Supplement dated February 8, 2021

Limited Offering Memorandum dated January 14, 2021 relating to:

BUILD NYC RESOURCE CORPORATION

\$40,970,000 TAX-EXEMPT REVENUE BONDS (FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC. PROJECT), SERIES 2021A \$835,000
TAXABLE REVENUE BONDS
(FRIENDS OF HELLENIC CLASSICAL
CHARTER SCHOOLS, INC. PROJECT),
SERIES 2021B

The New York State Not-for-Profit Corporation Law requires that the Staten Island Church obtain prior approval (the "AG Approval") of the Charities Bureau of the New York State Attorney General's Office (the "Charities Bureau") for the Staten Island Ground Lease between the Staten Island Church and the School. In order to receive AG Approval, an appraisal must be submitted to the Charities Bureau that complies, in form, with the requirements of the Charities Bureau. Unknown to the Issuer, the School, the Institution and the Underwriter, the appraisal submitted did not comply with the Charities Bureau's requirements. A new appraisal is expected to be provided to the Charities Bureau early during the week of February 8, 2021. To provide sufficient time for review and approval by the Charities Bureau, the expected delivery date of the Series 2021 Bonds was moved to February 26, 2021.

The purpose of this Supplement is to amend certain information contained in the above-referenced Limited Offering Memorandum. This Supplement should be read in conjunction with the Limited Offering Memorandum. Terms used in this Supplement have the same meaning as in the Limited Offering Memorandum unless specifically defined otherwise herein.

The Limited Offering Memorandum is hereby amended as follows:

- Any and all references to January 1, 2021, in (a) the Limited Offering Memorandum, (b) Appendix G –
 Form of Indenture, (c) Appendix H Form of Loan Agreement, (d) Appendix I Form of Mortgage, (e)
 Appendix J Form of Bond Counsel Opinion, and (f) Appendix K Form of Continuing Disclosure
 Agreement, are hereby amended to February 1, 2021.
- 2. Any and all references to January 27, 2021 or to the 27th day of January, 2021, in (a) the Limited Offering Memorandum, (b) Appendix G Form of Indenture, (c) Appendix H Form of Loan Agreement, (d) Appendix I Form of Mortgage, (e) Appendix J Form of Bond Counsel Opinion, (f) Appendix K Form of Continuing Disclosure Agreement, (g) Appendix L-1 Form of Park Slope Sublease, and (h) Appendix L-2 Form of Staten Island Sublease, are hereby amended to February 26, 2021 or to the 26th day of February, 2021, as applicable.
- 3. The second sentence under the "UNDERWRITING" section of the Limited Offering Memorandum shall be amended as follows: "The Underwriter has agreed to purchase the Series 2021 Bonds, for a purchase price of \$43,617,443.70, which amount represents the principal amount of the Series 2021 Bonds (\$41,805,000.00), less the Underwriter's discount of \$689,782.20, plus an original issue premium of \$2,502,225.90."

4. The "MATURITY SCHEDULE", located after the Staten Island Facility renderings in the Limited Offering Memorandum, is hereby amended to read in its entirety as follows:

\$40,970,000 TAX-EXEMPT REVENUE BONDS (FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC. PROJECT), SERIES 2021A

\$3,470,000 4.000% Series 2021A Term Bond due December 1, 2031 Price of 103.512% to Yield 3.530% CUSIP: 12008E QY5*+
\$10,485,000 5.000% Series 2021A Term Bond due December 1, 2041 Price of 107.325% to Yield 4.000% CUSIP: 12008E QZ2*+
\$17,290,000 5.000% Series 2021A Term Bond due December 1, 2051 Price of 106.185% to Yield 4.150% CUSIP: 12008E RA6*+
\$9,725,000 5.000% Series 2021A Term Bond due December 1, 2055 Price of 105.583% to Yield 4.230% CUSIP: 12008E RB4*+

\$835,000 TAXABLE REVENUE BONDS (FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC. PROJECT), SERIES 2021B

\$835,000 5.375% Series 2021B Term Bond due December 1, 2027 Price of 100.000% to Yield 5.375% CUSIP: 12008E RC2*

⁺ Priced at the stated yield to the December 1, 2029 optional redemption date at a redemption price of 100%.

^{*} CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Series 2021 Bonds and none of the Issuer, the Underwriter or the Institution makes any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

5. The "SOURCES AND USES OF FUNDS" chart, on page 9 of the Limited Offering Memorandum, is hereby amended to read in its entirety as follows:

Sources	Tax-Exempt	Taxable	Total
Par Amount of Series 2021 Bonds	\$40,970,000.00	\$835,000.00	\$41,805,000.00
Original Issue Premium	2,502,225.90	-	2,502,225.90
Equity Contribution	1,500.00	-	1,500.00
Total Sources	\$43,473,725.90	\$835,000.00	\$44,308,725.90
Uses			
Project Fund Deposits:			
Leasehold Improvements at Park Slope Facility	\$2,000,000.00	-	\$2,000,000.00
Refinancing of Park Slope Facility Loan	6,975,945.00	-	6,975,945.00
Project Cost of Staten Island Facility	28,599,909.43	\$5,207.79	28,605,117.22
	\$37,575,854.43	\$5,207.79	\$37,581,062.22
Other Fund Deposits:			
Capitalized Interest Fund	\$2,230,366.11	\$60,340.37	\$2,290,706.48
Debt Service Reserve Fund	2,686,900.00	83,500.00	2,770,400.00
	\$4,917,266.11	\$143,840.37	\$5,061,106.48
Delivery Date Expenses:			
Costs of Issuance	\$980,605.36	\$685,951.84	\$1,666,557.20
Total Uses	\$43,473,725.90	\$835,000.00	\$44,308,725.90

6. The "DEBT SERVICE SCHEDULE" chart, on page 10 of the Limited Offering Memorandum, is hereby amended to read in its entirety as follows:

Year Ending			
<u>December 1</u>	<u>Principal</u>	Interest	Annual Total
2021		\$1,572,603.74	\$1,572,603.74
2022		2,058,681.26	2,058,681.26
2023		2,058,681.26	2,058,681.26
2024		2,058,681.26	2,058,681.26
2025		2,058,681.26	2,058,681.26
2026	\$640,000	2,058,681.26	2,698,681.26
2027	670,000	2,024,281.26	2,694,281.26
2028	705,000	1,994,800.00	2,699,800.00
2029	735,000	1,966,600.00	2,701,600.00
2030	760,000	1,937,200.00	2,697,200.00
2031	795,000	1,906,800.00	2,701,800.00
2032	830,000	1,875,000.00	2,705,000.00
2033	875,000	1,833,500.00	2,708,500.00
2034	915,000	1,789,750.00	2,704,750.00
2035	960,000	1,744,000.00	2,704,000.00
2036	1,015,000	1,696,000.00	2,711,000.00
2037	1,065,000	1,645,250.00	2,710,250.00
2038	1,115,000	1,592,000.00	2,707,000.00
2039	1,175,000	1,536,250.00	2,711,250.00
2040	1,235,000	1,477,500.00	2,712,500.00
2041	1,300,000	1,415,750.00	2,715,750.00
2042	1,365,000	1,350,750.00	2,715,750.00
2043	1,440,000	1,282,500.00	2,722,500.00
2044	1,505,000	1,210,500.00	2,715,500.00
2045	1,585,000	1,135,250.00	2,720,250.00
2046	1,670,000	1,056,000.00	2,726,000.00
2047	1,755,000	972,500.00	2,727,500.00
2048	1,845,000	884,750.00	2,729,750.00
2049	1,940,000	792,500.00	2,732,500.00
2050	2,040,000	695,500.00	2,735,500.00
2051	2,145,000	593,500.00	2,738,500.00
2052	2,250,000	486,250.00	2,736,250.00
2053	2,370,000	373,750.00	2,743,750.00
2054	2,490,000	255,250.00	2,745,250.00
2055	2,615,000	130,750.00	2,745,750.00

7. The "APPLICATION OF BOND PROCEEDS", as ARTICLE IV of Appendix G – Form of Indenture, is hereby amended to read in its entirety as follows:

APPLICATION OF BOND PROCEEDS

- **Section 4.01.** <u>Application of Proceeds of Initial Bonds</u>. Upon the receipt by the Trustee of the original proceeds of the sale and delivery of the Initial Bonds, together with the \$1,500.00 of equity contributed by the Institution, the Trustee shall apply such proceeds as follows:
 - (i) \$2,686,900.00, being an amount equal to the Debt Service Reserve Fund Requirement with respect to the Series 2021A Bonds, shall be deposited in the Series 2021A Bonds Debt Service Reserve Account of the Debt Service Reserve Fund;
 - (ii) \$83,500.00, being an amount equal to the Debt Service Reserve Fund Requirement with respect to the Series 2021B Bonds, shall be deposited in the Series 2021B Bonds Debt Service Reserve Account of the Debt Service Reserve Fund;
 - (iii) \$2,230,366.11 shall be deposited to the Series 2021A Bonds Capitalized Interest Account of the Project Fund;
 - (iv) \$60,340.37 shall be deposited to the Series 2021B Bonds Capitalized Interest Account of the Project Fund;
 - (v) \$37,878,955.09, shall be deposited in the Tax-Exempt Bonds Account of the Project Fund, \$189,925.33 of which shall be deposited in the Costs of Issuance Subaccount of such Tax-Exempt Bonds Account;
 - (vi) \$1,500.00 of equity contributed by the Institution shall be deposited in the Tax-Exempt Bonds Account of the Project Fund; and
 - (vii) \$677,382.13, shall be deposited in the Taxable Bonds Account of the Project Fund.

8. The "SERIES 2021A BONDS CAPITALIZED INTEREST SCHEDULE", as EXHIBIT F-1 of Appendix G – Form of Indenture, is hereby amended to read in its entirety as follows:

SERIES 2021A BONDS CAPITALIZED INTEREST SCHEDULE

NET DEBT SERVICE

Hellenic Classical Revenue Bonds Series 2021A - Tax-Exempt

Date	Principal	Coupon	Interest	Total Debt Service	Capitalized Interest Fund	Debt Service Reserve Fund	Net Debt Service	Annua Net D/S
06/01/2021			531,419,44	531,419,44	437,778,47		93.640.97	
06/30/2021			551,415.44	551,715.77	401,110.41		55,575.51	93,640.97
12/01/2021			1,006,900.00	1,006,900.00	829,475.00		177,425.00	
06/01/2022			1,006,900.00	1,006,900.00	829,475.00		177,425.00	
06/30/2022								354,850.0
12/01/2022			1,006,900.00	1,006,900.00	133,637.64		873,262.36	
06/01/2023			1,006,900.00	1,006,900.00			1,006,900.00	
06/30/2023								1,880,162.3
12/01/2023			1,006,900.00	1,006,900.00			1,006,900.00	
06/01/2024			1,006,900.00	1,006,900.00			1,006,900.00	
06/30/2024								2,013,800.0
12/01/2024			1,006,900.00	1,006,900.00			1,006,900.00	
06/01/2025			1,006,900.00	1,006,900.00			1,006,900.00	
06/30/2025								2,013,800.0
12/01/2025			1,006,900.00	1,006,900.00			1,006,900.00	
06/01/2026			1,006,900.00	1,006,900.00			1,006,900.00	
06/30/2026								2,013,800.0
12/01/2026			1,006,900.00	1,006,900.00			1,006,900.00	
06/01/2027			1,006,900.00	1,006,900.00			1,006,900.00	
06/30/2027								2,013,800.0
12/01/2027	475,000	4.000%	1,006,900.00	1,481,900.00			1,481,900.00	
06/01/2028			997,400.00	997,400.00			997,400.00	
06/30/2028								2,479,300.0
12/01/2028	705,000	4.000%	997,400.00	1,702,400.00			1,702,400.00	
06/01/2029			983,300.00	983,300.00			983,300.00	
06/30/2029								2,685,700.0
12/01/2029	735,000	4.000%	983,300.00	1,718,300.00			1,718,300.00	
06/01/2030			968,600.00	968,600.00			968,600.00	
06/30/2030								2,686,900.0
12/01/2030	760,000	4.000%	968,600.00	1,728,600.00			1,728,600.00	
06/01/2031			953,400.00	953,400.00			953,400.00	
06/30/2031								2,682,000.0
12/01/2031	795,000	4.000%	953,400.00	1,748,400.00			1,748,400.00	
06/01/2032			937,500.00	937,500.00			937,500.00	
06/30/2032								2,685,900.0
12/01/2032	830,000	5.000%	937,500.00	1,767,500.00			1,767,500.00	
06/01/2033			916,750.00	916,750.00			916,750.00	
06/30/2033								2,684,250.0
12/01/2033	875,000	5.000%	916,750.00	1,791,750.00			1,791,750.00	
06/01/2034			894,875.00	894,875.00			894,875.00	
06/30/2034								2,686,625.0
12/01/2034	915,000	5.000%	894,875.00	1,809,875.00			1,809,875.00	
06/01/2035			872,000.00	872,000.00			872,000.00	
06/30/2035								2,681,875.0
12/01/2035	960,000	5.000%	872,000.00	1,832,000.00			1,832,000.00	
06/01/2036			848,000.00	848,000.00			848,000.00	
06/30/2036								2,680,000.0
12/01/2036	1,015,000	5.000%	848,000.00	1,863,000.00			1,863,000.00	
06/01/2037			822,625.00	822,625.00			822,625.00	
06/30/2037	4 007 000			4 000 000 00			4 000	2,685,625.0
12/01/2037	1,065,000	5.000%	822,625.00	1,887,625.00			1,887,625.00	
06/01/2038			796,000.00	796,000.00			796,000.00	
06/30/2038								2,683,625.0
12/01/2038	1,115,000	5.000%	796,000.00	1,911,000.00			1,911,000.00	
06/01/2039			768,125.00	768,125.00			768,125.00	0.070 105
06/30/2039	4 475 000	E 00000	700 105 05	4 0 4 0 4 0 = 0 0			4 0 40 - 00 - 00	2,679,125.0
12/01/2039	1,175,000	5.000%	768,125.00	1,943,125.00			1,943,125.00	
06/01/2040			738,750.00	738,750.00			738,750.00	0.004.055.5
06/30/2040	4 005 000	E 0000/	700 750 00	4 070 750 00			4 070 750 00	2,681,875.0
12/01/2040	1,235,000	5.000%	738,750.00	1,973,750.00			1,973,750.00	
06/01/2041			707,875.00	707,875.00			707,875.00	0.004.005.0
06/30/2041	4 202 222	E 0000/	707 075 00	0.007.075.05			0.007.075.05	2,681,625.0
12/01/2041	1,300,000	5.000%	707,875.00	2,007,875.00			2,007,875.00	
06/01/2042			675,375.00	675,375.00			675,375.00	0.000.055
06/30/2042	4 005 000	E 0000/	075 075 00	0.040.075.00			0.040.075.00	2,683,250.0
12/01/2042	1,365,000	5.000%	675,375.00	2,040,375.00			2,040,375.00	
06/01/2043			641,250.00	641,250.00			641,250.00	0.004.005.0
06/30/2043	4 440 000	E 0.2224	044 000 00	0.004.000.00			0.004.000.07	2,681,625.0
12/01/2043	1,440,000	5.000%	641,250.00	2,081,250.00			2,081,250.00	
06/01/2044			605,250.00	605,250.00			605,250.00	0.000 500 0
06/30/2044	4 505 555	E 02224		0.440.000.00			0.440.000.00	2,686,500.0
12/01/2044	1,505,000	5.000%	605,250.00	2,110,250.00			2,110,250.00	
06/01/2045			567,625.00	567,625.00			567,625.00	
06/30/2045								2,677,875.0

NET DEBT SERVICE

Hellenic Classical Revenue Bonds Series 2021A - Tax-Exempt

Annual Net D/S	Net Debt Service	Debt Service Reserve Fund	Capitalized Interest Fund	Total Debt Service	Interest	Coupon	Principal	Date
	2,152,625.00			2,152,625.00	567,625.00	5.000%	1,585,000	12/01/2045
	528,000.00			528,000.00	528,000.00			06/01/2046
2,680,625.00								06/30/2046
	2,198,000.00			2,198,000.00	528,000.00	5.000%	1,670,000	12/01/2046
	486,250.00			486,250.00	486,250.00			06/01/2047
2,684,250.00								06/30/2047
	2,241,250.00			2,241,250.00	486,250.00	5.000%	1,755,000	12/01/2047
	442,375.00			442,375.00	442,375.00			06/01/2048
2,683,625.00								06/30/2048
	2,287,375.00			2,287,375.00	442,375.00	5.000%	1,845,000	12/01/2048
	396,250.00			396,250.00	396,250.00			06/01/2049
2,683,625.00								06/30/2049
	2,336,250.00			2,336,250.00	396,250.00	5.000%	1,940,000	12/01/2049
	347,750.00			347,750.00	347,750.00			06/01/2050
2,684,000.00								06/30/2050
	2,387,750.00			2,387,750.00	347,750.00	5.000%	2,040,000	12/01/2050
	296,750.00			296,750.00	296,750.00			06/01/2051
2,684,500.00								06/30/2051
	2,441,750.00			2,441,750.00	296,750.00	5.000%	2,145,000	12/01/2051
	243,125.00			243,125.00	243,125.00			06/01/2052
2,684,875.00	.,				.,			06/30/2052
	2,493,125.00			2,493,125.00	243,125.00	5.000%	2,250,000	12/01/2052
	186,875.00			186,875.00	186,875.00			06/01/2053
2,680,000.00								06/30/2053
,,	2,556,875,00			2.556.875.00	186.875.00	5.000%	2.370.000	12/01/2053
	127,625.00			127,625.00	127,625.00			06/01/2054
2,684,500.00								06/30/2054
	2,617,625.00			2,617,625.00	127,625.00	5.000%	2,490,000	12/01/2054
	65,375.00			65,375.00	65,375,00		, ,	06/01/2055
2,683,000.00	,							06/30/2055
,,	(6,525.00)	2,686,900		2,680,375.00	65,375.00	5.000%	2,615,000	12/01/2055
(6,525.00)	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,							06/30/2056
85,304,003.33	85,304,003.33	2,686,900	2,230,366.11	90,221,269.44	49,251,269.44		40,970,000	

9. The "SERIES 2021B BONDS CAPITALIZED INTEREST SCHEDULE", as EXHIBIT F-2 of Appendix G – Form of Indenture, is hereby amended to read in its entirety as follows:

SERIES 2021B BONDS CAPITALIZED INTEREST SCHEDULE

NET DEBT SERVICE

Hellenic Classical Revenue Bonds Series 2021B - Taxable

Date	Principal	Coupon	Interest	Total Debt Service	Capitalized Interest Fund	Debt Service Reserve Fund	Net Debt Service	Annual Net D/S
06/01/2021			11,843.67	11,843.67	11,843.67			
12/01/2021			22,440.63	22,440.63	22,440.63			
06/01/2022			22,440.63	22,440.63	22,440.63			
12/01/2022			22,440.63	22,440.63	3,615.44		18,825.19	18,825.19
06/01/2023			22,440.63	22,440.63			22,440.63	
12/01/2023			22,440.63	22,440.63			22,440.63	44,881.26
06/01/2024			22,440.63	22,440.63			22,440.63	
12/01/2024			22,440.63	22,440.63			22,440.63	44,881.26
06/01/2025			22,440.63	22,440.63			22,440.63	
12/01/2025			22,440,63	22,440.63			22,440.63	44,881,26
06/01/2026			22,440.63	22,440.63			22,440.63	
12/01/2026	640,000	5.375%	22,440.63	662,440.63			662,440.63	684,881.26
06/01/2027			5,240.63	5,240.63			5,240.63	
12/01/2027	195,000	5.375%	5,240.63	200,240.63		83,500	116,740.63	121,981.26
	835,000		269,171.86	1,104,171.86	60,340.37	83,500	960,331.49	960,331.49

- 10. The defined term for "Estimated Project Cost", in Appendix H Form of Loan Agreement, is hereby amended as follows: "Estimated Project Cost shall mean \$41,805,000 consisting of (i) \$9,670,000 for the Park Slope Project and (ii) \$32,135,000 for the Staten Island Project."
- 11. The "PROJECT COST BUDGET" chart, as EXHIBIT E of Appendix H Form of Loan Agreement, is hereby amended to read in its entirety as follows:

PROJECT COST BUDGET

	Bond Proceeds-PS	Bond Proceeds-SI	Funds of Institution*	<u>Total</u>
Land and Building Acquisition	\$7,670,000 (which includes closing costs and fees	-	-	\$7,670,000
Renovation/Building				
Improvements	\$1,510,000	\$27,406,883	-	\$28,916,883
Equipment	See note below	See note below	-	
Fees	See note above	See note below	-	
Other Soft Costs	\$490,000 (including equipment)	\$4,728,117 (including fees and equipment)	-	\$5,218,117
Total	\$9,670,000 TOTAL	\$32,135,000 TOTAL	-	\$41,805,000

In the opinion of Katten Muchin Rosenman LLP, Bond Counsel, based on existing statutes, regulations, rulings and court decisions, interest on the Series 2021A 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 further opinion of Bond Counsel, interest on the Series 2021A Bonds is not an "item of tax preference" for purposes of the federal alternative minimum tax. Interest on the Series 2021B Bonds is not excludable from the gross income of owners thereof for federal income tax purposes. See "TAX MATTERS" herein.



BUILD NYC RESOURCE CORPORATION

\$40,970,000

\$835,000

TAX-EXEMPT REVENUE BONDS SCHOOLS, INC. PROJECT), SERIES 2021A

TAXABLE REVENUE BONDS (FRIENDS OF HELLENIC CLASSICAL CHARTER (FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC. PROJECT), SERIES 2021B

Dated: Date of Issuance

Due: December 1, as shown on the inside front cover

The above-referenced Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A (the "Series 2021A Bonds") and Taxable Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021B (the "Series 2021B Bonds" and, together with the Series 2021A Bonds, the "Series 2021 Bonds") are special limited revenue obligations of Build NYC Resource Corporation (the "Issuer") payable exclusively from the Trust Estate as described in this Limited Offering Memorandum. Undefined capitalized terms on this cover are defined in the text hereof or in APPENDIX G, APPENDIX H or APPENDIX I of this Limited Offering Memorandum.

The Series 2021 Bonds are special limited revenue obligations of the Issuer, payable as to principal, Redemption Price and interest, from and secured by (i) certain unconditional payments to be made by the Institution (as defined herein) pursuant to the Loan Agreement, dated as of January 1, 2021 (the "Loan Agreement"), between Friends of Hellenic Classical Charter Schools, Inc., a New York not-forprofit corporation (the "Institution"), Hellenic Classical Charter Schools (the "School"), and the Issuer, (ii) a pledge of certain funds and accounts established under the Indenture of Trust, dated as of January 1, 2021 (the "Indenture"), between the Issuer and The Bank of New York Mellon, New York, New York, as trustee (the "Trustee"), and (iii) mortgage liens on and security interests in the Mortgaged Property (as defined herein), including the Facility (as defined herein). Neither the State of New York (the "State") nor any political subdivision thereof, including The City of New York, New York (the "City"), shall be obligated to pay the principal or Redemption Price of, or the interest on, the Series 2021 Bonds. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, including the City, is pledged to the payment of the Series 2021 Bonds. The Series 2021 Bonds will not be payable out of any funds of the Issuer other than those pledged therefor pursuant to the Indenture. The Series 2021 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 of, or the interest on, the Series 2021 Bonds against any member, officer, director, employee or agent of the Issuer. The Issuer has no taxing power.

The Series 2021 Bonds will be issued by the Issuer pursuant to the Indenture. The Series 2021 Bonds will be payable from (i) amounts held by the Trustee under the Indenture; and (ii) loan payments to be made by the Institution under the Loan Agreement and the Promissory Note. The Series 2021 Bonds will be additionally secured by the Mortgage (as defined herein) and a pledge of certain funds and accounts held under the Indenture. The Institution will enter into subleases, dated as of the Closing Date (as defined herein) (the "Sublease"), with the School whereby the School will lease the Facility from the Institution. Rent payable to the Institution under the Sublease will be in amounts sufficient to pay loan payments under the Loan Agreement. See "THE PROJECT AND PLAN OF FINANCE" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS" in this Limited Offering

Proceeds derived from the sale of the Series 2021 Bonds will be used by the Institution, along with other available funds, for the purposes of: (i) refinancing a loan incurred by the School to finance leasehold improvements to a four-story, approximately 46,000 square foot building located on a 23,244 square foot parcel of land at 646 Fifth Avenue Brooklyn, New York 11215 (the "Park Slope Facility"), (ii) paying all or a portion of the cost of the construction, furnishing, and equipping of additional leasehold improvements to the Park Slope Facility, (iii) financing the construction, furnishing, and equipping of a four-story, approximately 48,000 square foot building located on an approximately 100,000 square foot parcel of leased land at 1641 Richmond Avenue, Staten Island, New York 10314 (the "Staten Island Facility" and, together with the Park Slope Facility, the "Facility"), and (iv) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Series 2021 Bonds. See "THE PROJECT AND PLAN OF FINANCE" and "THE SERIES 2021 BONDS" in this Limited Offering Memorandum.

Interest on the Series 2021 Bonds will be payable on June 1 and December 1 of each year, commencing June 1, 2021. The Series 2021 Bonds will be issued as fully registered bonds in the minimum authorized denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of the Series 2021 Bonds will be made in book-entry form only. Purchasers of beneficial interests will not receive physical certificates. The Series 2021 Bonds are subject to redemption as described in this Limited Offering Memorandum. See "THE SERIES 2021 BONDS" in this Limited Offering Memorandum. An investment in the Series 2021 Bonds is subject to certain risks. See "RISK FACTORS" in this Limited Offering Memorandum. Investors must read the entire Limited Offering Memorandum, including the Appendices hereto.

Investment in the Series 2021 Bonds involves a significant degree of risk and is speculative in nature as described under "RISK FACTORS" herein and under other sections of this Limited Offering Memorandum.

THE SERIES 2021 BONDS MAY BE PURCHASED ONLY BY "QUALIFIED INSTITUTIONAL BUYERS" OR "ACCREDITED INVESTORS" AS SUCH TERMS ARE DEFINED HEREIN. SEE "INVESTOR SUITABILITY STANDARDS" IN THIS LIMITED OFFERING MEMORANDUM.

SEE THE INSIDE FRONT COVER FOR THE MATURITY SCHEDULE FOR THE SERIES 2021 BONDS

The Series 2021 Bonds are offered, subject to prior sale, when, as and if accepted by RBC Capital Markets, LLC (the "Underwriter") and subject to an opinion as to the validity of the Series 2021 Bonds and the tax-exempt status of the Series 2021A Bonds by Katten Muchin Rosenman LLP, New York, New York, Bond Counsel to the Issuer, and to the approval of certain legal matters for the Issuer by its General Counsel, for the Institution and the School by its special counsel, Windels Marx Lane & Mittendorf, LLP, New York, New York, and for the Underwriter by its co-counsel, Marous Law Group, P.C., New York, New York and Barclay Damon LLP, Albany, New York, and certain other conditions. It is expected that delivery of the Series 2021 Bonds will be made on or about January 27, 2021 through the facilities of DTC.



Park Slope Facility - Existing Facility



Staten Island Facility - Rendering of Facility as Completed









MATURITY SCHEDULE

BUILD NYC RESOURCE CORPORATION

\$40,970,000 TAX-EXEMPT REVENUE BONDS (FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC. PROJECT), SERIES 2021A

\$3,470,000 4.000% Series 2021A Term Bond due December 1, 2031 Price of 103.540% to Yield 3.530% CUSIP: 12008E QY5*+
\$10,485,000 5.000% Series 2021A Term Bond due December 1, 2041 Price of 107.382% to Yield 4.000% CUSIP: 12008E QZ2*+
\$17,290,000 5.000% Series 2021A Term Bond due December 1, 2051 Price of 106.233% to Yield 4.150% CUSIP: 12008E RA6*+
\$9,725,000 5.000% Series 2021A Term Bond due December 1, 2055 Price of 105.626% to Yield 4.230% CUSIP: 12008E RB4*+

\$835,000 TAXABLE REVENUE BONDS (FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC. PROJECT), SERIES 2021B

\$835,000 5.375% Series 2021B Term Bond due December 1, 2027 Price of 100.000% to Yield 5.375% CUSIP: 12008E RC2*

⁺ Priced at the stated yield to the December 1, 2029 optional redemption date at a redemption price of 100%.

^{*} CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Series 2021 Bonds and none of the Issuer, the Underwriter or the Institution makes any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.



No person has been authorized by the Issuer, the Underwriter, the Institution or the School to give any information regarding the Series 2021 Bonds, the Institution, the School, the Project, the offering contained herein and related matters or to make any representations other than those contained in this Limited Offering Memorandum and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy in any state in which it is unlawful for any person to make such offer or solicitation. The information contained in this Limited Offering Memorandum has been furnished by or on behalf of the Issuer, the Institution and the School and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

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

Neither the Issuer nor any of its members, agents, employees or representatives has reviewed this Limited Offering Memorandum or investigated the statements or representations contained herein, except for those statements relating to the Issuer set forth under the captions "THE ISSUER" and "LITIGATION - The Issuer." Except with respect to the information contained under such captions, neither the Issuer nor any of its members, agents, employees or representatives makes any representation as to the completeness, sufficiency and truthfulness of the statements set forth in this Limited Offering Memorandum. Members of the governing body of the Issuer and any other person executing the Series 2021 Bonds are not subject to personal liability by reason of the issuance of the Series 2021 Bonds. Other than the information under the caption "THE ISSUER" and "LITIGATION - The Issuer," the Issuer assumes no responsibility for this Limited Offering Memorandum and has not reviewed or undertaken to verify any information contained herein.

References in this Limited Offering Memorandum to State law, the Series 2021 Bonds, the Indenture, the Loan Agreement, the Account Control Agreement, the Depositary Agreement, the Covenant Agreement, the Mortgage, the Continuing Disclosure Agreement, and other documents do not purport to be complete. Potential investors should refer to such statutes and documents for full and complete details of their provisions. Copies of such documents are on file with the Trustee and the Institution.

The Chancellor of the City School District of the City of New York (the "Chancellor") has not participated in the preparation of this Limited Offering Memorandum or any other disclosure documents relating to the Series 2021 Bonds. The Chancellor does not assume any responsibility as to the accuracy or completeness of any information contained in this Limited Offering Memorandum or any other such disclosure documents.

THE SERIES 2021 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2021 BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH SERIES 2021 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2021 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS OR TO THE PROJECTIONS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS OR FORECASTS ARE BASED, OCCUR.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS LIMITED OFFERING MEMORANDUM, INCLUDING THE APPENDICES HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS LIMITED OFFERING MEMORANDUM, INCLUDING THE APPENDICES HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE SERIES 2021 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE LIMITED OFFERING MEMORANDUM.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE SCHOOL AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2021 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SERIES 2021 BONDS ARE TO BE PURCHASED FOR INVESTMENT ONLY. THE SERIES 2021 BONDS MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED DIRECTLY OR INDIRECTLY EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS OR ACCREDITED INVESTORS. FOR CERTAIN RESTRICTIONS ON RESALE, SEE "TRANSFER RESTRICTIONS" HEREIN. THE SERIES 2021 BONDS WILL NOT BE TRANSFERABLE EXCEPT TO HOLDERS THAT ARE QUALIFIED INSTITUTIONAL BUYERS OR ACCREDITED INVESTORS. SEE "TRANSFER RESTRICTIONS" IN THIS LIMITED OFFERING MEMORANDUM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

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SUMMARY INFORMATION

The following is a summary of certain information contained in this Limited Offering Memorandum. The summary is not comprehensive or complete and is qualified in its entirety by reference to the complete Limited Offering Memorandum (including the Appendices hereto). This Limited Offering Memorandum speaks only as of the date shown herein, and the information herein is subject to change. Undefined capitalized terms used below are defined in APPENDIX G, APPENDIX H or APPENDIX I hereto or elsewhere in this Limited Offering Memorandum.

Issuer

Build NYC Resource Corporation (the "Issuer") is a not-forprofit local development corporation created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York (the "NFP Corporation Law"), and is authorized by the NFP Corporation Law to issue the Series 2021 Bonds. See "THE ISSUER" in this Limited Offering Memorandum.

Institution

Friends of Hellenic Classical Charter Schools, Inc. (the "Institution") is a New York not-for-profit corporation formed for the sole purpose of furthering the educational and charitable purposes of Hellenic Classical Charter Schools (the "School"), and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). See "THE INSTITUTION" and "APPENDIX A – HELLENIC CLASSICAL CHARTER SCHOOLS" in this Limited Offering Memorandum.

School

The School is a New York not-for-profit education corporation organized under Article 56 of the New York Education Law, as amended (the "Charter Schools Act"), and an organization described in Section 501(c)(3) of the Code. On May 4, 2020, the Board of Regents of the University of the State of New York, for and on behalf of the New York State Education Department (the "Board of Regents"), approved the merger of Hellenic Classical Charter School (an education corporation authorized by the New York City Department of Education in February 2005), with and into Hellenic Classical Charter School - Staten Island (an education corporation authorized by the Board of Regents in December 2018), with Hellenic Classical Charter School – Staten Island as the surviving education corporation renamed "Hellenic Classical Charter Schools". The School operates under the provisional charter granted to Hellenic Classical Charter School – Staten Island dated December 11, 2018. The School's current charter term is currently in effect through June 30, 2024. See "THE SCHOOL" and "APPENDIX A – HELLENIC CLASSICAL CHARTER SCHOOLS" in this Limited Offering Memorandum. See also "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK" and "APPENDIX B - SUMMARY OF

CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW" in this Limited Offering Memorandum.

The Issuer is issuing its Tax-Exempt Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A (the "Series 2021A Bonds"), in the original aggregate principal amount of \$40,970,000 and its Taxable Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021B (the "Series 2021B Bonds" and, together with the Series 2021A Bonds, the "Series 2021 Bonds"), in the original aggregate principal amount of \$835,000 pursuant to an Indenture of Trust, dated as of January 1, 2021 (the "Indenture"), between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee").

The Series 2021 Bonds will be issued in minimum authorized denominations of \$100,000 or any integral multiples of \$5,000 in excess thereof ("Authorized Denominations"). See "THE SERIES 2021 BONDS" in this Limited Offering Memorandum.

The Issuer will loan the proceeds derived from the sale of the Series 2021 Bonds to the Institution pursuant to the terms of a Loan Agreement, dated as of January 1, 2021 (the "Loan Agreement"), between the Issuer and the Institution. Proceeds of the Series 2021 Bonds will be used by the Institution, along with other available funds, for the purposes of: (i) refinancing a loan incurred by the School to finance leasehold improvements to a four-story, approximately 46,000 square foot building located on a 23,244 square foot parcel of land at 646 Fifth Avenue Brooklyn, New York 11215 (the "Park Slope Facility"), which includes or will include approximately 21 classrooms, 14 private rooms for offices or specialized learning, locker areas, a cafeteria, gymnasium, library, administrative offices and serves students from kindergarten through grade eight, (ii) paying all or a portion of the cost of the construction, furnishing, and equipping of additional leasehold improvements to the Park Slope Facility, (iii) financing the construction, furnishing. and equipping of a four-story, approximately 48,000 square foot building located on an approximately 100,000 square foot parcel of leased land at 1641 Richmond Avenue, Staten Island, New York 10314 (the "Staten Island Facility" and, together with the Park Slope Facility, the "Facility"), which is expected to include 24 classrooms, 17 private rooms for offices or specialized learning, locker areas, a cafeteria, auditorium, library, and administrative offices and serve students from kindergarten through grade eight and (iv) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Series 2021 Bonds. In accordance with the Letter from the

Series 2021 Bonds

Plan of Finance and Use of Proceeds

School Relating to the Loan Agreement, dated January 27, 2021 (the "School's Letter"), the School assumes certain provisions of the Loan Agreement. See "THE PROJECT AND PLAN OF FINANCE," "SOURCES AND USES OF FUNDS" and "APPENDIX A - HELLENIC CLASSICAL CHARTER SCHOOLS" in this Limited Offering Memorandum.

