfer the Loan 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 Institution shall have delivered to the Issuer and the Trustee a certificate of an Authorized Representative to the effect that the transfer or assignment to the assignee or transferee (the “**New Institution**”) shall not cause the Facility to cease being the Approved Facility;

(ii) the New Institution shall be liable to the Issuer for the payment of all loan and other payments and for the full performance of all of the terms, covenants and conditions of the Loan Agreement and of any other Project Document to which it shall be a party;

(iii) the New Institution 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 the Loan Agreement and each other Project Document on the part of the New Institution 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 Institution shall be a not-for-profit corporation or a limited liability company constituting a Tax-Exempt Organization;

(v) such assignment or transfer shall not violate any provision of the Loan Agreement or any other Project Document;

(vi) an Opinion of Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that, (x) such assignment or transfer shall constitute the legally valid, binding and enforceable obligation of the New Institution and shall not legally impair in any respect the obligations of the New Institution for the payment of all loan payments nor for the full performance of all of the terms, covenants and conditions of the Loan Agreement, of the Promissory Note or of any other Project Document to which the New Institution shall be a party, nor impair or limit in any respect the obligations of any other obligor under any other Project Document, and (y) the Loan Agreement and each of the other Project Documents to which the New Institution is a party constitute the legally valid, binding and enforceable obligation of the New Institution;

(vii) the New Institution 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 Bonds then Outstanding from gross income for federal income tax purposes.

The Institution 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) The Institution shall not at any time lease 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 Institution lease 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 Institution 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 Institution shall have delivered to the Issuer and the Trustee a certificate of an Authorized Representative to the effect that the lease shall not cause the Facility to cease being the Approved Facility;

(ii) the Institution shall remain primarily liable to the Issuer for the payment of all loan and other payments and for the full performance of all of the terms, covenants and conditions of the Loan Agreement and of the Promissory Note and of any other Project Document to which it shall be a party;

(iii) any lessee 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 the Loan Agreement and each other Project Document on the part of the Institution to be kept and performed, shall be jointly and severally liable with the Institution 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 lessee shall utilize the Facility as the Approved Facility and shall constitute a Tax-Exempt Organization;

(v) such lease shall not violate any provision of the Loan Agreement or any other Project Document;

(vi) with respect to any letting in part of the Facility, no more than an aggregate of twenty percent (20%) of the Improvements Square Footage shall be leased by the Institution;

(vii) an Opinion of Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such lease shall constitute the legally valid, binding and enforceable obligation of the lessee and shall not legally impair in any respect the obligations of the Institution for the payment of all loan or other payments nor for the full performance of all of the terms, covenants and conditions of the Loan Agreement, of the Promissory Note or of any other Project Document to which the Institution shall be a party, nor impair or limit in any respect the obligations of any other obligor under any other Project Document;

(viii) such lease shall in no way diminish or impair the obligation of the Institution to carry the insurance required under the Mortgage or the Loan Agreement and the Institution shall furnish written evidence satisfactory to the Issuer and the Trustee that such

insurance coverage shall in no manner be diminished or impaired by reason of such assignment, transfer or lease;

(ix) any such lessee shall have delivered to the Issuer the Required Disclosure Statement in form and substance satisfactory to the Issuer;

(x) each such lease 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 Bonds then Outstanding from gross income for federal income tax purposes.

The Institution shall furnish or cause to be furnished to the Issuer and the Trustee a copy of any such lease 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 Institution, or the successors or assigns of the Institution, 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 Institution.

(d) For purposes of the provisions under this heading, any license or other right of possession or occupancy granted by the Institution with respect to the Facility shall be deemed a lease subject to the provisions of this heading. (*Section 8.9*)

Retention of Title to or of Interest in Facility; Grant of Easements; Release of Portions of Facility.

(a) The Institution shall not sell, assign, encumber (other than Permitted Encumbrances), convey or otherwise dispose of its fee title to or interest in the Facility, including the Improvements, or any part of the Facility or interest therein, except as set forth in the Loan Agreement, without (i) the prior written consents of the Issuer and of the Trustee and (ii) the Institution delivering to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that such action pursuant to the provisions under this heading will not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income taxes. Any purported disposition without such consents and opinion shall be void.

(b) The Institution 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 under the Loan Agreement, 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 Institution 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 Institution from the granting of said rights-of-way, easements, permits or licenses shall be paid to the Trustee and deposited in the Redemption Account of the Bond Fund. The Issuer agrees, at the sole cost and expense of the Institution, 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 under the Loan Agreement, and the Institution 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 Bonds then Outstanding from gross income for federal income tax purposes, the Institution 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 the Loan Agreement and the lien and security interest of the Mortgage, of any unimproved part of the Facility Unit (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 Institution, the Issuer shall, at the sole cost and expense of the Institution, cause and direct the Trustee to execute and deliver any and all instruments necessary or appropriate to so release and remove such unimproved Facility Unit from the property comprising the Facility under the Loan 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 Institution or to the creation or suffering of which the Institution consented;

(iii) any liens and encumbrances or reservations resulting from the failure of the Institution to perform or observe any of the agreements on its respective part contained in the Loan 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:

(A) the Trustee shall have received a certificate of an Independent Engineer, 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 Facility Unit 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;

(B) the Trustee shall have received an amount of cash for deposit in the Redemption Account of the Bond Fund equal to the greatest of (A) the original cost of the unimproved Facility Unit 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 Facility Unit, 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 Facility Unit is released in connection with its sale, the amount received by the Institution upon such sale; and

(C) 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 heading shall entitle the Institution to any abatement or diminution of the loan payments or other amounts payable under the Loan Agreement or any other payments required to be made by the Institution under the Loan Agreement or any other Project Document to which it shall be a party. *(Section 8.10)*

Discharge of Liens.

(a) Subject to Section 8.29 of the Loan Agreement (as described below) with respect to the Facility Common Elements 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 collectively called “**Liens**” in the Loan Agreement), whether or not valid, is made against the Trust Estate, the Facility or any part thereof or the interest therein of the Institution or against any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Note or any of the other Security Documents, or the interest of the Issuer or the Institution in any Security Document, other than Liens for Impositions not yet payable, Permitted Encumbrances, or Liens being contested as permitted by paragraph (b) under this heading, the Institution 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 the Loan 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 paragraph (a) under this heading.

(b) The Institution may at its 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 or any part thereof or interest therein, or against any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Note or any of the other Project Documents or the interest of the Issuer or the Institution in any Project Document,

(ii) neither the Facility nor any part thereof or interest therein, the Trust Estate or any portion thereof, the loan payments or other amounts payable under the Loan Agreement, the Promissory Note or any of the other Security Documents or the interest of the Issuer or the Institution in any Security Document would be in any danger of being sold, forfeited or lost,

(iii) none of the Institution, 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 Institution 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 8.11)*

No Further Encumbrances Permitted.

The Institution shall not 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 interest of the Institution in the Facility, except for Permitted Encumbrances, or (ii) the Trust Estate or any portion thereof, the loan payments or other amounts payable under the Loan Agreement, the Promissory Note or any of the other Security Documents or the interest of the Issuer or the Institution in any Security Document. The Institution covenants that it 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) prior to the mortgage liens thereon, and security interests therein, granted by the Mortgage. *(Section 8.13)*

Taxes, Assessments and Charges.

(a) The Institution 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, or interest of the Institution in the Facility, or against any of the loan payments or other payments or other amounts payable under the Loan Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution 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 called “**Impositions**” in the Loan Agreement. The Institution 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 Institution 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 Institution may at its 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, or interest of the Institution in the Facility, or against any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document,

(ii) none of the Trust Estate, the Facility nor any part thereof or interest of the Institution in the Facility, or any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, would be in any danger of being sold, forfeited or lost,

(iii) none of the Institution, 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

(d) the Institution 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 8.17*)

Compliance with Legal Requirements.

(a) Subject to Section 8.29 of the Loan Agreement (as described below) with respect to the Facility Common Elements The Institution shall not 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 its sole cost and expense, the Institution shall promptly observe and comply with all applicable Legal Requirements (including, without limitation, as applicable, the LW 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 after the Loan Agreement be binding upon or applicable to the Institution, 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 provided, however, with respect to the Facility Common Elements the Institution need not so comply with any Legal Requirement insofar as (i) the Institution has no right under the Facility Condominium Documents to compel the Board of Managers to comply or cause compliance with such Legal Requirement; (ii) when the Board of Managers is required, or the Institution reasonably believes the Board of Managers is required, under the terms of the Facility Condominium Documents to comply with any Legal Requirement, so long as the Institution is promptly and vigorously exercising good faith diligent efforts to enforce such compliance; or (iii) any such non-compliance is the result of any action or failure to act on the part of the Board of Managers (which action or failure to act is not a breach of any obligation of the Board of Managers to the Institution under the Facility Condominium Documents) or of any agent, contractor, officer, director, employee or servant of the Board of Managers. The Institution 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 Institution may at its sole cost and expense contest in good faith the validity, existence or applicability of any of the matters described in Section paragraph (b) under this heading if (i) such contest shall not result in the Trust Estate, the Facility or any part thereof or interest of the Institution in the Facility, or any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, being in any danger of being sold, forfeited or lost, (ii) such contest shall not result in the Institution, the Issuer or the Trustee being in any danger of any civil or any criminal liability for failure to comply therewith, and (iii) the Institution 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 8.18*)

Operation as Approved Facility.