Security for the Series 2021 Bonds

The Series 2021 Bonds will be secured by and payable from an assignment and pledge of (i) all money held under the Indenture, including the Series 2021 Bond proceeds initially deposited in the Debt Service Reserve Fund, (ii) the interest of the Issuer in the Loan Agreement (except for the Issuer's Reserved Rights), and (iii) loan payments due from the Institution under the Loan Agreement.

The School and the Park Slope Church (as defined herein) have entered into the Park Slope Ground Lease (as defined herein) between the Park Slope Church, as ground lessor, and the School, as ground lessee, pursuant to which the School leases the land upon which the Park Slope Facility is located. The School and the Staten Island Church (as defined herein) have entered into the Staten Island Ground Lease (as defined herein) between the Staten Island Church, as ground lessor, and the School, as ground lessee, pursuant to which the School leases the land upon which it is building the Staten Island Facility. The School and the Institution will enter into (i) an Assignment of Lease and Lease Amendment dated as of the Closing Date related to the Park Slope Facility (the "Park Slope Assignment"), between the School, as assignor, and the Institution, as assignee, pursuant to which the School will assign its interest in the Park Slope Ground Lease to the Institution and (ii) an Assignment and Assumption of Lease Agreement dated as of the Closing Date related to the Staten Island Facility (the "Staten Island Assignment" and, together with the Park Slope Assignment, the "Assignment") pursuant to which the School will assign its interest in the Staten Island Ground Lease to the Institution.

The School also will enter into (i) a Sublease Agreement, dated as of the Closing Date, relating to the Park Slope Facility (the "Park Slope Sublease"), between the Institution and the School, and (ii) a Sublease Agreement, dated as of the Closing Date, relating to the Staten Island Facility (the "Staten Island Sublease" and, together with the Park Slope Sublease, the "Sublease"), between the Institution and the School. The rent payable to the Institution under the Sublease will be in amounts sufficient to pay loan payments under the Loan Agreement.

Pursuant to the terms of the Sublease, the School will pay all rent directly to the Institution's bank account that is subject to the Account Control Agreement (as defined herein). The Charter Schools Act prohibits the School from pledging or assigning Education Aid Payments (as defined herein), and other amounts payable by the New York State Department of Education (the "Department of Education") to the School in connection with the construction, acquisition, reconstruction, rehabilitation, or improvement of a school facility. Pursuant to the terms of an Account Control Agreement, dated as of January 1, 2021 (the "Account Control Agreement"), among the Institution, The Bank of New York Mellon, as depositary bank (the "Depositary Bank"), and The Bank of New York Mellon, as secured party (the "Secured Party"), the Institution will grant a security interest in the Institution's deposit account (the "Deposit Account") to the Secured Party. Under the terms of the Account Control Agreement, upon an Event of Default under the Indenture the Secured Party will have control of and have the right to make withdrawals from such Deposit Account. In the Account Control Agreement, the Institution covenants not to open any additional bank accounts unless such accounts are subject to the Account Control Agreement. Pursuant to the terms of a Depositary Agreement dated as of the date of issuance of the Series 2021 Bonds (the "Depositary Agreement") between the Institution and the Depositary Bank, the Institution will direct the Depositary Bank to transfer each rent payment from the Institution's Deposit Account to the Trustee for deposit into the Revenue Fund under the Indenture (such payment of rent is anticipated to be sufficient to make all payments required under the Loan Agreement).

The Series 2021 Bonds also will be secured by mortgage liens on and security interests in the Institution's leasehold interest in the Mortgaged Property, including the Institution's leasehold interest in the Park Slope Facility pursuant to the Mortgage and Security Agreement (Refinancing Loan), the Mortgage and Security Agreement (Building Loan) and the Mortgage and Security Agreement (Indirect Loan) related to the Park Slope Facility and the Institution's leasehold interest in the Staten Island Facility pursuant to the Mortgage and Security Agreement (Building Loan) and the Mortgage and Security Agreement (Indirect Loan) related to the Staten Island Facility, each dated as of January 1, 2021 (collectively, the "Mortgage"), and each to be executed by the Institution in favor of the Issuer and the Trustee, as assigned by the Issuer to the Trustee under the terms of an Assignment of Mortgage and Security Agreement (Refinancing Loan), an Assignment of Mortgage and Security Agreement (Building Loan) and an Assignment of Mortgage and Security Agreement (Indirect Loan) related to the Park Slope Facility

and an Assignment of Mortgage and Security Agreement (Building Loan) and an Assignment of Mortgage and Security Agreement (Indirect Loan) related to the Staten Island Facility, each dated as of the date of issuance of the Series 2021 Bonds, and each from the Issuer to the Trustee (collectively, the "Assignment of Mortgage").

Pursuant to a Covenant Agreement, dated as of January 1, 2021 (the "Covenant Agreement"), between the School and the Trustee, and acknowledged by the Institution, the School will make certain covenants for the benefit of the Trustee, including that the School will comply with the terms of the Sublease, for the benefit of the holders of the Series 2021 Bonds and any Additional Bonds issued under the Indenture.

There will be established under the Indenture a Debt Service Reserve Fund and, within such Fund, a Series 2021A Bonds Debt Service Reserve Account into which the Trustee shall initially deposit an amount equal to \$2,686,900 (representing the initial "Debt Service Reserve Fund Requirement" for the Series 2021A Bonds), and a Series 2021B Bonds Debt Service Reserve Account into which the Trustee shall initially deposit an amount equal to \$83,500 (representing the initial "Debt Service Reserve Fund Requirement" for the Series 2021B Bonds). Amounts in each account of the Debt Service Reserve Fund may be used by the Trustee only to pay principal, Sinking Fund Installments and interest on the corresponding Series of the Series 2021 Bonds in the event that monies provided in the Bond Fund under the Indenture are not sufficient.

See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS" in this Limited Offering Memorandum.

Special, Limited Obligations

THE SERIES 2021 BONDS ARE SPECIAL LIMITED REVENUE **OBLIGATIONS** OF THE ISSUER, PAYABLE AS TO PRINCIPAL, REDEMPTION PRICE AND INTEREST, SOLELY FROM THE TRUST ESTATE. NEITHER THE STATE OF NEW YORK (THE "STATE") NOR ANY **POLITICAL** SUBDIVISION THEREOF, INCLUDING THE CITY OF NEW YORK, NEW YORK (THE "CITY") SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2021 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2021 BONDS. THE SERIES 2021 BONDS WILL NOT BE PAYABLE OUT

OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2021 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, OR INTEREST ON, THE SERIES 2021 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

Risk Factors

Purchase of the Series 2021 Bonds involves a degree of risk. A prospective purchaser of the Series 2021 Bonds is advised to read this entire Limited Offering Memorandum including the Appendices attached hereto in their entirety, particularly the section entitled "RISK FACTORS" in this Limited Offering Memorandum, for a discussion of certain risk factors, which should be considered in connection with an investment in the Series 2021 Bonds.

Optional Redemption

The Series 2021A Bonds maturing after December 1, 2029 are subject to optional redemption, on or after December 1, 2029, in whole or in part at any time (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 100% of unpaid principal amount of the Series 2021A Bonds to be redeemed, plus accrued interest to the date of redemption. The Series 2021B Bonds are not subject to optional redemption. See "THE SERIES 2021 BONDS – Redemption of Series 2021 Bonds – General Optional Redemption" in this Limited Offering Memorandum.

Mandatory Redemption

The Series 2021 Bonds are also subject to mandatory sinking fund redemption as set forth in this Limited Offering Memorandum. See "THE SERIES 2021 BONDS - Redemption of Series 2021 Bonds – Mandatory Sinking Fund Installment Redemption" in this Limited Offering Memorandum.

Extraordinary Mandatory Redemption

Under certain circumstances, the Series 2021 Bonds are also subject to redemption prior to maturity upon the occurrence of certain events. See "THE SERIES 2021 BONDS – Redemption of Series 2021 Bonds – Mandatory Redemption from Excess Proceeds and Certain Other Amounts", "– Extraordinary 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", and "— Mandatory Taxability Redemption" in this Limited Offering Memorandum.

Purchase in Lieu of Optional Redemption

In lieu of calling the Series 2021 Bonds for optional redemption, the Series 2021 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 Series 2021 Bonds, plus accrued interest to the purchase date, as described in "THE SERIES 2021 BONDS – Redemption of Series 2021 Bonds – *Purchase in Lieu of Optional Redemption*" in this Limited Offering Memorandum.

Exchange and Transfer

While the Series 2021 Bonds remain in book-entry only form, transfer of ownership by Beneficial Owners may be made as described in "THE SERIES 2021 BONDS" and "APPENDIX M – BOOK-ENTRY ONLY SYSTEM" in this Limited Offering Memorandum.

Payment

Interest accrues on the Series 2021 Bonds at the rates set forth on the inside front cover of this Limited Offering Memorandum from their date of issuance and is payable on June 1 and December 1 of each year, commencing June 1, 2021 (or, if any such day is not a Business Day, the immediately succeeding Business Day, each an "Interest Payment Date"). The Series 2021 Bonds mature as set forth on the inside front cover of this Limited Offering Memorandum. Interest on and the principal of the Series 2021 Bonds is payable as described under the heading "THE SERIES 2021 BONDS – Interest; Maturity; Payment" and "THE SERIES 2021 BONDS – Redemption of Series 2021 Bonds – Mandatory Sinking Fund Installment Redemption" in this Limited Offering Memorandum.

Form

The Series 2021 Bonds will be registered under a book-entry system in the name of The Depository Trust Company ("DTC") or its nominees. See "THE SERIES 2021 BONDS" in this Limited Offering Memorandum.

Tax Status

In the opinion of Katten Muchin Rosenman LLP, Bond Counsel to the Issuer ("Bond Counsel"), under existing statutes and court decisions and assuming compliance with certain tax covenants and the accuracy of certain representations described herein, (i) interest on the Series 2021A Bonds is not included in gross income for federal

income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2021A Bonds is not treated as an item of tax preference in calculating the alternative minimum tax under the Code. Bond Counsel is further of the opinion that, under existing statutes, interest on the Series 2021A Bonds is exempt from personal income taxation imposed by the State of New York or a political subdivision thereof, including The City of New York assuming compliance with the foregoing covenants and the accuracy of the foregoing representations. Interest on the Series 2021B Bonds is not excludable from the gross income of the owners thereof for federal income tax purposes. See "TAX MATTERS" and "APPENDIX J – FORM OF BOND COUNSEL OPINION" in this Limited Offering Memorandum.

Continuing Disclosure

Pursuant to the requirements of Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the "Rule"), the Institution and the School have agreed for the benefit of the Registered Owners and Beneficial Owners of the Series 2021 Bonds to provide certain financial information, other operating data and notices of material events. The Institution and the School have not been subject to any prior continuing disclosure undertaking under the See "CONTINUING DISCLOSURE," Rule. "APPENDIX K **FORM** OF **CONTINUING** DISCLOSURE AGREEMENT" in this Limited Offering Memorandum.

Delivery Information

The Series 2021 Bonds are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and the approving legal opinion of Bond Counsel and certain other conditions. It is expected that delivery of the Series 2021 Bonds will be made on or about January 27, 2021 through the facilities of DTC in New York, New York, against payment therefor.

Legal Counsel, Underwriter and Trustee

Katten Muchin Rosenman LLP, New York, New York, is acting as Bond Counsel. Certain legal matters will be passed upon for the Institution and the School by their special counsel, Windels Marx Lane & Mittendorf, LLP, New York, New York, and for the Underwriter by its co-counsel, Marous Law Group, P.C., New York, New York and Barclay Damon LLP, Albany, New York. RBC Capital Markets, LLC, New York, New York will serve as the Underwriter for the Series 2021 Bonds. See "UNDERWRITING" in this Limited Offering Memorandum. The Bank of New York Mellon, New York, New York, will serve as the Trustee and the Paying Agent for the Series 2021 Bonds and will serve as Secured Party and Depositary Bank under the Account Control Agreement and Depositary Bank under the

Depositary Agreement. Certain fees that are payable with respect to the Series 2021 Bonds to various counsel, the Underwriter and the Trustee are contingent upon the issuance and delivery of the Series 2021 Bonds.

Additional Information

The summaries of or references to constitutional provisions, statutes, resolutions, agreements, contracts, financial statements, reports, publications and other documents or compilations of data or information set forth in this Limited Offering Memorandum do not purport to be complete statements of the provisions of the items summarized or referred to and are qualified in their entirety by the actual provisions of such items, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing and handling charge from the Underwriter, 200 Vesey Street, New York, New York 10281, or the Trustee, 240 Greenwich Street, New York, New York 10286, Attention: Corporate Trust Administration.

Audited Financial Statements

The audited financial statements of the School for the fiscal years ended June 30, 2019 and June 30, 2020 are included in this Limited Offering Memorandum as APPENDIX C and APPENDICES D, respectively. The financial statements in APPENDIX C and APPENDICES D were audited by PFK O'Connor Davies, LLP, Harrison, New York. See "APPENDIX C - AUDITED FINANCIAL STATEMENTS OF HELLENIC CLASSICAL CHARTER SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2019"; "APPENDIX D-1 AUDITED **FINANCIAL** STATEMENTS OF HELLENIC CLASSICAL CHARTER SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (INCLUDING JUNE 30, 2019 COMPARATIVE INFORMATION)" and "APPENDIX D-2 - AUDITED FINANCIAL STATEMENTS OF HELLENIC CLASSICAL CHARTER SCHOOL - STATEN ISLAND FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (PERIOD FROM DECEMBER 11, 2018 (INCEPTION) TO JUNE 30, 2020)" in this Limited Offering Memorandum.

Projections

The Financial Projections (the "Projections") in "APPENDIX A - HELLENIC CLASSICAL CHARTER SCHOOLS – Projected Financial Information" are projections of the future financial performance of the School based upon certain assumptions made by the School and contained therein. The Projections will not be updated to reflect final pricing of the Series 2021 Bonds. NO ASSURANCES CAN BE GIVEN THAT THE OPERATIONS OF THE SCHOOL WILL EQUAL OR EXCEED THE PROJECTED FUTURE FINANCIAL PERFORMANCE SET FORTH IN THE

PROJECTIONS. The Projections are for the five fiscal years of the School ending June 30, 2021 through June 30, 2025.

Permitted Investors

THE SERIES 2021 BONDS MAY BE PURCHASED ONLY BY "QUALIFIED INSTITUTIONAL BUYERS" OR "ACCREDITED INVESTORS" AS SUCH TERMS ARE DEFINED HEREIN. SEE "INVESTOR SUITABILITY STANDARDS" HEREIN.

LIMITED OFFERING MEMORANDUM

BUILD NYC RESOURCE CORPORATION

\$40,970,000
TAX-EXEMPT REVENUE BONDS
(FRIENDS OF HELLENIC CLASSICAL
CHARTER SCHOOLS, INC. PROJECT),
SERIES 2021A

\$835,000 TAXABLE REVENUE BONDS (FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC. PROJECT), SERIES 2021B

INTRODUCTORY STATEMENT

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

General

Build NYC Resource Corporation, a not-for-profit local development corporation created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York (the "Issuer"), will issue its Tax-Exempt Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A (the "Series 2021A Bonds"), in the original aggregate principal amount of \$40,970,000 and its Taxable Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021B (the "Series 2021B Bonds" and, together with the Series 2021A Bonds, the "Series 2021 Bonds"), in the original aggregate principal amount of \$835,000, pursuant to an Indenture of Trust, dated as of January 1, 2021 (the "Indenture"), between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"). The Issuer will loan the proceeds of the Series 2021 Bonds (the "Loan") to Friends of Hellenic Classical Charter Schools, Inc., a New York not-for-profit corporation (the "Institution") and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), pursuant to a Loan Agreement, dated as of January 1, 2021 (the "Loan Agreement"), between the Issuer and the Institution. Hellenic Classical Charter Schools, a New York not-for-profit education corporation (the "School") and an organization described in Section 501(c)(3) of the Code, assumes certain provisions of the Loan Agreement pursuant to the Letter from the School Relating to the Loan Agreement, dated January 27, 2021 (the "School's Letter"). See "APPENDIX H - FORM OF LOAN AGREEMENT" in this Limited Offering Memorandum.

Proceeds of the Series 2021 Bonds will be used by the Institution, along with other available funds, for the purposes of: (a)(i) refinancing a loan incurred by the School to finance leasehold improvements to a four-story, approximately 46,000 square foot building located on a 23,244 square foot parcel of land at 646 Fifth Avenue Brooklyn, New York 11215 (the "Park Slope Facility"), which includes or will include approximately 21 classrooms, 14 private rooms for offices or specialized learning, locker areas, a cafeteria, gymnasium, library, administrative offices and serves students from kindergarten through grade eight, (ii) paying all or a portion of the cost of the construction, furnishing, and equipping of additional leasehold improvements to the Park Slope Facility and (iii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Series 2021 Bonds (collectively, the "Park Slope Project"); and (b)(i) financing the construction, furnishing, and equipping of a four-story, approximately 48,000 square foot building located on an approximately 100,000 square foot parcel of

leased land at 1641 Richmond Avenue, Staten Island, New York 10314 (the "Staten Island Facility" and, together with the Park Slope Facility, the "Facility"), which is expected to include 24 classrooms, 17 private rooms for offices or specialized learning, locker areas, a cafeteria, auditorium, library, and administrative offices and serve students from kindergarten through grade eight and (ii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Series 2021 Bonds (collectively, the "Staten Island Project" and, together with the Park Slope Project, the "Project"). See "THE PROJECT AND PLAN OF FINANCE," "SOURCES AND USES OF FUNDS" and "APPENDIX A - HELLENIC CLASSICAL CHARTER SCHOOLS" in this Limited Offering Memorandum.

The School and the Park Slope Church (as defined herein) have entered into the Park Slope Ground Lease (as defined herein) between the Park Slope Church, as ground lessor, and the School, as ground lessee, pursuant to which the School leases the land upon which the Park Slope Facility is located. The School and the Staten Island Church (as defined herein) have entered into the Staten Island Ground Lease (as defined herein) between the Staten Island Church, as ground lessor, and the School, as ground lessee, pursuant to which the School leases the land upon which it is building the Staten Island Facility.

The School and the Institution will enter into (i) an Assignment of Lease and Lease Amendment dated the Closing Date related to the Park Slope Facility (the "Park Slope Assignment"), between the School, as assignor, and the Institution, as assignee, pursuant to which the School will assign its interest in the Park Slope Ground Lease to the Institution and (ii) an Assignment and Assumption of Lease Agreement dated the Closing Date related to the Staten Island Facility (the "Staten Island Assignment" and, together with the Park Slope Assignment, the "Assignment") pursuant to which the School will assign its interest in the Staten Island Ground Lease to the Institution.

The School also will enter into (i) a Sublease Agreement, dated as of the Closing Date, relating to the Park Slope Facility (the "Park Slope Sublease"), between the Institution and the School, and (ii) a Sublease Agreement, dated as of the Closing Date, relating to the Staten Island Facility (the "Staten Island Sublease" and, together with the Park Slope Sublease, the "Sublease"), between the Institution and the School. Rent payable to the Institution by the School under the Sublease will be sufficient for the Institution to pay loan payments under the Loan Agreement.

Pursuant to a Covenant Agreement, dated as of January 1, 2021 (the "Covenant Agreement"), between the School and the Trustee, and acknowledged by the Institution, the School will make certain covenants for the benefit of the Trustee, including that the School will comply with the terms of the Sublease, for the benefit of the holders of the Series 2021 Bonds and any Additional Bonds issued under the Indenture.

Loan of Series 2021 Bond Proceeds; Mortgage and Other Security

Proceeds of the Series 2021 Bonds will be loaned by the Issuer to the Institution pursuant to the Loan Agreement, and the Series 2021 Bonds will be payable from and secured by a pledge of payments to be made by the Institution under the Loan Agreement and a Promissory Note from the Institution to the Issuer (the "Promissory Note"), which, if fully and promptly paid, will be sufficient to pay when due the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Series 2021 Bonds. Pursuant to the terms of the Sublease, the School will pay all rent payments directly to the Institution's bank account (the "Deposit Account") that is subject to the Account Control Agreement (as defined herein). The Charter Schools Act prohibits the School from pledging or assigning Education Aid Payments (as defined herein), and other amounts payable by the New York State Department of Education (the "Department of Education") to the School in connection with the construction, acquisition, reconstruction, rehabilitation, or improvement of a school facility. Pursuant to the terms of an Account Control Agreement, dated as of January 1, 2021 (the "Account Control Agreement"), among the Institution, The Bank of New York Mellon, as depositary bank (the "Depositary Bank"), and The Bank of New York

Mellon, as secured party (the "Secured Party"), the Institution will grant a security interest in the Deposit Account to the Secured Party. Under the terms of the Account Control Agreement, upon an Event of Default under the Indenture, the Secured Party shall have control of and have the right to make withdrawals from the Deposit Account. In the Account Control Agreement, the Institution covenants not to open any additional bank accounts unless such accounts are subject to the Account Control Agreement. Pursuant to the terms of a Depositary Agreement dated as of the date of issuance of the Series 2021 Bonds (the "Depositary Agreement"), between the Institution and the Depositary Bank, the Institution will direct the Depositary Bank to transfer each rent payment from the Deposit Account to the Trustee for deposit to the Revenue Fund under the Indenture (such payment of rent is anticipated to be sufficient to make all payments required under the Loan Agreement).

The Series 2021 Bonds also will be secured by mortgage liens on and security interests in the Institution's leasehold interest in the Mortgaged Property, including the Institution's leasehold interest in the Park Slope Facility pursuant to the Mortgage and Security Agreement (Refinancing Loan), the Mortgage and Security Agreement (Building Loan) and the Mortgage and Security Agreement (Indirect Loan) related to the Park Slope Facility and the Institution's leasehold interest in the Staten Island Facility pursuant to the Mortgage and Security Agreement (Building Loan) and the Mortgage and Security Agreement (Indirect Loan) related to the Staten Island Facility, each dated as of January 1, 2021 (collectively, the "Mortgage"), and each to be executed by the Institution in favor of the Issuer and the Trustee, as assigned by the Issuer to the Trustee under the terms of an Assignment of Mortgage and Security Agreement (Refinancing Loan), an Assignment of Mortgage and Security Agreement (Building Loan) and an Assignment of Mortgage and Security Agreement (Indirect Loan) related to the Park Slope Facility and an Assignment of Mortgage and Security Agreement (Building Loan) and an Assignment of Mortgage and Security Agreement (Indirect Loan) related to the Staten Island Facility, each dated as of the date of issuance of the Series 2021 Bonds, and each from the Issuer to the Trustee (collectively, the "Assignment of Mortgage"). See "APPENDIX H - FORM OF LOAN AGREEMENT" and "APPENDIX I - FORM OF MORTGAGE" in this Limited Offering Memorandum.

Pursuant to the Indenture, the Issuer will pledge to the Trustee, for the benefit of the holders of the Series 2021 Bonds, all of its interest in the Loan Agreement (other than the Issuer's Reserved Rights) to secure payment of the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Series 2021 Bonds. Pursuant to the Mortgage, the payment of the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Series 2021 Bonds will be secured by a mortgage lien on and security interest in the Institution's leasehold interest in the Facility, subject to certain "Permitted Encumbrances" described in the Mortgage. Pursuant to the Mortgage, the Institution will assign and pledge all of its interest in the Sublease and the rent payments to the Trustee to secure payment of the principal of, premium, if any, and interest on the Series 2021 Bonds. The obligation of the Institution to make loan payments under the Loan Agreement is an absolute and unconditional obligation of the Institution. However, the Institution will not have any other sources of revenue other than rent payments received from the School under the Sublease, and the ability of the Institution to generate additional revenues is limited in the event that the Education Aid Payments received by the School are not sufficient to enable the Institution to make the required loan payments under the Loan Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS" and "APPENDIX G - FORM OF INDENTURE" in this Limited Offering Memorandum.

Ground Lease and Assignment

The Greek Orthodox Community of Kimisis Theotokou, Inc. (the "Park Slope Church"), as ground lessor, and the School, as ground lessee, have entered into a Ground Lease dated as of March 6, 2012, as amended by a Rider to Ground Lease dated as of October 30, 2013, (the "Park Slope Ground Lease") pursuant to which the School leases the land upon which the Park Slope Facility is located. Pursuant to the

Park Slope Assignment the School will assign and the Institution will assume the School's leasehold interest under the Park Slope Ground Lease.

The Greek Orthodox Community Holy Trinity Church of Staten Island (the "Staten Island Church"), as lessor, and the School, as lessee, have entered into an Agreement of Lease dated as of July 17, 2019, as modified by that certain Rider Annexed to Agreement of Lease dated as of June 29, 2019, as further modified by that certain First Amendment of Lease dated July 17, 2019, as further amended by that Second Amendment of Lease dated as of September , 2020 (the "Staten Island Ground Lease" and together with the Park Slope Ground Lease, the "Ground Lease") pursuant to which the School leases the land upon which it is building the Staten Island Facility. Pursuant to the Staten Island Assignment, the School will assign and the Institution will assume the School's leasehold interest under the Staten Island Ground Lease.

Sublease

The Institution will sublease the Facility to the School pursuant to the Sublease. Rent payable to the Institution by the School under the Sublease will be sufficient to enable the Institution to pay loan payments under the Loan Agreement. Pursuant to the Mortgage, as security for the Series 2021 Bonds, the Institution will assign and pledge to the Trustee all of the Institution's interest in and to the Sublease, including all of its rights, title and interest in all rents, income, receipts, revenue and profits arising from the Sublease. The terms of the Sublease require that the School pay all amounts of rent directly to the Institution's Deposit Account that is subject to the terms of the Account Control Agreement. The Depositary Bank will transfer each rent payment from the Deposit Account to the Trustee for deposit in the Revenue Fund under the Indenture as required by the terms of the Account Control Agreement and related Depositary Agreement. See "APPENDIX L-1 – FORM OF PARK SLOPE SUBLEASE" and "APPENDIX L-2 – FORM OF STATEN ISLAND SUBLEASE" in this Limited Offering Memorandum.

Debt Service Reserve Funds

On the date of the issuance of the Series 2021 Bonds, there will be established under the Indenture a Debt Service Reserve Fund and, within such Fund, a Series 2021A Bonds Debt Service Reserve Account, into which the Trustee shall initially deposit an amount equal to \$2,686,900 (representing the initial "Debt Service Reserve Fund Requirement" for the Series 2021A Bonds), and a Series 2021B Bonds Debt Service Reserve Account into which the Trustee shall initially deposit an amount equal to \$83,500 (representing the initial "Debt Service Reserve Fund Requirement" for the Series 2021B Bonds). Amounts in each account of the Debt Service Reserve Fund may be used by the Trustee only to pay principal, Sinking Fund Installments and interest on the corresponding Series of the Series 2021 Bonds in the event that monies provided in the Bond Fund under the Indenture are not sufficient.

See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS - Debt Service Reserve Funds" and "APPENDIX G - FORM OF INDENTURE – Custody and Investment of Funds - Debt Service Reserve Fund" in this Limited Offering Memorandum.

Continuing Disclosure

The Institution and the School will agree in the Continuing Disclosure Agreement to provide certain annual financial reports, certain periodic quarterly financial reports and notices of certain other events with respect to the Series 2021 Bonds. See "CONTINUING DISCLOSURE" and "APPENDIX K – FORM OF CONTINUING DISCLOSURE AGREEMENT" in this Limited Offering Memorandum.

Additional Bonds

Pursuant to the Indenture, upon complying with certain prescribed conditions, Additional Bonds may be issued from time to time on the terms and conditions and or the purposes stated in the Indenture. If

issued, Additional Bonds will be equally and ratably secured under the Indenture with each other and with the Outstanding Series 2021 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Additional Bonds" in this Limited Offering Memorandum.

Special Covenants of the School; Additional Indebtedness

The Covenant Agreement requires the School to comply with certain financial covenants and places certain restrictions on the incurrence of indebtedness by the School as described herein under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS - Special Covenants of the School; Additional Indebtedness". Pursuant to the Loan Agreement, the Institution may incur additional indebtedness, including Additional Bonds issued pursuant to the Indenture; provided in all cases that such indebtedness shall meet the requirements set forth in the Covenant Agreement and shall be incurred to benefit the School.

Bondholders' Risks

Certain risks associated with an investment in the Series 2021 Bonds are discussed under "RISK FACTORS" in this Limited Offering Memorandum.

Miscellaneous

This Limited Offering Memorandum (including the Appendices hereto) contains descriptions of, among other matters, the Indenture, the Loan Agreement, the School's Letter, the Mortgage, the Sublease, the SNDA Agreement (as defined herein), the Assignment, the Depositary Agreement, the Account Control Agreement, the Covenant Agreement, the Continuing Disclosure Agreement, the Issuer, the Facility, the Institution, the School and the Series 2021 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references to documents described herein are qualified in their entirety by reference to such documents, copies of which are available for inspection at the designated corporate trust office of the Trustee.

THE ISSUER

The Issuer is a not-for-profit local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York (the "State"), as amended, at the direction of the Mayor of the City of New York, New York (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 Series 2021 Bonds are special, limited revenue obligations of the Issuer payable solely out of certain funds pledged therefor. Nothing in the Series 2021 Bonds or the Indenture shall be considered as pledging or committing any other funds or assets of the Issuer to the payment of the Series 2021 Bonds or the satisfaction of any other obligation of the Issuer under the Series 2021 Bonds or the Indenture.

Neither the Issuer nor its members, directors, officers, agents, servants or employees, nor any person executing the Series 2021 Bonds, shall be liable personally with respect to the Series 2021 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 Series 2021 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 Series 2021 Bonds, the Issuer has not otherwise assisted in the offer, sale, or distribution of the Series 2021 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 Series 2021 Bonds. The Institution and the School have agreed to indemnify the Issuer against certain liabilities relating to this Limited Offering Memorandum.

THE INSTITUTION

The Institution is a New York not-for-profit corporation and was formed on July 2, 2020 for the sole purpose of furthering the educational and charitable purposes of the School. The Institution will sublease the Facility to the School pursuant to the Sublease. The Institution is an organization described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code (except with respect to "unrelated business taxable income" within the meaning of Section 512(a) of the Code) and which is not a "private foundation" as defined in Section 509(a) of the Code. The Institution operates as a New York not-for- profit corporation and as such is governed by the law applicable to such entities and its bylaws. The Institution's bylaws provide that the Institution is managed and controlled by a Board of Trustees. For more information with respect to the Institution, the Institution's history and operations, see "APPENDIX A – HELLENIC CLASSICAL CHARTER SCHOOLS" in this Limited Offering Memorandum.

THE SCHOOL

The School is a New York not-for-profit education corporation established under the laws of the State and authorized to operate two (2) public charter schools located in Community School District #15 (Brooklyn) whose charter authorizes it to serve up to 516 students in grades PreK-8 and Community School District #31 (Staten Island) whose charter authorizes it to serve up to 675 students in grades K-8. The School received initial authorization from the New York City Department of Education ("DOE") in February 2005. The School's first facility opened in the Park Slope neighborhood of Brooklyn, New York in September 2005 ("HCCS-Park Slope"). HCCS-Park Slope has since been renewed twice, and the current charter is for the period July 1, 2019 to June 30, 2024.

HCCS-Park Slope is recognized by United States Department of Education as a National Blue Ribbon School. In 2019, HCCS-Park Slope was one of 19 schools from New York State and one of the 362

schools nationwide to receive the National Blue Ribbon Award. The recognition is based on the school's overall academic performance. Based on the academic performance of HCCS-Park Slope, the State Education Department ("SED") recommended that the school replicate its current model. In December 2018, the SED Board of Regents (the "Board of Regents") approved a replication of the school. Hellenic Classical Charter School – Staten Island ("HCCS-Staten Island") opened its doors to students in grades K-1 in September 2019. HCCS – Staten Island is located in Community School District #31. Effective as of July 1, 2020, the SED approved the merger of HCCS-Park Slope with and into HCCS-Staten Island, with HCCS-Staten Island being the surviving entity renamed "Hellenic Classic Charter Schools". The School's current charter term is currently in effect through June 30, 2024 (the "Charter").

The School is an organization described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code (except with respect to "unrelated business taxable income" within the meaning of Section 512(a) of the Code) and which is not a "private foundation" as defined in Section 509(a) of the Code. The School operates as a New York not-for- profit education corporation and as such is governed by the law applicable to such entities and its Charter and bylaws. The School's bylaws provide that the School is managed and controlled by a Board of Trustees. Charles Capetanakis, Chair of the School's Board of Trustees, and Nikolaos Leonardos, Treasurer of the School's Board of Trustees, are also the Chair-President and Treasurer, respectively, of the Institution's Board of Trustees. In addition, Nikolaos Leonardos is a member of the Park Slope Church's Board of Trustees. For more information with respect to the School, the Charter and the School's history and operations, see "APPENDIX A – HELLENIC CLASSICAL CHARTER SCHOOLS" in this Limited Offering Memorandum.

THE PROJECT AND PLAN OF FINANCE

Proceeds of the Series 2021 Bonds will be used by the Institution for the purposes of financing the newly constructed four-story masonry building to be part of the School's Staten Island Facility. The adjacent and surrounding parking lot on the property will be resurfaced and planned for modified site drainage. The existing site is approximately 99,500 square feet and contains a large parking lot and two other existing structures including a church and a community facility. The new building, inclusive of the basement, will be approximately 48,000 square feet. Throughout the four floors, the new structure will include 24 classrooms, 17 private rooms for offices or specialized learning, locker areas, cafeteria, bathroom facilities on each floor, miscellaneous storage, closets and offices, 3 teachers lounges, an auditorium, library and general office space with private offices for higher level administrators.

In addition, the School intends to pay-off its existing construction debt related to its Park Slope Facility with funds from the sale of certain leasehold improvements to the Institution. The Institution will use a portion of the proceeds of the Series 2021 Bonds to fund the purchase of the HCCS-Park Slope leasehold improvements. The School's current debt related to the Park Slope Facility was incurred to expand the original location in an approximately \$11 million expansion project which was completed in September 2015. A portion of the proceeds of the Series 2021 Bonds will be used to upgrade the HVAC system at the Park Slope Facility. Other leasehold improvements at the Park Slope Facility will include elevator upgrades, cafeteria bathroom renovations, construction related to the adherence of COVID-19 safety guidelines, student technology upgrades, kitchen buildout in the gymnasium, the expansion of the dance room and other projects.