(a) The Institution will not take any action, or suffer or permit any action, if such action would cause the Facility not to be the Approved Facility.

(b) The Institution will not 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 Institution will permit the Trustee and its duly authorized agents, at all reasonable times upon written notice to enter upon the Facility and to examine and inspect the Facility and exercise its rights under the Loan Agreement, under the Indenture and under the other Security Documents with respect to the Facility. The Institution 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 Institution is operating the Facility, or is 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 8.19)*

Preservation of Exempt Status.

The Institution agrees that it 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 its exemption under Section 501 of the Code;

(b) not use more than three percent (3%) of the proceeds of the 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 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 either the Institution or the borrower;

(d) 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 Bonds to be “arbitrage bonds” under the Code or cause the interest paid by the Issuer on the Bonds to be subject to Federal income tax in the hands of the Holders thereof; and

(e) use its best efforts to maintain the tax-exempt status of the Bonds. *(Section 8.21)*

Obligations under and Covenants with Respect to the Facility Condominium Documents.

The Institution covenants and agrees that it shall (i) not enter into, consent, permit or approve an amendment, supplement or modification to, or termination of, any Facility Condominium Documents which would (x) adversely affect the Issuer, without the prior written consent of the Issuer, or (y) adversely affect the security for the Bonds, without the prior written consent of the Trustee, and (ii) pay all costs, fees, charges and expenses required of it when due under any of the Facility Condominium Documents. *(Section 8.28)*

Certain Covenants with Respect to the Facility Common Elements.

The parties hereto acknowledge that the Institution does not have complete control over the Facility Common Elements under various circumstances. With respect to the covenants relating to the Facility Common Elements in the Loan Agreement, the Institution need not so comply with such covenants with respect to the Facility Common Elements insofar as (i) the Institution has no right under the Facility Condominium Documents to compel the Board of Managers to comply or cause compliance with such covenants; (ii) when the Board of Managers is required, or the Institution reasonably believes the Board of Managers is required, under the terms of the Facility Condominium Documents to comply with any such covenant, so long as the Institution is promptly and vigorously exercising good faith diligent efforts to enforce such compliance and provides evidence to the Trustee of such efforts; or (iii) any such non-compliance is the result of any action or failure to act on the part of the Board of Managers (which action or failure to act is not a breach of any obligation of the Board of Managers to the Institution under the Facility Condominium Documents) or of any agent, contractor, officer, director, employee or servant of the Board of Managers.

The Institution shall not vote in favor of or present any resolution that could or would materially adversely affect the obligations of the Institution or the Facility Condominium with respect to the Facility under any material third-party agreements, including all labor and employment agreements or the condition of the Facility, without the prior written consent of the Issuer, which consent shall not be unreasonably withheld, conditioned or delayed. (*Section 8.29*)

Permitted Lease.

The Permitted Lease expires on April 30, 2020. The Institution agrees that it (i) will not extend the term of the Permitted Lease past April 30, 2020, and (ii) shall occupy the Facility on or before August 1, 2020. (*Section 8.31*)

Debt Service Coverage Ratio.

(a) Commencing with Fiscal Year ending December 31, 2020 and continuing each Fiscal Year for so long as the Bonds are Outstanding, the Institution covenants to comply with the Debt Service Coverage Ratio Requirement for such Fiscal Year.

(b) Within two hundred seventy (270) days after the close of each Fiscal Year, the Institution is required to file with the Issuer and the Trustee a certificate of an Authorized Officer of the Institution stating whether the Debt Service Coverage Ratio Requirement is satisfied for the immediately preceding Fiscal Year and setting forth the calculation upon which such statement is based.

(c) If the certificate required by the preceding paragraph shows that the required Debt Service Coverage Ratio Requirement is not satisfied for two (2) consecutive Fiscal Years, the Institution is required to retain an Independent Consultant within ten (10) Business Days after the certificate required by the preceding paragraph is filed with the Issuer and the Trustee to make recommendations to achieve the required Debt Service Coverage Ratio Requirement in the following Fiscal Year. Any Independent Consultant so retained is required to submit such recommendations to the Issuer and the Trustee within forty-five (45) days after being so retained. The Institution is required, to the maximum extent permitted by law, to follow the reasonable recommendations of the Independent Consultant. So long as the Institution retains an Independent Consultant and follows the Independent Consultant's recommendations to the extent required by this paragraph and permitted by law, the Debt Service Coverage Ratio Requirement shall be deemed to have been complied with even if the Debt

Service Coverage Ratio Requirement for any such Fiscal Year was below the required level. (*Section 8.32*)

Events of Default.

Any one or more of the following events shall constitute an “Event of Default” under the Loan Agreement:

(a) Failure of the Institution to pay any loan payment that has become due and payable by the terms of the Loan Agreement which results in an Event of Default under the Indenture;

(b) Failure of the Institution to pay any amount (except as set forth in paragraph (a) under this heading) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under those certain provisions of the Loan Agreement relating to, among other matters, recapture of benefits, insurance, indemnity, Issuer and Trustee fees and expenses, assignment or transfer of the Loan Agreement, leasing of the Facility, discharge of Liens, the covenant against mortgaging the Facility, payment of Impositions, compliance with Legal Requirements, restrictions on dissolution and merger, preservation of tax-exempt status, operating the Facility for exempt purposes, delivery of financial statements and no-default certificates to the Trustee, obligations under and covenants with respect to the Facility Condominium Documents, covenants with respect to the Permitted Lease, fees and expenses of attorneys and other consultants, determination of taxability, certain mandatory redemptions, and damage to or condemnation of the Facility, and continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Institution 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 Institution to observe and perform any covenant, condition or agreement under the Loan Agreement on its part to be performed (except as set forth in paragraphs (a) or (b) under this heading) and (i) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Institution 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 Institution 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 notice;

(d) The Institution 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 in effect after the Loan Agreement), (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 Institution, 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 Institution or of all or any substantial part of its 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 Institution shall be entered in an involuntary case under such Bankruptcy Code; the terms “dissolution” or “liquidation” of the Institution as used above shall not be construed to prohibit any action otherwise permitted by the Loan Agreement;

(f) Any representation or warranty made by the Institution (i) in the application and related materials submitted to the Issuer or the initial purchaser(s) of the Bonds for approval of the Project or its financing, or (ii) in the Loan Agreement or in any other Project Document, or (iii) in the Letter of Representation and Indemnity Agreement dated the Closing Date and delivered to the Issuer, the Trustee and the initial purchaser(s) of the Initial Bonds, or (iv) in the Tax Certificate, or (v) by or on behalf of the Institution or any other Person in any Required Disclosure Statement, or (vi) in any report, certificate, financial statement or other instrument furnished pursuant to the Loan Agreement 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 commencement of proceedings to appoint a receiver or to foreclose any mortgage lien on or security interest in the Facility including the Mortgage;

(h) An “Event of Default” under the Indenture or under any other Security Document shall occur and be continuing.

(i) The occurrence of an event of default under the Loan Agreement in connection with the Fair Wages for New Yorkers Act, constituting Section 6-134 of the New York City Administrative Code, as amended, supplemented.

(j) Failure of the Institution to pay the amount required of it under paragraph (a)(vi) under the heading “**Loan Payments; Pledge of the Loan Agreement and of the Promissory Note**” when required under paragraph (a)(vi) under the heading “**Loan Payments; Pledge of the Loan Agreement and of the Promissory Note**”. (*Section 9.1*)

Remedies on Default.

(a) Whenever any Event of Default referred to in the Loan Agreement shall have occurred and be continuing, the Issuer, or the Trustee where so provided, may, take any one or more of the following remedial steps:

(i) The Trustee, as and to the extent provided in the Indenture, may cause all principal installments of loan payments payable under the Loan Agreement 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) of the Loan Agreement (as described above), all principal installments of loan payments payable under the Loan Agreement 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 Institution under the Loan 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 Institution under the Issuer's Reserved Rights or to enforce the performance or observance of any obligations, covenants or agreements of the Institution under the Issuer's Reserved Rights.

(c) No action taken pursuant to the provisions under this heading or by operation of law or otherwise shall, except as expressly provided in the Loan Agreement, relieve the Institution from the Institution's obligations under the Loan Agreement, all of which shall survive any such action. (*Section 9.2*)

Bankruptcy Proceedings.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Institution 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 Institution or in the case of any other similar judicial proceedings relative to the Institution or the creditors or property of the Institution, 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 the Loan Agreement and the Promissory Note, irrespective of whether the principal of the Bonds (and the loan payments payable pursuant to the Promissory Note and the Loan Agreement shall have been accelerated by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand for payment under the Loan Agreement or under the Promissory Note, 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 Institution, the creditors or property of the Institution, 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 by the Loan Agreement 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 9.3*)

Remedies Cumulative.

The rights and remedies of the Issuer or the Trustee under the Loan 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 the Loan Agreement. Failure by the Issuer or the Trustee to insist upon the strict performance of any of the covenants and agreements set forth the Loan Agreement or to exercise any rights or remedies upon default by the Institution under the Loan Agreement 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 Institution with all of the covenants and conditions of the Loan Agreement, or of the rights to exercise any such rights or remedies, if such default by the Institution be continued or repeated. *(Section 9.4)*

No Additional Waiver Implied by One Waiver.

In the event any covenant or agreement contained in the Loan 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 under the Loan Agreement. 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 the Institution or any delay or omission on the part of the Issuer and/or the Trustee in exercising any rights under the Loan Agreement or under the Indenture or under any other Security Document shall operate as a waiver. To the extent permitted by applicable law, the Institution by the Loan Agreement waives the benefit and advantage of, and covenants not to assert against the Issuer or the Trustee, any valuation, inquisition, stay, appraisalment, extension or redemption laws now existing or which may exist after the Loan Agreement. *(Section 9.5)*

Agreement to Pay Fees and Expenses of Attorneys and Other Consultants.

In the event the Institution should default under any of the provisions of the Loan 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 under the Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Institution in the Loan Agreement contained or contained in any other Security Document, the Institution agrees that it 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 9.7)*

Termination of the Loan Agreement.

(a) The Institution 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 the Indenture, but not later than the receipt by the Institution of ten (10) days prior written notice from the Issuer directing termination of the Loan Agreement, the Institution shall terminate the Loan 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 the Loan Agreement, and (y) the survival of those obligations of the Institution set forth in the Loan Agreement. *(Section 10.1)*

Determination of Taxability.

(a) If any Holder of Bonds receives from the Internal Revenue Service a notice of assessment and demand for payment with respect to interest on any Bond, an appeal may be taken by such Holder at the option of either such Holder or the Institution. If such appeal is taken at the option of the Institution (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 Institution, and the Institution shall control the procedures and terms relating to such appeal, and such Holder and the Institution shall cooperate and consult with each other in all matters pertaining to any such appeal which the Institution has elected to take, except that no Holder of 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 Institution has elected to take,

however, the Bondholder shall have the right to require the Institution to pay the tax assessed and conduct the appeal as a contest for reimbursement.

(b) The obligations of the Institution to make the payments provided for in this heading 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 the Loan Agreement or otherwise shall not relieve the Institution of its obligation under this heading.

(c) Not later than one hundred twenty (120) days following a Determination of Taxability, the Institution shall pay to the Trustee an amount sufficient, when added to the amounts then in the Bond Fund and available for such purpose, to retire and redeem all Bonds then Outstanding, in accordance with the Indenture. The Bonds shall be redeemed in whole unless redemption of a portion of the Bonds Outstanding would have the result that interest payable on the Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Bond. In such event, the Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result. (*Section 10.3*)

Mandatory Redemption of Bonds as Directed by the Issuer.

(a) Upon the determination by the Issuer that (i) the Institution 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 the Loan Agreement and the failure of the Institution within thirty (30) days of the receipt by the Institution 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 be sent to the Trustee), (ii) the Institution, any Principal of the Institution or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Institution has committed a material violation of a material Legal Requirement and the failure of the Institution within thirty (30) days of the receipt by the Institution 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 the Loan Agreement, 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 Institution 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 Institution and the Trustee, which notice shall be no less than fifteen (15) days prior to such meeting.

(b) In the event the Institution fails to obtain or maintain the liability insurance with respect to the Facility required under the Loan Agreement, and the Institution shall fail to cure such circumstance within ten (10) days of the receipt by the Institution of written notice of such noncompliance from the Issuer and a demand by the Issuer on the Institution to cure such noncompliance, upon notice or waiver of notice as provided in the Indenture, the Institution 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 11.3*)

Prohibition on the Purchase of Bonds.

Neither the Institution nor any related person thereto shall purchase any Bonds for its own account during the term of the Loan Agreement, whether by direct negotiation through a broker or dealer, or by making a tender offer to the Holders thereof, or otherwise. *(Section 11.6)*

Investment of Funds.

Any moneys held as part of the Rebate Fund, the Earnings Fund, the Project Fund, the Bond Fund, the Debt Service Reserve Fund or the Renewal Fund or in any special fund provided for in the Loan 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 Institution, be invested and reinvested by the Trustee as provided in the Indenture (but subject to the provisions of the Tax Certificate). 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. *(Section 11.7)*

Amendments.

The Loan Agreement may be amended only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture and only by a written instrument executed by the parties to the Loan Agreement. *(Section 12.3)*

Recourse Under the Loan Agreement.

All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Loan 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 the Loan Agreement on behalf of the Issuer in such person's individual capacity, and no recourse shall be had for any reason whatsoever under the Loan Agreement against any member, director, officer, employee or agent of the Issuer or any natural person executing the Loan 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 under the Loan Agreement 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 contained the Loan Agreement, 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 Institution under the Loan Agreement and under the Promissory Note. *(Section 12.14)*

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST

The following is a summary of certain provisions of the Indenture of Trust. This summary does not purport to be complete and reference is made to the Indenture of Trust for the detailed provisions thereof. This summary is qualified in its entirety by such reference. Headings are not part of the Indenture of Trust and are included for ease of reference only.

Authorized Amount of Bonds; Pledge Effected by the Indenture.

(a) No Bond may be authenticated and delivered under the provisions of the Indenture except in accordance with the Indenture. Except as provided in the Indenture, the total aggregate principal amount of Bonds that may be authenticated and delivered under the Indenture is limited to the Authorized Principal Amount.

(b) The proceeds of the Bonds deposited in the Project Fund and certain of the loan payments, receipts and revenues payable under the Loan Agreement, including moneys which are required to be set apart, transferred and pledged to the Earnings Fund, to the Bond Fund, to the Debt Service Reserve Fund, to the Renewal Fund or to certain special funds, including the investments, if any, thereof (subject to disbursements from such Funds in accordance with the provisions of the Indenture) are pledged by the 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 of the Indenture. The Rebate Fund (including amounts on deposit therein) shall not be subject to any assignment, pledge, lien or security interest in favor of the Trustee or any Bondholder or any other Person. 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 Note 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, the Institution 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.

In no event shall any obligations of the Issuer under the Indenture or the Bonds or under the Loan Agreement or under any other Security 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 the Indenture. *(Section 2.01)*

Creation of Funds and Accounts.

(a) The Issuer by the Indenture establishes and creates the following special trust Funds and Accounts comprising such Funds:

- (1) Project Fund
- (2) Bond Fund
 - (A) Principal Account

- (B) Interest Account
- (C) Redemption Account
- (D) Sinking Fund Installment Account
- (3) Renewal Fund
- (4) Earnings Fund
- (5) Rebate Fund
- (6) Debt Service Reserve Fund

(b) All of the Funds and Accounts created under the Indenture 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 the Indenture and all investments made therewith shall be held by the Trustee in trust and applied only in accordance with the provisions of the Indenture, and while held by the Trustee shall constitute part of the Trust Estate (subject to the granting clauses of the Indenture), other than the Rebate Fund, and be subject to the lien of the Indenture. *(Section 5.01)*

Project Fund.

(a) There shall be deposited in the Project Fund any and all amounts required to be deposited therein pursuant to the Indenture or otherwise required to be deposited therein pursuant to the Loan Agreement, or the Indenture.

The Trustee shall apply the amounts on deposit in the Project Fund to the payment, or reimbursement to the extent the same have been paid by or on behalf of the Institution or the Issuer, of Project Costs to the extent requisitioned under paragraph (b) under this heading.

(b) The Trustee is by the Indenture authorized to disburse from the Project Fund amounts required to pay (in whole or in part) the Project Costs and is directed to issue its checks (or, at the direction of the Institution, make wire transfers) for each disbursement from the Project Fund for the Project Costs, upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Institution; provided, however, that the Trustee shall retain in the Project Fund 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 Institution shall have delivered the completion certificate and other documents required by Section 3.2(f) of the Loan Agreement.