See "APPENDIX A – HELLENIC CLASSICAL CHARTER SCHOOLS" in this Limited Offering Memorandum.

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SOURCES AND USES OF FUNDS

Following are the estimated sources and uses for funds (excluding investment income) associated with the Project and the issuance of the Series 2021 Bonds:

Sources	Tax-Exempt	Taxable	Total
Par Amount of Series 2021 Bonds	\$40,970,000.00	\$835,000.00	\$41,805,000.00
Original Issue Premium	2,521,654.90	-	2,521,654.90
Equity Contribution	1,500.00	-	1,500.00
Total Sources	\$43,493,154.90	\$835,000.00	\$44,328,154.90
Uses			
Project Fund Deposits:			
Leasehold Improvements at Park Slope Facility	\$2,000,000.00	-	\$2,000,000.00
Refinancing of Park Slope Facility Loan	6,996,162.87	-	6,996,162.87
Project Cost of Staten Island Facility	28,599,120.56	\$5,207.81	28,604,328.37
	\$37,595,283.43	\$5,207.81	\$37,600,491.24
Other Fund Deposits:			
Capitalized Interest Fund	\$2,230,366.11	\$60,340.35	\$2,290,706.46
Debt Service Reserve Fund	2,686,900.00	83,500.00	2,770,400.00
	\$4,917,266.11	\$143,840.35	\$5,061,106.46
Delivery Date Expenses:			
Costs of Issuance	\$980,605.36	\$685,951.84	\$1,666,557.20
Total Uses	\$43,493,154.90	\$835,000.00	\$44,328,154.90

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DEBT SERVICE SCHEDULE

The table below sets forth the amounts required to be paid with respect to the Series 2021 Bonds, assuming no prepayments or redemption prior to maturity. All amounts shown in the table below are gross debt service prior to the application of any earnings on amounts deposited in the Debt Service Reserve Fund and the other funds and accounts established under the Indenture.

Year Ending December 1	Dringingl	Interest	Annual Tatal
2021	<u>Principal</u>	\$1,738,441.94	Annual Total \$1,738,441.94
		2,058,681.26	2,058,681.26
2022		2,058,681.26	2,058,681.26
2023		2,058,681.26	2,058,681.26
2024 2025		2,058,681.26	2,058,681.26
2023	\$640,000	2,058,681.26	2,698,681.26
2020	670,000	2,024,281.26	2,694,281.26
2027	705,000	1,994,800.00	2,699,800.00
2028	735,000	1,966,600.00	2,701,600.00
2029	760,000	1,937,200.00	2,697,200.00
2030	795,000	1,906,800.00	2,701,800.00
2031	830,000	1,875,000.00	2,705,000.00
2032	875,000	1,833,500.00	2,708,500.00
2034	915,000	1,789,750.00	2,704,750.00
2035	960,000	1,744,000.00	2,704,000.00
2036	1,015,000	1,696,000.00	2,711,000.00
2037	1,065,000	1,645,250.00	2,710,250.00
2038	1,115,000	1,592,000.00	2,707,000.00
2039	1,175,000	1,536,250.00	2,711,250.00
2040	1,235,000	1,477,500.00	2,712,500.00
2041	1,300,000	1,415,750.00	2,715,750.00
2042	1,365,000	1,350,750.00	2,715,750.00
2043	1,440,000	1,282,500.00	2,722,500.00
2044	1,505,000	1,210,500.00	2,715,500.00
2045	1,585,000	1,135,250.00	2,720,250.00
2046	1,670,000	1,056,000.00	2,726,000.00
2047	1,755,000	972,500.00	2,727,500.00
2048	1,845,000	884,750.00	2,729,750.00
2049	1,940,000	792,500.00	2,732,500.00
2050	2,040,000	695,500.00	2,735,500.00
2051	2,145,000	593,500.00	2,738,500.00
2052	2,250,000	486,250.00	2,736,250.00
2053	2,370,000	373,750.00	2,743,750.00
2054	2,490,000	255,250.00	2,745,250.00
2055	2,615,000	130,750.00	2,745,750.00

CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK

This section provides a brief overview of the State's current system for funding charter schools. Prospective purchasers of the Series 2021 Bonds should note that the overview contained below and the summary of relevant State law provisions contained in APPENDIX B hereto are provided for the convenience of prospective purchasers but are not and do not purport to be comprehensive. Potential purchasers should note that the law applicable to charter schools in New York has developed over time and is subject to further changes in the future. See "RISK FACTORS - Changes in Law; Annual Appropriation; Inadequate Education Aid Payments" in this Limited Offering Memorandum.

General

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

Charter School Basic Tuition

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

Limited Offering Memorandum for a detailed discussion of the Charter School Basic Tuition formula and applicable definitions, including "Approved Operating Expense."

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

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

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

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

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

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

The Charter School Basic Tuition is set annually in June. School districts (in the case of the School, the NYC DOE on behalf of the New York City Community School Districts 15 and 31) are required to pay no later than the first business day of July, September, November, January, March and May the appropriate payment amounts as specified in the New York Education Law relating to the Charter School Basic Tuition. The payments are made in equal installments, adjusted for any supplemental payments due or overpayments to be recovered for the prior school year. See "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW - Financial Obligations of Charter Schools, Public School Districts and Education Department" in this Limited Offering Memorandum.

Federal and State Aid Attributable to a Student with a Disability

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

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

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

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

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

Facilities Access Payments/Rental Assistance

In March 2014, Section 2853 of the Charter Schools Act was amended to grant a subset of State charter schools a new statutory right to request access to facilities. Charter schools in the City that commenced instruction or added grade levels in the 2014-2015 school year or thereafter are eligible to request co-location within a public school building. Upon such request, such charter school must be provided access to facilities pursuant to the Charter Schools Act, either in co-located space in a school district building, alternative private space provided by the school district at no cost to the charter school, or, upon a successful appeal by the charter school, in the form of rental assistance payments from the school district ("Facilities Access Payments"). For eligible charter schools that have expanded grade levels during the 2014-2015 school year or thereafter, the Facilities Access Payments are calculated, as the lesser of (a) actual rental cost of an alternative privately owned site selected by the charter school or (b) 30% of the product of Charter School Basic Tuition and, for a new charter school commencing instruction on or after July 1, 2014, the charter school's current year enrollment, or, for a charter school which expands its grade level, the increases in enrollment from the school year prior to the first year of the expansion, to the current school year. Beginning July 1, 2019, the School is eligible to receive Facilities Access Payments with respect to the Staten Island Facility but is not eligible to receive Facilities Access Payments with respect to the Park Slope Facility and the Projections in "APPENDIX A - HELLENIC CLASSICAL CHARTER SCHOOLS – Projected Financial Information" assume that the School receives Facilities Access Payments with respect to only the Staten Island Facility and that the School will not receive any Facilities Access Payments with respect to the Park Slope Facility. See also "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW" in this Limited Offering Memorandum.

THE SERIES 2021 BONDS

General

The Series 2021 Bonds will be issued in the original aggregate principal amount of \$41,805,000 The Series 2021 Bonds will bear interest as set forth on the inside front cover hereof. Interest on the Series 2021 Bonds will be payable semi-annually on June 1 and December 1 (or, if any such day is not a Business Day, the immediately succeeding Business Day, each an "Interest Payment Date") of each year, commencing on June 1, 2021. Interest on the Series 2021 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months.

The Series 2021 Bonds will be issued in the form of fully registered bonds without coupons in minimum authorized denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof (an "Authorized Denomination"). The principal of, interest on, and premium, if any, on the Series 2021 Bonds will be payable when due by wire of the Trustee to The Depository Trust Company, New York, New York ("DTC"), which will in turn remit such principal, interest and premium, if any, to Participants, which Participants will in turn remit such principal, interest and premium, if any, to the Beneficial Owners of the Series 2021 Bonds as described in this Limited Offering Memorandum. See "APPENDIX M - BOOK-ENTRY ONLY SYSTEM" in this Limited Offering Memorandum.

In the event the Series 2021 Bonds are not registered in the name of Cede & Co., as nominee of DTC, or another eligible depository as described below, the principal, Purchase Price or Redemption Price of, and Sinking Fund Installments for the Series 2021 Bonds will be payable by check or draft or wire transfer to the persons in whose names such Series 2021 Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, or with respect to any payment in full of any Series 2021 Bond either at final maturity or upon purchase or upon redemption in whole, only be payable upon presentation and surrender of such Series 2021 Bonds at the designated corporate trust office of the Trustee, as described in the Indenture. Interest payable on each Series 2021 Bond on any Interest Payment Date will be paid by the Trustee to the registered owner of such Series 2021

Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Record Date for such interest, by check or draft mailed to such registered owner at his address as it appears on the bond registration books, or at the written request by any registered owner of Series 2021 Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer, as described in the Indenture.

Interest on any Series 2021 Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Series 2021 Bond on the relevant Record Date and shall be payable to the owner in whose name such Series 2021 Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed as provided in the Indenture.

Redemption of Series 2021 Bonds

*Final Maturity

General Optional Redemption. The Series 2021A Bonds shall be subject to redemption, on or after December 1, 2029, in whole or in part on any Business Day (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 a Redemption Price of one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the Redemption Date. The Series 2021B Bonds are not subject to optional redemption.

Mandatory Sinking Fund Installment Redemption. The Series 2021A Bonds maturing on December 1, 2031, December 1, 2041, December 1, 2051 and December 1, 2055 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Series 2021A Term Bonds Maturing December 1, 2031

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2027	\$475,000	2030	\$760,000
2028	705,000	2031*	795,000
2029	735,000		

Series 2021A Term Bonds Maturing December 1, 2041

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2032	\$830,000	2037	\$1,065,000
2033	875,000	2038	1,115,000
2034	915,000	2039	1,175,000
2035	960,000	2040	1,235,000
2036	1,015,000	2041*	1,300,000

^{*}Final Maturity

Series 2021A Term Bonds Maturing December 1, 2051

Sinking Fund
<u>Installment</u>
\$1,755,000
1,845,000
1,940,000
2,040,000
2,145,000

^{*}Final Maturity

Series 2021A Term Bonds Maturing December 1, 2055

	Sinking Fund	
	Installment Payment	
Sinking Fund	Date	Sinking Fund
<u>Installment</u>	(December 1)	<u>Installment</u>
\$2,250,000	2054	\$2,490,000
2,370,000	2055*	2,615,000
	Installment \$2,250,000	Sinking Fund Installment Payment Date Installment (December 1) \$2,250,000 2054

^{*}Final Maturity

The Series 2021B Bonds maturing on December 1, 2027 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Series 2021B Term Bonds Maturing December 1, 2027

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2026	\$640,000	2027*	\$195,000

*Final Maturity

Mandatory Redemption from Excess Proceeds and Certain Other Amounts. The Series 2021 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 Series 2021 Bonds proceeds shall remain in the Project Fund 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, or
- (iv) with respect to the Series 2021A Bonds, 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 as provided in the Loan Agreement,

in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2021 Bonds to be redeemed, together with interest accrued thereon to the Redemption Date.

Extraordinary Redemption. The Series 2021 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), 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 Redemption Date, if one or more of the following events shall have occurred:

(i) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of two (2) years from the date of such damage or destruction to the condition thereof immediately preceding 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 two (2) years 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 two (2) years 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.

If the Series 2021 Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall 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.

Mandatory Redemption Upon Failure to Operate the Facility for the Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Series 2021 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 (i.e., as a public charter school), (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 Series 2021 Bonds, together with interest accrued thereon to the Redemption Date.

Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the Series 2021A Bonds shall be redeemed prior to maturity on any date within one hundred eighty (180) days following such Determination of Taxability, at a Redemption Price equal to the principal amount thereof, together with accrued interest to the Redemption Date. The Series 2021 Bonds shall be redeemed in whole unless redemption of a portion of the Series 2021A Bonds Outstanding would have the result that interest payable on the Series 2021A Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Series 2021A Bond. In such event, the Series 2021A Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

"Determination of Taxability" means (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 and or the School have participated or have been given the opportunity to participate, and which ruling or memorandum the Institution and or the School, in their 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 or the School have participated or have been a party, or has been given the opportunity to participate or be a party; or (D) the admission in writing by the Institution or the School, in any case, to the effect that the interest payable on the Series 2021A 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 Series 2021A 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 Series 2021A 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 Series 2021A 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 Series 2021A 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 Series 2021A Bond in the computation of minimum or indirect taxes.

Purchase in Lieu of Optional Redemption. In lieu of calling the Series 2021 Bonds for optional redemption, the Series 2021 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 Series 2021 Bonds as provided in the Indenture, plus accrued interest to the purchase date. Purchases of tendered Series 2021 Bonds may be made without regard to any provision of the Indenture relating to the selection of Series 2021 Bonds in a partial optional redemption. The Series 2021A 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 the Indenture relating to the selection of the Series 2021 Bonds in a partial redemption.

Purchases in lieu of an optional redemption of the Series 2021A Bonds shall be permitted, with the consent of the Issuer, upon the delivery to the Issuer and the Trustee of (i) an opinion of Nationally Recognized Bond Counsel addressed to the Issuer and the Trustee substantially to the effect that (A) such purchases in lieu of optional redemption comply with the provisions of the Indenture and (B) neither such purchases in lieu of an optional redemption nor any transaction directly related thereto will adversely affect the exclusion from gross income of interest on the Series 2021A Bonds for purposes of federal income taxation, and (ii) such other opinions, certificates or documentation as the Issuer may require.

Purchases in lieu of an optional redemption of the Series 2021B Bonds shall be permitted, with the consent of the Issuer, upon the delivery to the Issuer and the Trustee of (i) an opinion of Nationally

Recognized Bond Counsel addressed to the Issuer and the Trustee substantially to the effect that such purchases in lieu of optional redemption comply with the provisions of the Indenture and (ii) such other opinions, certificates or documentation as the Issuer may require.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2021 BONDS, ALL PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, AND INTEREST ON THE SERIES 2021 BONDS WILL BE MADE DIRECTLY TO DTC. DISBURSEMENT OF SUCH PAYMENTS TO DIRECT PARTICIPANTS WILL BE THE RESPONSIBILITY OF DTC, AND DISBURSEMENT OF SUCH PAYMENTS TO BENEFICIAL OWNERS WILL BE THE RESPONSIBILITY OF THE DIRECT PARTICIPANTS AND INDIRECT PARTICIPANTS. SEE "APPENDIX M - BOOK-ENTRY ONLY SYSTEM" IN THIS LIMITED OFFERING MEMORANDUM.

Notice of Redemption. When redemption of any Series 2021 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 Series 2021 Bonds or portions thereof to be redeemed, the Redemption Date, the Redemption Price, and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at the Trustee) and specifying the principal amounts of the Series 2021 Bonds or portions thereof to be payable and, if less than all of the Series 2021 Bonds of any maturity are to be redeemed, the numbers of such Series 2021 Bonds or portions thereof to be so redeemed. Such notice shall further state that on such date there shall become due and payable upon each Series 2021 Bond or portion thereof to be redeemed the Redemption Price thereof together with interest accrued to the Redemption Date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice may set forth any additional information relating to such redemption. The Trustee, in the name and on behalf of the Issuer, (i) shall mail a copy of such notice by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days prior to the Redemption Date, to the registered owners of any Series 2021 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 2021 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.

Effect of Notice. 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. If any Series 2021 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 Series 2021 Bonds for payments on or after any Redemption Date shall be retained by the Trustee for a period of at least one year after the final maturity date of such Series 2021 Bonds. If notice of redemption shall have been given in the manner provided in the Indenture and as described above, the Series 2021 Bonds called for redemption shall become due and payable on the Redemption Date, provided, however, that with respect to any optional redemption of the Series 2021 Bonds, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2021 Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem the Series 2021 Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation

and surrender of the Series 2021 Bonds so called for redemption at the place or places of payment, such Series 2021 Bonds shall be redeemed.

So long as DTC is effecting book entry transfers of the Series 2021 Bonds, the Trustee shall provide the notices specified above only to DTC. It is expected that DTC shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Series 2021 Bond (having been mailed notice from the Trustee, DTC, a Participant or otherwise) to notify the Beneficial Owner of the Series 2021 Bond so affected, shall not affect the validity of the redemption of such Series 2021 Bond.

Payment of Redeemed Series 2021 Bonds. Notice having been given in the manner provided in the Indenture and as described above, the Series 2021 Bonds or portions thereof so called for redemption shall become due and payable on the Redemption Dates so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date. If, on the Redemption Date, moneys for the redemption of all the Series 2021 Bonds or portions thereof to be redeemed, together with interest to the Redemption Date, shall be held by the Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date, (i) interest on the Series 2021 Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (ii) the Series 2021 Bonds or portions thereof so called for redemption shall cease to be entitled to any lien, benefit or security under the Indenture, and (iii) the Holders of the Series 2021 Bonds or portions thereof so called for redemption shall have no rights in respect thereof, except to receive payment of the Redemption Price together with interest accrued to the Redemption Date. If said moneys shall not be so available on the Redemption Date, such Series 2021 Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Selection of Series 2021 Bonds for Redemption. In the event of redemption of less than all the Outstanding Series 2021 Bonds of the same Series and maturity, the particular Series 2021 Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee in its reasonable discretion may deem fair, except that (i) the Series 2021 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 the Series 2021 Bonds of a Series for redemption such that no Series 2021 Bond of such Series shall be of a denomination of less than the Authorized Denomination for such Series of Series 2021 Bonds. In the event of redemption of less than all the Outstanding Series 2021 Bonds of the same Series stated to mature on different dates, the principal amount of such Series of Series 2021 Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series of Series 2021 Bonds to be redeemed and by lot within a maturity. The portion of the Series 2021 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 Series 2021 Bonds of a particular Series for redemption, the Trustee shall treat each such Series 2021 Bond as representing that number of Series 2021 Bonds of such Series which is obtained by dividing the principal amount of such registered Series 2021 Bond by the minimum Authorized Denomination thereof (referred to below as a "unit") then issuable rounded down to the integral multiple of such minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any such Series 2021 Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Series 2021 Bond shall forthwith surrender such Series 2021 Bond to the Trustee for (a) payment to such Holder of the Redemption Price of the unit or units of principal amount called for redemption and (b) delivery to such Holder of a new Series 2021 Bond or Series 2021 Bonds of such Series in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Series 2021 Bond. New Series 2021 Bonds of the same Series and maturity representing the unredeemed balance of the principal amount of such Series 2021 Bond shall be issued to the registered Holder thereof, without charge therefor. If the Holder of any such Series 2021 Bond of a denomination greater than a unit shall fail to present such Series 2021 Bond to the Trustee for payment

and exchange as aforesaid, such Series 2021 Bond shall, nevertheless, become due and payable on the Redemption Date to the extent of the unit or units of principal amount called for redemption (and to that extent only).

Deemed Representations by Holders

Each Holder of a Series 2021 Bond, by the purchase and acceptance of such Series 2021 Bond, is deemed to have represented and agreed as follows: (a) it is a qualified institutional buyer as defined in Rule 144A ("Rule 144A") of the Securities Act of 1933, as amended (the "Securities Act") and it is aware that the sale made to it of such Series 2021 Bond has been made in reliance on Rule 144A; it has acquired such Series 2021 Bond for its own account or for the account of a qualified institutional buyer; or (ii) it is an "accredited investor" as defined in Rule 501 under the Securities Act; and (b) it understands that such Series 2021 Bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer such Series 2021 Bond, such Series 2021 Bond may be offered, resold, pledged or transferred only in accordance with the above transfer restrictions.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS

Special Limited Revenue Obligations

THE SERIES 2021 BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, REDEMPTION PRICE AND INTEREST, SOLELY FROM THE TRUST ESTATE. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR THE REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2021 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2021 BONDS. THE SERIES 2021 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2021 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 THE REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2021 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

General

The Issuer will issue the Series 2021 Bonds under the Indenture. Pursuant to the Loan Agreement, the Issuer agrees to lend the proceeds of the Series 2021 Bonds to the Institution to finance the Project. Under the Loan Agreement, the Institution is obligated unconditionally to repay the loan in amounts sufficient, together with available funds held under the Indenture, to provide for the timely payment of the principal of, premium, if any, and interest on the Series 2021 Bonds when due (whether by maturity, mandatory sinking fund redemption or acceleration) and to perform certain other obligations set forth therein. In accordance with the School's Letter, the School assumes certain provisions of the Loan Agreement. The obligation of the Institution to make loan payments under the Loan Agreement sufficient to pay the Series 2021 Bonds is an absolute and unconditional obligation of the Institution; provided, however, that the ability of the Institution to generate additional revenues is limited in the event payments of rent by the School are insufficient for the Institution to make loan payments. Under the Loan Agreement, a "Loan Payment Date" is defined as the first (1st) day of each month (or, if the first (1st) day shall not be a Business Day, the immediately preceding Business Day), commencing March 1, 2021. See "APPENDIX H - FORM OF LOAN AGREEMENT" in this Limited Offering Memorandum.

Pursuant to the terms of the Account Control Agreement, the Institution will grant a security interest in the Institution's Deposit Account to the Secured Party. Under the terms of the Account Control Agreement, upon an Event of Default under the Indenture the Secured Party will have control of and have the right to make withdrawals from such Deposit Account. In the Account Control Agreement, the Institution covenants not to open any additional bank accounts unless such accounts are subject to the Account Control Agreement. Pursuant to the terms of the Depositary Agreement, the Institution will direct the Depositary Bank to transfer each rent payment from the Institution's Deposit Account to the Trustee for deposit to the Revenue Fund under the Indenture (such payment of rent is anticipated to be sufficient to make all payments required under the Loan Agreement).

Pursuant to the terms of the Mortgage, the Institution will grant to the Issuer mortgage liens on and security interests in the Institution's leasehold interest in the Mortgaged Property, including the Facility, subject to Permitted Encumbrances. The liens and security interests created by the Indenture and the Mortgage are for the equal and ratable benefit of the Series 2021 Bonds. The Loan Agreement and the Mortgage contain the general liability insurance and property insurance requirements for the Institution. See "RISK FACTORS" in this Limited Offering Memorandum for a discussion of certain limitations on the enforceability of the security for the Series 2021 Bonds.

Sublease

Payments of rent due from the School to the Institution under the Sublease will be in amounts anticipated to be sufficient to make loan payments under the Loan Agreement. The obligation of the School to make payments of rent commences on March 1, 2021. The terms of the Sublease require that the School pay all amounts of rent directly to the Institution's Deposit Account that is subject to the terms of the Account Control Agreement. Pursuant to the Mortgage, the Institution will assign and pledge its interest in the Sublease to the Trustee as additional security for the Series 2021 Bonds. See "APPENDIX L-1 – FORM OF PARK SLOPE SUBLEASE" and "APPENDIX L-2 – FORM OF STATEN ISLAND SUBLEASE" in this Limited Offering Memorandum.

The Mortgage

Pursuant to the Mortgage, the Institution will grant, to the Trustee a first mortgage lien on the Institution's leasehold interest in the Mortgaged Property and other real property that comprises the School's two campuses located at the Park Slope Facility and at the Staten Island Facility (the "Mortgaged Property") to secure the Institution's obligations to make payments under the Loan Agreement. The Institution will also grant, pursuant to the Mortgage, a valid security interest in all of the personal property of the Institution that is associated with the use and operation of its Facility. See "THE SERIES 2021 BONDS" and "APPENDIX I – FORM OF MORTGAGE" in this Limited Offering Memorandum.

Special Covenants of the School; Additional Indebtedness

As used in the Covenant Agreement and in this section:

- (A) "Additional Bonds" means any additional bonds issued and secured in accordance with the Indenture on a parity with the Outstanding Series 2021 Bonds.
 - (B) "Bonds" means the Series 2021 Bonds and any Additional Bonds.
- (C) "Cash on Hand" means the sum of cash, cash equivalents, liquid investments and unrestricted marketable securities (valued at the lower of cost or market value) of the School. Cash on Hand specifically does not include amounts held by the Trustee.

- (D) "Days Cash on Hand" means (a) Cash on Hand of the School, as shown on the financial statements for each Fiscal Year divided by (b) the quotient of Operating Expenses, as shown on the financial statements of the School, plus interest paid on indebtedness of the School and Sublease Payments, for such Fiscal Year, divided by 365.
- (E) "Eliminated Expenses" means any Operating Expenses that a School Representative certifies will be eliminated as a result of any proposed Long-Term Indebtedness or Additional Bonds.
- (F) "Fiscal Year" shall mean a year of 365 or 366 days, as the case may be, commencing on July 1 of each calendar year and ending on June 30 of the next calendar year, or such other fiscal year of similar length used by the School for accounting purposes as to which the School shall have given prior written notice thereof to the Trustee at least ninety (90) days prior to the commencement thereof.
- (G) "Funded Indebtedness" means Indebtedness having a final maturity or final payment date of more than one year from the date of creation thereof or which is renewable or extendible at the option of the obligor to a date more than one year from the date of creation thereof.
- (H) "Gross Revenues" means all funds, money, grants, or other distributions received by the School from the State or other revenues sources of any kind whatsoever, but such amount do not include donations that have been restricted by the donor.
- (I) "Indebtedness" means all indebtedness of the School for borrowed moneys, no matter how created, whether or not incurred with respect to the Facility and whether or not such indebtedness is assumed by the School, including any leases required to be capitalized in accordance with Generally Accepted Accounting Principles ("GAAP"), installment purchase obligations and guaranties.
- (J) "Independent Consultant" means a management consultant, bookkeeper or certified public accountant selected by the School, experienced in the management, operation and/or financing of charter schools in New York. The selection of the Independent Consultant shall be approved by a majority of bondholders.
- (K) "Independent Counsel" means a written opinion of counsel for the School (which counsel shall be reasonably acceptable to the Trustee) with respect to such matters as required under the Covenant Agreement or as the Trustee may otherwise reasonably require, and which shall be in form and substance reasonably acceptable to the Trustee.
- (L) "Long-Term Indebtedness" means all Indebtedness the final maturity of which (taking into account any extensions available at the sole option of the School) is greater than one year after the initial incurrence thereof.
- (M) "Majority Holder" means 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.
- (N) "Net Income Available for Debt Service/Sublease Payments" means, for any period of determination thereof, the aggregate Gross Revenues of the School for such period minus the total Operating Expenses for such period but excluding (a) any profits or losses which would be regarded as extraordinary items under GAAP, (b) gain or loss in the extinguishment of Indebtedness, (c) proceeds of the Bonds and any other Indebtedness permitted by the Loan Agreement, and (d) proceeds of insurance policies, other than policies for business interruption insurance, maintained by or for the benefit of the School, the proceeds of any sale, transfer or other disposition of the Facility or any other of the School's assets by the School, and any condemnation or any other damage award received by or owing to the School.

- "Operating Expenses" means all fees and expenses incurred in the general operation of the School as determined in accordance with GAAP, including but not limited to items such as: (a) salaries, wages, benefits, payroll taxes, and other expenses for teachers and staff employed by the School, (b) the cost of material and supplies used for current operations of the School, (c) the cost of vehicles owned or leased by the School, (d) the cost of equipment leases and service contracts, (e) taxes upon the operations of the School not otherwise mentioned in this Covenant Agreement, (f) School administrative and legal expenses, (g) costs and expenses incurred by the School with respect to the Facility, including maintenance, repair expenses, and utility expenses, (h) miscellaneous operating expenses, (i) advertising costs, (j) charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with GAAP, all in such amounts as reasonably determined by the School; provided however, "Operating Expenses" shall not include (u) interest paid on indebtedness of the School; (v) Sublease Payments; (w) depreciation and amortization expenses; (x) other non-cash expenses; (x) those expenses which are actually paid from any revenues of the School which are not Gross Revenues; (y) those expenses which are actually paid from any proceeds of Long-Term Indebtedness; (y) one-time capital expenses; and (z) expenditures for capitalized assets and leasehold improvements.
- (P) "Principal and Interest Requirements on Long-Term Indebtedness" means, for any Fiscal Year, the amount required to pay the interest and principal for Long-Term Indebtedness of the School in such Fiscal Year, excluding "funded interest" from the proceeds of Indebtedness and excluding interest earnings on the Debt Service Reserve Fund, to be determined on the assumption that all Indebtedness will be retired as scheduled.
- (Q) "School Representative" shall mean the Chair of the School or any other authorized representative of the school designated in writing to the Trustee.
- (R) "Short-Term Indebtedness" means Indebtedness of a term of not more than one year that is not Funded Indebtedness.
- (S) "Sublease Payments" means, for any Fiscal Year, all payments by the School pursuant to the Sublease.
- (T) "Tax-Exempt Bonds" means the Series 2021A Bonds and any Additional Bonds the interest on which is intended to be excluded from gross income for federal income tax purposes.

Covenants of the School

Minimum 45 Days Cash on Hand. The School will maintain unrestricted Cash on Hand in its operation fund such that on each testing date the amount on deposit in such fund shall be equal to or greater than 45 Days Cash on Hand ("Minimum Days Cash on Hand"). The School's Cash on Hand shall be tested annually as of each Fiscal Year, commencing June 30, 2022. The School will provide the Trustee with a certification no later than 30 days after the completion of the School's audit for each Fiscal Year that the operating reserve fund balance required above has been met. Amounts on deposit in such operating fund may be used to pay Operating Expenses or may be used for any other lawful purpose. The foregoing is subject to the qualification that if applicable state or federal laws or regulations, or the rules and regulations of agencies having jurisdiction (including, without limitation, changes in state or federal funding schedules), shall not permit or enable the School to maintain such level of Cash on Hand, then the School shall, in conformity with the then prevailing laws, rules or regulations, maintain its Cash on Hand equal to the maximum permissible level.

Net Income Available for Debt Service/Sublease Payments Equal to 110%. For each Fiscal Year ending on or after June 30, 2022, the School will certify to the Trustee no later than 30 days after the completion of the School's audit for each Fiscal Year that the Net Income Available for Debt

Service/Sublease Payments is equal to 110% of the sum of Principal and Interest Requirements on any Long-Term Indebtedness of the School plus the Sublease Payments paid during such Fiscal Year.

Independent Consultant Required. If the Cash on Hand at the end of any Fiscal Year is below the Minimum Days Cash on Hand, as provided above, the School will promptly employ an Independent Consultant, selected by or acceptable to the Majority Holder, to review and analyze the operations and administration of the School, inspect the Facility, and submit to the School and Trustee written reports, and make such recommendations as to the operation and administration of the School's charter schools as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The School agrees to consider any recommendations by the Independent Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. The Trustee has no duty or obligation to monitor the School's compliance with any such recommendations and shall provide copies of any such reports provided to it to the Bondholders.

So long as the School is otherwise in full compliance with its obligations under the Covenant Agreement, including following, to the fullest extent practicable, the recommendations of the Independent Consultant, it shall not constitute an Event of Default if the Cash on Hand at the end of any Fiscal Year is less than the Minimum Days Cash on Hand. If requested, the School shall provide the Trustee with a written certification that the School is, to the fullest extent practicable, in compliance with the recommendations of the Independent Consultant and the Trustee shall be fully protected in relying on such written certification.

If the Net Income Available for Debt Service/Sublease Payments for any Fiscal Year ending on or after June 30, 2022, is less than 110% of the sum of Principal and Interest Requirements on any Long-Term Indebtedness of the School plus the Sublease Payments payable during such Fiscal Year, the School will promptly employ an Independent Consultant to review and analyze the operations and administration of the School, inspect the Facility, and submit to the School and Trustee written reports, and make such recommendations as to the operation and administration of the School's charter school as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The School agrees to consider any recommendations by the Independent Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. The Trustee has no duty or obligation to monitor the School's compliance with any such recommendations and shall provide copies of any such reports provided to it to the Bondholders. If requested, the School shall provide the Trustee with a written certification that the School is, to the fullest extent practicable, in compliance with the recommendations of the Independent Consultant and the Trustee shall be fully protected in relying on such written certification.

So long as the School is otherwise in full compliance with its obligations under the Covenant Agreement, including following, to the fullest extent practicable, the recommendations of the Independent Consultant, it shall not constitute an Event of Default if the Net Income Available for Debt Service/Sublease Payments for any Fiscal Year ending on or after June 30, 2022, is less than 110% of the sum of Principal and Interest Requirements on any Long-Term Indebtedness of the School and the Sublease Payments for such Fiscal Year (as evidenced by the School's audited financial statements for such Fiscal Year).

Notwithstanding the immediately preceding paragraphs, regardless of whether the School has retained an Independent Consultant, if at the end of the Fiscal Year ending June 30, 2022 or any subsequent Fiscal Year, the Net Income Available for Debt Service/Sublease Payments as of the end of such Fiscal Year is less than 100% of the sum of Principal and Interest Requirements on any Long-Term Indebtedness of the School and the Sublease Payments for such Fiscal Year (as evidenced by the School's audited financial statements for such Fiscal Year), then the Trustee shall give notice thereof to the Electronic Municipal Market Access ("EMMA") and the Majority Holder may either (a) direct the Trustee to declare an Event of Default or (b) direct the Trustee to exercise one or more of the remedies permitted under the

Loan Agreement and the Indenture. In the absence of direction by the Majority Holder, the Trustee may take the action described in the preceding sentence.

Additional Indebtedness of the School.

The School covenants in the Covenant Agreement that it will not incur any indebtedness, whether or not secured on a basis subordinate to the payment of the Series 2021 Bonds, unless it (a) received the prior written consent of the Majority Bondholder or (b) satisfies certain requirements described in the Loan Agreement and Covenant Agreement.

Short-Term Indebtedness. The School may incur Short-Term Indebtedness in an aggregate amount that does not exceed \$750,000; provided that such Short-Term Indebtedness must have a \$0 balance for at least twenty (20) consecutive days during each Fiscal Year. Short-Term Indebtedness incurred by the School may not be secured by any security interest in or lien against the Facility.

Long-Term Indebtedness. The School may only incur Long-Term Indebtedness as described below and may never incur Long-Term Indebtedness for the purpose of replacing the Facility or moving the operations currently conducted at the Facility unless the Outstanding Series 2021 Bonds have been discharged.

The School may incur Long-Term Indebtedness upon the satisfaction of certain requirements including furnishing to the Trustee: (i) an opinion or report of an independent certified public accountant selected by the School to the effect that the Net Income Available for Debt Service/Sublease Payments for the Fiscal Year immediately preceding the date on which such Long-Term Indebtedness is to be incurred for which audited financial statements are available, plus Eliminated Expenses, totals at least 110% of the sum of maximum Principal and Interest Requirements on Long-Term Indebtedness of the School payable in any Fiscal Year plus the Sublease Payments payable in such Fiscal Year, and (ii) a certificate of the School Representative, verified or reviewed by an independent certified public accountant selected by the School, to the effect that Net Income Available for Debt Service/Sublease Payments for the next Fiscal Year beginning after the Fiscal Year in which any improvements being financed by such proposed Long-Term Indebtedness are to be placed in service, or, if no improvements are to be financed thereby, beginning with the first Fiscal Year after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred, will be at least 120% of the sum of maximum Principal and Interest Requirements on any Long-Term Indebtedness of the School (including such requirements for the proposed Long-Term Indebtedness but excluding such requirements for any then outstanding Long-Term Indebtedness of the School or Bonds to be refinanced by the proposed Long-Term Indebtedness) for each Fiscal Year plus the Sublease Payments payable in such Fiscal Year beginning with the second Fiscal Year after the Fiscal Year in which any improvements being financed by such proposed Long-Term Indebtedness are to be placed in service, or, if no improvements are to be financed thereby, beginning with the first Fiscal Year after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred, but before the final stated maturity of all then Outstanding Bonds.

Notwithstanding the provisions of the prior paragraph, the School may incur Long-Term Indebtedness for refinancing the principal amount of any outstanding Long-Term Indebtedness provided the Principal and Interest Requirements on Long-Term Indebtedness (including such requirements for the proposed Long-Term Indebtedness but excluding such requirements for the Long-Term Indebtedness to be refinanced thereby) for each Fiscal Year after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred but before the final stated maturity of all then Outstanding Bonds will not exceed the amount of Principal and Interest Requirements on Long-Term Indebtedness that would have been required for each such Fiscal Year had such proposed Long-Term Indebtedness not been incurred.

Purchase Money Indebtedness. The School may incur Long-Term Indebtedness without regard to the limitations described above under "Long-Term Indebtedness" if: (i) (a) such Long-Term Indebtedness

is secured solely by a security interest in personal property financed with such Long-Term Indebtedness; (ii) the aggregate payments of all Long-Term Indebtedness incurred pursuant to this paragraph shall not exceed \$750,000; and (iii) the School certifies that the incurrence of such Long-Term Indebtedness will not cause it to be in violation of the operating covenants of the School.

Additional Indebtedness of the Institution

Pursuant to the Loan Agreement, the Institution may incur additional indebtedness, including Additional Bonds issued pursuant to the Indenture; provided in all cases that such indebtedness shall meet the requirements of the Covenant Agreement and shall be incurred to benefit the School. For a description of the requirements for the issuance of Additional Bonds, see "APPENDIX G – FORM OF INDENTURE" in this Limited Offering Memorandum.

The Indenture

The Series 2021 Bonds are to be issued pursuant to the Indenture and will be equally and ratably secured with any Series of Additional Bonds that may be issued thereby. As security for the Series 2021 Bonds, the Issuer has pledged and assigned to the Trustee the Trust Estate, which includes: (i) all right, title and interest of the Issuer in and to the Loan Agreement, including all loan payments, revenues and receipts payable or receivable thereunder (other than the Issuer's Reserved Rights, which Issuer's Reserved Rights may be enforced by the Issuer and the Trustee, jointly or severally); (ii) all right, title and interest of the Issuer in and to the Promissory Note; (iii) all moneys and securities from time to time held by the Trustee under the Indenture (other than the Rebate Fund), and (iv) any and all other property of every kind and nature from time to time which is delivered or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security under the Indenture, by the Issuer or by any other Person, with or without the consent of the Issuer, to the Trustee which is 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 of the Indenture. The Indenture provides that all Series 2021 Bonds issued thereunder shall be special limited revenue obligations of the Issuer, payable solely from and secured solely by the Trust Estate. See "APPENDIX G-FORM OF INDENTURE" in this Limited Offering Memorandum.

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

Flow of Funds; Revenue Fund

The Trustee shall promptly deposit in the Revenue Fund all amounts received from the Institution or transferred pursuant to the Account Control Agreement and the Depositary Agreement. All moneys held on deposit in the Revenue Fund shall be transferred or disbursed by the Trustee on each Loan Payment Date, in the following order of priority:

FIRST: to the Bond Fund, with respect to interest due and payable on the Series 2021 Bonds, an amount equal to the quotient obtained by dividing the amount of interest on the Series 2021 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, including any funds transferred from the applicable Capitalized Interest Account of the Project Fund, and as shall be available to pay interest on the Series 2021 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 Series 2021 Bonds on the next Interest Payment Date (after taking into account any amounts on deposit in the Interest Account of the Bond Fund, including any funds transferred from the applicable Capitalized Interest Account of the Project Fund, and as shall be available to pay interest on the Series 2021 Bonds on such next succeeding Interest Payment Date), plus (ii) to the Bond Fund, commencing on that Loan Payment Date as shall precede the first principal payment date of

December 1, 2026 by more than twelve (12) but less than thirteen (13) months, an amount of money equal to one- twelfth (1/12) of the principal due on any principal payment date occurring in the next 12 months, plus (iii) any amount previously due under this paragraph but that remains unpaid because of an insufficiency in moneys available therefor; equal to one-sixth (1/6) of the interest due on the Series 2021 Bonds on the next Interest Payment Date, plus (ii) to the Bond Fund, an amount of money equal to one-twelfth (1/12) of the Sinking Fund Installment due on any Sinking Fund Installment payment date occurring in the next 12 months, plus (iii) to the Bond Fund, commencing on that Loan Payment Date as shall precede the first principal payment date of December 1, 2026 by more than twelve (12) but less than thirteen (13) months, an amount of money equal to one- twelfth (1/12) of the principal due on any principal payment date occurring in the next 12 months, plus (iv) any amount previously due under this paragraph but that remains unpaid because of an insufficiency in moneys available therefor;

SECOND: to the to the Rebate Fund, any amount of moneys required to be deposited in the Rebate Fund pursuant to the Indenture or the Tax Certificate;

THIRD: to the applicable Debt Service Reserve Account in the Debt Service Reserve Fund, upon the determination of a deficiency pursuant to the Indenture, an amount of moneys equal to one-sixth (1/6) of such deficiency in that amount of moneys necessary to cause the sum on deposit in the applicable Debt Service Reserve Account in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement for such Series of Bonds;

FOURTH: commencing on March 1, 2021, the Institution shall pay on each Loan Payment Date \$5,000 to the Repair and Replacement Fund until the amount on deposit in the Repair and Replacement Fund equals the Repair and Replacement Fund Requirement (as defined herein); provided that, following any disbursement from the Repair and Replacement Fund, the amount required to be deposited therein shall additionally include an amount necessary to replenish the Repair and Replacement Fund by the total amount of such disbursement deposited in equal amounts on each Loan Payment Date over the 24-month period to begin on the Loan Payment Date following such disbursement;

FIFTH: with respect to a redemption pursuant to the Indenture (other than any mandatory Sinking Fund Installment redemption), to the Bond Fund, an amount of money equal to the Redemption Price due on the Redemption Date, and

SIXTH: to the Institution, to the account set forth in the exhibit to the Depositary Agreement, all amounts of money remaining on deposit in the Revenue Fund, if any, after the Trustee has made the disbursements required in FIRST through FIFTH above; provided that if an Event of Default has occurred and is then in effect, the Trustee shall only transfer to the Institution the amount necessary to pay operating and capital expenses required to be paid for that calendar month as provided in the Institution's annual budget as shall be certified by the Institution to the Trustee.

Acceleration

Upon the occurrence of certain events, payment of the principal of and accrued interest on the Series 2021 Bonds may be accelerated under the Indenture. See "RISK FACTORS"; "APPENDIX H - FORM OF LOAN AGREEMENT - Events of Default" and "- Remedies on Default"; and "APPENDIX G - FORM OF INDENTURE - Events of Default; Acceleration of Due Date" and "- Enforcement of Remedies" in this Limited Offering Memorandum.

Debt Service Reserve Fund

On the date of the issuance of the Series 2021 Bonds, a portion of the proceeds of the Series 2021A Bonds in an amount equal to the Debt Service Reserve Fund Requirement (as defined herein) for the Series 2021A Bonds will be deposited in the Series 2021A Bonds Debt Service Reserve Account of the Debt

Service Reserve Fund created under the Indenture and a portion of the proceeds of the Series 2021B Bonds in an amount equal to the Debt Service Reserve Fund Requirement (as defined herein) for the Series 2021B Bonds will be deposited in the Series 2021B Bonds Debt Service Reserve Account of the Debt Service Reserve Fund created under the Indenture. The "Debt Service Reserve Fund Requirement" means, (A) with respect to the Series 2021A Bonds (1) \$2,686,900, which is the lesser of (i) the Maximum Annual Debt Service on the Outstanding Series 2021A Bonds, (ii), 125% of average annual debt service on the Outstanding Series 2021B Bonds (1) \$83,500, which is the lesser of (1) the Maximum Annual Debt Service on the Outstanding Series 2021B Bonds, (ii), 125% of average annual debt service on the Outstanding Series 2021B Bonds or (iii) 10% of the amount of the Outstanding Series 2021B Bonds, and (C) with respect to each Series of Additional Bonds, shall mean the lesser of (1) the Maximum Annual Debt Service on each such Series of Additional Bonds, (2), 125% of average annual debt service on each such Series of Additional Bonds or (3) 10% of the amount of each such Series of Additional Bonds.

If on any Interest Payment Date or Redemption Date on the Bonds of a Series 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 Capitalized Interest Account of the Project Fund designated for such Series of Bonds) shall be less than the amount of interest then due and payable on such Bonds, or if on any principal payment date on the Bonds of a Series the amount in the Principal Account shall be less than the amount of principal of such Bonds then due and payable, or if on any Sinking Fund Installment payment date for the Bonds of a Series 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 such 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 (and after any transfers to the Bond Fund from the Earnings Fund and the Repair and Replacement Fund), the Trustee forthwith shall transfer moneys from the applicable Debt Service Reserve Account in 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, all pursuant to the Indenture; provided, however, that the amount so transferred shall be applied only to the payment of such interest, principal and Sinking Fund Installment on the Bonds of such Series and not to the payment of interest, principal and Sinking Fund Installment or any other amounts payable with respect to Bonds of any other Series.

Upon the occurrence of an Event of Default under the Indenture and the exercise by the Trustee of remedies in the Loan Agreement and the Indenture, any moneys in the Debt Service Reserve Fund shall be transferred by the Trustee to the Bond Fund and applied in accordance with the Indenture, notice of which shall be given by the Trustee to the Institution, the Issuer and the Bondholders. On the Loan Payment Date next preceding the final maturity date of a Series of Bonds, any moneys in the applicable Debt Service Reserve Account in the Debt Service Reserve Fund shall be transferred to the Bond Fund and used to pay the principal and interest on the Bonds of such Series on the final maturity date.

The Trustee will 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 a Debt Service Reserve Account in the Debt Service Reserve Fund, telephonic notice (to be promptly confirmed in writing) specifying the amount of such deficiency and requesting the Institution to deliver such amount to the Trustee in accordance with said Section of the Loan Agreement. The Trustee shall deposit in such Debt Service Reserve Account in the Debt Service Reserve Fund the amount so delivered by the Institution. The failure of the Trustee to deliver such notice or any defect in such notice will 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.

In the event that the Institution delivers written notice to the Trustee of its intention to redeem Bonds of a Series, the Institution may direct the Trustee to apply such amounts in the applicable Debt Service Reserve Account in the Debt Service Reserve Fund to effect such redemption such that the amount remaining in the applicable Debt Service Reserve Account 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 of such Series Outstanding.

Repair and Replacement Fund

The Trustee shall deposit into the Repair and Replacement Fund all amounts required to be deposited therein pursuant to the Indenture (described above in clause FOURTH under "THE INDENTURE - Flow of Funds; Revenue Fund") and all payments required to be made by the Institution pursuant to the Loan Agreement. Under the Loan Agreement, upon receipt by the Institution of notice from the Trustee that the amount on deposit in the Repair and Replacement Fund is less than the Repair and Replacement Fund Requirement (defined as an amount equal to \$400,000), the Institution shall pay to the Trustee for deposit in the Repair and Replacement Fund on the Loan Payment Date immediately following the receipt by the Institution of notice of such deficiency, and on each of the five (5) succeeding Loan Payment Dates, or over such longer time period as shall be consented to in writing by the Majority Holders, an amount equal to one-sixth (1/6) of such original deficiency in the Repair and Replacement Fund.

The Trustee shall, at the request of an Authorized Representative of the Institution, disburse moneys from the Repair and Replacement Fund in payment of the costs described below upon receipt by the Trustee of a requisition therefor. After the Project Completion Date, moneys in the Repair and Replacement Fund shall be disbursed by the Trustee (y) to the Institution or to the Institution's order to pay the cost of (i) improvements to the Facility, (ii) replacement or repair of furniture and equipment or other components of the Facility, and (iii) purchasing additional furniture and equipment for the Facility; and (z) to pay principal and interest on the Bonds to the extent payments by the Institution are insufficient therefor (prior to the use of moneys in the Debt Service Reserve Fund and after the use of moneys in the Earnings Fund for such purpose). In no event will the balance of the Repair and Replacement Fund be required to exceed the Repair and Replacement Fund Requirement. As long as no Event of Default has occurred and is continuing, if, at any time, the balance of the Repair and Replacement Fund exceeds the Repair and Replacement Fund Requirement, at the written request of the Institution, the sum of such excess shall be delivered by the Trustee to the Institution to be applied by the Institution for any lawful purpose of the Institution.

Project Fund

On the Closing Date, the Trustee shall deposit a portion of the proceeds of the Series 2021 Bonds into the Project Fund. The Trustee is authorized to disburse from the Project Fund, pursuant to the terms of the Indenture, amounts required to pay (in whole or in part) 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 specified in the Indenture, until the Project completion certificate is filed under the Loan Agreement. 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 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 completion of the Project shall be evidenced as set forth in the Loan Agreement including the filing of a certificate of an Authorized Representative of the Institution. 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 Loan Agreement, 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 Series 2021 Bonds at the earliest practicable date as set forth in the Indenture.

Additional Bonds

So long as the Promissory Note, the Loan Agreement and the other Security Documents are each in effect and upon receipt by the Trustee of a certificate from the School showing satisfaction of the requirements set forth in the Covenant Agreement, one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of (i) completing the Project, (ii) providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (iii) providing extensions, additions or improvements to the Facility, the purpose of which shall be for the Approved Project Operations, or (iv) refunding Outstanding Bonds. Such Additional Bonds shall be payable from the loan payments, receipts and revenues of the Facility including such extensions, additions and improvements thereto. Prior to the issuance of a Series of Additional Bonds and the execution of a Supplemental Indenture in connection therewith, the Issuer and the Institution shall enter into an amendment to the Loan Agreement, and the Institution shall execute a new Promissory Note, which shall provide, among other things, that the loan payments payable by the Institution under the Loan Agreement and the aggregate amount to be paid under all Promissory Notes shall be increased and computed so as to amortize in full the principal of and interest on such Additional Bonds and any other costs in connection therewith. In addition, Additional Bonds may be issued only upon receipt by the Trustee of certain items specified in the Indenture.

Each Series of Additional Bonds shall be equally and ratably secured under the Indenture with the Series 2021 Bonds and all other Series of Additional Bonds, if any, issued pursuant to the Indenture, without preference, priority or distinction of any Series 2021 Bond over any other Series 2021 Bonds except as expressly provided in or permitted by the Indenture.

Defeasance

Upon certain terms and conditions specified in the Indenture, including provision for the payment of such Series 2021 Bonds, the Series 2021 Bonds or portions thereof will be deemed to be paid and the security provided in the Indenture and the Mortgage may be discharged prior to maturity or redemption of the Series 2021 Bonds. In that case, the Series 2021 Bonds will be secured solely by the cash and securities deposited with the Trustee for such purpose. See "APPENDIX G - FORM OF INDENTURE – Discharge of Indenture; Defeasance" in this Limited Offering Memorandum.

INVESTOR SUITABILITY STANDARDS

The Series 2021 Bonds are being offered only to Qualified Institutional Buyers and Accredited Investors.

Each purchaser of the Series 2021 Bonds, or their representative, is sufficiently knowledgeable and experienced in financial and business matters, including the purchase and ownership of municipal and other tax-exempt and taxable debt obligations, to be able to evaluate the risks and merits of the investment

represented by the purchase of the Series 2021 Bonds, and it is capable of and has made its own investigation of the Institution, the School and the Facility in connection with its decision to purchase the Series 2021 Bonds on its own behalf or on behalf of the purchaser's representative.

RISK FACTORS

No person should purchase any Series 2021 Bonds without carefully reviewing the following information, which summarizes some, but not all, factors that should be carefully considered before such purchase.

Nature of Special, Limited Obligations

THE SERIES 2021 BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, REDEMPTION PRICE AND INTEREST, SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2021 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2021 BONDS. THE SERIES 2021 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2021 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, OR INTEREST ON, THE SERIES 2021 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

Dependence on Institution's Ability to Pay Loan Payments; Ability of School to Pay Rent

Payment of principal of, premium, if any, and interest on, the Series 2021 Bonds is intended to be made from loan payments made by the Institution under the Loan Agreement, except to the extent payment is intended to be made from other amounts held under the Indenture such as Series 2021 Bond proceeds or investment earnings. The Institution has no significant assets or business other than its leasehold interest in the Facility. The ability of the Institution to make loan payments will depend on the Institution's ability to generate revenues sufficient to pay the loan payments, which will primarily depend on the ability of the School to make payments under the Sublease. See "APPENDIX A - HELLENIC CLASSICAL CHARTER SCHOOLS" in this Limited Offering Memorandum.

The School's general revenues are a combination of State payments provided under several State and federal programs, including the Education Aid Payments. See "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK" in this Limited Offering Memorandum. Prior enrollment history of the School is no guarantee of future enrollment and revenues. See "APPENDIX A - HELLENIC CLASSICAL CHARTER SCHOOLS" in this Limited Offering Memorandum.

The amounts and the timing of future revenues of the School cannot be determined with assurance. Prior revenues and expenditures of the School are no guarantee as to future revenue and expenditures of the School. Any event that would cause a delay, reduction or elimination of Education Aid Payments would have a material adverse effect on the ability of the School to pay rent under the Sublease.

No Taxing Authority; Dependence on Education Aid Payments

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

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

The regulations adopted by the New York State Commissioner of Education (the "Commissioner") provide that a charter school shall notify the Commissioner in the event that a school district (the NYC DOE on behalf of the New York City Community School Districts 15 and 31 with respect to the School) fails to make a required bi-monthly Education Aid Payment to a charter school such as the School. Such notice shall be given subsequent to the date a bi-monthly payment is due, but in no event later than May 31 of the school year in which such payments are due. Upon receipt of such notice, the Commissioner must certify to the State Comptroller (the "Comptroller") the amount of the unpaid obligation of the school district, which said amount shall be deducted from any Education Aid Payment due to such school district (the NYC DOE on behalf of the New York City Community School Districts 15 and 31 with respect to the School) and instead will be paid directly by the Comptroller to the School. There can be no assurance of the timing of receipt of any such amounts so paid by the Comptroller.

Delay in or Termination or Reduction of Education Aid Payments

Even though the State is obligated under its Constitution to provide for the maintenance and support of a system of free common schools, it is not obligated either to continue to authorize the operation of charter schools or to continue its current system of Education Aid Payments. Any change in the Charter Schools Act or in the provisions of the State Education Law relating to the appropriation of Education Aid Payments or failure by the State Legislature to appropriate funds sufficient to fund the operation of charter schools could have a material adverse effect on the ability of the School to make the payments of rent under the Sublease and therefore on the ability of the Institution to make loan payments under the Loan Agreement representing debt service on the Series 2021 Bonds.

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

Impact of the Covid-19 Pandemic on the Finances of the School

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization. The Governor of the State of New York and the Mayor of the City of New York have declared states of emergency in their respective jurisdictions. Since declaring a state of emergency in New York State on March 7, 2020, Governor Andrew M. Cuomo has issued numerous Executive Orders suspending or modifying dozens of state and local laws and has issued numerous directives to aid the State's response.

By order of Governor Cuomo ("New York State on PAUSE"), as of Sunday, March 22, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and

related measures. Based on metrics established by the State, the State has begun and is expected to continue to lift certain PAUSE restrictions on a regional basis in phases as each region meets the criteria outlined by the Governor to protect public health as businesses reopen. PAUSE restrictions began to be lifted in New York City on June 8, 2020.

The continued spread of COVID-19 and the continued impact on social interaction, travel, economies and financial markets may adversely impact the School's finances and operations. The continued spread of COVID-19 and its related impacts may (a) adversely affect the ability of the School to conduct its normal operations and/or may adversely affect the cost of, or revenue derived from, operations, or both, (b) adversely affect financial markets generally and consequently adversely affect the returns on, and value of, the School's investments and liquidity and (c) adversely affect the secondary market for, and value of, the Series 2021 Bonds. In addition, such factors may limit the sources of liquidity available in ordinary markets, and adversely impact the School's ability to access capital markets generally. The School is monitoring developments and the directives of federal, state and local officials to determine what additional precautions and procedures may need to be implemented by the School in the event of the continued spread of COVID-19. The full impact of COVID-19 and the scope of any adverse impact on the School's finances and operations cannot be fully determined at this time. Other adverse consequences of COVID-19 may include, but are not limited to, decline in net tuition revenue. While the School has defined and is considering a series of financial mitigation strategies to address many of the known costs of COVID-19, including, but not limited to, temporarily eliminating teacher incentive bonuses, temporarily eliminating salary increases, freezing the employer 401k plan match and requiring staff to pay a small portion towards their health insurance premiums, the continued risk could adversely impact the School's finances.

For additional information about the impact of COVID-19 on the School, see "APPENDIX A – HELLENIC CLASSICAL CHARTER SCHOOLS - Impacts of COVID-19" in this Limited Offering Memorandum.

Impact of the COVID-19 Pandemic on the Finances of the State

Provisions in the State's 2020-2021 Enacted Budget grant the Budget Director the authority to reduce "aid-to-localities" appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by the New York State Division of the Budget. Aid-to-localities is a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and the State's not-for-profit partners. In addition, the Budget Director is authorized to withhold and reduce specific local aid payments during the fiscal year. The State's Enacted Budget is deemed out of balance for the fiscal year, and the Budget Director's powers are activated, if actual tax receipts are less than 99 percent of estimated tax receipts, or actual disbursements are more than 101 percent of estimated disbursements, as measured at three points during the year (May 1-30, May 1-June 30, and July 1-December 31). The State's 2020-2021 Enacted Budget is premised on the assumption that the Budget Director's powers will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall. Due principally to the COVID-19 pandemic, reduced receipts are expected through State fiscal year 2024. According to the four year financial plan released by the State on May 8, 2020, as a result of the COVID-19 pandemic, State spending will be significantly reduced. Such reductions will include reductions to "aid to localities" which includes State aid to school districts, including the School District. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State. The State has publicly announced that COVID-19 will have a significant negative impact on the State's revenues and 2020-21 budget.

SED posted an announcement on its State aid website noting that on August 13, 2020, the Division of the Budget (DOB) issued the <u>FY 2021 First Quarterly State Budget Financial Plan Update</u> which notes that, in the absence of Federal action since enactment of the FY 2021 budget, DOB began withholding 20

percent of most local aid payments in June, and that all or a portion of these withholds may be converted to permanent reductions, depending on the size and timing of new Federal aid, if any.

The announcement further noted that in July, DOB began approving General Support for Public Schools (GSPS) payments to school districts (including 3609-a General Aid, 3609-b Excess Cost Aid, and 3609-d BOCES Aid payments) at 80% of the otherwise scheduled amounts.

DOB's Updated Financial Plan includes \$8.2 billion in recurring local aid reductions, and states that the earliest DOB expects to transmit a detailed aid-to-localities reduction plan to the Legislature is late in the second quarter of the State's FY 2021, and that, in the absence of unrestricted Federal aid, DOB will continue to withhold a range of payments through the second quarter of FY 2021.

School districts across the State have requested that the State Legislature adopt legislation that would allow school districts to reduce payments to charter school to the extent that State aid paid to school districts is reduced pursuant to the provisions in the State's 2020-2021 Enacted Budget. There can be no assurance that such legislation will not be introduced, adopted by the State Legislature and signed into law by the Governor.

Projections

The Financial Projections (the "Projections") prepared by the School and contained in "APPENDIX A - HELLENIC CLASSICAL CHARTER SCHOOLS – Projected Financial Information" are based upon certain assumptions made by the School. No assurance can be given that the results described in the Projections will be achieved. The School does not intend to issue additional Projections and, accordingly, there are risks inherent in using the Projections in the future as the Projections become outdated. The Projections are only for fiscal years ending June 30, 2021 through June 30, 2025 and do not cover the entire period during which the Series 2021 Bonds may be outstanding. The Projections will not be updated to reflect the final pricing of the Series 2021 Bonds. See "APPENDIX A - HELLENIC CLASSICAL CHARTER SCHOOLS – Projected Financial Information" in this Limited Offering Memorandum.

No guarantee can be made that the Projections will correspond with the results actually achieved in the future by the School because there is no assurance that actual events will correspond with the assumptions made by the School. For example, the Projections makes certain assumptions as to continued demand for educational facilities such as the Facility and future enrollment at the School. Actual operating results of the School may be affected by many factors, including, but not limited to, increased costs, lower than anticipated enrollment, reduced State funding, changes in demographic trends, and local and general economic conditions. The Projections, which appear in "APPENDIX A - HELLENIC CLASSICAL CHARTER SCHOOLS – Projected Financial Information" in this Limited Offering Memorandum, should be read in their entirety.

Termination, Revocation or Nonrenewal of the Charter

The Charter may be terminated by the Board of Regents for the grounds set forth in the Charter Schools Act. The Charter also provides that it may be terminated and revoked by mutual agreement of the parties. For more information regarding conditions under which the Charter may be revoked, the revocation procedure, and other information regarding the Charter and the Charter Schools Act, see "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK," "APPENDIX A - HELLENIC CLASSICAL CHARTER SCHOOLS - GENERAL," and "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW" in this Limited Offering Memorandum.

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

of its Charter, there can be no assurance that the Board of Regents will not revoke the Charter in the future or choose not to renew the Charter when it ends. The current Charter has a term through June 30, 2024.

Construction Risks; Permitting

A portion of the Series 2021 Bond proceeds will be used to renovate the Park Slope Facility and construct the Staten Island Facility as described herein under "THE PROJECT AND PLAN OF FINANCE" and in "APPENDIX A - HELLENIC CLASSICAL CHARTER SCHOOLS - THE PROJECT" in this Limited Offering Memorandum. Construction is subject to all typical construction related risks. Such risks include, among others, filing of mechanic's liens (which may be ruled superior to the liens of the Mortgage), labor disputes, defective building materials, schedule delays, severe weather, shortages in various labor trades, fire or other property or casualty damage, unanticipated subsoil conditions and financial difficulties on the part of or disputes with the construction manager, key suppliers, contractors or subcontractors. There can be no assurance that construction problems of the types described above, or other problems, will not frustrate the planned completion of any part of the renovation of the Facility.

In addition, the Institution will not begin applying for permits until the date of issuance of the Series 2021 Bonds. While the Institution is not aware of any reason why permits might be delayed and the current construction schedule contemplates permits being applied for on or after the Closing Date, there can be no assurance that the required permits will be obtained on time or without conditions that increase the cost of the Project. See the discussion in "APPENDIX A - HELLENIC CLASSICAL CHARTER SCHOOLS - THE PROJECT" in this Limited Offering Memorandum.

No Pledge of Revenues by the School

Under New York law, the School may not legally assign or pledge any interest in public education aid payable to the School pursuant to the Charter Schools Act to secure its obligations under the Sublease Agreement and therefore the Institution cannot assign that revenue pledge to the Trustee. In the event of a bankruptcy or insolvency of the School, the lack of a revenue pledge could adversely impact the Trustee's ability to secure revenues for the benefit of the Bondholders.

Factors Associated with Education

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

Potential Unionization

The teachers and staff at the School are not unionized, although no assurance can be given that they will not unionize or attempt to unionize in the future.

Competition for Students

As a charter school in New York City, the School's catchment area is the entire city. The vast majority of HCCS-Park Slope's students live in the Park Slope or Sunset Park area. HCCS-Park Slope is located in Community School District 15, one of the highest performing districts in New York City. See "APPENDIX A – HELLENIC CLASSICAL CHARTER SCHOOLS – Service Area and Competition for Students" in this Limited Offering Memorandum. HCCS-Staten Island will have fairly less competition due to fewer charter school options in Community School District 31, however, it will still compete with Catholic and parochial schools. No assurance, however, can be given that the School will attract and retain the number of students that are needed to produce revenue necessary to pay the principal of and interest on the Series 2021 Bonds, or that additional competing schools will not be created in or near the School's respective service areas.

Foreclosure Delays and Deficiency

Should loan payments be insufficient to pay the principal of and interest on the Series 2021 Bonds, the Trustee may seek to foreclose on the or sell the Institution's leasehold interest in the Facility securing the Series 2021 Bonds. However, no assurance can be given that the value of Institution's leasehold interest in the Facility at the time of such foreclosure or sale would be sufficient to meet all remaining principal and interest payments on the Series 2021 Bonds. In addition, the time necessary to institute and complete such proceedings could substantially delay receipt of funds from a foreclosure or sale. There could also be delays in regaining possession of the Facility from the Institution and the School in the event of any default or dispute under the Loan Agreement. Under the Subordination, Non-Disturbance and Attornment Agreement, entered into as of January 1, 2021 (the "SNDA Agreement"), by and among the School, the Institution, and the Trustee, so long as there is no event of default under the Sublease, notwithstanding the existence of an Event of Default under the Indenture, foreclosure will not disturb the School's right of possession and leasehold interest under the Sublease.

Effect of Federal Bankruptcy Laws on Security for the Series 2021 Bonds

Bankruptcy proceedings and equity principles may delay or otherwise adversely affect the enforcement of Bondholders' rights in the property granted as security for the Series 2021 Bonds. Furthermore, if the security for the Series 2021 Bonds is inadequate for payment in full of the Series 2021 Bonds, bankruptcy proceedings and equity principles may also limit any attempt by the Trustee to seek payment from other property of the Institution, if any. Also, federal bankruptcy law permits adoption of a reorganization plan, even though it has not been accepted by the holders of a majority in the aggregate principal amount of the Series 2021 Bonds, if the Bondholders are provided with the benefit of their original lien or the "indubitable equivalent." In addition, if the bankruptcy court concludes that the Bondholders have "adequate protection," it may (i) substitute other security subject to the lien of the Bondholders, and (ii) subordinate the lien of the Bondholders (a) to claims by persons supplying goods and services to the Institution after bankruptcy and (b) to the administrative expenses of the bankruptcy proceeding. The bankruptcy court may also have the power to invalidate certain provisions of the Mortgage that make bankruptcy and related proceedings by the Institution an event of default thereunder.

Key Personnel

The School's creation, curriculum, educational philosophy, and day-to-day operations reflect the vision and commitment of the individuals who serve on the School's Board of Trustees and as the School's

administrators (the "Key Personnel"). The loss of any Key Personnel could adversely affect the School's operations, its ability to attract and retain students and ultimately its financial results. For more information regarding the School's Key Personnel, see "APPENDIX A – HELLENIC CLASSICAL CHARTER SCHOOLS - GOVERNANCE" in this Limited Offering Memorandum.

Additional Indebtedness

The School is permitted to incur additional Indebtedness in accordance with the restrictions imposed by the Covenant Agreement. The Institution is permitted to incur indebtedness in the form of Additional Bonds. No assurance can be given that the School will not incur additional Indebtedness in the future or that the Issuer will not issue Additional Bonds for the benefit of the Institution. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS - Special Covenants of the School; Additional Indebtedness" and "Additional Bonds" in this Limited Offering Memorandum.

Forward-Looking Statements

This Limited Offering Memorandum contains certain statements that are "forward-looking" statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this Limited Offering Memorandum, including without limitation statements that use terminology such as "estimate," "plan," "budget," "expect," "intend," "anticipate," "believe," "may," "will," "continue," and similar expressions, are forward-looking statements. These forward-looking statements include, among other things, the discussions related to the School's operations and expectations regarding student enrollment, future operations, revenues, capital resources, and expenditures for capital projects. Although the Institution and the School believe that the assumptions upon which the forward-looking statements contained in this Limited Offering Memorandum are based are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions also could be incorrect. All phases of the operations of the Institution and the School involve risks and uncertainties, many of which are outside the control of the Institution and the School and any one of which, or a combination of which, could materially affect the results of the Institution's or the School's operations and whether the forward-looking statements ultimately prove to be correct. Factors that could cause actual results to differ from those expected include, but are not limited to, general economic conditions such as inflation and interest rates, both nationally and in New York where the Facility is located; the willingness of the State to fund charter school operations at present or increased levels; competitive conditions within the School's market, including the acceptance of the education services offered by the School; lower enrollments than projected; unanticipated expenses; the capabilities of the Institution and School's management; changes in government regulation of the education industry; future claims for accidents at the Facility and the extent of insurance coverage for such claims; and other risks discussed in this Limited Offering Memorandum. THE PROJECTIONS CONTAINED IN APPENDIX A ATTACHED TO THIS LIMITED OFFERING MEMORANDUM ARE NOT A HISTORICAL STATEMENT OF FINANCIAL PERFORMANCE OF THE SCHOOL, BUT ARE A FORWARD LOOKING FORECAST OF FUTURE, PROJECTED FINANCIAL PERFORMANCE OF THE SCHOOL.

No representation or assurance can be given that the School will realize revenues in an amount sufficient to make the required payments under the Sublease and therefore on the ability of the Institution to make loan payments under the Loan Agreement representing debt service on the Series 2021 Bonds. No market study or demand analysis has been prepared for the School to analyze the existing or future demand for the School's charter school educational services. The realization of future Revenues is dependent upon, among other things, the matters described in the foregoing paragraphs and future changes in economic and other conditions that are unpredictable and cannot be determined at this time. The Underwriter makes no representation as to the accuracy of the projections contained herein or as to the assumptions on which the projections are based.

Property Tax Exemption

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

Tax-Exempt Status of the Institution

The Institution is a New York not-for-profit corporation. The Institution has been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code. Under present federal law, regulations and rulings, the income and revenue of not-for-profit, 501(c)(3) qualified exempt organizations are exempt from federal income tax, except for any unrelated business income as defined in the Code, and their revenues are exempt from the State sales tax except for certain services. If the Institution fails to meet the requirements necessary to preserve its status as a not-for-profit corporation and a tax-exempt charitable organization under Section 501(c)(3) of the Code, the Institution could experience be required to pay income tax on the payments in receives from the School pursuant to the Sublease which would adversely affect the Institution's ability in the future to make payments under the Loan Agreement representing debt service on the Series 2021 Bonds. In addition, if the Institution were to lose its tax-exempt status, the tax-exempt status of the Series 2021A Bonds also would be adversely affected and would cause a mandatory redemption of the Series 2021A Bonds. The Institution will covenant in the Loan Agreement that it will not take any actions or fail to take any actions, the result of which would adversely affect the Institution's status as a not-for-profit corporation and its status as a tax-exempt charitable organization under Section 501(c)(3) of the Code.

Tax-Exempt Status of the School

The School is a New York not-for-profit education corporation authorized to operate two (2) public charter schools. The School has been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code. Under present federal law, regulations and rulings, the income and revenue of not-for-profit, 501(c)(3) qualified exempt organizations are exempt from federal income tax, except for any unrelated business income as defined in the Code, and their revenues are exempt from the State sales tax except for certain services. If the School fails to meet the requirements necessary to preserve its status as a not-for-profit education corporation and a tax-exempt charitable organization under Section 501(c)(3) of the Code, the School could experience expenses which are greater than those projected in "APPENDIX A - HELLENIC CLASSICAL CHARTER SCHOOLS - Projected Financial Information" and revenues which are lower than those projected in "APPENDIX A - HELLENIC CLASSICAL CHARTER SCHOOLS - Projected Financial Information", which would adversely affect the School's ability in the future to pay the amount due under the Sublease and therefore adversely affect the Institution's ability to make loan payments under the Loan Agreement representing debt service on the Series 2021 Bonds. In addition, if the School were to lose its tax-exempt status, the tax-exempt status of the Series 2021A Bonds also would be adversely affected and would cause a mandatory redemption of the Series 2021A Bonds. The School will covenant in the Covenant Agreement that it will not take any actions or fail to take any actions, the result of which would adversely affect the School's status as a not-for-profit corporation and its status as a tax-exempt charitable organization under Section 501(c)(3) of the Code.