The requisition from 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 Institution), 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 or the Institution of the Reimbursement Resolution for the Project. Such requisition shall be as set forth in an exhibit to the Indenture entitled "Form of Requisition from the Project Fund" and shall be submitted to the Trustee. The Trustee shall disburse amounts from the Project Fund 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 such 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 the Loan Agreement, indicating that since the last preceding disbursement of any amounts held in the Project Fund, 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.

(c) The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom and shall furnish copies of same to the Issuer or the Institution upon reasonable written request.

(d) The Trustee shall on written request furnish to the Issuer and the Institution within a reasonable time period a written statement of disbursements from the 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.

(e) The completion of the Project shall be evidenced as set forth in the Loan Agreement including the filing of the certificate of an Authorized Representative of the Institution referred to therein. Upon the filing of such certificate, the balance in the Project Fund 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 Certificate and the Indenture, be deposited by the Trustee in the Redemption Account of the Bond Fund. 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, together with any amount on deposit in the Earnings Fund derived from transfers made thereto from the Project Fund, shall, after making any such transfer to the Rebate Fund, and after depositing in the Debt Service Reserve Fund an amount equal to any deficiency therein, be deposited in the Redemption Account of the Bond Fund to be applied to the redemption of Bonds at the earliest practicable date. The Trustee shall promptly notify the Institution of any amounts so deposited in the Redemption Account of the Bond Fund pursuant to the Indenture.

(f) In the event the Institution shall be required to or shall elect to cause the Bonds to be redeemed in whole pursuant to the Loan Agreement, the balance in the Project Fund and in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Certificate and the Indenture) and in the Debt Service Reserve Fund shall be deposited in the Redemption Account of the Bond Fund. In the event the unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default under the Indenture, the balance in the Project Fund and in the Earnings Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Certificate and the Indenture) and in the Debt Service Reserve Fund shall be deposited in the Bond Fund as provided in the Indenture.

(g) Except as provided in the Indenture, all earnings on amounts held in the Project 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 Project Fund. (*Section 5.02*)

Payments into Bond Fund.

The Trustee shall promptly deposit the following receipts into the Bond Fund:

(a) The interest accruing on any Series of 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 and applied to the payment of interest on such Series of Bonds.

(b) Reserved;

(c) Excess or remaining amounts in the Project Fund 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 Certificate and the Indenture, or to the Debt Service Reserve Fund to the extent of any deficiency therein) (i) in the Redemption Account of the Bond Fund pursuant to the first sentence of Section 5.02(f) of the Indenture (as described above), which shall be kept segregated from any other moneys within such Account, or (ii) in the Bond Fund pursuant to the second sentence of Section 5.02(f) of the Indenture (as described above).

(d) Loan payments received by the Trustee pursuant to Section 4.3(a)(i), (ii), (iii), (iv) or (v), or Section 4.3(i), of the Loan Agreement (as described above), 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.

(e) Advance loan payments received by the Trustee pursuant to Section 4.3(c) of the Loan Agreement (as described above), which shall be deposited in and credited to the Redemption Account of the Bond Fund.

(f) Any amounts transferred from the Earnings Fund pursuant to of the Indenture, which shall be deposited in and credited to the Interest Account of the Bond Fund.

(g) The excess amounts referred to in Section 5.05(d) of the Indenture (as described below), which shall be deposited in and credited to the Interest Account of the Bond Fund.

(h) Any amounts transferred from the Redemption Account pursuant to Section 5.05(h) of the Indenture (as described below), which shall be deposited to the Interest Account, the Principal Account and the Sinking Fund Installment Account of the Bond Fund, 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 the Indenture or by the Mortgage to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Certificate and the Indenture or to the Debt Service Reserve Fund to the extent of any deficiency therein) to the Redemption Account of the Bond Fund pursuant to the Indenture.

(j) All other receipts when and if required by the Loan Agreement or by the Indenture or by any other Security Document to be paid into the Bond Fund, which shall be credited (except as provided in Section 8.03 of the Indenture (as described below)) to the Redemption Account of the Bond Fund.

(k) Any amounts transferred from the Debt Service Reserve Fund pursuant to the Indenture, 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.
(Section 5.04)

Application of Bond Fund Moneys.

(a) The Trustee shall (i) on each Interest Payment Date pay or cause to be paid out of the Interest Account in the Bond Fund the interest due on the Bonds, and (ii) further pay out of the Interest Account of the Bond Fund any amounts required for the payment of accrued interest upon any purchase or redemption (including any mandatory Sinking Fund Installment redemption) of Bonds.

(b) The Trustee shall on each principal payment date on the Bonds pay or cause to be paid to the respective Paying Agents therefor out of the Principal Account of the Bond Fund, the principal amount, if any, due on the Bonds (other than such as shall be due by mandatory Sinking Fund Installment redemption), upon the presentation and surrender of the requisite Bonds.

(c) There shall be paid from the Sinking Fund Installment Account of the Bond Fund to the Paying Agents on each Sinking Fund Installment payment date in immediately available funds the amounts required for the Sinking Fund Installment due and payable with respect to Bonds which are to be redeemed from Sinking Fund Installments on such date (accrued interest on such Bonds being payable from the Interest Account of the Bond Fund). 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 the Indenture, Bonds for which Sinking Fund Installments are applicable in a principal amount equal to the Sinking Fund Installment then due with respect to such 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.

(d) Amounts in the Redemption Account of the Bond Fund shall be applied, at the written direction of the Institution, as promptly as practicable, to the purchase of Bonds at prices not exceeding the Redemption Price thereof applicable on the earliest date upon which the Bonds are next subject to optional redemption, plus accrued interest to the date of redemption. Any amount in the Redemption Account not so applied to the purchase of Bonds by forty-five (45) days prior to the next date on which the Bonds are so redeemable shall be applied to the redemption of Bonds on such redemption date. Any amounts deposited in the Redemption Account and not applied within twelve (12) months of their date of deposit to the purchase or redemption of Bonds (except if held in accordance with the Indenture) shall be transferred to the Interest Account. Upon the purchase of any Bonds out of advance loan payments as provided in this paragraph, or upon the redemption of any Bonds, an amount equal to the principal of such Bonds so purchased or redeemed shall be credited against the next ensuing and future Sinking Fund Installments for such Bonds in chronological order of the due dates of such Sinking Fund Installments until the full principal amount of such 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 the Indenture. The Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in the Indenture. Amounts in the Redemption Account to be applied to the redemption of 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 Bonds being redeemed plus interest on such Bonds accrued to the redemption date.

(e) In connection with purchases of Bonds out of the Bond Fund as provided in the provisions under this heading, the Institution 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

Institution. The payment of the purchase price shall be made out of the moneys deposited in the Redemption Account of the Bond Fund and the payment of accrued interest shall be made out of moneys deposited in the Interest Account of the Bond Fund.

(f) The Issuer shall receive a credit in respect of Sinking Fund Installments for any Bonds which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Issuer or the Institution to the Trustee on or before the forty-fifth (45th) day next preceding any Sinking Fund Installment payment date and for any Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installment Account) and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment (whether pursuant to the Indenture or otherwise). Each 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 Bonds of such Series and maturity and the principal amount of such Bonds to be redeemed by operation of the Sinking Fund Installment Account 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 direct chronological order, and the principal amount of Bonds to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

(g) The Institution shall on or before the forty-fifth (45th) day next preceding each Sinking Fund Installment payment date furnish the Trustee with the certificate of an Authorized Representative of the Institution indicating whether or not and to what extent the provisions of this heading 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) Moneys in the Redemption Account of the Bond Fund which are not set aside or deposited for the redemption or purchase of 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. (*Section 5.05*)

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 Certificate) from an Authorized Representative of the Institution, shall deposit in the Rebate Fund within sixty (60) days following each Computation Date (as defined in the Tax Certificate), 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 the Loan Agreement or the restoration of the Facility pursuant to the Indenture, 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 Institution. It is provided in the Loan Agreement that promptly upon receipt of such notice, the Institution 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 Institution, shall withdraw such excess amount and deposit it in the Project Fund until the completion of the Project as provided in the Loan Agreement, or, after the completion of the Project, deposit it in the Interest Account of the Bond Fund.

(d) The Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, 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 Initial Bonds as of the date of such payment and (ii) notwithstanding the applicable provisions of the Indenture, not later than thirty (30) days after the date on which all Initial Bonds have been paid in full, 100% of the Rebate Amount as of the date of payment. (*Section 5.07*)

Investment of Funds and Accounts.

(a) Amounts in any Fund or Account established under the 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 shall be limited to Government Obligations. Any investment authorized in the Indenture is subject to the condition that no portion of the proceeds derived from the sale of the Bonds shall be used, directly or indirectly, in such manner as to cause any Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code. In particular, unexpended Bond proceeds transferred from the Project Fund (or from the Earnings Fund with respect to amounts deposited therein from the Project Fund) to the Redemption Account of the Bond Fund pursuant to the Indenture may not be invested at a Yield (as defined in the Tax Certificate) which is greater than the Yield on the applicable Series of Bonds. Such investments shall be made by the Trustee only at the written request of an Authorized Representative of the Institution; 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 Certificate. Any investment under the Indenture shall be made in accordance with the Tax Certificate, and the Institution 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 with respect to the investment of amounts held in the Bond Fund, and (iii) 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 Institution no sooner than ten (10) days prior to each Loan Payment Date under the Loan Agreement, the Trustee shall notify the Institution 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 the Bond Fund.