IRS Compliance Program

The Internal Revenue Service has an active program of conducting examinations of tax-exempt bonds through its Tax-Exempt and Government Entities Division (the "TE/GE Division"). Bond Counsel will render an opinion with respect to the tax-exempt status of interest on the Series 2021A Bonds, as described under the caption "TAX MATTERS" in this Limited Offering Memorandum. However, the Institution has not sought and is not expected to seek, a ruling from the Internal Revenue Service with respect to the tax-exempt status of the Series 2021A Bonds. No assurance can be given that the Internal Revenue Service will not examine the Series 2021A Bonds. If the Internal Revenue Service examines the Series 2021A Bonds, such examination may have an adverse impact on the marketability and price of the Series 2021A Bonds. See "TAX MATTERS" in this Limited Offering Memorandum.

Tax-Exempt Status of the Series 2021A Bonds

The tax-exempt status of the interest on the Series 2021A Bonds is conditioned upon the Institution and the School complying with the requirements of the Code and applicable Treasury Regulations as they relate to the Series 2021A Bonds. Failure of the Institution and the School to comply with the terms and conditions of the Loan Agreement, the Tax Certificate, the Indenture, the Sublease and other documents as described herein may result in the loss of the tax-exempt status of the interest on the Series 2021A Bonds retroactive to the date of issuance of the Series 2021A Bonds. If interest on the Series 2021A Bonds should become includable in gross income for purposes of federal income taxation, the Series 2021A Bonds would be mandatorily redeemed. See "TAX MATTERS" in this Limited Offering Memorandum.

Lack of Rating/ Secondary Market

The Series 2021 Bonds have not been rated by any recognized rating agency. The absence of a credit rating could adversely affect the ability of holders to sell the Series 2021 Bonds or the price at which the Series 2021 Bonds can be sold. There is no guarantee that a secondary trading market will develop for the Series 2021 Bonds. Consequently, prospective bond purchasers should be prepared to hold their Series 2021 Bonds to maturity or prior redemption.

Changes in Law; Annual Appropriation; Inadequate Education Aid Payments

Future changes to the Charter Schools Act by the State Legislature could be adverse to the financial interests of the Institution and the School and could adversely affect the security and sources of payment for the Series 2021 Bonds. There can be no assurance given that the State Legislature will not in the future amend the Charter Schools Act in a manner which is adverse to the interests of the registered owners of the Series 2021 Bonds.

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

New York may experience downturns in its economy and tax revenues in the future. The provisions of the Charter Schools Act are subject to amendment by the State Legislature, including the reduction of State funding, which could adversely affect the School.

STATE BUDGET CONSIDERATIONS MAY ALSO ADVERSELY AFFECT APPROPRIATIONS FOR CHARTER SCHOOL FUNDING.

Damage or Destruction

The Loan Agreement, the Mortgage and the Sublease require that the Facility be insured against certain risks. There can be no assurance that the amount of insurance required to be obtained with respect to the Facility will be adequate or that the cause of any damage or destruction to the Facility will be as a result of a risk which is insured. Further, there can be no assurance of the ongoing creditworthiness of the insurance companies from which the Institution and the School obtain insurance policies. The Institution and the School believe that the risks associated with the Facility and the operation of the Facility are adequately provided for through the insurance policies the School maintains. The School will provide property insurance on the Facility through a standard commercial insurance policy. In addition, in the event that the Facility is damaged or destroyed, no assurance can be given that the School would be able to find a similar replacement school facility at a comparable cost or in a comparable location.

Environmental Risks

The Facility is subject to various federal, State and local laws and regulations relating to human health and safety and the environment. In general, these laws and regulations could require the owner of the Facility to implement mitigation to reduce the environmental impacts of the Facility or to remediate adverse environmental conditions on or relating to the Facility, regardless of whether arising from preexisting conditions or arising because of the activities conducted in connection with the ownership and operation of the Facility. Moreover, these laws and regulations can and often do change through legislative, judicial, or regulatory activities. The School had Phase I Environmental Site Assessments for the Park Slope Facility and the Staten Island Facility. Such reports are available to investors upon request of the Institution and/or School.

Environmental Regulations

Federal, state, and local environmental and health and safety laws, regulations, and standards regulate the Facility. Conditions or mitigation as required by these laws and regulations may be imposed either through permitting or by audit, either of which could result in increased costs to the School. While the School believes that it is in material compliance with applicable environmental laws for the Facility, there is no assurance that the School, in operation of the Facility as currently contemplated, is now or will always be in compliance with these regulations. In addition, the costs incurred by the School with respect to compliance with human health and safety and environmental laws and regulations could adversely affect its financial condition and its ability to own and operate the Facility.

Hazardous Materials

Hazardous materials laws, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, impose joint and several liability, without regard to fault, for investigation and clean-up costs on persons who have disposed of or released hazardous substances into the environment and on current and former owners and operators of real property. The Institution will own a leasehold interest in the Facility, and the Institution's leasehold interest in the Facility will serve to secure the Series 2021 Bonds pursuant to the Mortgage which is granted to the Issuer and the Trustee and assigned to the Trustee.

In connection with the issuance of the Series 2021 Bonds, Phase I Environmental Site Assessments for the site of the Park Slope Facility (the "PS Phase I") and the Staten Island Facility (the "SI Phase I") were performed.

Staten Island Facility. The SI Phase I identified a Business Environmental Risk ("BER") with respect to the Staten Island Facility site. The eastern boundary of the site historically adjoined a stream. Historical backfilling with material from an unknown source likely occurred during development of the site

in the early 1900s. Historic fill material frequently contains contaminants, including semivolatile organic compounds and metals, at concentrations above applicable cleanup objectives and must be managed, transported, and disposed of in accordance with federal, state, and local regulations following excavation during development.

Park Slope Facility. The PS Phase I identified two Recognized Environmental Conditions ("REC") and a BER with respect to the Park Slope Facility site. The first REC consists of a 5,000-gallon heating oil underground storage tank ("UST") that was located in the off-site area between the western exterior wall of the Park Slope Facility and the western-adjoining church between about 1965 and 2012. The UST provided heating oil (presumably through subgrade piping) to a boiler room inside the cellar of the Park Slope Facility and the UST was closed with New York State Department of Environmental Conservation in 2012. The site superintendent noted during the site reconnaissance that no evidence of a petroleum release was observed during the tank closure in 2012. Potential undocumented releases of petroleum during the long operating history of the UST may have adversely impacted groundwater and soil vapor at the Subject Property.

The second REC consists of an active dry cleaning facility located about 140 feet northeast of the Park Slope Facility at 622 5th Avenue, and historical records indicate that dry cleaners were formerly located about 90 feet east and 130 feet west of the Park Slope Facility at 655 5th Avenue (1949) and 631 5th Avenue (1965 to 1994), respectively. Dry cleaners are associated with the use of chlorinated solvents, which have the potential to adversely impact groundwater and soil vapor at neighboring properties following a release.

Regarding the BER, following several phases of redevelopment throughout the history of the Park Slope Facility site, surficial soil likely consists of historic fill material and/or demolition debris. Historic fill frequently contains contaminants, including semivolatile compounds and metals, at concentrations above applicable cleanup objectives and must be managed, transported, and disposed of in accordance with federal, state, and local regulations following excavation during development.

Current Site Conditions. The School and the Institution do not believe that any of the reported conditions is likely to require further action by the School or the Institution. The UST was cleaned and closed with concrete slurry in 2012 and the other conditions pre-date the School's occupancy of either site. For the Facility, there is documentation of the identification and remediation of conditions discovered during site redevelopment.

Limited Nature of Appraisal

An appraisal of the Park Slope Facility (the "Park Slope Appraisal") was completed by Standard Valuation Services (the "Appraiser") on March 9, 2020. See "APPENDIX E – PARK SLOPE APPRAISAL" in this Limited Offering Memorandum.

The value of the Park Slope Facility as indicated in the Park Slope Appraisal is only the opinion of the Appraiser as of January 21, 2020. The actual value of the Park Slope Facility in the future will vary from conclusions in the Park Slope Appraisal, which variance may be material and adverse. In the event of a foreclosure of the Park Slope Facility, the value of the Park Slope Facility on such land cannot be determined and may be substantially less than the value indicated in the Park Slope Appraisal. The Park Slope Facility like other such buildings, will require ongoing capital repairs and improvements to maintain its value and, although the School intends to maintain the Park Slope Facility in good condition, no assurance can be given that the School will have sufficient revenue to be able to maintain a regular capital improvements program for the Park Slope Facility in the future.

An appraisal of the Staten Island Facility (the "Staten Island Appraisal") was completed by the Appraiser on November 3, 2020. See "APPENDIX F – STATEN ISLAND APPRAISAL" in this Limited Offering Memorandum.

The value of the Staten Island Facility as indicated in the Staten Island Appraisal is only the opinion of the Appraiser as of August 1, 2022*. The actual value of the Staten Island Facility in the future will vary from conclusions in the Staten Island Appraisal, which variance may be material and adverse. In the event of a foreclosure of the Staten Island Facility, the value of the Staten Island Facility on such land cannot be determined and may be substantially less than the value indicated in the Staten Island Appraisal. The Staten Island Facility like other such buildings, will require ongoing capital repairs and improvements to maintain its value and, although the School intends to maintain the Staten Island Facility in good condition, no assurance can be given that the School will have sufficient revenue to be able to maintain a regular capital improvements program for the Staten Island Facility in the future.

Enforcement of Remedies

The remedies available to the Trustee or the registered owners of the Series 2021 Bonds upon an Event of Default under the Indenture or the Loan Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Indenture and the Loan Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2021 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the State and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Inability to Liquidate or Delay in Liquidating the Mortgaged Property

An Event of Default gives the Trustee the right to possession of, and the right to sell the Institution's leasehold interest in the Mortgaged Property pursuant to a foreclosure sale under the Mortgage. The Mortgaged Property consists of special purpose facilities with limited alternative purposes based upon design and construction of buildings, zoning and other facilities. There can be no assurance that if any Event of Default were to occur (i) any or all of the Institution's leasehold interest in the Mortgaged Property could be foreclosed upon or sold for an amount sufficient to pay principal of and interest on the outstanding Series 2021 Bonds, or (ii) any bid would be received for the Institution's leasehold interest in the Mortgaged Property and, if received, would be sufficient to fully pay the principal of and interest on the Series 2021 Bonds. Any sale of the Institution's leasehold interest in the Mortgaged Property would require compliance with the laws of the State applicable thereto. Such compliance might be difficult, time-consuming and expensive. Any delays in the ability of the Trustee to foreclose on the Mortgage would result in delays in the payment of the Series 2021 Bonds.

The Facility is designed for use as a public charter school and may not be readily adaptable to other uses. As a result, in the event of a sale of the Institution's leasehold interest in the Mortgaged Property, the number of uses that could be made of the property, and the number of entities which would be interested in purchasing the Institution's leasehold interest in the Mortgaged Property, could be limited and the sale price could thus be adversely affected. The location of the Mortgaged Property might also limit the number of potential purchasers. The ability of the Trustee to sell the Institution's leasehold interest in the Mortgaged Property to third parties, thereby liquidating the investment, would be limited as a result of the nature of the Mortgaged Property. For these reasons, no assurance can be made that the amount realized upon any sale of the Institution's leasehold interest in the Mortgaged Property would be fully sufficient to pay and

^{*} Estimated as the target date for completion, which coincides with the date that rent increase as part of the master lease.

discharge the Series 2021 Bonds. In particular, there can be no representation that the cost of the property included in the Mortgaged Property would constitute a realizable amount upon any forced sale thereof. In the event the Trustee took possession of the Mortgaged Property, the Mortgaged Property might be subject to real property taxation, which would adversely impact the amount realized upon any sale of the Institution's leasehold interest in the Mortgaged Property that could be used to pay and discharge the Series 2021 Bonds.

Failure to Provide Ongoing Disclosure

The Institution and the School will enter into the Continuing Disclosure Agreement pursuant to Rule 15c2-12, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). Neither the Institution nor the School has previously been subject to a continuing disclosure undertaking under Rule 15c2-12. Failure by the Institution or the School to comply with the Continuing Disclosure Agreement and the Rule may adversely affect the liquidity of the Series 2021 Bonds and their market price in the secondary market. See "CONTINUING DISCLOSURE" and "APPENDIX K - FORM OF CONTINUING DISCLOSURE AGREEMENT" in this Limited Offering Memorandum.

Private School Vouchers

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

Redemption Prior to Maturity

The Series 2021 Bonds are subject to redemption at the option of the Institution and in the event of certain occurrences. See "THE SERIES 2021 BONDS - Redemption of Series 2021 Bonds" in this Limited Offering Memorandum.

Conclusion

AN INVESTMENT IN THE SERIES 2021 BONDS INVOLVES A HIGH DEGREE OF RISK AND IS SPECULATIVE IN NATURE. The relatively high interest rate borne by the Series 2021 Bonds (as compared to prevailing interest rates on more secure bonds such as those that constitute general obligations of fiscally sound municipalities or states or creditworthy borrowers) is intended to compensate the investor for assuming this element of risk. Each prospective investor should carefully examine this Limited Offering Memorandum, and the Appendices hereto, and such investor's own financial condition in order to make a judgment as to whether the Series 2021 Bonds are an appropriate investment for such investor.

AUDITED FINANCIAL STATEMENTS OF THE SCHOOL

The audited financial statements of Hellenic Classical Charter School for the fiscal years ended June 30, 2019 and June 30, 2020, and the audited financial statements of Hellenic Classical Charter School – Staten Island for the fiscal year ended June 30, 2020 (period from December 11, 2018 (inception) to June 30, 2020) (collectively, the "Audited Financial Statements") are included in this Limited Offering Memorandum as APPENDIX C and APPENDICES D, respectively. The financial statements in APPENDIX C and APPENDICES D were audited by PFK O'Connor Davies, LLP, independent auditors, as stated in their report thereon. See "APPENDIX C - AUDITED FINANCIAL STATEMENTS OF HELLENIC CLASSICAL CHARTER SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2019"; "APPENDIX D-1 - AUDITED FINANCIAL STATEMENTS OF HELLENIC CLASSICAL CHARTER SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (INCLUDING JUNE 30, 2019 COMPARATIVE INFORMATION)" and "APPENDIX D-2 – AUDITED FINANCIAL STATEMENTS

OF HELLENIC CLASSICAL CHARTER SCHOOL – STATEN ISLAND FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (PERIOD FROM DECEMBER 11, 2018 (INCEPTION) TO JUNE 30, 2020)" in this Limited Offering Memorandum. The financial statements for the fiscal year ended June 30, 2020 are the most recent audited financial statements available for the School.

THE PROJECTIONS

The School has prepared the Projections and related assumptions included in "APPENDIX A - HELLENIC CLASSICAL CHARTER SCHOOLS - Projected Financial Information" in this Limited Offering Memorandum. The Projections are based on the assumptions made by management of the School as to, among other things, future enrollment levels, future costs and future revenues. The Projections are for the five fiscal years of the School ending June 30, 2021 through June 30, 2025. The Projections will not be updated to reflect the final pricing of the Series 2021 Bonds. The Projections (including the notes thereto) should be read in their entirety.

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

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

TAX MATTERS

Series 2021A 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, the Institution and the School (and their successors) with the covenants, and the accuracy of the representations referenced above, under existing statutes, regulations, rulings and court decisions, the interest on the Series 2021A Bonds is not includable in gross income for federal income tax purposes. Bond Counsel is of the further opinion that interest on the Series 2021A Bonds is not an "item of tax preference" for purposes of the federal alternative minimum tax.

In addition, Bond Counsel has relied, among other things, on the opinion of Windels Marx Lane & Mittendorf, LLP, counsel to the Institution and the School, regarding the current qualification of the Institution and the School as organizations described in Section 501(c)(3) of the Code and, subject to the qualifications set forth therein, the operation of the property to be financed with proceeds of the Series 2021A Bonds by the Institution substantially in furtherance of the exempt purposes of the Institution under Section 501(c)(3) of the Code. Neither Bond Counsel nor counsel to the Institution and the School 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 Internal Revenue Service ("IRS"). Failure of the Institution or the School to be organized and operated in accordance with the IRS's requirements for the maintenance of their status as organizations described in Section 501(c)(3) of the Code or to operate the Facility in a manner that is substantially related to their charitable purposes under Section 513 of the Code may result in interest payable with respect to the Series 2021 Bonds being included in federal gross income and in New York

State, New York City and City of Yonkers taxable income, possibly from the date of original issuance of the Series 2021A Bonds.

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 Series 2021A 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 Ongoing Federal Tax Requirements and Covenants

The Code establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Series 2021A Bonds for interest on the Series 2021A 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 Facility financed by the Series 2021A 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 Series 2021A 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, New York City and City of Yonkers personal income taxes) retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs. If a Determination of Taxability occurs, the Indenture provides for the mandatory redemption of all of the Series 2021A 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 Series 2021A Bonds that remain outstanding) within one hundred twenty (120) days following such Determination of Taxability at a redemption price equal to the principal amount of the Series 2021A Bonds so redeemed together with accrued interest to the date of redemption. However, the Indenture makes no provision to reimburse holders of the Series 2021A Bonds subject to redemption as a result of a Determination of Taxability for tax deficiencies, interest and penalties paid by such holders to the IRS or loss of market value of the Series 2021A Bonds, resulting from the loss of the exclusion of interest on the Series 2021A Bonds from federal gross income. In the Indenture, the Loan Agreement, the Tax Certificates of the Issuer, the Institution and the School, and accompanying documents, exhibits, and certificates, the Issuer, the Institution and the School 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.

Certain Collateral Federal Tax Consequences

Prospective purchasers of the Series 2021A 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 Series 2021A Bonds. Bond Counsel expresses no opinion regarding any such collateral tax consequences.

State Taxes

In the opinion of Bond Counsel, assuming continuing compliance by the Issuer, the Institution and the School (and their successors) with the requirements of the Code that must be met in order for interest on the Series 2021A Bonds to be not includable in gross income for federal income tax purposes, interest on the Series 2021A Bonds is also 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 under existing statutes and regulations.

Original Issue Premium

Certain maturities of the Series 2021A Bonds may be initially offered to the public at prices in excess of their principal amounts and such excess will constitute bond premium in the case of said maturity of the Series 2021A Bonds sold at its 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 Series 2021A 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 an owner purchasing a Series 2021 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2021A 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.

Changes in Law and Post Issuance Events

Certain requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Certificates of the Issuer the Institution and the School 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, The City of New York and the City of Yonkers,

New York, of interest on the Series 2021A Bonds of any such change occurring, or such action or other action taken or not taken, after the date of issue of the Series 2021A Bonds, upon the advice or approval of bond counsel other than Katten Muchin Rosenman LLP.

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 date of issuance of the Series 2021A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2021A 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 Series 2021A Bonds to be subject, directly or indirectly, to federal or State or local income taxation, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Series 2021A 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 Series 2021A Bonds for audit, or the course or result of any IRS examination of the Series 2021A Bonds, or obligations which present similar tax issues, will not affect the market price of the Series 2021A Bonds.

Bond Counsel's engagement with respect to the Series 2021A Bonds ends with the issuance of the Series 2021A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer, the Institution, the School or the beneficial owners of the Series 2021A Bonds regarding the tax status of interest on the Series 2021A 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 Series 2021A Bonds, under current procedures parties other than the Issuer, the Institution, the School and their appointed counsel, including the beneficial owners of the Series 2021A Bonds, 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 or the School legitimately disagrees, may not be practical. Any action of the IRS, including but not limited to selection of the Series 2021A 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 Series 2021A Bonds, and may cause the Issuer, the Institution and the beneficial owners of the Series 2021 Bonds to incur significant expense.

Series 2021B Bonds

The following is a summary of the principal United States federal income tax consequences of ownership of the Series 2021B Bonds (the "Taxable Bonds"). This summary deals only with the Taxable Bonds held as capital assets by initial purchasers, and not with special classes of holders, such as dealers in securities or currencies, banks, tax-exempt organizations, life insurance companies, persons that hold the Taxable Bonds as a hedge or as hedged against currency risks or that are part of a straddle or conversion transaction, or persons whose functional currency is not the United States dollar.

The Code contains a number of provisions relating to the taxation of the Taxable Bonds (including, but not limited to, the treatment of and accounting for interest, premium, and market discount thereon, gain from the disposition thereof and withholding tax on income therefrom) that may affect the taxation of certain owners, depending on their particular tax situations. Prospective purchasers of the Taxable Bonds should consult their own tax advisors concerning the consequences, in their particular circumstances, under the Code and the laws of any other taxing jurisdiction, of ownership of the Taxable Bonds.

Notwithstanding the information below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time

such income, gain or loss is recognized on such financial statements instead of under the rules described below.

United States Federal Income Tax Considerations for United States Holders of Taxable Bonds

The term "United States Holder" refers to a beneficial owner of a Taxable Bond for United States federal income tax law purposes and that is:

- (a) a citizen or resident of the United States;
- (b) a corporation or partnership which is created or organized in or under the laws of the United States or of any political subdivision thereof;
- (c) an estate the income of which is subject to United States federal income taxation regardless of its source; or
- (d) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (2) the trust was in existence on August 10, 1996 and properly elected to continue to be treated as a United States person.

If a partnership holds the Taxable Bonds, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the Taxable Bonds should consult its tax advisor regarding the consequences to the United States federal income tax treatment of an investment in the Taxable Bonds.

Payments of Interest to United States Holders. Interest on the Taxable Bonds will be taxable to a United States Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes in accordance with generally applicable principles.

Sale and Retirement of the Taxable Bonds. Unless a non-recognition provision of the Code applies, United States Holders of the Taxable Bonds must recognize any gain or loss on the sale, redemption, retirement or other disposition of their Taxable Bonds. The gain or loss is measured by the difference between the amount realized on the disposition of a Taxable Bonds (except to the extent attributable to accrued but unpaid interest on the Taxable Bonds which will be taxed in the manner described above under "Payments of Interest to United States Holders" above) and the United States Holder's adjusted tax basis in the Taxable Bond. Such gain or loss is capital gain or loss, except to the extent of accrued market discount not previously included in income, and is long term capital gain or loss if at the time of disposition such Taxable Bond has been held for more than one year.

Unearned Income Medicare Contribution Tax. A 3.8% Medicare contribution tax is imposed on the "net investment income" of certain United States individuals and on the undistributed "net investment income" of certain estates and trusts. Among other items, "net investment income" generally includes interest and certain net gain from the disposition of property (such as the Taxable Bonds), less certain deductions.

United States Federal Income Tax Considerations for Non-U.S. Holders of Taxable Bonds

The term "Non-U.S. Holder" refers to any beneficial owner of a Taxable Bond who or which is not a United States Holder.

Withholding Tax on Payments of Principal and Interest on Bonds held by Non-U.S. Holders. Generally, subject to the discussion of FATCA below, payments of principal and interest on a Taxable

Bond held by a Non-U.S. Holder will not be subject to United States federal withholding tax, provided that in the case of an interest payment:

- (a) the Non-U.S. Holder owning the Taxable Bond is not a bank to which the Taxable Bonds constitute an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and
- (b) either (A) the Non-U.S. Holder owning the Taxable Bond certifies to the applicable payor or its agent, under penalties of perjury on an IRS Form W-8BEN, IRS Form W-8BEN-E or a suitable substitute form, that such owner is not a United States person and provides such owner's name and address or (B) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business (a "financial institution") and holds the Taxable Bond, certifies under penalties of perjury that such an IRS Form W-8BEN, IRS Form W-8BEN-E or suitable substitute form has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner and furnishes the payor with a copy thereof.

If the beneficial owner is entitled to the benefit of an income tax treaty to which the United States is a party, such owner can obtain an exemption from or reduction of income and withholding tax (depending on the terms of the treaty) by providing to the withholding agent a properly completed IRS Form W-8BEN, IRS Form W-8BEN-E, or any successor form, before interest is paid. However, neither exemption nor reduced withholding will be available if the withholding agent has actual knowledge or reason to know that the form is false.

Except to the extent otherwise provided under an applicable tax treaty, a Non-U.S. Holder owning a Taxable Bond generally will be taxed in the same manner as a United States Holder with respect to interest payments on a Taxable Bond if such interest is effectively connected with such owner's conduct of a trade or business in the United States. Effectively connected interest received by a corporate Non-U.S. Holder may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate (or, if applicable, a lower treaty rate), subject to certain adjustments. Such effectively connected interest will not be subject to withholding tax if the holder delivers an IRS Form W-8ECI to the payor.

Gain on Disposition of the Taxable Bonds by a Non-U.S. Holder. A Non-U.S. Holder owning a Taxable Bond generally will not be subject to United States federal income tax on gain realized on the sale, exchange or redemption of a Taxable Bond unless:

- (a) such owner is an individual present in the United States for 183 days or more in the taxable year of such sale, exchange or redemption and either (A) such owner has a "tax home" in the United States and certain other requirements are met, or (B) the gain from the disposition is attributable to such owner's office or other fixed place of business in the United States; or
- (b) the gain is effectively connected with such owner's conduct of a trade or business in the United States.

Taxation of Payments under FATCA to Foreign Financial Institutions and Certain Other Non-U.S. Holders that are Foreign Entities. A 30% withholding tax generally will apply to payments of interest on, and after December 31, 2018, on gross proceeds from the disposition of, the Taxable Bonds that are made to Non-U.S. Holders that are financial institutions and certain non-financial entities. Such withholding tax, imposed under sections 1471 through 1474 of the Code, or FATCA, generally will not apply where such payments are made to (i) a Non-U.S. Holder that is a financial institution that enters into an agreement with the IRS to, among other requirements, undertake to identify accounts held by certain United States persons or U.S.-owned foreign entities, report annually certain information about such accounts and withhold tax as may be required by such agreement (or otherwise complies with an applicable intergovernmental agreement with respect to FATCA), or (ii) a Non-U.S. Holder that is a non-financial entity that certifies it

does not have any substantial United States owners or furnishes identifying information regarding each substantial United States owner. A Non-U.S. Holder generally will be required to provide information with respect to its status for FATCA purposes, generally on the appropriate IRS Form W-8 or any successor form, to avoid withholding taxes under FATCA. Prospective investors should consult their own tax advisors regarding the application and requirements of these information reporting and withholding provisions under FATCA.

If any amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from payments on the Taxable Bonds as a result of a failure of an investor (or by an institution through which an investor holds the Taxable Bonds) to comply with FATCA, none of the State, the Department, the Harbors Division or any other person would, pursuant to the terms of the Taxable Bonds, be required to pay additional amounts with respect to the Taxable Bonds as a result of the deduction or withholding of such tax.

U.S. Federal Estate Tax. A Taxable Bond held by an individual who at the time of death is not a citizen or resident of the United States (as specially defined for United States federal estate tax purposes) is not subject to United States federal estate tax if at the time of the individual's death, payments with respect to such Taxable Bond are not effectively connected with the conduct by such individual of a trade or business in the United States.

Backup Withholding and Information Reporting

United States Holders. Information reporting applies to payments of interest on the Taxable Bonds, or the proceeds of the sale or other disposition of the Taxable Bonds with respect to certain non-corporate United States holders, and backup withholding may apply unless the recipient of such payment supplies a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establishes an exemption from backup withholding. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against that holder's United States federal income tax liability provided the required information is furnished to the IRS.

Non-U.S. Holders. Backup withholding and information reporting on Form 1099 does not apply to payments of principal and interest on the Taxable Bonds to a Non-U.S. Holder provided the Non U.S. Holder provides the certification described above under "United States Federal Income Tax Considerations for Non-U.S. Holders of Taxable Bonds -Withholding Tax on Payments of Principal and Interest on Bonds held by Non-U.S. Holders" or otherwise establishes an exemption (provided that neither the City nor its agent has actual knowledge that the holder is a United States person or that the conditions of any other exemptions are not in fact satisfied). Interest payments made to a Non-U.S. Holder may, however, be reported to the IRS and to such Non-U.S. Holder on Form 1042 S.

Information reporting and backup withholding generally do not apply to a payment of the proceeds of a sale of Taxable Bonds effected outside the United States by a foreign office of a foreign broker. However, information reporting requirements (but not backup withholding) will apply to a payment of the proceeds of a sale of Taxable Bonds effected outside the United States by a foreign office of a broker if the broker (i) is a United States person, (ii) derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (iii) is a "controlled foreign corporation" as to the United States, or (iv) is a foreign partnership that, at any time during its taxable year is 50% or more (by income or capital interest) owned by United States persons or is engaged in the conduct of a United States trade or business, unless in any such case the broker has documentary evidence in its records that the holder is a Non-U.S. Holder (and such broker has no actual knowledge to the contrary) and certain conditions are met, or the holder otherwise establishes an exemption. Payment by a United States office of a broker of the proceeds of a sale of Taxable Bonds will be subject to both backup withholding and information

reporting unless the holder certifies its non-United States status under penalties of perjury or otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against that holder's United States federal income tax liability provided the required information is furnished to the IRS.

Change of Law

The opinion of Bond Counsel and the descriptions of the tax law contained in this Limited Offering Memorandum are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Taxable Bonds are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Taxable Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Taxable Bonds.

LEGAL MATTERS

Certain legal matters incident to the issuance and sale of the Series 2021 Bonds and with regard to the tax-exempt status of interest on the Series 2021A Bonds under existing laws are subject to the legal opinion of Katten Muchin Rosenman LLP, New York, New York, as Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by its General Counsel, for the Institution and the School by its special counsel, Windels Marx Lane & Mittendorf, LLP, New York, New York, and for the Underwriter by its co-counsel, Marous Law Group, P.C., New York, New York and Barclay Damon LLP, Albany, New York.

CONTINUING DISCLOSURE

The Rule imposes continuing disclosure obligations on the issuers of certain state and municipal securities to permit participating underwriters to offer and sell the issuer's securities. In order to comply with the requirements of the Rule, the Institution and the School will enter into a Continuing Disclosure Agreement, dated as of the date of issuance of the Series 2021 Bonds, among the Institution, the School, the Trustee and Digital Assurance Certification L.L.C. ("DAC"), as exclusive disclosure dissemination agent. Neither the Institution nor the School has been subject to any prior continuing disclosure undertakings under Rule 15c2-12. See "APPENDIX K - FORM OF CONTINUING DISCLOSURE AGREEMENT" in this Limited Offering Memorandum.

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

NO RATING

The Series 2021 Bonds are not rated. See "RISK FACTORS – Lack of Rating/Secondary Market" in this Limited Offering Memorandum.

LITIGATION

The Issuer

There is no pending litigation of which the Issuer has notice restraining or enjoining the issuance or delivery of the Series 2021 Bonds or questioning or affecting the validity of the Series 2021 Bonds or the proceedings and authority under which the Series 2021 Bonds are to be issued or the validity or

enforceability of the Indenture, the Loan Agreement or the Bond Purchase Agreement. Neither the creation, organization or existence of the Issuer, nor the title of the present directors or other officials of the Issuer to their respective offices, is, to the best knowledge of the Issuer, being contested.

The Institution

No litigation, investigations or proceedings are now pending or, to the best knowledge of the Institution, are threatened against the Institution which would have a materially adverse effect on the financial condition or operations of the Institution or in any manner challenge or adversely affect the corporate existence or power of the Institution to enter into and carry out the transactions described in or contemplated by, or the execution, delivery, validity or performance by the Institution under the Sublease Agreement, the SNDA Agreement, the Loan Agreement, the Mortgage, the Continuing Disclosure Agreement, the Tax Certificate, the Account Control Agreement, the Depositary Agreement or the Bond Purchase Agreement, as appropriate.

The Institution is not aware of any pending or threatened litigation that would have a material financial or operational impact on the Institution.

The School

No litigation, investigations or proceedings are now pending or, to the best knowledge of the School, are threatened against the School which would have a materially adverse effect on the financial condition or operations of the School or in any manner challenge or adversely affect the corporate existence or power of the School to enter into and carry out the transactions described in or contemplated by, or the execution, delivery, validity or performance by the School under the School's Letter, the Sublease Agreement, the Continuing Disclosure Agreement, the Tax Certificate, the Covenant Agreement or the Bond Purchase Agreement, as appropriate.

The School is not aware of any pending or threatened litigation that would have a material financial or operational impact on the School.

UNDERWRITING

The Series 2021 Bonds will be purchased by RBC Capital Markets, LLC, New York, New York (the "Underwriter"). The Underwriter has agreed to purchase the Series 2021 Bonds, for a purchase price of \$43,636,872.70, which amount represents the principal amount of the Series 2021 Bonds (\$41,805,000.00), less the Underwriter's discount of \$689,782.20, plus an original issue premium of \$2,521,654.90. The Underwriter is purchasing the Series 2021 Bonds pursuant to the terms of a Bond Purchase Agreement (the "Bond Purchase Agreement") among the Issuer, the Institution, the School and the Underwriter. The Bond Purchase Agreement also provides that the Institution will pay miscellaneous out-of-pocket expenses of the Underwriter. The Bond Purchase Agreement provides that the Underwriter will purchase all Series 2021 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions. Expenses associated with the issuance of the Series 2021 Bonds are being paid by the Institution from proceeds of the Series 2021 Bonds and from other funds available to the Institution. The right of the Underwriter to receive compensation in connection with the Series 2021 Bonds is contingent upon the actual sale and delivery of the Series 2021 Bonds. The initial offering prices set forth on the inside front cover hereof may be changed from time to time by the Underwriter. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Series 2021 Bonds to the public. The Institution and the School have agreed under the Bond Purchase Agreement to indemnify the Underwriter and the Issuer against certain liabilities, including certain liabilities under federal and state securities laws.

Ordinary Course of Business Activities/Relationships Disclosure

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer and/or the Institution. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer and/or the Institution.

MISCELLANEOUS

The foregoing does not purport to be comprehensive or definitive, and all references to any document herein are qualified in their entirety by reference to each such document. All references to the Series 2021 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of these documents are available for inspection during the period of the offering at the offices of the Underwriter in New York, New York and thereafter at the principal corporate trust office of the Trustee. In addition to certain information provided herein, all information contained in Appendices A, B, C, D, and E has been provided by the Institution or the School or been derived from information provided by the Institution or the School. The Underwriter makes no representations or warranties as to the accuracy or completeness of the information in any of the Appendices.

No Registration of the Series 2021 Bonds

Registration or qualification of the offer and sale of the Series 2021 Bonds (as distinguished from registration of the ownership of the Series 2021 Bonds) is not required under the Securities Act. THE INSTITUTION ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE SERIES 2021 BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE SERIES 2021 BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

Interest of Certain Persons Named in this Limited Offering Memorandum

The fees to be paid to counsel to the Institution, counsel to the Underwriter, the Trustee and the Underwriter are contingent upon the sale and delivery of the Series 2021 Bonds.

Limited Offering Memorandum Certification

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

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The preparation of this Limited Offering Memorandum and its distribution has been authorized by the Institution and the School. This Limited Offering Memorandum is not to be construed as an agreement or contract between the Institution or the School and any purchaser, owner or holder of any Series 2021 Bond.

BUILD NYC RESOURCE CORPORATION

By: /s/ Krishna Omolade

Its: Executive Director

FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC., a New York not-for-profit corporation

By: /s/ Charles Capetanakis

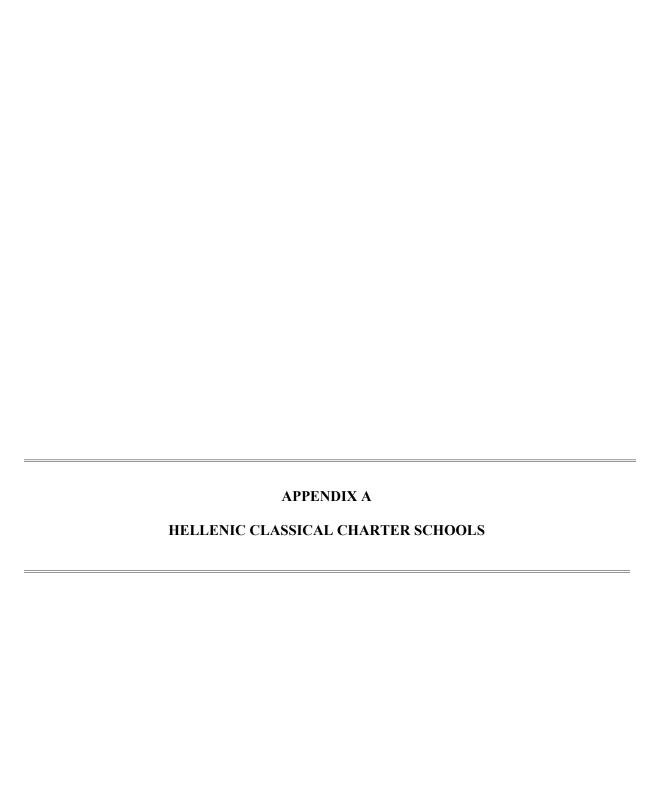
Its: Chair-President

HELLENIC CLASSICAL CHARTER SCHOOLS, a New York not-for-profit education corporation

By: /s/ Charles Capetanakis

Its: Chair







The information contained herein as Appendix A to this Limited Offering Memorandum relates to and has been supplied by HCCS. The delivery of this Limited Offering Memorandum shall not create any implication that there has been no change in the affairs of HCCS since the date hereof, or that the information contained, referred to or incorporated by reference in this Appendix A is correct as of any time subsequent to its date.

HELLENIC CLASSICAL CHARTER SCHOOLS

APPENDIX A

GENERAL

Hellenic Classical Charter Schools ("HCCS") is a New York not-for-profit education corporation established under the New York State Charter Schools Act of 1998 (the "Act") and authorized to operate two (2) public charter schools: the original Hellenic Classical Charter School ("HCCS Park Slope") located in the Park Slope area of Brooklyn (Community School District #15), whose charter (the "Charter") authorizes it to serve up to 498 students in grades K-8, and Hellenic Classical Charter School- Staten Island ("HCCS Staten Island"; together with HCCS Park Slope, the "Schools" and each individually, a "School") located in the Bulls Head area of Staten Island (Community School District #31), which currently serves 158 students in grades pre-K-2 and is expected to grow to 675 K-8 students by fall 2026. HCCS Park Slope received its initial charter from the New York City Department of Education ("NYCDOE") in February 2005, and opened its doors in September 2005.

HCCS Park Slope's Charter has since been renewed twice, and the current Charter is for the period July 1, 2019 to June 30, 2024. Thereafter, pursuant to the Charter Schools Act, the Charter is subject to renewal, non-renewal or suspension for failure to attain positive student achievement outcomes or meet charter terms in accordance with the "Act". HCCS Park Slope is recognized by U.S. Department of Education as a National Blue Ribbon School. In 2019, HCCS Park Slope was one of 19 schools from New York State and one of the 362 schools nationwide to receive the National Blue Ribbon Award. The recognition is based on the school's overall academic performance. The coveted National Blue Ribbon Schools award affirms the hard work of educators, families and communities in creating safe and welcoming schools where students master challenging and engaging content.

Based on the academic performance of HCCS Park Slope, the board of trustees of HCCS Park Slope and its leadership team applied to the New York State Education Department ("NYSED") to replicate its successful model and sought a second charter to open HCCS Staten Island. NYSED recommend such application for approval, and in December 2018, the Board of Regents of the University of the State of New York on behalf of NYSED ("Board of Regents") approved the application and issued a Charter to form HCCS Staten Island. HCCS Staten Island opened its doors to students in grades K-1 in September 2019. For administrative efficiency, to consolidate the boards of trustees of HCCS Park Slope and HCCS Staten Island and to centralize leadership functions and operations, HCCS Park Slope and HCCS Staten Island petitioned NYSED and the Board of Regents to merge HCCS Park Slope with and into HCCS Staten Island (the "Merger") so that one education corporation, to be named Hellenic Classical Charter Schools, would umbrella both Schools. Effective as of July 1, 2020, the Board of Regents and NYSED approved the Merger.

CHARTER SCHOOL LEGISLATION IN NEW YORK

The Act provides that charter schools are independent public schools that operate under Charters for a term of up to five (5) years. A charter school is free to organize around a core mission, curriculum, theme, or innovative teaching model. A charter school controls its own budget and employs its own teachers and staff. In return for this freedom, a charter school must demonstrate success or risk of losing its Charter.

The Act defines charter schools as public agents that are eligible to obtain tax-exempt financing through various local industrial development agencies. The law further provides that charter schools are education corporations and deems them independent and autonomous public schools.

As public schools, charter schools are funded by public tax dollars that pass through the student's school district of residence. When a student transfers from a traditional public school to a public charter school, the funding associated with that student will follow the student to the public charter school. As a result, charter schools do not add any new costs to the State's public education system since they constitute a reallocation of school funding from one type of school to another. Not all money received by a public school district is included in the charter school funding calculation, charter schools receive between 60-80% of what traditional public school districts spend on a per pupil basis.

MISSION STATEMENT & CURRICULUM

HCCS provides a diverse student body with a rigorous education in a dynamic environment. Using a standards-based curriculum, enriched with the Greek and Latin languages, and the classics woven throughout, students engage in dialogue using the Socratic method to become critical thinkers, become college and career ready and well-prepared to succeed and contribute to the global community as responsible citizens.

At HCCS, students gain a global perspective as they build core skills in all academic areas and develop the social-emotional skills necessary to sustain them throughout their lives, with a rigorous classical education that is rich in challenging content. Supplementing instruction with classical study of the Greek and Latin languages, as well as history, art and other cultural and classical studies and lastly, preparing students for long-term academic success.

HCCS's goals align with its educational philosophy and key design elements. The following are the three main goals and the measures HCCS uses to monitor and assess success:

- Goal 1: Establish and maintain high academic attainment and continuous improvement for all students.
- Goal 2: Establish and maintain an engaging, inclusive and supportive learning environment for all students.
- Goal 3: Establish and maintain the School as a well-run organization capable of sustaining long-term success.

KEY DESIGN ELEMENTS

In furtherance of the HCCS mission, students will gain a global perspective as they build core skills in all academic areas and develop the social-emotional skills necessary to sustain them throughout their lives. The School is built around 3 key design elements.

- 1. A rigorous classical education that is rich in challenging content HCCS provides rigorous instruction in a classical education model that uses standards-based curriculum, didactic instruction, coaching, and intensive academic support. HCCS blends the Paideia Model for instruction that mixes the rigors of a classical education with inclusive teaching and learning with the workshop model, which is based on Howard Gardner's theory of multiple intelligences and Benjamin Bloom's work regarding strategies to help students engage in the highest levels of thinking—i.e. analysis, synthesis and evaluation. Because this proposed model differentiates and individualizes instruction, the model is highly effective with at-risk populations, including students who are English language learners ("ELL"), Title I students, special education students, and academically gifted students.
- 2. Supplementing instruction with classical study of the Greek and Latin languages, as well as history, art and other cultural and classical studies The Greek instruction program, which includes acquisition of the Greek language and the study of Greek history and culture within a rigorous academic model that includes the standards-based curriculum, will provide students with unique and outstanding educational experiences that support their growth and improve their competitiveness in the global economy. HCCS implements this program in consultation with the Greek Ministry of Education, which has provided support for HCCS over the past 15 years. The alignment of the Greek program curriculum with the ELA curriculum ensures that the reading, writing and language arts instruction in English and in Greek are complimentary.
- 3. **Preparing students for long-term academic success** HCCS focuses on the mission of college and career readiness of its students. HCCS builds the foundations that students and parents need in order to establish the expectations and habits of mind necessary for long-term academic success, and then continues to work with students and families to help them understand the high school admissions process, including insight into college preparation, and other practices that will support them in preparing for, selecting and applying for entrance into high quality high schools.

EDUCATION PHILOSOPHY

HCCS is committed to providing a diverse student body with a rigorous education in a dynamic environment in order to prepare them for long-term academic success and global citizenship. This shared mission will be realized through the following:

Paideia Model (Socratic Method)

HCCS uses the Paideia Model to advance balanced learning of content knowledge and higher order thinking. The Paideia Model uses a rigorous form of the Socratic method that promotes collaborative dialogue and questioning—the cornerstones of a classical education. The model will be utilized across content areas (including in the delivery of Greek language instruction) and provide a nurturing and accessible, yet challenging learning environment to

students. Importantly, the Socratic method is an instructional methodology that supports the goals of a standards-based curriculum. The classroom dialogue that arises from Paideia is a means to encourage students to think and work together. It supports critical and creative thinking, collaboration and listening, speaking, reading and writing skills. By asking questions and maintaining dynamic conversations with students as young as Kindergarten, teachers can assess the reading abilities of their students, their public speaking capabilities, their analysis and critical thinking and their ability to interact within the lesson topic, along with the Common Core standards for research, preparation and evidence-based argument.

Research on schools that implement the Paideia Model with fidelity show:

- Significantly improved student achievement in core Language Arts skills, including reading, speaking and listening, and writing.
- Increased student motivation because students get to generate and express their own ideas.
- A more respectful school culture with fewer behavioral problems, because students learn communication skills and struggle less with boredom.

The Workshop Model

HCCS teachers utilize the workshop model to deliver balanced and differentiated instruction in classrooms of heterogeneous learners. Students are encouraged to become independent readers and writers and to use their peers for support to achieve specific learning targets. Because it facilitates differentiated and individualized instruction, the workshop model is highly effective with at-risk populations, including ELL students, Title I students, special education students, and it also benefits academically gifted students.

Social Emotional Learning

HCCS educates a majority of students considered "at risk" due to a myriad of contextual factors impacting their learning experiences. While working to provide the strongest academic program possible, HCCS also recognizes that providing students with social emotional supports, can have as much or even greater impact on their long-term educational outcomes. HCCS seeks to develop a school culture where everyone - students, parents, teachers, staff and school leaders - are deeply committed to the students' success, as well as promote a professional learning environment and culture. HCCS aims to help students be successful by providing them with a holistic educational experience that includes helping them develop the "soft skills" they will need to grow and develop through middle school, high school, college and beyond.

As the changes to the federal Every Student Succeeds Act (ESSA) regulations demonstrate, there is growing consensus nationwide that schools are responsible for helping students succeed academically and socially-emotionally. In the past, when students experienced academic challenges, educators unilaterally agreed that it was our ethical responsibility to provide those students with interventions and supports to improve their academic performance. However, when students experience behavioral challenges, the traditional response was discipline. Particularly for elementary school students, this response can be deeply counter-productive by labeling the student as a "problem students" (within the school community, with their family and within their own sense of self).

HCCS seeks to establish comprehensive, school-wide restorative practices in order to improve relationships among all members of the learning environment—students, teachers, administrators, parents by fostering School-Wide Positive Behavioral Interventions and Supports (SW-PBIS). These restorative practices will help improve conflict resolution and crisis management as well as establish proactive relationship-building practices that reduce the need for conflict or crisis management. This is a focus because research on implementation of restorative practices shows that it is most effective when the school staff are willing to reflect daily on their own interactions and dedicate specific time to "be" with their students to foster behavior-involved proactive learning for all students and staff. This approach to implementing SW-PBIS puts the final accountability in the hands of school leaders but spreads responsibility for implementation across the entire school staff. It is data-informed and provides for continuous monitoring in similar ways that schools have been monitoring progress in academic measures for the past two decades.

CURRICULUM

HCCS utilizes the curriculum developed at HCCS-Park Slope, and will adapt and continually develop the curriculum at HCCS-Staten Island, as described below.

Curriculum Organization & Resources

HCCS uses Google Docs to create, organize and revise curriculum maps. These maps are then uploaded into Performance PLUS, an instructional management software that helps teachers and school leaders collect, analyze and interpret knowledge from curriculum and assessment data in order to make data-informed decisions at every level—student, grade/cohort, and school-wide. HCCS Park Slope has been using the software for the past 10 years and will be able to peer-train HCCS Staten Island teachers on how to use the software effectively. In the second year of operation, HCCS Staten Island will hire a Dean of Academics, Lead Teachers and Coaches to support curriculum development.

Curriculum Materials

English Language Arts

At HCCS, the teaching of literacy will form the foundation for learning as it encompasses reading, writing, and communication skills and processes. The leadership of HCCS believes that literacy is about making meaning.

HCCS's ELA program is Balanced Literacy, which is a framework designed to help all students learn to read and write effectively. The program stands firmly on the premise that all students can learn to read and write. This balance between reading and writing allows students to receive the teaching needed in order to reach grade level status, while allowing students to work at a level that is not frustrating for them.

HCCS will support the workshop model of instruction for literacy in child-centered classrooms and provide many opportunities for real life reading and writing experiences.

Mathematics

The published texts that HCCS Staten Island uses to support math instruction are currently aligned with HCCS Park Slope and will be modified by staff to ensure alignment with Next Generation Learning Standards. Specifically, K-5 will use a blend of Go Math and EngageNY. All the math programs promote conceptual understanding through interactive and visual learning, use bar diagrams to help students solve problems, ensure deliberate targeting of each child's understanding, based on the concept of Understanding by Design, stimulate data-driven differentiated instruction, and through its organization build on the way each teacher teaches.

Daily problem-based interactive learning is followed by visual learning strategies, which accelerate learning by making strong, sequential visual/verbal connections through the visual learning bridge in every lesson. In addition, the math programs were chosen because they support daily differentiation and ongoing diagnosis & intervention, thus giving every student the opportunity to succeed.

Throughout the year, new objectives from the Math curriculum will be introduced through carefully-selected group activities. Children will use manipulatives, engage in discussions, and work in cooperative groups to help one another learn. Mastery of concepts will develop as children move from hands-on experiences to symbolic representation.

Science

HCCS uses *HMH Science Dimensions*, which is aligned to the DOE Scope and Sequence, to offer students an interactive mode of learning as well as a digital mode, which encourages indepth engagement with science in grades K-8. Award-winning Digital Lessons and Virtual Labs, enhanced by more than 3,000 videos, animations, and simulations, create learning that lasts by enriching the print program with complementary content. Elementary grade science units include life science, physical science, earth science, and the human body. Students are taught to use the scientific method for scientific inquiry.

Social Studies

HCCS uses the NYCDOE's K-8 *Passport to Social Studies*. Passport aligns to the NYC Social Studies Scope & Sequence and integrates the New York State Social Studies Framework to support effective and engaging social studies teaching and learning. Each year, the Passport course of study is organized around units of study guided by essential questions. Teachers can use the units of study to plan coherent instruction that considers relevant skills, practices, and knowledge objectives for deep historical understanding. When appropriate, teachers can also incorporate field visits to museums, exhibits and historical sites, integration of high quality documentaries and educational computer software and the use of art to convey historical events and figures.

Visual Arts

At HCCS, students are (1) exposed to a broad variety of art periods, types, and forms throughout history, (2) expected to complete works of art themselves that are representative of some of these periods and types, (3) enabled to understand the major artistic contributions of diverse cultures, and how art intersects with history, economics, religion, philosophy, and culture. Art introduced in classroom instruction will include work from major art collections of the

Museum of Modem Art, the Guggenheim Museum, the Frick Collection, and the Metropolitan Museum of Art.

Music

Students at HCCS will be exposed to all elements of music, including rhythm, melody, harmony, form, etc.; students will also begin to learn to read music as well as identify different types of music genres. Students will be taught to understand the variety of musical settings, including orchestras, recitals, theatre, opera, ballet, movie soundtracks, religion, marching bands, and jazz clubs, and will be expected to identify major works, distinguish genres, identify musical instruments, and understand key musical elements.

Greek Language and Culture

HCCS students learn to read, write, speak, and understand Greek beginning in Kindergarten. The lessons proceed step-by-step, introducing simple words and phrases first, then sentences and readings. Each lesson contains a vocabulary of new words and many idiomatic phrases translated into English. In addition, the end of each book that will be used has a Greek-English and English-Greek vocabulary of the words introduced in the book. Singing, games and plentiful opportunities for conversation and practice are integral to the second language instruction. Greek culture will be supplemented by materials purchased by HCCS-Staten Island for students from the Greek Ministry of Education. Greek literature (in both Greek and English), art, music, folk dance and theatre will be integral to the program.

Health Education

Health education for Grades K - 5 will be incorporated through the Social and Emotional Learning (SEL) curriculum. The components of this SEL curriculum will include skills for a healthy life, mental and emotional health, promotion of social skills, problem solving, conflict resolution and decision making skills. Nutrition, personal care and body systems will be addressed through the science curriculum.

Physical Education

Physical education programming at HCCS is divided into five main activities: Health Related Fitness, Individual Athletic Activities, Team Physical Activities, Dance, and Cooperative Games. Physical activity is important for maintaining a healthy body, enhancing psychological well-being, and preventing premature death and disease. Physical education researchers have continuously identified physical activity and exercise beginning in childhood and continuing throughout adulthood as a source of improvement for ones' probability for a longer, healthier life.

Technology

Technology education is incorporated into the curriculum of each subject area as appropriate. HCCS contemplates technology education beginning in Kindergarten with students acquiring by the end of each grade level the grade-appropriate technology standards. If NYSED should decide to test technology skills at some point in time, the curriculum will be aligned with NYSED learning standards.

Defining Quality Instruction through the Danielson Framework for Teaching

HCCS uses the Danielson Framework for Teaching to establish a shared understanding of what "quality teaching" looks like in the school. The Danielson Framework is a research-based set of components of instruction, aligned to the Interstate New Teacher Assessment and Support Consortium standards, that breaks up the complex work of teaching into four domains: 1) Planning and Preparation; 2) Classroom Environment; 3) Instruction; and 4) Professional Responsibilities. Domain 3 – Instruction covers the following components:

HCCS uses the Danielson Framework as the foundation for professional conversations among staff about quality teaching, design and delivery of professional development, and teacher evaluation. It will help promote the process of self-reflection and goal setting for individual teachers and assist the administration and teachers to identify and support the strengths and needs of individual teachers. Teachers use the Danielson rubrics to reflect on their classroom practices and set their pedagogical goals as one of several strategies to increase student progress. The overall goal is for teachers to take an active approach to continually improving their instructional practices.

Professional Development

Annually, leaders and teachers from the Schools work together to develop HCCS Professional Development Plans that address instructional goals at the School, grade, and individual teacher levels. HCCS's partnership with Teacher's College Reading & Writing Project provides the administrators and teachers with professional development all year.

The plans will be informed by data from prior year student assessments, incoming student data, and data from prior year teacher evaluations. Based on the experience at HCCS Park Slope, HCCS Staten Island will prioritize the following fundamental areas for professional development in its first few years of operation:

<u>Scheduling the Instructional Day</u> - how to make a schedule that supports implementation of the Paideia and Workshop Models.

<u>Classroom Management</u> – how to setup and maintain centers, how to maintain student records, establishing expectations for appropriate student behaviors, dealing with inappropriate student behaviors, and student assessment.

<u>Co-teaching and Inclusive Classroom(s)</u> – how to prepare for including students with special language and learning needs; working with cooperating teachers, parents, and service providers; regulations and laws regarding students with special needs, including dealing with inappropriate classroom behaviors.

<u>Pacing Calendars</u> – how to develop a pacing calendar that will result in a skills scope and sequence, standard lesson plan and unit plan formats, use of appropriate assessments used and sample lessons.

Support for ELLs and SWD Students

HCCS aims to educate a diverse community of learners, including students with special needs, ELL's and economically disadvantaged students. Representatives of the School make visits

to pre-schools and day cares throughout all neighborhoods in District's 15 and 31 to make parents aware of the option of applying to the School's lottery, distributing information about the school in multiple languages and holding open houses for District 15 and 31 families at the School's facilities. HCCS will reach out to and actively recruit the following special student populations:

Students with Disabilities: HCCS Staten Island will start with grades K-1 and add a grade each year following until reaching K-5 during the term of the first charter (and, if successful, expand to K-8 during a second charter period). Based on this growth strategy, HCCS Staten Island is beginning its student recruitment process by reaching out to daycares and pre-K programs in the district. As part of this process, HCCS focuses on five pre-school programs that only serve students with disabilities (SWDs). The goal is to engage parents of these students, encourage them to apply to the admissions lottery and then, for those who gain entry, work with the parents and the pre-K providers to help these students transition into the School. More broadly, HCCS uses marketing strategies that encourage applicants with disabilities to apply, emphasizing HCCS Staten Island's range of services and accommodations, and includes outreach to the Community School District 31's District 15 - Park Slope Committee on Special Education for HCCS Staten Island and Community School District 15's Community Education Council for HCCS Park Slope.

<u>English Language Learners</u>: Similar to the strategy for recruiting SWDs, HCCS reaches out to pre-school programs with large communities of ELL's. HCCS advertises in local Spanish and Asian-language media (e.g. newspaper, radio), hosts targeted informational sessions for non-English speaking students in English, Chinese (Mandarin and/or Cantonese), Spanish, and provide recruitment materials in multiple languages (i.e. brochures, handouts, website) that highlight unique services offered for ELL students.

<u>Economically Disadvantaged Students</u>: As in the case of HCCS Park Slope, the School will actively recruits from the Community School District (CSD) 31 community to enroll the same or greater percentages of economically disadvantaged students at HCCS Staten Island.¹ The School's outreach efforts are spread across CSD-31 and include working with programs such as Head Start that service low-income families.

Supporting English Language Learners

Like its sister school HCCS Park Slope, HCCS Staten Island employs an English as a second language (ESL) specialist who works with classroom teachers both one-on-one and as teams to meet the needs of ELLs. The ESL specialist helps teachers review benchmarks for their ELL students, making sure individual student needs are met. The ESL specialist also helps teachers work in teams to align curriculum and integrate cross-content projects that support development of ELLs.

¹ Currently, these students represent 60% of HCCS Park Slope's enrollment, as compared to 50% in CSD-15.

School Culture

In addition to building school culture to implement SW-PBIS, HCCS clearly communicates the vision for the school climate in multiple formats such as school promotional materials, during school visits for prospective families and in the student handbook, parent handbook, and disciplinary procedures. As described in the HCCS Code of Conduct/Discipline Policy, while HCCS helps students develop positive behaviors in the face of infractions, the School will maintain suspension and expulsion policies that are intended to protect the welfare of the entire school community.

Recognitions and Awards

In 2019, HCCS Park Slope was recognized as a National Blue Ribbon School. It has also once again been designated a Reward School and High Performing School by NYSED, which are designations reserved for schools that have made the most progress and have the highest performance with no significant gaps in student achievement.

HCCS Park Slope has been called "a model of integration". *Politico New York & Center for NYC Affairs10/26/16*, and has been profiled in *New York City's Best Public Pre-K & Elementary Schools Parent Guide* by Hemphill & Raschka 2017. HCCS ranks among the top charter schools in New York City for exceeding targets in Student achievement – Rigorous Instruction-Collaborative Teachers- Supportive Environment- Trust- Effective Leadership

HCCS Park Slope received the 2016 *Building Brooklyn Award for Community and Culture*, and was the winner of the 2015 and 2016 New York City & New York State History Day Fair - Performance Category.

Based on the most recent NYCDOE surveys:

- 98% of HCCS parents feel that teachers work closely with families to meet student needs;
- 99% of HCCS parents are satisfied with the education their child receives at our school;
- 98% of HCCS parents agree that their child is safe at HCCS; and
- 97% of HCCS students feel safe and comfortable with the teachers at HCCS. In addition²:
- 59% of HCCS Park Slope students met State standards on the NYS English Language Arts assessment, exceeding CSD, NYC and New York state percentages;
- 68% of HCCS Park Slope students met State standards on the NYS Mathematics assessment, exceeding CSD, NYC and New York state percentages;
- 96% of HCCS Park Slope's 4th graders met the NYS Science Assessment, and 82% of its 8th graders met the NYS Science Assessment;
- 100% of HCCS Park Slope 8th graders in the Regent's Algebra 1, Earth Science and Greek courses passed; and
- Average daily attendance at HCCS is 96.5%

HCCS Park Slope eighth graders are accepted to top NYC high schools including Midwood High School Screened Program, Leon M. Goldstein High School for the Sciences, Fort Hamilton

² HCCS Staten Island students are not yet required to take New York State assessments.

Honors, Specialized High Schools such as Stuyvesant, Brooklyn Tech, Brooklyn Latin and Staten Island Tech and private schools such as Xaverian, Xavier High School and Font Bonne Hall Academy.

Partnerships, Memberships and Associations

- Eight year partnership with *Teachers College Columbia University Reading & Writing Program;*
- Twelve year partnership with the government of Greece;
- Urban Advantage, a middle school science program;
- Sports and Arts in School Foundation, after school middle school programs;
- Research Initiative with The Brooklyn Public Library;
- Project Green Reach at the Brooklyn Botanic Garden;
- Studio in a School Art Residency;
- Mighty Milers Physical Education Program; NY Road Runners Developmental Track & Field; The Young Runners Program;
- Carnegie Kids; NYC Ballet Nutcracker Project; Musical Explorers; Author visits; The Peace Project;
- Schools That Can National network member; and
- Member of *The Junior National Honor Society*.

Other HCCS Highlights:

- HCCS Park Slope is one of the first charter schools approved to start a *Universal Pre-Kindergarten* Program;
- First Grade "Cityscapes" art mural selected for exhibit at US Embassy in Japan;
- HCCS hosts study groups to NYC educators on Paideia Seminars;
- HCCS Park Slope was featured on *The Today Show* in 2012 for its student government election process;
- HCCS Park Slope 5th Grade kicks off The 2012 NBC Education Nation Summit; and
- HCCS Park Slope was featured in *The Daily News* for making the largest reading gains in 4th grade 2012.

GOVERNANCE

Board of Trustees

The Act provides that charter school Boards of Trustees are autonomous, and that their powers include the full set of rights of trustees under the not-for-profit corporation law of the State.

Consistent with HCCS's By-Laws, there is a requirement to maintain a minimum of five and a maximum of eleven board members. There is no formal expiration of a Board member's term of service.

The HCCS Board of Trustees (the "Board") holds the charter and is legally accountable for the Schools. The Board has oversight of governance and all operational and fiscal activity. To facilitate these duties, the Board elects a Chair, Treasurer, and Secretary. Further, the Board has

established standing committees including, but not limited to, Executive, Finance, and Education. Specifically, the Board is responsible for the following:

- Establishing and updating the Schools' mission, policy and strategic planning and ensuring that the strategic direction and articulated goals are met over time.
- Providing financial oversight, reviewing and approving the Schools' annual budget and maintaining adherence to the budget throughout the fiscal year.
- Compliance with all applicable laws and regulations.
- Selecting, managing and evaluating the Superintendent and Chief Operating Officer ("COO"), and determining their annual compensation.
- Promoting the Schools and maintaining its accountability to the public by expanding the Schools' networks and relationships, including the organization of fundraisers to support the Schools' finances.

The current members of the HCCS Board are as follows:

Name	Office, Years of Board Service	Occupation	
Charles Capetanakis	Chairman; 15 years	Partner, Davidoff Hutcher & Citron LLP	
Nikolaos Leonardos	Treasurer; 15 years	Dafnonas Estates, Real Estate Broker and Manager	
Harvey Newman	Education Chairperson & Secretary; 15 years	Senior Fellow, CEI	
Nikiforos Mathews	Board Member;15 years	Orrick, Herrington & Sutcliffe LLP	
Dean Angelakos	Board Member; 10 years	Senior Vice President, Parsons Corp.	
Liana Theodoratou	Board Member; 15 years	New York University, Director of Onassis Program in Hellenic Studies	
Grazia Svokos	Board Member; 2 years	Northeastern College, Professor	
Effie Lekas	Board Member; 15 years	Queens College Assistant Director of Modern Greek Studies	
Bianca Rajpersaud	Board Member, 6 months	Government Relations Specialist, Davidoff Hutcher & Citron LLP	

Friends of Hellenic Board

The Friends of Hellenic Classical Charter Schools, Inc. ("Friends of Hellenic") is a non-profit 501(c)(3) organization which was founded in 2020 to support the Schools. The Friends of Hellenic Board members work closely with the Schools' Board and staff to steer its larger and long-term objectives and to spread awareness and broaden the Schools' resources. The Board

consists of no less than five and not more than eleven board members. There is no formal expiration of a Friends of Hellenic Board member's term of service.

The current members of the Friends of the Hellenic Board are as follows:

Name	Office	Occupation	
Charles Capetanakis, Esq.	Board Member and Chair	Partner, Davidoff Hutcher & Citron LLP	
Nikolaos Leonardos	Board Member	Dafnonas Estates, Real Estate Broker and Manager	
Michael Leonardos	Board Member	Santander Bank, Financial Banker	
Steven John Sedereas, Esq.	Board Member and Secretary	Associate, Davidoff Hutcher & Citron LLP	
Steven Spaniolos, Esq.	Board Member	Partner, Davidoff Hutcher & Citron LLP	

School Leadership Team

Member	Position	
Christina Tettonis	Superintendent	
Joy Petrakos	Chief of Operations	
Natasha Caban	Principal, HCCS Park Slope	
Cathy Kakleas	Principal, HCCS Staten Island	

Management Biographical information

Christina Tettonis, Superintendent

Christina Tettonis is the superintendent of HCCS. She served as the principal of HCCS Park Slope from 2007-2019, before spearheading the opening of HCCS Staten Island in 2019. Under her leadership, NYSED designated HCCS Park Slope a *National Blue Ribbon School* in 2019. HCCS-Park Slope has been distinguished as a *reward school* for five consecutive years (2015-2019).

Christina was a member of the Deputy Chancellor's Principal Advisory Group and has been an active alumni fellow and advisor for *The Cahn Fellows Program for Distinguished New York City Principals* at Teachers College, Columbia University. She is also a Board of Trustee for

the Brooklyn Public Library and The Literacy Trust. She was a Board of Trustee for The Brooklyn Center for the Performing Arts at Brooklyn College.

Christina was principal of Public School 170 for NYCDOE from 2002- 2007 and served as Director of *The Drug and Alcohol Abuse Prevention Program for Community School District* 20 from 1997-2002. She began her public school career teaching students at Public School 186 and Public School 105 in Brooklyn, New York. Her first teaching position was at Holy Cross Parochial School.

She holds a Masters degree in elementary education with a concentration in reading instruction and a sixth year certificate in administration & supervision and a school district administrator certification.

Joy Petrakos, Chief of Operations

Joy Petrakos is the Chief of Operations of HCCS. She is the former Founding Director of Operations & Finance of HCCS Park Slope and served in this position from 2005-2019. Joy is responsible for the operations, finance and grant processes of both schools. She also serves as the Greek government liaison, Director of Admissions, Director of Accountability, and oversees all compliance matters among many other responsibilities.

As a founding leader of the School, Joy initiated recruiting students, hiring teachers and staff. She developed school systems and operations in HCCS Park Slope's first school year in 2005. Along with the academic team, as the chief operations leader, Joy was responsible for receiving three full five year school renewals, and a successful school replication in Staten Island by the Board of Regents. In addition, she was a member of the leadership team that received The National Blue Ribbon recognition in 2019. Under her direction, the School has established financially sound operations with 15 successful audits and no significant findings. She currently manages two school budgets totaling over \$10 million, completed a \$12 million expansion project in 2014 and has successfully written grants in excess of \$1 million. She developed financial systems, implemented policies and serves as the public relations and legal contact.

Natasha Caban, Principal HCCS Park Slope

Natasha Caban is the Principal of HCCS Park Slope. She is the former Assistant Principal and served in this position for 11 years as well as the former Special Education Coordinator and teacher from 2005 - 2007.

As coordinator of Special Education, Natasha established and developed the current special education program in the first year of operation in 2005. During her tenure, she ensured that all student IEP's and related services were in compliance according to state laws and regulations. In addition, she was responsible for all testing and served as the testing coordinator and liaison. These responsibilities continued along with assisting with HCCS Park Slope full five year renewals as Assistant Principal.

Cathy Kakleas, Principal HCCS Staten Island

Cathy Kakleas is the principal of HCCS Staten Island. Cathy has worked at the School since its inception in 2005. As a first grade teacher she worked diligently to engage her students

and develop a passion for reading in her classroom. She was a mentor for new teachers and her classroom was used as a lab classroom where she had opportunities to share effective teaching practices with her peers.

In 2011, Cathy became the Literacy Coach for grades K-8. She attended beginning and advanced levels of Reading and Writing institutes at Columbia University's Teachers College to prepare for her new role. During her four years as a Literacy Coach, Cathy organized and facilitated study tours on Socratic Seminars for other public schools and for educators in the Schools That Can network. She also organized a Foundational Skills institute hosted by Hellenic in partnership with The Reading and Writing Project at Columbia University. In the summer of 2015, Cathy participated in Danielson's *Framework for Teaching* Clusters Pilot, titled "Enhancing Professional Practice". Participation in this pilot was the inspiration for school wide implementation of intervisitations driven by professional conversations and teacher reflections.

In 2016, Cathy became the Dean of Academics for the School. As Dean of Academics, she provided guidance and support to all instructors. She oversaw a team of teacher leaders comprised of a math coach, middle school ELA lead and Academic Intervention Teachers. She also oversaw the Pre-K program at the School.

Faculty and Staff

All employees are compensated directly by HCCS. The faculty and staff are employed atwill pursuant to letters of hire for periods of one year. HCCS believes that the faculty, administration and the Board have a strong and collaborative working relationship. None of the Schools' employees are currently represented by a collective bargaining unit. Neither the Schools' administration nor the HCCS Board is aware of any desire among the faculty and staff to create or join any organized union or collective bargaining unit. HCCS believes its staff culture is excellent.

HCCS' organizational structure continues to evolve in-line with ongoing growth in student enrollment. HCCS currently employs approximately 80 staff members at HCCS Park Slope and 23 staff members at HCCS Staten Island (4 of which are shared employees with HCCS Park Slope). HCCS's compensation package includes competitive, comprehensive benefits package (health, dental and 401(k) plan³).

HCCS' 87 teachers collectively have an average of six years of overall teaching experience. HCCS monitors and evaluates its teachers and staff and makes annual, performance-based determinations regarding their ongoing employment status.