(c) Upon the written direction of an Authorized Representative of the Institution, 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 the Indenture. The Trustee shall not be liable for losses incurred as a result of actions taken in good faith in accordance with paragraph (c) under this heading. As soon as practicable after any such sale, redemption or exchange, the Trustee shall give notice thereof to the Issuer and the Institution.

(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 the Indenture. The investments authorized by this heading 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.

In the case of the Debt Service Reserve Fund, a “surplus” means the amount by which the amount on deposit therein is in excess of the Debt Service Reserve Fund Requirement. On each Debt Service Reserve Fund Valuation Date, and upon any withdrawal from the Debt Service Reserve Fund, the Trustee shall determine the amount on deposit in the Debt Service Reserve Fund. If on any such date a deficiency exists, the Trustee shall notify the Issuer and the Institution of such deficiency and that such deficiency must be replenished by the Institution as required by Section 4.3(a)(vi) of the Loan Agreement (as described above). If a surplus exists, the Trustee shall notify the Issuer and the Institution thereof and, subject to the requirements of the Tax Certificate, shall upon written instructions of the Institution transfer an amount equal to such surplus to the Project Fund until the completion of the Project as provided in the Loan Agreement and thereafter shall transfer such amount to the Interest Account of the Bond Fund. (Section 5.09)

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 date fixed for redemption 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 the 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 Certificate or the 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 Institution. After the payment of such unclaimed moneys to the Institution, the Holder of such Bond shall thereafter look only to the Institution for the payment thereof, and all obligations of the Trustee or such Paying Agent with respect to such moneys shall thereupon cease. *(Section 5.12)*

Debt Service Reserve Fund.

(a) If on any Interest Payment Date or redemption date on the Bonds the amount in the Interest Account of the Bond Fund (after taking into account amounts available to be transferred to the Interest Account from the Project Fund) shall be less than the amount of interest then due and payable on the Bonds, or if on any principal payment date on the Bonds the amount in the Principal Account shall be less than the amount of principal of the Bonds then due and payable, or if on any Sinking Fund Installment payment date for the Bonds the amount in the Sinking Fund Installment Account of the Bond Fund shall be less than the amount of the Sinking Fund Installment then due and payable on the 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 Institution 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, 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.

(b) The Trustee shall give to the Institution on or prior to each Loan Payment Date on which the Institution is obligated pursuant to Section 4.3(a)(vi) of the Loan Agreement (as described above) to pay to the Trustee amounts in respect of any deficiency in the Debt Service Reserve Fund, telephonic notice (to be promptly confirmed in writing) specifying any such deficiency in the Debt Service Reserve Fund. The failure of the Trustee to deliver such notice or any defect in such notice shall not relieve the Issuer from any of its obligations under the Indenture or any other obligor from any of its obligations under any of the Security Documents.

(c) In the event that the Institution shall deliver written notice to the Trustee of its intention to redeem Bonds, the Institution may direct the Trustee to apply such amounts in the Debt Service Reserve Fund to effect such redemption such that the amount remaining in the Debt Service Reserve Fund upon such redemption shall not be less than the reduced Debt Service Reserve Fund Requirement as will be applicable to the remainder of the Bonds Outstanding. *(Section 5.13)*

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. 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 the Indenture and the other Security Documents. (*Section 7.05*)

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 Institution or the Trustee, that would cause the interest on the 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 7.08*)

Events of Default; Acceleration of Due Date.

(a) Each of the following events is defined by the Indenture 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;

(B) Failure in the payment of the principal or redemption premium, if any, 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 date of redemption after notice of redemption therefor or otherwise;

(C) Failure of the Issuer to observe or perform any covenant, condition or agreement in the Bonds or under the Indenture on its part to be performed (except as set forth in paragraphs (a)(1) or (2) under this heading) and (A) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Issuer and the Institution specifying the nature of same from the Trustee 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 or the Institution 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 notice; 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 and the Institution) 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 Institution 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 the Indenture or in any of the Bonds contained to the contrary notwithstanding.

(c) If there shall occur an Event of Default under the Institution bankruptcy related provisions 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 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 the Indenture, 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 Institution 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 Institution to constitute a default under the Indenture, 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 Institution as performance by the Issuer. *(Section 8.01)*

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 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, the 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 the Indenture or in any other Security Document or in aid of the execution of any power granted in the 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 the Indenture or under any other Security Document. In addition to any rights or remedies available to the Trustee under the Indenture 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 the 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 the 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 the 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 the 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 Fund and other moneys available therefor to the extent provided in the 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 Institution 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 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 the Indenture or under any other Security Document by any acts which may be unlawful or in violation of the 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 the Indenture and shall not be unduly prejudicial to the interests of the Holders of the Bonds not making such request. (*Section 8.02*)

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 the Indenture or under any other Security Document shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited and available for payment of the Bonds shall be applied, subject to certain provisions of the Indenture, 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 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 the 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 the Indenture, then, subject to the provisions of paragraph (a)(ii) under this heading 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 paragraph (a)(i) under this heading.

(b) Whenever moneys are to be applied pursuant to the provisions of this heading, 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 the Indenture, such date of declaration shall be the date from which interest shall cease to accrue. The Trustee shall give such written notice to 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 8.03*)

Majority Holders Control Proceedings.

(a) Anything in the Indenture to the contrary notwithstanding, 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 in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture. (*Section 8.05*)

Individual Bondholder Action Restricted.

(a) 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, the Indenture or any other Security Document, (ii) for the enforcement of any provisions of the Bonds, the Indenture or of any other Security Document, (iii) for the execution of any trust under the Indenture or (iv) for any remedy under the Bonds, the Indenture or under any other Security Document, unless such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default as provided in the Indenture, 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, and shall have offered it reasonable opportunity either to exercise the powers granted in the Bonds, the 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 his, its or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture except in the manner provided in the Indenture; and that all proceedings at law or in equity to enforce any provision of the Bonds or the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and, subject to the provisions of Section 8.03 of the Indenture (as described above), be for the equal benefit of all Holders of the Outstanding Bonds.

(b) Nothing in the 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 in the Indenture and in said Bonds expressed. *(Section 8.06)*

Notice of Default.

The Trustee shall promptly mail to the Issuer, to registered Holders of Bonds and to the Institution 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 the provisions under this heading. *(Section 8.10)*

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 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 Institution, 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. *(Section 8.11)*

Resignation or Removal of Trustee.

The Trustee may resign and thereby become discharged from the trusts created under the Indenture for any reason by giving written notice by first class mail, postage prepaid, to the Issuer, to the Institution 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 of the Indenture (as described below).

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 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 and the Institution. No removal shall take effect until the appointment and acceptance thereof of a successor Trustee pursuant to Section 9.08 of the Indenture (as described below).

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 the Indenture, together with a full accounting thereof, (ii) all records, files, correspondence, registration books, Bond inventory, all information relating to the 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) of this paragraph, together with the Trust Estate, being collectively referred to as the "Trust Corpus"). (*Section 9.07*)

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 Institution 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 Institution 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 Majority Holders, by an instrument or concurrent instruments in writing, signed 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 heading, 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 Institution 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 the provisions of this heading 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 the 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 the provisions of this heading 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 of the Indenture (as described above).

(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 the Indenture, 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 the 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 the 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 9.08*)

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 the Indenture, and all fees and expenses and other amounts due and payable under the Indenture and the Loan Agreement, and any other amounts required to be rebated to the federal government pursuant to the Tax Certificate or the 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 the Indenture and the estate and rights granted by the Indenture, and all covenants, agreements and other obligations of the Issuer to the Bondholders under the Indenture 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 under the Indenture, except as to moneys or securities held by the Trustee or the Paying Agents as provided below in this paragraph. At the time of such cessation, termination, discharge and satisfaction, (1) the Trustee shall cancel and discharge the lien of the Indenture and of the Mortgage and execute and deliver to the Institution 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 Institution or on its order all moneys or securities held by them pursuant to the 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 Certificate or the 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 paragraph (a) of the provisions under this heading, 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 the 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 10.01)*

Limitation on Modifications.

The Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of the Indenture. *(Section 11.01)*

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 for any of the following purposes:

(A) To cure any formal defect, omission or ambiguity in the Indenture or in any description of property subject to the lien of the Indenture, if such action in the Opinion of Counsel is not materially adverse to the interests of the Bondholders.