A-15

³ HCCS' discretionary matching of a percentage of its employees 401(k) contributions has been suspended as part of the School's cost-saving measures in response to COVID-19.

The following table provides information regarding HCCS' professional staff and faculty for the past five (5) years:

I	2015-16	2016-17	2017-18	2018-19	2019-2020
Staff	68	72	74	77	87
Turnover	6	9	3	5	5
% of Retention	92%	91%	96%	94%	94%

ENROLLMENT

The total approved enrollment when the Schools are at full charter capacity will be 1,175, consisting of 498 students at HCCS Park Slope and 675 students at HCCS Staten Island, not including Pre-K. With Pre-K, the total number of students for both Schools at capacity will be 1,211.

The policy of HCCS is to enroll a new student in any grade whenever an enrolled student leaves HCCS. As indicated in the tables below, both historic and projected, there is currently significant demand for entrance into HCCS.

Student recruitment at HCCS is year-round although the formal recruitment process begins in January of each year. During or before January of the coming school year, HCCS will advertise open registration. Families, if they choose, can meet with HCCS staff members and review the expectations of HCCS. HCCS does not discriminate against any student based on race, ethnicity, national origin, gender, or disability or for any other basis that would be unlawful for a public school. HCCS is open to any child who is eligible under the laws of New York State for admission to a public school, and HCCS ensures compliance with all applicable anti-discrimination laws governing public schools, including Title VI of the Civil Rights Act and Paragraph 2854 (2) of the New York Education Law, governing admission to a charter school. New students will be admitted each year without regard to prior measures of achievement or aptitude, athletic ability, disability, handicapped condition, ethnicity, race, creed, gender, national origin, religion, or ancestry. Interested families submit applications beginning with the first Open House in December until on or about April 1, at which point students will be accepted. If the number of applicants to HCCS exceeds capacity, a lottery or a random selection process will be conducted by an individual unaffiliated with HCCS. This unaffiliated person is used to assign spaces as described below. The lottery is held in April of each year, if required. HCCS will conduct extensive local community outreach to solicit applications from prospective students entering lottery-eligible grades. HCCS conducts a blind admissions process requesting only basic data from parents about prospective students.

Open Admissions Only to Designated Grades

Each year, each of the Schools open admissions for each grade it will have in operation. Prospective students must submit an application ("lottery application") to be eligible for admission. If the applicable School receives more lottery applications than the applicable School

has seats available for that grade, then the applicable School will conduct a blind lottery to determine which children will be admitted into that lottery grade. After the seats are filled, the blind lottery continues to assign every applicant a number on the waiting list.

Automatic Preferences

Automatic preferences will be given to eligible applicants in the following order:

First preference is given to students who attended the School the previous year and are returning to the applicable School (returning students do not need to re-apply); and

Second preference is given to siblings of students enrolled in the applicable School (siblings are granted a space, if and only if, there is space in the grade; if not, they will be placed on the applicable School's waiting list as described in the waiting list policy below).

Selection

Once all applicants with automatic preferences have been admitted, all other applicants will be considered. Each applicant will have a certain number of entries in the lottery, based on the admission criteria preference described below. Siblings applying to the lottery where no sibling already attends the applicable School will share all entries; if their entry is selected the siblings will occupy the next available spots on the list in alphabetical order by first name. Entries will be selected at random until all currently available spots are filled. The remaining entries will be sorted in the same random manner to create the waiting list in each grade. The waiting list will be used to fill empty spaces as necessary.

Additional Preferences

HCCS gives an admissions preference to students who reside in the NYCDOE designated Community School District in which the applicable School is physically located.

HCCS also grants admissions criteria preference for Students with Special Needs and ELL's. Students who attended the previous year and students' siblings are given automatic preference. Then HCCS uses the following preferences to divide the applicants into three groups:

- Group 1 All applicants for a grade level who reside in the CSD
- Group 2 All Students with Special Needs and ELL applicants for a grade level
- Group 3 Students who are children of employees.

Application Deadline

The Act provides for a statewide deadline for lottery applications. The deadline for all lottery applications to HCCS for a seat at one of the Schools is April 1. All applications must be received on or before the close of business on April 1 to be included in the admissions lottery.

Parents applying to HCCS will also be informed in all HCCS application materials of the lack of alignment between the required deadline for lottery applications and when they will know

whether or not their child received a seat at HCCS and their requirement, per the Commissioner of Education, to request transportation from the school district before the April 1 transportation request deadline.

Vacancy

Should a space become available in a class at HCCS, the applicable School contacts the parents or guardians of the next student on the waiting list. The applicable School or HCCS central staff, as applicable, makes reasonable attempts to contact the parents or guardians of the first student on the waiting list to determine whether the student wants to enroll in the applicable School before proceeding to the next name on the list. If attempts to contact the student's parents or guardians are unsuccessful, the applicable School may remove that student from the waiting list and contact the next student on the waiting list.

PARK SLOPE

Grade	Ages	2016-17	2017-18	2018-19	2019-20	2020-21
Pre-K	3-4	18	18	18	18	18
K	4-6	54	54	53	58	54
1	5-7	56	54	54	57	56
2	6-8	56	56	53	57	54
3	7-9	56	57	57	58	57
4	8-10	53	57	56	57	58
5	9-11	55	51	57	57	57
6	10-12	54	52	50	58	56
7	11-13	51	48	52	49	57
8	12-14	45	51	48	47	49
Total		498	498	498	516	516

STATEN ISLAND

Grade	Ages	2019-20 (First Year of Operations)	2020-21
Pre-k	4	N/A	18
K	4-6	44	67
1	5-7	30	50
2	6-8	N/A	41
Total		74	158

The following table represents the HCCS Park Slope applicants for enrollment for the 2020-2021 school:

Grades	Applications	Open Seats	Waitlist
PreK	111	18	93
K	120	56	64
1	22	0	22
2	20	0	20
3	24	0	24
4	16	0	16
5	20	0	20
6	79	0	79
7	7	0	7
8	3	0	3
Total	422	74	348

Service Area and Competition for Students

The vast majority of HCCS Park Slope's students live in the Park Slope or Sunset Park area. HCCS Park Slope is located in CSD-15, one of the highest performing CSD in New York City. 59% of HCCS Park Slope's enrolled students are eligible for the Free or Reduced-Price Lunch ("FRPL"), which qualifies the HCCS Park Slope as a Title 1 school. HCCS Staten Island is located in CSD-31, which has fewer charter school options than in CSD-15, but it still competes for students with Catholic and parochial schools in Staten Island.

Demographics

The table below shows the historic HCCS Park Slope (grades K-8) enrollment demographic by Race/Ethnicity and Sub-group classification as compared to CSD-15.

Demographics				
	2018-2019	2019-2020		
	HCCS	HCCS	CSD-15	
Grades	K-8	K-8	K-8	
Enrollment	450	498	26,912	
Hispanic	46%	46%	35%	
African American	15%	10%	12%	
Asian	3%	3%	16%	
White	31%	35%	31%	
FRPL*	59%	58%	54%	
SWD	11%	12%	19%	
ELL	3%	5%	12%	

Source: data.nysed.gov

ACADEMIC PERFORMANCE

The tables below shows ELA and Math scores for HCCS Park Slope as compared to the CSD-15 and NYC⁴. The percentages below represent the student proficient levels 3 & 4 as compared to the CSD-15 and NYC. Current enrolled grades at HCCS Staten Island have not been required to take ELA or Math tests. Note that data for 2019-2020 school year is not available because the applicable New York State Spring 2020 testing was cancelled due to COVID-19.

NY State ELA Assessment (% Proficient)								
	HCCS	HCCS CSD-15						
Grades	(3-8)	(3-8)	(3-8)					
2015-16	60%	50%	38%					
2016-17	63%	53%	41%					
2017-18	70%	57%	47%					
2018-19	67%	58%	47%					

NY State Math Assessment (% Proficient)							
	HCCS	NYC					
Grades	(3-8)	(3-8)	(3-8)				
2015-16	68%	52%	37%				
2016-17	68%	53%	38%				
2017-18	75%	56%	42%				
2018-19	86%	57%	46%				

⁴ Source: https://www.schools.nyc.gov/about-us/reports/school-quality

CURRENT FACILITIES

The two School locations currently have approximately 674 students in Brooklyn and Staten Island, New York, combined. The School currently operates two separate facilities as described below:

646 5th Avenue property in the Park Slope neighborhood in Brooklyn, NY (the "Park Slope Facility") is HCCS Park Slope's facility. The approximately 50,000 square foot facility is leased from Kimisis Theotokou Greek Orthodox Church, which is able to accommodate grades PreK-8, comprising 516 students and 80 staff. The current capacity of the Park Slope Facility is 516 students.

1641 Richmond Avenue in Staten Island, NY (the "Staten Island Facility") is the new location that opened in September 2019. The Staten Island Facility is leased from Holy Trinity Greek Orthodox Church. The Staten Island Facility currently occupies approximately 23,000 square feet of the 27,000 square foot building (the "Existing Building"), which currently accommodates kindergarten and grades 1 and 2 and a total of 158 students and 20 staff. The current capacity of the Existing Building is 176 students.

THE PROJECT

The Project at HCCS Staten Island consists of a newly constructed four story masonry building to be part of the Staten Island Facility. The adjacent and surrounding parking lot on the property will be resurfaced and planned for modified site drainage. The existing site is approximately 99,500 square feet and contains a large parking lot and two other existing structures including a church and a community center.

The new building (the "New Building"), inclusive of the basement, will be approximately 48,000 square feet. The HCCS Staten Island program is designed to accommodate 600 children in grades 2 to 8 in the New Building. Kindergarten and grade 1 will remain in the Existing Building, as will a pre-kindergarten program. Throughout the four floors, the New Building will include 24 classrooms, 17 private rooms for offices or specialized learning, locker areas, cafeteria, bathroom facilities on each floor, miscellaneous storage, closets and offices, 3 teachers lounges, an auditorium, library and general office space with private offices for higher level administrators.

Mechanicals will include a high efficiency heating and cooling system with multiple zones. Boilers and utility rooms will be located in the basement, and condensing units will be located on the rooftop. Sprinklers will be throughout the entire structure. Two stairwells and an elevator will provide vertical access through the New Building. A central skylight will bring light through the center of the structure, and an outdoor terrace will be provided at the 3rd floor level. Finishes throughout the facility are to be of high traffic usage to maintain durability and ease of maintenance. The New Building will be wired for connectivity in each room for usage through computers, laptops, smartboards, phone systems, intercoms, etc. A complete security system will be integrated with a central fire alarm system. The capacity of the New Building will be 525 students.

Activity at HCCS Staten Island will continue to largely take place between 7:00am (when staff typically starts to arrive) until 6:00pm (when most after-school programs have ended and

most staff has left). Classes would start at 8:00am, with the last class ending at 3:45pm. All after school activities would be held at the current building. HCCS Staten Island does not anticipate any unusual delays in obtaining the required zoning approvals or construction permits for the New Building.

In addition, HCCS intends to pay-off its existing construction debt⁵ related to its Park Slope Facility with funds from the sale of certain leasehold improvements to the Friends of Hellenic (i.e., the Borrower); the Borrower will use proceeds of the Bonds to fund the purchase of the HCCS Park Slope leasehold improvements. HCCS's current debt related to the Park Slope Facility was incurred to expand the original location in an approximately \$11 million expansion project which was completed in September 2015. A portion of the proceeds of the Bonds will be used to upgrade the HVAC system at this facility. Currently, the Park Slope Facility has air conditioning only on the first floor, which houses the Pre-K and Kindergarten classrooms along with the school lobby and main offices, the cafeteria and the gymnasium. The second and third floor classrooms along with offices on those floors do not currently have air conditioning. Other leasehold improvements at the Park Slope Facility will include elevator upgrades, cafeteria bathroom renovations, construction related to the adherence of COVID-19 safety guidelines, student technology upgrades, kitchen buildout in the gymnasium, the expansion of the dance room and other projects.

Project Purpose and Need

Because the size of the Staten Island Facility currently limits HCCS Staten Island's expansion to only grade 2, it faces operational challenges that arise from the limited capacity of the current facility. The space allocated to HCCS Staten Island and the inability to add more space at this location precludes it from expanding to the 8th grade without the construction of the Project.

The proposed Project at HCCS-Staten Island therefore is to construct a free standing building on the same lot as the current location to allow for expansion to 675 students and house grades 2-8 at the new facility and provide additional space for an auditorium and faculty and administrative offices. The site would be solely occupied by the School, which would allow for greater flexibility for the School to operate than its current shared configuration. The new space will be larger than the original HCCS Park Slope location, and there would be added capacity for new students to help meet HCCS' demand for prospective new students.

SCHOOL FINANCES

Financial Oversight

The Board provides effective oversight, including full engagement in financial decision-making and overseeing expenditure of public funds. HCCS is in good standing with respect to governance and fiscal accountability and is in material compliance with all city, state and federal regulations. HCCS receives an independent fiscal year audit opinion every year. The most recent audit indicates a positive financial control environment, with no significant findings or material weaknesses. HCCS' current financial position reflects and increasing improvement from the prior years.

⁵ As of the date of this Limited Offering Memorandum, the current principal balance on this construction loan is approximately \$6,996,000.

Each month, staff present HCCS' management prepared monthly financial statements, including reports of financial condition and operating results, as well as other pertinent information to the Board for its review. After review of the monthly financial reports, if applicable, the Board will certify that no fund has been over expended and that sufficient funds are available to meet the HCCS obligations for the remainder of the school year.

Accounting & Internal Controls

HCCS maintains appropriate internal controls and procedures. As part of the internal control procedures, HCCS has hired an outside accounting firm, Kiwi Partners, to help maintain certain levels of controls. The bookkeeper from Kiwi Partners is responsible for paying vendors and preparing bank reconciliations along with other ad hoc duties.

Based on industry best practices, HCCS' internal controls are designed to minimize unauthorized use of assets or misstatement of account balances. The control environment and accounting procedures documented in the School's Fiscal Policy & Operational Policy manual highlight the internal controls as an integral part of day-to-day operations. These procedures are divided into segregation of duties, restricted access, document control, processing control, and reconciliation controls, with the Board Finance Committee reviewing how the following duties are assigned to staff:

Segregation of Duties: No one person controls all aspects of a transaction & functions performed by one person are authorized by another individual.

Restricted Access: Physical access to checks or other valuable assets are restricted to authorized personnel. Systems access to the accounting system is also restricted to authorized personnel.

Reconciliation Controls: Variance reports and bank reconciliation are reviewed monthly by the Director of Finance & Operations.

Budgeting & Financial Condition

HCCS operates pursuant to a long-range budget – clearly maintaining adequate financial resources to ensure stable operations. Critical financial needs of the Schools are not typically dependent on variable income (grants, donations and fundraising).

For fiscal year ending June 30, 2020, operating results were separately audited for each of HCCS Park Slope (see Appendix D-1) and HCCS Staten Island (see Appendix D-2). During the fiscal year ending June 30, 2019 only HCCS Park Slope was in operation, therefore, audited operating results for that fiscal year show only HCCS Park Slope operations (see Appendix C). Starting with the fiscal year ending June 30, 2021, audited financial statements will show results of HCCS on a combined operating basis for both HCCS Park Slope and HCCS Staten Island.

HCCS Park Slope's FY20 annual audit reflects a surplus of \$147,000, compared to a net loss of \$560,000 in FY19. During FY19, the Board approved the following changes to expenses: eliminate teacher incentive bonuses and freeze the employer 401k Plan match. The measures taken to reduce losses have made a significant impact on the bottom line.

In addition to continuing the cost cutting measures already implemented in the prior year, HCCS Park Slope also increased its student enrollment by 18 students during the Charter renewal which is reflected in the FY20 financial statements. HCCS anticipates this will increase revenues at HCCS Park Slope by approximately \$290,000. HCCS also eliminated salary increases and required the staff to pay a small portion towards their health insurance premiums. With these changes, HCCS Park Slope was able to operate with a surplus for FY20.

HCCS' budget process utilizes conservative (revenue/expense) assumptions, based not only direct experience operating in the NYC charter sector, but recognition of industry-wide risks that potentially introduce unanticipated fluctuations in revenue/expenses. These risks include changes in NYS per-pupil allocations, enrollment-levels, facilities risk, and professional talent scarcity. Variance (to budget) reports are reviewed monthly by the COO and Board Finance Committee to provide ample opportunity for appropriate action and mitigation.

Because a public charter school's primary revenue source is per-pupil funding, the School pro-actively monitors enrollment levels and responds quickly. Demand for seats remains high, with a waitlist of over 400 students across all grades entering HCCS Park Slope. HCCS Park Slope's sustained high demand is derived from a combination of low student attrition, positive parent engagement and overall community support. As noted in the most recent DOE survey, 98% of HCCS Park Slope parents agree that HCCS Park Slope staff and leadership work hard to create a strong sense of community.

Summary of Historical and Projected Revenues and Expenses

The following tables set forth a summary of HCCS' historical and projected revenues and expenses for the years shown below. The information presented for the school years ended June 30, 2016, through 2020 is actual audited data. For the school years ending June 30, 2021 (budget) and June 30, 2022 through 2025 (projected), information presented is projected data provided by the School, based upon certain assumptions made by HCCS. The projections constitute "forward-looking statements" and are derived from the past operations of the Schools and from HCCS' assumptions about student enrollment, level of revenue and expenses as set forth in the table.

AUDITED REVENUES AND EXPENDITURES FOR FY 2016-2020

Hellenic Classical Charter School Park Slope

	2015-16	2016-17	2017-18	2018-19	2019-20
OPERATING REVENUE AND SUPPORT					
Total Enrollment	480	480	480	479	498
Grades	(PreK-8)	(PreK-8)	(PreK-8)	(PreK-8)	(PreK-8)
State and Local per pupil operating revenue – resident student enrollment	\$6,795,045	\$6,985,039	\$7,092,115	\$7,552,944	\$8,133,020
State and Local per pupil operating revenue – students with disabilities	\$225,203	\$208,860	\$259,750	\$270,140	\$292,520
Government grants and contracts	\$428,782	\$647,987	\$703,464	\$413,435	\$378,499
Contributions and grants	\$159,393	\$128,545	\$229,882	\$98,486	\$129,851
In-kind contributions	\$71,360	\$66,550	\$37,367	\$28,386	\$37,188
Other Revenue	\$40,033	\$8,821	\$34,317	\$56,621	\$19,931
TOTAL REVENUE	\$7,719,816	\$8,045,802	\$8,356,895	\$8,420,012	\$8,991,009
EXPENSES					
Program	\$6,396,337	\$6,808,002	\$7,536,978	\$7,257,847	\$7,114,355
Management and general	\$1,477,683	\$1,638,842	\$1,708,278	\$1,698,916	\$1,695,405
Fundraising	\$20,940	\$22,216	\$23,799	\$23,440	\$34,008
TOTAL EXPENSES	\$7,894,960	\$8,469,060	\$9,269,055	\$8,980,203	\$8,843,768
CHANGE IN NET ASSETS	(\$175,144)	(\$423,258)	(\$912,160)	(\$560,191)	\$147,241

	2015-16	2016-17	2017-18	2018-19	2019-20
NET ASSETS – BEGINNING IN YEAR	\$3,526,852	\$3,351,708	\$2,928,450	\$2,016,290	\$1,456,099
NET ASSETS – END OF YEAR	\$3,351,708	\$2,928,450	\$2,016,290	\$1,456,099	\$1,603,340

Hellenic Classical Charter School – Staten Island

	Inception - June 30, 2020
OPERATING REVENUE AND SUPPORT	
Total Enrollment	73
Grades	(K and 1st)
State and Local per pupil operating revenue – resident student enrollment	\$1,355,493
State and Local per pupil operating revenue – students with disabilities	66,070
Government grants and contracts	9,684
Contributions and grants	819,226
In-kind contributions	6,832
Other Revenue	2,295
TOTAL REVENUE	\$2,259,600

EXPENSES	
Program	\$1,707,559
Management and general	642,433
Fundraising	10,810
TOTAL EXPENSES	\$2,360,802
CHANGE IN NET ASSETS	\$(101,202)
NET ASSETS – BEGINNING IN YEAR	0
NET ASSETS – END OF YEAR	\$(101,202)

Charter School Funding

Historic per pupil funding chart NY State Funding

School Year	Per Pupil Allocation
2015-2016	\$13,877
2016-2017	\$14,027
2017-2018	\$14,527
2018-2019	\$15,307
2019-2020	\$16,150
2020-2021	\$16,123

In 2014, legislation was enacted that provided small supplemental increases to the per pupil funding (while providing a reimbursement to school districts for those increases). These increases kept charter per pupil funding relatively flat, increasing just 3.7% over three years, or a total of \$500, and resulting in a total per pupil in 2016-17 of \$14,027. In addition, the State Senate provided one-time appropriations to charter schools in both the 2016 and 2017 school years of approximately \$215 and \$430, respectively. After the 2016-17 school year, charter school per pupil funding was once again calculated using the then-existing statutory formula, effectively making the per pupil once again a function of average per pupil operating expenses of the CSD.

Summary of FY 2019-20 Budget to Actual Results

The following table sets forth a summary comparison of the School's 2019-2020 Budget to audited actual results for fiscal year 2019-2020; enrollment for 2019-2020 is 516 for grades PreK-8 at HCCS Park Slope and 73 students for grades K-1 at HCCS Staten Island:

HCCS-PARK SLOPE

	2019-20 Audited	Budget
REVENUES & SUPPORT		
ENROLLMENT		
State & Local Per Pupil	\$8,609,740	\$8,535,397
Government Grants & Contracts	231,487	307,161
Contributions & Grants	129,851	102,000
Other Income	19,931	16,000
TOTAL REVENUE	\$8,991,009	\$8,960,558
EXPENSES		
Program	\$7,114,355	\$6,755,873
Management and general	1,695,405	1,302,337
Fundraising	34,008	81,396
TOTAL EXPENSES	\$8,843,768	\$8,139,606
CHANGE IN NET ASSETS	\$147,241	\$ 820,952
Beginning Balance (July 1)	\$1,456,099	\$1,456,099
Ending Balance (June 30)	\$1,603,340	\$2,277,051

HCCS-STATEN ISLAND

	Inception – June 30, 2020 Audited	Budget
REVENUES & SUPPORT		I
ENROLLMENT		
State & Local Per Pupil	\$1,421,563	\$1,641,245
Government Grants & Contracts	16,516	33,100
Contributions & Grants	819,226	360,123
Other Income	2,295	0
TOTAL REVENUE	\$2,259,600	\$2,034,468
EXPENSES		
Program Services	\$1,707,559	\$1,674,890
Management & General	642,433	639,715
Fundraising	10,810	11,631
TOTAL EXPENSES	\$2,360,802	\$2,326,236
CHANGE IN NET ASSETS	(\$101,202)	(\$291,768)
Beginning Balance (July 1)	0	0
Ending Balance (June 30)	(\$101,202)	(\$291,768)

Management Discussion & Analysis

HCCS's financial position is currently strong – as evidenced by the audited FYE 2019 - 2020 financial statements. A fiscally-conservative organization, HCCS is committed to maintaining adequate finances to ensure stable operations.

As student enrollment, staffing and other expenses stabilize over the next few years financial projections indicate a healthy, sustainable organization. The School is fully-prepared to maintain its investment in HCCS's learning infrastructure and human capital; continuing with the commitment to providing a quality educational experience for students in both Park Slope, Brooklyn and in Staten Island.

When utilizing the Friends of Hellenic, as landlord, the amount HCCS will receive in facilities access payments/rental assistance subsidy payment should be sufficient to cover annual

payments under the HCCS Staten Island Sublease. The NY State budget increased the maximum amount of rental assistance provided to eligible NYC charters schools under the 2014 Facilities Access Law. Currently, the amount of rental assistance for eligible schools is the lesser of 30% of the per pupil or actual rental costs.

In the current school year, HCCS Staten Island will receive a maximum of approximately \$4,836 per pupil in rental assistance for a total of approximately \$633,000. This applies only to HCCS Staten Island as HCCS Park Slope is not eligible for rental reimbursement under the Act.

In 2020-21, the per pupil funding has decreased from \$16,150 per student to \$16,123 per student. The NYC Charter Center has announced that based on the New York State budget for 2020-21, per pupil charter school funding may be expected to be decreased further due to COVID-19. To date, the school has not yet received any further reduction of funding from the State reflected in either of the 3 of 6 payment cycles that have received thus far.

Insurance

HCCS maintains a comprehensive insurance program including Comprehensive General Liability, Educator's Legal Liability, Automobile, Excess Liability, Property and Workers Compensation and Employers' Liability.

Litigation

Currently, HCCS is not involved in any pending, or to the knowledge of the School, threatened litigation matters or disputes which, if determined adversely to HCCS, would have a materially adverse effect on its financial condition.

PROJECTIONS

The Projections below are based upon historical operation of, and forecasts for, HCCS and the HCCS assumptions regarding student enrollment and expenses. The Projections do not constitute a "Certified Financial Forecast" prepared in accordance with generally accepted accounting principles. No assurance can be given that the results described in the Projections will be achieved, or that there has been no change in underlying considerations since the date of this Limited Offering Memorandum. HCCS does not intend to update the Projections and, accordingly, there are risks inherent in using the Projections in the future as they become outdated. The Projections are only for the years ending June 30, 2021 through 2025 and do not cover the entire period during which the Bonds may be outstanding. The Underwriter has not independently verified the Projections, and makes no representations nor gives any assurances that such Projections, or the assumptions underlying them, are complete or correct.

No representation is made that the Projections will correspond with the results achieved in the future because there is no assurance that actual events will correspond with the assumptions made by HCCS. The HCCS's actual future operations and financial condition may differ from those projected and actual future events and conditions may differ from those assumed by HCCS. Such differences may be material and adverse. Actual operating results may be affected by many factors, including, but not limited to, increased costs, lower than anticipated revenues (as a result of changes in demographic trends, insufficient enrollment, or otherwise), and local and general economic conditions. See "BONDHOLDER'S RISKS" in this Limited Offering Memorandum.

The Projections have not been independently verified by any party other than the School's management. No feasibility studies have been conducted with respect to operations of the School pertinent to these financial projections or the Bonds.

The Projections constitute "forward-looking" statements of the type described in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. [See "RISK FACTORS" in this Limited Offering Memorandum.] Although management believes that the assumptions upon which these financial projections are based are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. All phases of the operations of the School involve risks and uncertainties, many of which are outside of HCCS' control and any one of which, or a combination of which, could materially affect HCCS's results.

Projected Enrollment for HCCS Park Slope

The chart below illustrates the enrollment plan for HCCS Park Slope's current charter term. The school will serve a total of 498 students in Grades K-8 (which is an increase of 18 students over its original enrollment goal for 2019-2020). HCCS Park Slope may maintain a maximum class size of approximately 28 students in each classroom with a potential enrollment of 498.

Grade	Ages	2021-22	2022-23	2023-24	2024-25	2025-26
K	4-6	56	56	56	56	56
1	5-7	56	56	56	56	56
2	6-8	56	56	56	56	56
3	7-9	55	55	55	55	55
4	8-10	55	55	55	55	55
5	9-11	55	55	55	55	55
6	10-12	55	55	55	55	55
7	11-13	55	55	55	55	55
8	12-14	55	55	55	55	55
Total		498	498	498	498	498

Projected Enrollment for HCCS Staten Island

The chart below illustrates the enrollment plan for HCCS Staten Island. The Staten Island Facility, which includes the Existing Building and the New Building will serve a total of 675 students in Grades K-8 reaching its enrollment goal in its 8th year (2026-27). HCCS Staten Island may maintain a maximum class size of approximately 27 students in each classroom with a

potential maximum enrollment of 771. through all grades. The Existing Building will house grades kindergarten and 1, and a pre-kindergarten program, while the New Building will house grades 2 through 8.

Grade	Ages	2019- 20 Yr 1*	2020- 21 Yr 2*	2021- 22 Yr 3	2022- 23 Yr 4	2023- 24 Yr 5	2024- 25 Yr 6	2025- 26 Yr 7	2026- 27 Yr 8
K	4-6	44	67	75	75	75	75	75	75
1	5-7	30	50	75	75	75	75	75	75
2	6-8		41	55	75	75	75	75	75
3	7-9			40	60	75	75	75	75
4	8-10			0	45	65	75	75	75
5	9-11				0	50	70	75	75
6	10-12					0	55	75	75
7	11-13							75	75
8	12-14		_				_		75
Total		74	158	245	330	415	500	600	675

^{*}Actual enrollment

Projected Financial Information for HCCS Park Slope

	2020-21	2021-22	2022-23	2023-24	2024-25
REVENUES & SUPPORT					
State & Local Per Pupil	8,525,154	8,525,154	8,525,154	8,691,974	8,862,129
Government Grants & Contracts	317,354	317,354	317,354	319,276	321,237
PPP Forgiveness	1,055,196	-	-	-	-
Contributions & Grants	18,240	18,240	18,240	68,240	68,240
Other Income	10,000	10,000	10,000	10,000	10,000
TOTAL REVENUE	9,925,944	8,870,748	8,870,748	9,089,490	9,261,606
EXPENSES					
Program	6,894,841	6,930,624	7,082,305	7,206,276	7,329,007
Management and general	1,329,126	1,336,024	1,365,264	1,389,162	1,412,821
Fundraising	83,070	83,501	85,329	86,823	88,301
TOTAL EXPENSES	8,307,037	8,350,149	8,532,898	8,682,261	8,830,129
CHANGE IN NET ASSETS	1,618,907	520,599	337,850	407,229	431,477

Projected Financial Information for HCCS Staten Island

HCCS - Staten Island	2020-21	2021-22	2022-23	2023-24	2024-25
REVENUES & SUPPORT					
State & Local Per Pupil	3,642,763	5,514,154	7,295,745	9,413,388	11,450,761
Government Grants & Contracts	843,310	154,745	205,830	266,017	319,399
PPP Forgiveness	224,304	-	-	-	1
Contributions & Grants	2,000	2,000	3,000	4,000	5,000
Other Income	500	500	500	500	500
TOTAL REVENUE	4,712,877	5,671,399	7,505,075	9,683,905	11,775,660
EXPENSES					
Program	2,816,532	4,077,210	5,803,675	5,981,255	6,321,166
Management and general	542,946	785,968	1,118,781	1,153,013	1,218,538
Fundraising	33,934	49,123	69,924	72,063	76,159
TOTAL EXPENSES	3,393,412	4,912,301	6,992,380	7,206,331	7,615,863
CHANGE IN NET ASSETS	1,319,465	759,098	512,695	2,477,574	4,159,797

Combined Projected Financial Statement of Activities for HCCS Park Slope and HCCS Staten Island

	2020-21	2021-22	2022-23	2023-24	2024-25
REVENUES & SUPPORT					
State & Local Per Pupil	12,167,917	14,039,308	15,820,899	18,105,362	20,312,890
Government Grants & Contracts	1,160,664	472,099	523,184	585,293	640,636
PPP Forgiveness	1,279,500	1	-	1	1
Contributions & Grants	20,240	20,240	21,240	72,240	73,240
Other Income	10,500	10,500	10,500	10,500	10,500
TOTAL REVENUE	14,638,821	14,542,147	16,375,823	18,773,395	21,037,266
EXPENSES					
Program	9,711,373	11,007,834	12,885,980	13,187,531	13,650,173
Management and General	1,872,072	2,121,992	2,484,045	2,542,175	2,631,359
Fundraising	117,004	132,624	155,253	158,886	164,460
TOTAL EXPENSES	11,700,449	13,262,450	15,525,278	15,888,592	16,445,992
CHANGE IN NET ASSETS	2,938,372	1,279,697	850,545	2,884,803	4,591,274

Pro Forma Coverage Ratios Based on Combined Projected Financial Statement of Activities for HCCS Park Slope and HCCS Staten Island

	2020-21	2021-22	2022-23	2023-24	2024-25
Revenues	\$14,638,821	\$14,542,147	\$16,375,823	\$18,773,395	\$21,037,266
Operating expenses	11,700,449	13,262,450	15,525,278	15,888,592	16,445,992
	\$ 2,938,372	\$ 1,279,697	\$ 850,545	\$ 2,884,803	\$ 4,591,274
Operating expenses exclude (as applicable):					
Sublease rent	735,095	1,559,063	3,331,991	3,360,931	3,420,931
Leasehold improvements & capital asset expenditures	-	-	-	1	1
Other non-cash facility related expenses	-	-	-	1	ı
Depreciation*	500,000	500,000	500,000	500,000	500,000
Net Income Available for Debt Service/Sublease Payments	\$ 4,173,467	\$ 3,338,760	\$ 4,682,536	\$ 6,745,734	\$ 8,512,205
Sublease Payments:					
Debt service due on LTD (P&I)	743,464	2,141,178	2,141,178	2,141,178	2,141,178
Net of capitalized interest	(615,600)	(1,772,928)	-	-	1
Other rents and charges (RRF, etc.)	20,000	60,000	60,000	60,000	60,000
Ground lease rent paid to churches	587,230	1,130,813	1,130,813	1,159,753	1,219,753
Sublease Payments	\$ 735,095	\$ 1,559,063	\$ 3,331,991	\$ 3,360,931	\$ 3,420,931
Coverage Ratio	5.68	2.14	1.41	2.01	2.49

^{*} Estimated

IMPACTS OF COVID-19

In response to the fears of the COVID-19 school closings, HCCS made it a priority to make sure their students and families had the ability to learn in virtual ways. When the NYC schools closed in March 2020, HCCS had over 500 students engaged in remote learning. Many of the students did not have devices to enable them to log into remote learning sessions, and others have devices that are outdated and do not have the capability of loading the proper software used for remote learning. This was a challenge for HCCS and the entire community. HCCS provided those families that expressed a need, iPads and/or Chromebooks, depending on their grade level in order for the students to learn while in remote.

Social Emotional Learning during COVID-19 School Closure:

While concerns about the spread of COVID-19 kept growing, a team of counselors at HCCS worked hard to make sure our families had a support system. The School Counseling Department, reassured our families and students and made themselves available throughout the duration of our school closure.

The Plan:

- Throughout the duration of the closure, counselors responded to emails and forwarded their office phone/extensions to their cellphone;
- HCCS created a new Facebook group entitled: HCCS Counseling Corner Ask the HCCS Counselor. Several links and suggestions for families and students to utilize at home will be posted regularly;
- Grades K-4 social emotional lessons accessed via google classroom;
- ZOOM meetings every Thursday to keep families connected to answer any questions and address any concerns;
- Individual ZOOM meetings with the guidance counselor upon parent/guardian request was made available when possible; and
- A list of resources were sent to families to help the students learn the socialemotional skills they need to get through this novel and challenging event.