(B) 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 the Indenture as theretofore in effect.

(C) To add to the covenants and agreements of the Issuer in the Indenture other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(D) To add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(E) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the 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 the Indenture additional revenues, properties or collateral.

(F) To modify or amend such provisions of the Indenture as shall, in the opinion of Nationally Recognized Bond Counsel, be necessary to assure that the interest on the Bonds not be includable in gross income for federal income tax purposes.

(G) To effect any other change in the Indenture which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Bondholders.

(H) To modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification of the Indenture and of any Supplemental Indenture under the Trust Indenture Act of 1939 or any similar federal statute in effect after the Indenture 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 the 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 the provisions under this heading, 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 the 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 11.02*)

Supplemental Indentures With Bondholders' Consent.

(a) Subject to the terms and provisions contained in the Indenture, 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 in the Indenture. Nothing contained in the Indenture 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, redemption premium, if any, 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 the Indenture and the other Security Documents, except as provided in the 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 paragraph (a), under this heading without, in the case of items (ii) through and including (v) of this paragraph (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 under this heading, 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 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 the 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 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 the 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 Holders of not less than the percentage of Bonds required by the provisions under this heading shall have consented to and approved the execution thereof as provided in the Indenture, 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 under this heading, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Issuer, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments. (*Section 11.03*)

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, 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; and (vi) 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 the provisions under this heading. 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 of the Bonds to cease to be excluded from gross income for federal income tax purposes under the Code. (*Section 12.02*)

Amendments of Related Security Documents Requiring Consent of Bondholders.

Except as provided in Section 12.02 of the Indenture (as described above), 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 Majority Holders given and procured as set forth in Section 11.03 of the Indenture (as described above); provided, however, there shall be no amendment, change or modification to (i) the obligation of the Institution to make loan payments with respect to the Bonds under the Loan Agreement or the Promissory Note or (ii) the Tax Certificate, 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 Bonds to become includable in gross income for federal income tax purposes. If at any time the Institution 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 the Indenture 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 of the Bonds to cease to be excluded from gross income for federal income tax purposes under the Code. (*Section 12.03*)

No Pecuniary Liability of Issuer or Members; No Debt of the State or the City.

Every agreement, covenant and obligation of the Issuer under the 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 the Indenture specified and nothing in the Bonds, in the Loan Agreement, in the 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 the 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 the Indenture or in the Bonds or any obligations in the Indenture or in the Bonds 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 in the Indenture 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 Redemption Price, if any, of, Sinking Fund Installments for, or interest on the Bonds or for any claim based thereon or under the Indenture

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 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 13.07*)

Priority of Indenture Over Liens.

The Indenture and the Mortgage are given in order to secure funds to pay for the Project and by reason thereof, it is intended that the 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 the 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 13.08*)

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APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (this “**Disclosure Agreement**”) is executed and delivered on January 1, 2020, by **CONSORTIUM FOR WORKER EDUCATION, INC.**, a New York not-for-profit corporation (the “**Borrower**”) and **THE BANK OF NEW YORK MELLON**, a state banking corporation duly organized and existing under the laws of the State of New York (the “**Dissemination Agent**”), in connection with the issuance of \$9,350,000 Build NYC Resource Corporation Revenue Bonds (Consortium for Worker Education, Inc. Project), Series 2020 (the “**Bonds**”). The Bonds are being issued pursuant to a Indenture of Trust, dated as of January 1, 2020, (the “**Indenture**”), between the Build NYC Resource Corporation (the “**Issuer**”) and the Dissemination Agent, as bond trustee under the Indenture (the “**Trustee**”), and the proceeds of the Bonds are being loaned by the Issuer to the Borrower pursuant to a Loan Agreement, dated as of January 1, 2020 (the “**Loan Agreement**”), by and between the Issuer and the Borrower. The Borrower and Dissemination Agent covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement.

This Disclosure Agreement is being executed and delivered for the benefit of the holder and beneficial owner of the Bonds and in compliance with Securities and Exchange Commission Rule 15c2-12(b)(5), as it may be amended from time to time (the “**Rule**”), including administrative or judicial interpretations thereof, as it applies to the Bonds.

The Borrower acknowledges and agrees that the Issuer is not an “obligated person” for purposes of the Rule and shall have no reporting or disclosure obligations hereunder. In addition to any other indemnification obligations of the Borrower to the Issuer and the Dissemination Agent now or hereafter existing, the Borrower hereby covenants and agrees to indemnify and hold harmless the Issuer and the Dissemination Agent, any person who “controls” the Issuer or the Dissemination Agent (within the meaning of Section 15 of the Securities Act of 1933, as amended), and any member, officer, director, official, agent, employee, and attorney of the Issuer, the State of New York, the City of New York, or the Dissemination Agent (collectively called the “**Indemnified Parties**”) against any and all losses, claims, damages or liabilities (including all costs, expenses and reasonable counsel fees incurred in investigating or defending such claim) suffered by any of the Indemnified Parties and caused by, relating to, arising out of, resulting from, or in any way connected with compliance with the Rule as it applies to the Bonds.

SECTION 2. Definitions.

In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“**Commission**” shall mean the Securities and Exchange Commission.

“Continuing Disclosure Information” shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed with the MSRB pursuant to Section 3(c) of this Disclosure Agreement, and (iii) any notice of a Listed Event required to be filed with the MSRB pursuant to Section 5(c) of this Disclosure Agreement.

“Disclosure Representative” shall mean the Chief Financial Officer of the Borrower or his or her designee, or such other officer or employee as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean any Dissemination Agent or successor Dissemination Agent designated in writing by the Disclosure Representative and which has filed with the Disclosure Representative and the Trustee a written acceptance of such designation. The same entity may serve as both Trustee and Dissemination Agent. In the absence of a third-party Dissemination Agent, the Disclosure Representative shall serve as the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. (Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (“EMMA”) website of the MSRB, currently located at <http://emma.msrb.org>.)

“Offering Document” shall mean the Preliminary Limited Offering Memorandum dated December 18, 2019, and the Limited Offering Memorandum dated January 9, 2020 relating to the Bonds.

“Operating Data” shall mean an update of the financial and operating data contained in the Offering Document in “APPENDIX A – INFORMATION CONCERNING THE INSTITUTION” in the tables under the following heading: “FINANCE” and all sub-headings thereunder.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds. The original underwriter is D.A. Davidson & Co.

SECTION 3. Provision of Annual Reports and Quarterly Information.

(a) Commencing with the fiscal year ending December 31, 2019, of the Borrower, the Borrower shall, no later than 270 days following the end of its fiscal year during which any of the Bonds remain outstanding, provide to the Dissemination Agent, the Borrower’s Annual Report prepared in each case for the fiscal year of the Borrower ending the immediately

preceding December 31. Each Annual Report provided to the Dissemination Agent by the Borrower shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to MSRB. If the document incorporated by reference is a final limited offering memorandum, it must be available from the MSRB. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

(b) The Dissemination Agent, promptly on receiving the Annual Report, and in any event not later than 270 days following the end of such other fiscal year, shall submit each such Annual Report received by it to the MSRB in accordance with the Rule and to the Issuer.

(c) If the Borrower fails to submit the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section, the Dissemination Agent in a timely manner shall send a notice to the Borrower advising of such failure. If the Borrower thereafter fails to submit the Annual Report to the Dissemination Agent by the last Business Day of the month in which such Annual Report was due, the Dissemination Agent shall send a notice in a timely manner to the MSRB in substantially the form attached as Exhibit A hereto.

(d) In addition to the Annual Report required to be filed pursuant to subsection (a), the Borrower shall, or shall cause the Dissemination Agent to, not later than ninety (90) days after the end of the first three quarters of each Fiscal Year of the Borrower (presently March 31, June 30, and September 30), commencing with the quarter ending March 31, 2020, provide to the MSRB quarterly unaudited financial information prepared by the Borrower. The unaudited financial information shall include a balance sheet and a statement of operations and changes in net assets of the Borrower.

SECTION 4. Content of Annual Reports. The Borrower's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Borrower for the immediately preceding Fiscal Year, prepared in accordance with generally accepted accounting principles.

(b) The Operating Data of the Borrower updated for the Fiscal Year to which the Annual Report pertains.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Borrower or related public entities, which have been submitted to the MSRB or the Commission. If the document included by reference is a final offering memorandum, it must be available from the MSRB. The Borrower shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Borrower shall (as soon as practicable and in any event in sufficient time to accommodate the filing contemplated by

Section 5(b)) give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds (the “**Disclosure Event Notices**”):

- (1) principal and interest payment delinquencies;
- (2) non-payment 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, if any, or their failure to perform;
- (6) (i) 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 Bonds or (ii) other material events affecting the tax status of the Bonds;
- (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 Bonds, 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

[†] As noted in the Rule, this event is considered to occur when any of the following occur: (i) 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 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 (ii) 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.

definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) the incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect security holders, if material; and
- (16) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower, any of which reflect financial difficulties.

(b) The Borrower shall, within seven (7) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of any of the Listed Events specified in clauses (2), (6)(ii), (7), (8), (10), (13), or (14) of subsection (a) of this Section 5, the Borrower may, but shall not be required to, rely conclusively on an Opinion of Counsel. The Dissemination Agent shall have no obligation under this Disclosure Agreement to provide, or to monitor the Borrower's obligation to provide, notification of the occurrence of any of the Listed Events which are material.

(c) If the Dissemination Agent has been instructed by the Borrower to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB within three (3) Business Days of the receipt of such instruction, but in no event later than ten (10) business days after the occurrence of a Listed Event, with a copy of such notice provided by the Dissemination Agent to the Borrower, the Issuer, and the Trustee. In addition, notice of Listed Event described in subsection (a)(8) of this Section 5 shall be given by the Dissemination Agent under this subsection simultaneously with the giving of the notice of the underlying event to the beneficial owner of the Bonds pursuant to the Indenture.

SECTION 6. Submission of Information to MSRB.

Unless otherwise required by the MSRB, all notices, documents, and information provided to the MSRB shall be provided to the MSRB's EMMA system, the current internet web address of which is www.emma.msrb.org. Unless otherwise provided by law, any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by MSRB Rule G-32 or such other format as the Rule may require or permit and shall be accompanied by such identifying information as shall be prescribed by MSRB Rule G-32 or as may otherwise be required by the Rule.

SECTION 7. Termination of Reporting Obligation.

The Borrower's obligations under this Disclosure Agreement shall terminate upon legal defeasance under the Indenture, prior redemption or payment in full of all of the Bonds. If such

termination occurs before the final maturity of the Bonds, the Borrower shall give notice of such termination in the same manner as for a Listed Event.

SECTION 8. Dissemination Agent.

The Disclosure Representative may from time to time appoint or engage a Dissemination Agent to assist it in carrying out the Borrower's obligations under this Disclosure Agreement. The Disclosure Representative may discharge any Dissemination Agent (other than the Disclosure Representative), with or without appointing a successor Dissemination Agent. Any Dissemination Agent (other than the Disclosure Representative) may resign upon 30 days' notice to the Disclosure Representative. If at any time there is not any other designated Dissemination Agent, whether due to the discharge or resignation of any successor Dissemination Agent, the Disclosure Representative shall serve as the Dissemination Agent.

SECTION 9. Amendment; Waiver.

Notwithstanding any other provisions of this Disclosure Agreement, the Borrower may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel addressed to the Issuer and the Dissemination Agent to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No such amendment shall be effective until the written consent of the Issuer has been received. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto.

SECTION 10. Additional Information.

Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in the Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in the Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default.

(a) The following shall each constitute a "**Default**" or an "**Event of Default**" hereunder:

(1) The occurrence and continuation of a failure by the Borrower to observe, perform, or comply with any covenant, condition, or agreement on its part to be observed or performed in this Disclosure Agreement, if such failure shall remain uncured for a period of thirty (30) days after written notice thereof has been given to the Borrower by the Dissemination Agent or the Issuer (a "**Disclosure Default**"); or

(2) The occurrence and continuation of a failure by the Dissemination Agent to observe, perform, or comply with any covenant, condition or agreement on its part to be observed or performed in this Disclosure Agreement, if such failure shall remain uncured for a period of thirty (30) days after written notice thereof has been given to the Dissemination Agent by the Issuer or the Trustee (a “**Dissemination Default**”).

(b) **Remedies on Default.**

(1) (i) In the case of the enforcement of any of the obligations hereunder to provide the Annual Report and the Disclosure Event Notices, the Trustee may and (ii) in the case of challenges to the adequacy of information set forth in the Annual Report and the Disclosure Event Notices so provided, the Trustee may (and at the request of the Issuer shall), take whatever action at law or in equity against the Borrower or the Dissemination Agent that is necessary or desirable to enforce the specific performance and observance of any obligation, agreement, or covenant of the Borrower or the Dissemination Agent under this Disclosure Agreement and may compel the Borrower or the Dissemination Agent to perform and carry out their duties under this Disclosure Agreement; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(2) The Issuer may take whatever action at law or in equity against the Borrower or the Dissemination Agent and any of the officers, agents and employees of the Borrower or the Dissemination Agent that is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Borrower or the Dissemination Agent, as the case may be, under this Disclosure Agreement and may compel the Borrower or the Dissemination Agent, as the case may be, or any such officers, agents, or employees to perform and carry out their duties under this Disclosure Agreement; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(3) In case the Issuer, the Trustee or the Dissemination Agent shall have proceeded to enforce its rights under this Disclosure Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to such party, then and in every such case the Issuer, the Trustee or the Dissemination Agent, as the case may be, shall be restored respectively to their several positions and rights hereunder, and all rights, remedies, and powers of the Issuer, the Trustee, or the Dissemination Agent shall continue as though no such proceeding had been taken.

(4) An Event of Default under this Disclosure Agreement shall not be deemed an event of default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure by the Borrower to comply with this Disclosure Agreement shall be as set forth in Section 11(b) of this Disclosure Agreement. The sole remedies under this Disclosure Agreement in the event of any failure by the Dissemination Agent to comply with this Disclosure Agreement shall be as set forth in Section 11(b) of this Disclosure Agreement.

(c) **Agreements to Pay Reasonable Attorneys' Fees and Expenses.**

(1) If a Disclosure Default occurs and the Trustee or the Issuer, as the case may be, employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein contained, the Borrower agrees that it will on demand therefor pay to the Trustee or the Issuer the reasonable fees of such attorneys and such other expenses so incurred by the Trustee or the Issuer, as the case may be.

(2) Reserved.

(d) **No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Trustee, the Issuer or the Dissemination Agent is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Disclosure Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer, the Trustee or the Dissemination Agent, as the case may be, to exercise any remedy reserved to it in this Section it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

(e) **No Additional Waiver Implied by One Waiver.** In the event any agreement contained in this Disclosure Agreement shall be breached by any party and thereafter waived by any affected party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

(f) **Delay Not to Constitute Waiver.** No failure by any party to insist upon strict performance of this Disclosure Agreement or to exercise any remedy upon the occurrence of a Disclosure Default or a Dissemination Default shall constitute a waiver of such default, or a waiver or modification of any provision of this Disclosure Agreement, and, likewise, no prior course of dealing between the parties hereto shall constitute a waiver of such default or a waiver or modification of any provision of this Disclosure Agreement.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Dissemination Agent, the Borrower, the Issuer, and the Underwriter, and the Issuer is hereby declared to be a third-party beneficiary of this Disclosure Agreement. The Issuer shall have the right to bring an action in order to enforce the obligations of the parties hereunder. Except as provided in the immediately preceding sentence, this Disclosure Agreement shall create no rights in any other person or entity.

SECTION 13. Notices.

All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail,

registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Borrower:

Consortium for Worker Education, Inc.
275 7th Avenue
New York, New York 10001
Attention: Chief Financial Officer

with a copy to

The Law Offices of Jeffrey E. Storch, Esq.
250 Park Avenue, 7th Floor
New York, New York 10177
Attention: Jeff Storch, Esq.

(ii) If to the Issuer:

Build NYC Resource Corporation
One Liberty Plaza
165 Broadway
New York, New York 10006
Attention: General Counsel

with a copy to

Build NYC Resource Corporation
One Liberty Plaza
165 Broadway
New York, New York 10006
Attention: Executive Director

(iii) if to the Trustee, to

The Bank of New York Mellon
240 Greenwich Street
New York, New York 10286
Attention: Corporate Trust Administration

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section 13 for the giving of notice.

SECTION 14. Successors and Assigns. All of the covenants, promises, and agreements contained in this Disclosure Agreement by or on behalf of the Borrower or the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 15. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 16. Counterparts. This Disclosure Agreement 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.

SECTION 17. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 18. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of New York (other than with respect to conflicts of laws).

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties have executed this Disclosure Agreement by their proper and duly authorized officers the day and year first above written.

CONSORTIUM FOR WORKER EDUCATION, INC.,
a New York not-for-profit corporation

By: _____
George Miranda
Chairman

THE BANK OF NEW YORK MELLON,
a New York banking corporation
as Dissemination Agent

By: _____
[]
Vice President

EXHIBIT A

FORM OF NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issue: **Build NYC Resource Corporation Revenue Bonds
(Consortium for Worker Education, Inc. Project), Series
2020**

Date of Issuance: **January 22, 2020**

NOTICE IS HEREBY GIVEN that Consortium for Worker Education, Inc. (the “**Borrower**”) has not provided an Annual Report with respect to the above-named Bonds as required by Sections 3 and 4 of the Continuing Disclosure Agreement dated as of January 1, 2020. The Borrower anticipates that the Annual Report will be filed by _____.

THE BANK OF NEW YORK MELLON,
a New York banking corporation
as Dissemination Agent

By: _____
Name: _____
Title: _____
Date: _____

cc: Build NYC Resource Corporation

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APPENDIX E – PROPOSED FORM OF OPINION OF BOND COUNSEL

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(FORM OF APPROVING OPINION OF BOND COUNSEL)

January 22, 2020

Build NYC Resource Corporation
New York, New York

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Build NYC Resource Corporation, a local development corporation created 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”), of its Revenue Bonds (Consortium for Worker Education, Inc. Project), Series 2020 in the aggregate principal amount of \$9,350,000 (the “Series 2020 Bonds”).

The Series 2020 Bonds are issued under and pursuant to that certain Indenture of Trust, dated as of January 1, 2020 (the “Indenture”), between the Issuer and The Bank of New York Mellon, as trustee (the “Trustee”), and a resolution of the Issuer adopted on July 16, 2019, as amended on November 5, 2019 authorizing the Series 2020 Bonds (the “Resolution”).

The Series 2020 Bonds are dated the date hereof, are issuable as fully registered bonds in the minimum denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof (or as otherwise provided in the Indenture), and mature on the dates and bear interest at the rates as set forth in the Indenture and the Series 2020 Bonds.

The Series 2020 Bonds are subject to redemption prior to maturity, in the manner and upon the terms and conditions set forth in the Indenture and the Series 2020 Bonds.

The Series 2020 Bonds are issued for the purpose of financing a project, on behalf of Consortium for Worker Education, Inc. (together with any assignee of the Loan Agreement hereafter referred to, the “Institution”), consisting of the financing of (i) a portion of the cost of the acquisition, renovation furnishing and equipping of an approximately 9,476 square foot commercial condominium, comprising the entire third floor of a 20-story building located on an approximately 8,068 square foot parcel of land at 305 7th Avenue, New York, New York; (ii) a debt service reserve fund, and (iii) certain costs relating to the issuance of the Bonds and other costs relating to the Facility (collectively, the “Project”).

The Issuer and the Institution, a duly organized and validly existing New York not-for-profit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), which is exempt from federal income taxation pursuant to Section 501(a) of the Code, have entered into that certain Loan Agreement, dated as of January 1, 2020 (the “Loan Agreement”), providing, among other things, for the financing of the Project and the loan of the proceeds of the Series 2020 Bonds to the Institution. The obligation of the Institution to repay the loan will be evidenced by that certain Promissory Note, dated the date hereof, from the Institution to the Issuer and endorsed by the Issuer to the Trustee (collectively, the “Promissory Note”). The Series 2020 Bonds are also secured by mortgage

liens on and a security interest in the Institution's interest in the Mortgaged Property (as defined in the Mortgage defined below) pursuant to that certain Mortgage and Security Agreement (Acquisition Loan), that certain Mortgage and Security Agreement (Building Loan) and that certain Mortgage and Security Agreement (Indirect Loan), each dated as of January 1, 2020 (collectively, the "Mortgage"), from the Institution, as mortgagor, to the Trustee, as mortgagee.

The Code establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Series 2020 Bonds for interest on the Series 2020 Bonds to be and remain not includable in gross income of the owners thereof under Section 103 of the Code. Included among the continuing requirements of the Code are the maintenance of the status of the Institution as an organization described in Section 501(c)(3) of the Code, certain restrictions and prohibitions on the use of bond proceeds and the use of the bond-financed portion of the Facility, restrictions on the investment of such proceeds and other amounts, and the rebate to the United States of certain earnings in respect of investments. Failure to comply with these continuing requirements may cause the interest on the Series 2020 Bonds to be includable in gross income for federal income tax purposes (and to be includable in taxable income for purposes of New York State, The City of New York, and City of Yonkers personal income taxes) retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs. In connection with the issuance of the Series 2020 Bonds, the Issuer and the Institution have executed that certain Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 (together with all exhibits and other attachments thereto), dated as of the date hereof (the "Tax Certificate"). In the Indenture, the Loan Agreement, the Tax Certificate, and accompanying documents, exhibits, and certificates, the Issuer and the Institution have covenanted to comply with certain procedures, and they have made certain representations and certifications, designed to assure compliance with the requirements of the Code. The opinion set forth herein regarding federal and state income tax matters assumes continuing compliance with such covenants, and the accuracy, in all material aspects, of such representations and certifications.

Certain requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Certificate and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally-recognized bond counsel. Katten Muchin Rosenman LLP expresses no opinion as to the effect on the exclusion from gross income for federal tax purposes, and as to the effect on the non-inclusion in taxable income for purposes of personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York and the City of Yonkers), of interest on the Series 2020 Bonds of any such change occurring, or such action or other action taken or not taken, after the date of issue of the Series 2020 Bonds, upon the advice or approval of bond counsel other than Katten Muchin Rosenman LLP.

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 Series 2020 Bonds have 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 Note and pledged under the Indenture. The Series 2020 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 Series 2020 Bonds have been fulfilled.

4. Under existing statutes, regulations, rulings and court decisions, interest on the Series 2020 Bonds is not includable in gross income for federal income tax purposes, assuming continuing compliance by the Issuer and the Institution (and their successors) with the covenants and the accuracy of the representations referenced above. Interest on the Series 2020 Bonds is not an “item of tax preference” for purposes of the federal alternative minimum tax.

In rendering this opinion, we have relied on the opinion of The Law Offices of Jeffrey E. Storch, special counsel to the Institution, regarding, among other matters, the current qualification of the Institution as an organization described in Section 501(c)(3) of the Code. We note that the opinion of special counsel to the Institution is subject to a number of qualifications and limitations. Failure of the Institution to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of the status of the Institution as an organization described in Section 501(c)(3) of the Code, or the failure of the Institution to use the proceeds of the Series 2020 Bonds in furtherance of exempt purposes may result in interest on the Series 2020 Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Series 2020 Bonds.

5. Under existing statutes, regulations, rulings and court decisions, interest on the Series 2020 Bonds is not included in taxable income for purposes of personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York and the City of Yonkers), assuming continuing compliance by the Issuer, the Institution (and its successors) with the covenants and the accuracy of the representations referenced in paragraph 4 above.

Except as stated in paragraphs 4 and 5 above, we express no opinion regarding any other federal tax consequences of the ownership or disposition of the Series 2020 Bonds.

In rendering the opinions in paragraphs 4 and 5 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 Tax Certificate delivered on the date hereof by the Issuer and the Institution with respect to the use of proceeds of the Series 2020 Bonds, the use of the Facility and the investment of certain funds, and other matters affecting the exclusion of interest on the Series 2020 Bonds from gross income for federal income tax purposes under Section 103 of the Code, (ii) relied upon the opinion of The Law Offices of Jeffrey E. Storch, special counsel to the Institution, dated the date hereof, and (iii) relied upon and assumed compliance by the Issuer and the Institution with procedures and ongoing covenants set forth in the Tax Certificate 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 Series 2020 Bonds to be included in gross income for federal income tax purposes, retroactive to the date of issuance of the Series 2020 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 or the Institution take or refrain from taking certain actions.

We have examined one of the Series 2020 Bonds in fully registered form and, in our opinion, the form of said Series 2020 Bond is regular and proper.

The foregoing opinions are qualified only to the extent that the enforceability of the Series 2020 Bonds, the Indenture, Loan Agreement, the Promissory Note, the Mortgage and the Tax Certificate may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and by application of general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

In rendering this opinion, we express no opinion with respect to the due recording of the Mortgage or the Indenture and the due filing and sufficiency of the related financing statements under the New York State Uniform Commercial Code. We understand that you have received the opinion of The Law Offices of Jeffrey E. Storch, special counsel to the Institution, dated the date hereof.

In rendering this opinion, we are not passing upon any matters relating to title to the Facility. We understand that you have received a title insurance policy insuring the Trustee's interest under the Mortgage.

In rendering this opinion, with respect to (i) the due authorization, execution and delivery of the Loan Agreement, the Promissory Note, the Mortgage and the Tax Certificate by the Institution and, (ii) the current qualification of the Institution as organizations described in Section 501(c)(3) of the Code, we have relied upon the opinion of The Law Offices of Jeffrey E. Storch, special counsel to the Institution, dated the date hereof.

In rendering this opinion, with respect to the due authorization, execution and delivery of the Indenture by the Trustee, 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 Institution 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 of the Series 2020 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 application or effect of any environmental laws, ordinances, rules, regulations or other requirements of any governmental authority with respect to the Facility 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 undertake no responsibility for the accuracy, completeness or fairness of any offering materials relating to the Series 2020 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,