Additional Measures to Keep Students and Teachers Healthy:

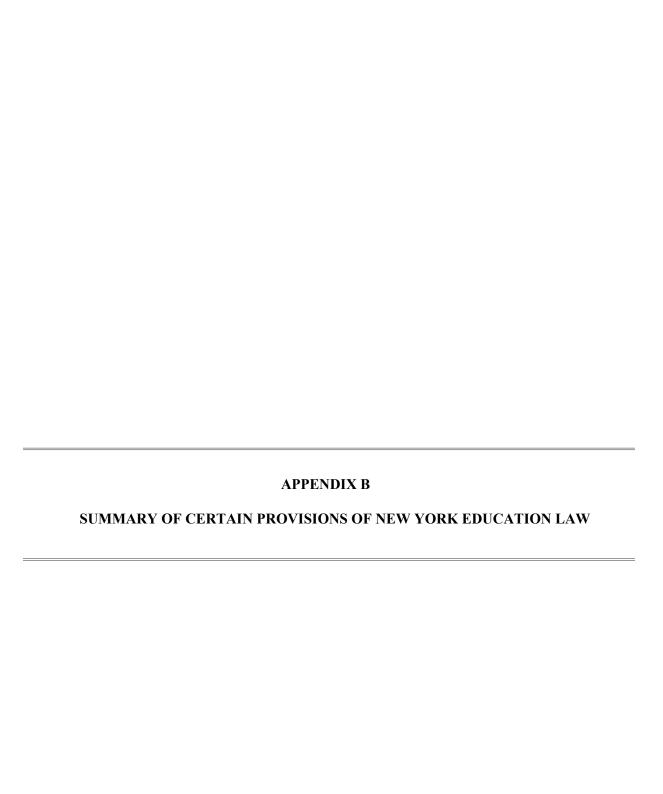
- Staying informed and updated by the Department of Health, the Center for Disease Control, NYCDOE and NYSED;
- Keeping families informed daily;
- Stocking up on PPE and cleaning and disinfectant supplies;
- Purchasing and installing electrostatic spraying machines, hand sanitizing stations throughout the buildings, MERV 13 filters for HVAC and signage & floor markings;
- Installing a thermal camera in each building;
- Cleaning frequently touched areas and objects continuously throughout the day;
- Engaging a professional cleaning company for deep cleaning of the school buildings biweekly;
- Creating awareness of healthy habits;
- Utilizing all space throughout the buildings for teaching;
- Purchasing Qualtrics for daily wellness check in;

- Preparing a new room as alternate waiting area when someone gets sick;
- Planning and protocols for limited outside visitors; and
- Setting new policies and procedures for reopening.

Many of the criteria above are incorporated in the HCCS 2020-21 reopening plan, which can be viewed on its website: www.hccs-nys.org. The HCCS plan and procedures for managing the COVID-19 health crises is continuously being reevaluated.

From a financial perspective, HCCS has previously incorporated certain cost-saving strategies to improve its bottom line in FY 2019 and FY 2020, such as temporarily eliminating teacher incentive bonuses, temporarily eliminating salary increases, freezing the employer 401k Plan match and requiring staff to pay a small portion towards their health insurance premiums. These strategies will remain in effect as HCCS controls expenses in an attempt to manage the financial impact of COVID-19.







APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW

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

Purpose (New York Education Law § 2850)

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

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

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

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

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

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

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

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

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

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

- (a) A report of the progress of the charter school in achieving the educational objectives set forth in the charter.
- (b) A detailed financial statement that discloses the cost of administration, instruction and other spending categories for the charter school that will allow a comparison of such costs to other schools, both public and private. Such statement shall be in a form prescribed by the Board of Regents.
- (c) Copies of each of the annual reports of the charter school required by § 2857 of the Act, including the charter school report cards and the certified financial statements.
 - (d) Indications of parent and student satisfaction.
- (e) The means by which the charter school will meet or exceed enrollment and retention targets as prescribed by the Board of Regents or the Board of Trustees of the State University of New York, as applicable, of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program which shall be considered by the charter entity prior to approving such charter school's application for renewal. When developing such targets, the Board of Regents and the Board of Trustees of the State University of New York shall ensure (1) that such enrollment targets are comparable to the enrollment figures of such categories of students attending the public schools within the school district, or in a city school district in a city having a population of 1,000,000 or more inhabitants, the community school district, in which the charter school is located; and (2) that such retention targets are comparable to the rate of retention of such categories of students attending the public schools within the school district, or in a city school district in a city having a population of 1,000,000 or more inhabitants, the community school district, in which the proposed charter school would be located.

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

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

- Upon the approval of a charter by the Board of Regents, the Board of Regents shall (a) incorporate the charter school as an education corporation for a term not to exceed five (5) years, provided however in the case of charters issued pursuant to § 2852(9-a) of the Act the Board of Regents shall incorporate the charter school as an education corporation for a term not to exceed five (5) years in which instruction is provided to pupils plus the period commencing with the effective date of the charter and ending with the opening of the school for instruction. Such certificate of incorporation shall not modify or limit any terms of the charter approved by the Board of Regents. Upon approval of an application to renew a charter, the Board of Regents shall extend the certificate of incorporation for a term not to exceed five (5) years. Upon termination or nonrenewal of the charter of a charter school pursuant to § 2855 of the Act, the certificate of incorporation of the charter school shall be revoked by the Board of Regents pursuant to § 219 (change of charter) of the New York Education Law, provided that compliance with the notice and hearing requirements of § 2855 of the Act shall be deemed to satisfy the notice and hearing requirements of § 219 of the New York Education Law. It shall be the duty of the trustees of the charter school to obtain federal tax-exempt status no later than one year following approval of a charter school by the Board of Regents. For purposes of the Act, "certificate of incorporation" shall mean the provisional charter issued by the Board of Regents to form the charter school as an educational corporation pursuant to §§ 216 (charters) and 217 (provisional charters) of the New York Education Law.
- (b) An education corporation organized to operate a charter school shall have all corporate powers necessary and desirable for carrying out a charter school program in accordance with the provisions of the Act, other applicable laws and regulations and the terms of the charter, including all of the powers of an education corporation formed to operate an elementary or secondary school and those powers granted under the provisions of the not-for-profit corporation law that are made applicable to charter schools by § 216-a (applicability of not-for-profit corporation law) of the New York Education Law. The powers of the trustees of the charter school shall include those powers specified in § 226 (powers of trustees of institutions) of the New York Education Law.
- (b-1) An education corporation operating a charter school shall be authorized to operate more than one school or house any grade at more than one site, provided that a charter must be issued for each such additional school or site in accordance with the requirements for the issuance of a charter pursuant to the Act and that each such additional school or site shall count as a charter issued pursuant to § 2852(9) of the Act; and provided further that:
 - (i) a charter school may operate in more than one building at a single site; and
 - (ii) a charter school which provides instruction to its students at different locations for a portion of their school day shall be deemed to be operating at a single site.

- (c) A charter school shall be deemed an independent and autonomous public school, except as otherwise provided in the Act, and a political subdivision having boundaries coterminous with the school district or community school district in which the charter school is located. The charter entity and the Board of Regents shall be deemed to be the public agents authorized to supervise and oversee the charter school.
- (d) The powers granted to a charter school under the Act constitute the performance of essential public purposes and governmental purposes of the state. A charter school shall be exempt to the same extent as other public schools from all taxation, fees, assessments or special ad valorem levies on its earnings and its property, including property leased by the charter school. Instruments of conveyance to or from a charter school and any bonds or notes issued by a charter school, together with the income therefrom, shall at all times be exempt from taxation.
- (e) A charter school shall not have the power to levy taxes or to acquire property by eminent domain.
- (f) The Board of Trustees of the charter school shall have final authority for policy and operational decisions of the school. Nothing herein shall prohibit the Board of Trustees of a charter school from delegating decision-making authority to officers and employees of the school in accordance with the provisions of the charter.
- (g) Notwithstanding any provision of law to the contrary, no civil liability shall attach to any charter entity, the Board of Regents, or to any of their members or employees, individually or collectively, for any acts or omissions of the charter school. Neither the local school district, the charter entity nor the state shall be liable for the debts or financial obligations of a charter school or any person or corporate entity who operates a charter school.

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

Effective until June 30, 2021:

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

Effective June 30, 2021:

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

school in accordance with the individualized education program recommended by the committee or subcommittee on special education of the student's school district of residence. The charter school may arrange to have such services provided by such school district of residence or by the charter school directly or by contract with another provider.

- (b) For purposes of § 3635 (transportation) of the New York Education Law, a charter school shall be deemed a nonpublic school. The charter and application therefor shall set forth the manner in which students ineligible for transportation pursuant to § 3635 of the New York Education Law shall be transported to and from school. Any supplemental transportation provided by a charter school shall comply with all transportation safety laws and regulations applicable to other public schools. A school district may enter into a contract for the provision of supplemental transportation services to a charter school, and any such services shall be provided by the school district at cost.
- (c) A charter school may contract with the governing body of a public college or university for the use of a school building and grounds, the operation and maintenance thereof. Any such contract shall provide such services or facilities at cost. A school district shall permit any charter school granted approval to co-locate, to use such services and facilities without cost.
- (d) Private persons and organizations are encouraged to provide funding and other assistance to the establishment or operation of charter schools.
- (e) The school district of residence of children attending a charter school may, but is not required to, allow such children to participate in athletic and extra-curricular activities of the district's schools.

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

- (a) Notwithstanding any provision of law to the contrary, to the extent that any provision of the Act is inconsistent with any other state or local law, rule or regulation, the provisions of the Act shall govern and be controlling.
- (b) A charter school shall meet the same health and safety, civil rights, and student assessment requirements applicable to other public schools, except as otherwise specifically provided in the Act. A charter school shall be exempt from all other state and local laws, rules, regulations or policies governing public or private schools, boards of education, school districts and political subdivisions, including those relating to school personnel and students, except as specifically provided in the school's charter or in the Act. Nothing in this section shall affect the requirements of compulsory education of minors established by Part 1 of Article 65 (compulsory education) of the New York Education Law.
- (c) A charter school shall be subject to the financial audits, the audit procedures, and the audit requirements set forth in the charter, and shall be subject to audits of the comptroller of the city school district of the city of New York for charter schools located in New York city, and to audits of the New York State Comptroller for charter schools located in the rest of the state, at his or her discretion, with respect to the school's financial operations. Such procedures and standards shall be consistent with generally accepted accounting and audit standards. Independent fiscal audits shall be required at least once annually.
- (d) A charter school shall design its educational programs to meet or exceed the student performance standards adopted by the Board of Regents and the student performance standards contained in the charter. Students attending charter school shall be required to take Regents examinations to the same extent such examinations are required of other public school students. A charter school offering instruction

in the high school grades may grant Regents diplomas and local diplomas to the same extent as other public schools, and such other certificates and honors as are specifically authorized by their charter, and in testimony thereof give suitable certificates, honors and diplomas under its seal; and every certificate and diploma so granted shall entitle the conferee to all privileges and immunities which by usage or statute are allowed for similar diplomas of corresponding grade granted by any other public school.

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

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

- A charter school shall be nonsectarian in its programs, admission policies, employment practices, and all other operations and shall not charge tuition or fees; provided that a charter school may require the payment of fees on the same basis and to the same extent as other public schools. A charter school shall not discriminate against any student, employee or any other person on the basis of ethnicity, national origin, gender, or disability or any other ground that would be unlawful if done by a school. Admission of students shall not be limited on the basis of intellectual ability, measures of achievement or aptitude, athletic ability, disability, race, creed, gender, national origin, religion, or ancestry; provided, however, that nothing in the Act shall be construed to prevent the establishment of a single-sex charter school or a charter school designed to provide expanded learning opportunities for students at-risk of academic failure or students with disabilities and English language learners; and provided, further, that the charter school shall demonstrate good faith efforts to attract and retain a comparable or greater enrollment of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program when compared to the enrollment figures for such students in the school district in which the charter school is located. A charter shall not be issued to any school that would be wholly or in part under the control or direction of any religious denomination, or in which any denominational tenet or doctrine would be taught.
- Any child who is qualified under the laws of this state for admission to a public school is (b) qualified for admission to a charter school. Applications for admission to a charter school shall be submitted on a uniform application form created by the department and shall be made available by a charter school in languages predominately spoken in the community in which such charter school is located. The school shall enroll each eligible student who submits a timely application by the first day of April each year, unless the number of applications exceeds the capacity of the grade level or building. In such cases, students shall be accepted from among applicants by a random selection process, provided, however, that an enrollment preference shall be provided to pupils returning to the charter school in the second or any subsequent year of operation and pupils residing in the school district in which the charter school is located, and siblings of pupils already enrolled in the charter school. Preference may also be provided to children of employees of the charter school or charter management organization, provided that such children of employees may constitute no more than 15% of the charter school's total enrollment. The Commissioner shall establish regulations to require that the random selection process conducted pursuant to this paragraph be performed in a transparent and equitable manner and to require that the time and place of the random selection process be publicized in a manner consistent with the requirements of §104 of the Public Officers Law and be open to the public. For purposes of this paragraph and paragraph (a) above, the school district in which the

charter school is located shall mean, for the city school district of the city of New York, the community district in which the charter school is located.

- (c) A charter school shall serve one or more of the grades one through twelve, and shall limit admission to pupils within the grade levels served. Nothing in the Act shall prohibit a charter school from establishing a kindergarten program.
- (d) A student may withdraw from a charter school at any time and enroll in a public school. A charter school may refuse admission to any student who has been expelled or suspended from a public school until the period of suspension or expulsion from the public school has expired, consistent with the requirements of due process.

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

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

- (a) When a charter school's outcome on student assessment measures adopted by the Board of Regents falls below the level that would allow the Commissioner to revoke the registration of another public school, and student achievement on such measures has not shown improvement over the preceding three school years;
 - (b) Serious violations of law;
 - (c) Material and substantial violation of the charter, including fiscal mismanagement;
- (d) When the public employment relations board makes a determination that the charter school demonstrates a practice and pattern of egregious and intentional violations of § 209-a(i) (improper employer practices) of the Civil Service Law involving interference with or discrimination against employee rights under Article 14 (Public Employees' Fair Employment Act) of the Civil Service Law; or
- (e) Repeated failure to comply with the requirement to meet or exceed enrollment and retention targets of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program pursuant to targets established by the Board of Regents or the Board of Trustees of the State University of New York, as applicable. Provided, however, if no grounds for terminating a charter are established pursuant to § 2855 of the Act other than pursuant to this paragraph (e), and the charter school demonstrates that it has made extensive efforts to recruit and retain such students, including outreach to parents and families in the surrounding communities, widely publicizing the lottery for such school, and efforts to academically support such students in such charter school, then the charter entity or Board of Regents may retain such charter.

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

In addition to the provisions of the paragraph above, the charter entity or the Board of Regents may place a charter school falling within the provisions of paragraphs (a) through (e) above on probationary

status to allow the implementation of a remedial action plan. The failure of a charter school to comply with the terms and conditions of a remedial action plan may result in summary revocation of the school's charter.

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

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

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

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

- (a) a charter school report card, which shall include measures of the comparative academic and fiscal performance of the school, as prescribed by the Commissioner in regulations adopted for such purpose. Such measures shall include, but not be limited to, graduation rates, dropout rates, performance of students on standardized tests, college entry rates, total spending per pupil and administrative spending per pupil. Such measures shall be presented in a format that is easily comparable to similar public schools. In addition, the charter school shall ensure that such information is easily accessible to the community including making it publicly available by transmitting it to local newspapers of general circulation and making it available for distribution at board of trustee meetings;
 - (b) discussion of the progress made towards achievement of the goals set forth in the charter;
- (c) a certified financial statement setting forth, by appropriate categories, the revenues and expenditures for the preceding school year, including a copy of the most recent independent fiscal audit of the school and any audit conducted by the New York State Comptroller; and
- (d) efforts taken by the charter school in the existing school year, and a plan for efforts to be taken in the succeeding school year, to meet or exceed enrollment and retention targets set by the Board of Regents or the Board of Trustees of the State University of New York, as applicable, of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program established pursuant to § 2851(4)(e) of the Act.

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

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

- (a-1) A list including the number of charter schools closed during the preceding year, and a brief description of the reasons therefor including, but not limited to, non-renewal of the charter or revocation of the charter;
- (b) The department's assessment of the current and projected programmatic and fiscal impact of charter schools on the delivery of services by school districts;
- (c) The academic progress of students attending charter schools, as measured against comparable public and nonpublic schools with similar student population characteristics wherever practicable;
- (d) A list of all actions taken by a charter entity on charter application and the rationale for the renewal or revocation of any charters; and
- (e) Any other information regarding charter schools that the Board of Regents deems necessary. The format for this annual report shall be developed in consultation with representatives of school districts and charter school officials.

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

Facilities (New York Education Law § 2853-3)

- (a) A charter school may be located in part of an existing public school building, in space provided on a private work site, in a public building or in any other suitable location. Provided, however, before a charter school may be located in part of an existing public school building, the charter entity shall provide notice to the parents or guardians of the students then enrolled in the existing school building and shall hold a public hearing for purposes of discussing the location of the charter school. A charter school may own, lease or rent its space.
- (a-1) (i) For charters issued pursuant to § 2852(9-a) of the Act located outside a city school district in a city having a population of 1,000,000 or more inhabitants, the department shall approve plans and specifications and issue certificates of occupancy for such charter schools. Such charter schools shall comply with all department health, sanitary, and safety requirements applicable to facilities and shall be treated the same as other public schools for purposes of local zoning, land use regulation and building code compliance. Provided however, that the department shall be authorized to grant specific exemptions from the requirements of this paragraph to charter schools upon a showing that compliance with such requirements creates an undue economic hardship or that some other good cause exists that makes compliance with this paragraph extremely impractical. A demonstrated effort to overcome the stated obstacles must be provided.
- (ii) In a city school district in a city with a population of 1,000,000 or more, all charters authorized to be issued by the chapter of the laws of 2010 which amended this subdivision shall be obligated to comply with the department's health, safety and sanitary requirements applicable to facilities to the same extent as non-charter public schools in such a city school district.
- (a-2) A charter school shall be deemed a nonpublic school for purposes of local zoning, land use regulation and building code compliance if it has been granted an exemption by the department pursuant to paragraph (a-1) above or if its charter was not issued pursuant to § 2852(9-a) of the Act.
 - (a-3) (i) Before a charter school may be located or co-located in an existing public school

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

- (a-4) In a city school district in a city having a population of 1,000,000 or more inhabitants, a shared space committee shall be established in each public school building in which one or more charter schools are located or co-located within a public school building with non-charter public schools. The shared space committee shall be comprised of the principal, a teacher, and a parent of each co-located school. Such committee shall conduct regular meetings, at least four times per school year, to review implementation of the building usage plan developed pursuant to the Act.
- (a-5) Notwithstanding any provision to the contrary, in a city school district in a city having a population of 1,000,000 or more inhabitants, the determination to locate or co-locate a charter school within a public school building and the implementation of and compliance with the building usage plan developed pursuant to the Act that has been approved by the board of education of such city school district pursuant to the New York Education Law and after satisfying the requirements of the New York Education Law may be appealed to the commissioner pursuant to applicable provisions of the New York Education Law. Provided further, the revision of a building usage plan approved by the board of education consistent with the requirements pursuant to the New York Education law may also be appealed to the commissioner on the grounds that such revision fails to meet the standards set forth in the Act. Following a petition for such appeal pursuant to this paragraph, such city school district shall have ten days to respond. The petition must be dismissed, adjudicated or disposed of by the commissioner within ten days of the receipt of the city school district's response.
- (b) A charter school may pledge, assign or encumber its assets to be used as collateral for loans or extensions of credit; provided, however, that a charter school shall not pledge or assign monies provided, or to be provided, pursuant to § 2856(1) of the Act in connection with the purchase or construction, acquisition, reconstruction, rehabilitation or improvement of a school facility.
- (c) The office of general services shall annually publish a list of vacant and unused buildings and vacant and unused portions of buildings that are owned by the state and that may be suitable for the operation of a charter school. Such list shall be provided to applicants for charter schools and to existing charter schools. At the request of a charter school or a prospective applicant, a school district shall make available a list of vacant and unused school buildings and vacant and unused portions of school buildings, including private school buildings, within the school district that may be suitable for the operation of a charter school.
- (d) Notwithstanding any other provision to the contrary, in a city school district in a city having a population of 1,000,000 or more inhabitants, the chancellor must first authorize in writing any proposed capital improvements or facility upgrades in excess of \$5,000, regardless of the source of funding, made to accommodate the co-location of a charter school within a public school building. For any such improvements or upgrades that have been approved by the chancellor, capital improvements or facility upgrades shall be made in an amount equal to the expenditure of the charter school for each non-charter public school within the public school building. For any capital improvements or facility upgrades in excess of \$5,000 that have been approved by the chancellor, regardless of the source of funding, made in a charter school that is already co-located within a public school building, matching capital improvements or facility

upgrades shall be made in an amount equal to the expenditure of the charter school for each non-charter public school within the public school building within three months of such improvements or upgrades.

- (e) In a city school district in a city having a population of 1,000,000 or more inhabitants, charter schools that first commence instruction or that require additional space due to an expansion of grade level, pursuant to the Act, approved by their charter entity for the 2014-2015 school year or thereafter and request co-location in a public school building shall be provided access to facilities pursuant to § 2853-3(e) of the Act for such charter schools that first commence instruction or that require additional space due to an expansion of grade level, pursuant to the Act, approved by their charter entity for those grades newly provided.
 - (1) Notwithstanding any other provision of law to the contrary, within the later of (i) five months after a charter school's written request for co-location and (ii) 30 days after the charter school's charter is approved by its charter entity, the city school district shall either: (A) offer at no cost to the charter school a co-location site in a public school building approved by the Board of Education as provided by law, or (B) offer the charter school space in a privately owned or other publicly owned facility at the expense of the city school district and at no cost to the charter school. The space must be reasonable, appropriate and comparable and in the community school district to be served by the charter school and otherwise in reasonable proximity.
 - (2) No later than 30 days after approval by the Board of Education or expiration of the offer period prescribed in paragraph (1) above, the charter school shall either accept the city school district's offer or appeal in accordance with paragraph (3) below. If no appeal is taken, the city's offer or refusal to make an offer is final and non-reviewable. The charter school may appeal as early as issuance of an educational impact statement for the proposed co-location.
 - (3) The charter school shall have the option of appealing the city school district's offer or failure to offer a co-location site through binding arbitration in accordance with the Act, an expedited appeal to the Commissioner pursuant to applicable provisions of the New York Education Law, or a special proceeding pursuant to Article 78 of the civil practice law and rules. In any such appeal, the standard of review is the standard prescribed in § 7803 of the civil practice law and rules.
 - (4) If the appeal results in a determination in favor of the city school district, the city's offer is final and the charter school may either accept such offer and move into the space offered by the city school district at the city school district's expense, or locate in another site at the charter school's expense.
 - (5) For a new charter school whose charter is granted or for an existing charter school whose expansion of grade level, pursuant to the Charter Schools Act, is approved by their charter entity, if the appeal results in a determination in favor of the charter school, the city school district will pay the charter school an amount attributable to the grade level expansion or the formation of the new charter school that is equal to the lesser of:
 - (A) the actual rental cost of an alternative privately owned site selected by the charter school or
 - (B) 30% of the product of the Charter School Basic Tuition for the current school year and (i) for a new charter school that first commences instruction on or after July 1, 2014, the charter school's current year enrollment; or (ii) for a charter school which expands its grade level, pursuant to the Act, the positive difference of the charter school's

enrollment in the current school year minus the charter school's enrollment in the school year prior to the first year of the expansion.

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

Effective until June 30, 2021:

- (a) The enrollment of students attending charter schools shall be included in the enrollment, attendance, membership and, if applicable, count of students with disabilities of the school district in which the pupil resides. The charter school shall report all such data to the school districts of residence in a timely manner. Each school district shall report such enrollment, attendance and count of students with disabilities to the department. The school district of residence shall pay directly to the charter school for each student enrolled in the charter school who resides in the school district the Charter School Basic Tuition which shall be:
 - (i) for school years prior to the 2009-2010 school year, an amount equal to 100% of the amount calculated pursuant §3602(1)(f) of the New York Education Law for the school district for the year prior to the Base Year increased by the percentage change in the State Total Approved Operating Expense calculated pursuant to §3602(1)(t) of the New York Education Law from two years prior to the Base Year to the Base Year;
 - (ii) for the 2009-2010 school year, the Charter School Basic Tuition shall be the amount payable by such district as Charter School Basic Tuition for the 2008-2009 school year;
 - (iii) for the 2010-2011 through 2013-2014 school years, the Charter School Basic Tuition shall be the basic tuition computed for the 2010-2011 school year pursuant to the provisions of subparagraph (i) above;
 - (iv) for the 2014-2015 through 2016-2017 school years, the Charter School Basic Tuition shall be the sum of the lesser of the Charter School Basic Tuition computed for the 2010-2011 school year pursuant to the provisions of subparagraph (i) above or the Charter School Basic Tuition computed for the current year pursuant to the provisions of subparagraph (i) above plus the supplemental basic tuition;
 - (v) for the 2017-2018 school year, the Charter School Basic Tuition shall be the sum of (A) the Charter School Basic Tuition for the 2016-2017 school year plus (B) \$500;
 - (vi) for the 2018-2019 school year, the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year five years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year, provided that the highest and lowest annual quotients shall be excluded from the calculation of such average or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year;

- (vii) for the 2019-2020 school year the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the Base Year and finishing with the year prior to the base year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Education Law for each such year divided by the total approved operating expense for such district for the immediately preceding year provided that the highest annual quotient calculated pursuant to this subparagraph shall be replaced by the average quotient calculated pursuant to subparagraph (vi) of this paragraph or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the base year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year:
- (viii) for the 2020-2021 through 2021-2022 school years, the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year multiplied by, for the 2020-2021 school year only, (iii) 0.945 or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year.
- (ix) for the 2022-2023 through 2024-2025 school years, the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year four years prior to the base year and finishing with the year prior to the base year, excluding the 2020-2021 school year, of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year.
- (x) for the 2025-2026 school year and thereafter, the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the base year and finishing with the year prior to the base year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment

for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year.

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

- (b) The school district shall also pay directly to the charter school any federal or state aid attributable to a student with a disability attending charter school in proportion to the level of services for such student with a disability that the charter school provides directly or indirectly. Notwithstanding anything in this section to the contrary, amounts payable pursuant to this section from State or local funds may be reduced pursuant to an agreement between the school and the charter entity set forth in the charter. Payments made pursuant to this section shall be made by the school district in six substantially equal installments each year beginning on the first business day of July and every two months thereafter. Amounts payable under this section shall be determined by the Commissioner. Amounts payable to a charter school in its first year of operation shall be based on the projections of initial-year enrollment set forth in the charter until actual enrollment data is reported to the school district by the charter school. Such projections shall be reconciled with the actual enrollment as actual enrollment data is so reported and at the end of the school's first year of operation and each subsequent year based on a final report of actual enrollment by the charter school, and any necessary adjustments resulting from such final report shall be made to payments during the school's following year of operation.
- (c) School districts shall be eligible for an annual apportionment equal to the amount of the supplemental basic tuition for the charter school in the Base Year for the expenses incurred in the 2014-2015, 2015-2016, and 2016-2017 school years and thereafter.

Effective June 30, 2021:

- (a) The enrollment of students attending charter schools shall be included in the enrollment, attendance and, if applicable, count of students with disabilities of the school district in which the pupil resides. The charter school shall report all such data to the school districts of residence in a timely manner. Each school district shall report such enrollment, attendance and count of students with disabilities to the department. The school district of residence shall pay directly to the charter school for each student enrolled in the charter school who resides in the school district the Charter School Basic Tuition which shall be:
 - (i) for school years prior to the 2009-2010 school year, an amount equal to 100% of the amount calculated pursuant §3602(1)(f) of the New York Education Law for the school district for the year prior to the Base Year increased by the percentage change in the State Total Approved

Operating Expense calculated pursuant to §3602(1)(t) of the New York Education Law from two years prior to the Base Year to the Base Year;

- (ii) for the 2009-2010 school year, the Charter School Basic Tuition shall be the amount payable by such district as Charter School Basic Tuition for the 2008-2009 school year;
- (iii) for the 2010-2011 through 2013-2014 school years, the Charter School Basic Tuition shall be the basic tuition computed for the 2010-2011 school year pursuant to the provisions of subparagraph (i) above;
- (iv) for the 2014-2015 through 2016-2017 school years, the Charter School Basic Tuition shall be the sum of the lesser of the Charter School Basic Tuition computed for the 2010-2011 school year pursuant to the provisions of subparagraph (i) above or the Charter School Basic Tuition computed for the current year pursuant to the provisions of subparagraph (i) above plus the supplemental basic tuition;
- (v) for the 2017-2018 school year, the Charter School Basic Tuition shall be the sum of (A) the Charter School Basic Tuition for the 2016-2017 school year plus (B) \$500;
- (vi) for the 2018-2019 school year, the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year five years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Law Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year, provided that the highest and lowest annual quotients shall be excluded from the calculation of such average or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year;
- (vii) for the 2019-2020 school year the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year provided that the highest annual quotient calculated pursuant to this subparagraph shall be replaced by the average quotient calculated pursuant to subparagraph (vi) of this paragraph or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the base year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year;
- (viii) for the 2020-2021 through 2021-2022 school years, the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period

commencing with the year three years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year multiplied by, for the 2020-2021 school year only, (iii) 0.945 or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year;

- (ix) for the 2022-2023 through 2024-2025 school years, the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year four years prior to the base year and finishing with the year prior to the base year, excluding the 2020-2021 school year, of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year.
- (x) for the 2025-2026 school year and thereafter, the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the base year and finishing with the year prior to the base year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year.

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

of subparagraph (i) of this paragraph, the sum of (i) the supplemental basic tuition calculated for the 2016-2017 school year plus (ii) \$500.

- (b) The school district shall also pay directly to the charter school any federal or state aid attributable to a student with a disability attending charter school in proportion to the level of services for such student with a disability that the charter school provides directly or indirectly. Notwithstanding anything in this section to the contrary, amounts payable pursuant to this section from State or local funds may be reduced pursuant to an agreement between the school and the charter entity set forth in the charter. Payments made pursuant to this section shall be made by the school district in six substantially equal installments each year beginning on the first business day of July and every two months thereafter. Amounts payable under this section shall be determined by the Commissioner. Amounts payable to a charter school in its first year of operation shall be based on the projections of initial-year enrollment set forth in the charter. Such projections shall be reconciled with the actual enrollment at the end of the school's first year of operation, and any necessary adjustments shall be made to payments during the school's second year of operation.
- (c) School districts shall be eligible for an annual apportionment equal to the amount of the supplemental basic tuition for the charter school in the Base Year for the expenses incurred in the 2014-2015, 2015-2016, and 2016-2017 school years and thereafter.

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

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

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

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

Certain definitions are set out below:

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

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

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

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

"Total Aidable Pupil Units" shall be computed as follows:

- (1) A district's Total Aidable Pupil Units shall be the sum of the district's Adjusted Average Daily Attendance computed pursuant to this section for the year prior to the Base Year multiplied by the Enrollment Index computed pursuant to this section for the Base Year plus the Additional Aidable Pupil Units computed for the year prior to the Base Year under paragraph (c) of this subdivision.
- (2) In such computation school districts may, with the Commissioner's approval, exclude attendance for those days on which school attendance was adversely affected because of an epidemic or because of a religious holiday as provided in Adjusted Average Daily Attendance computed pursuant to this section. For the purposes of computing selected Total Aidable Pupil Units, a district may use either Total Aidable Pupil units for the current aid year or the average of Total Aidable Pupil Units for the current aid year and the prior aid year, using current aid year definitions of Total Aidable Pupil Units for both years.

"Adjusted Average Daily Attendance" of a school district for any school year shall be computed as follows:

- (1) Adjusted Average Daily Attendance shall be determined by using the average daily attendance of public school pupils in a full-day kindergarten and grades 1-12 as the basic unit, with the attendance of such pupils in one-half day kindergartens measured at one-half of such basic unit. The sum of all such units of attendance shall be the Adjusted Average Daily Attendance.
- (2) In computing such attendance, the school district shall (i) determine the number of religious holidays which fall on a school day within a school year according to regulations established by the Commissioner, such religious holidays to be duly recognized as such for purposes of this section by duly adopted resolution of the board of education; (ii) deduct the aggregate attendance on such religious holidays from the total aggregate attendance, by grade level; (iii) deduct such religious holidays from the total number of days of session, by grade level; and (iv) compute the Adjusted Average Daily Attendance for the school year.

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

"Additional Aidable Pupil Units" used to compute Total Aidable Pupil Units shall be the sum of the attendance of summer session pupils multiplied by 12% and the Weighted Pupils with Special Educational Needs. The Additional Aidable Pupil Units used to compute Total Wealth Pupil Units, as defined in the New York Education Law, shall be the sum of the year prior to the Base Year resident weighted pupils with special educational needs and resident weighted pupils with handicapping conditions. Nothing contained in this paragraph shall be construed to result in the inclusion of the attendance of summer session pupils in the computation of weighted or Adjusted Average Daily Attendance pursuant to this section.

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

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

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

"Equivalent Attendance" shall mean the quotient of the total number of student hours of instruction in programs in a public school of a school district or a board of cooperative educational services leading to a high school diploma or a high school equivalency diploma as defined in regulations of the Commissioner for pupils under the age of 21 not on a regular day school register of the district, divided by 1,000. Average daily attendance shall include the equivalent attendance of the school district. For the purposes of secondary school weighting, such equivalent attendance shall be considered as average daily attendance in grades seven through twelve.

"Approved Operating Expense" for the apportionments to any school district under the New York Education Law shall mean the amount computed as follows: The apportionment to any school district for operating expense shall be based upon the total expenditures from its general fund and from its capital fund and from its risk retention fund for purposes of employee benefit claims related to salaries paid from the general fund, and for any city school districts with a population of more than one hundred twenty-five

thousand inhabitants its expenditures from the special aid fund of grant moneys for improving pupil performance and categorical aid for special reading programs as provided in the aid to localities budget during the applicable year as approved by the Commissioner, and in accordance with the classification of expenditures in use by the Commissioner for the reporting by school districts of receipts, expenditures and other financial data. For the purpose of this paragraph "Operating Expense" shall be defined as total cash expenditures during the applicable year, but shall exclude:

- (1) any balances and transfers;
- (2) any payments for transportation of pupils to and from school during the regular school year inclusive of capital outlays and debt service therefor;
- (2-a) a portion of any payments for transportation of pupils to and from district operated summer school programs pursuant to § 3622-a(6) (aidable regular transportation) of the New York Education Law, inclusive of capital outlays and debt service therefor, equal to the product of such expenditures multiplied by the quotient of the total apportionment after the proration, if any, required by such subdivision 6 of the New York Education Law divided by the total apportionment prior to such proration;
- (3) any payments for capital outlay and debt service for school building purposes, provided, however, that in the case of a school district which has entered into a contract with state university pursuant to § 355(2)(o) (conduct of research and experiments) of the New York Education Law, under which the school district makes payment to state university on account of capital outlay relating to certain children residing in such school district, such payments shall not be so excluded;
 - (4) any payments for cafeteria or school lunch programs;
- (5) any proceeds of short term borrowings in the general fund and any payments from the proceeds of the sale of obligations in the capital fund;
- (6) any cash receipts which reduce the cost of an item when applied against the expenditure therefor, except gifts, donations and earned interest and any refunds made;
- (7) any payments made to boards of cooperative educational services for purposes or programs for which an apportionment is paid pursuant to other sections of the New York Education Law, except that payments attributable to eligible pupils with disabilities and ineligible pupils residing in noncomponent districts shall be included in operating expense;
- (8) any tuition payments made to other school districts inclusive of payments made to a central high school district by one of its component school districts;
- (9) any apportionment or payment received from the state for experimental or special programs paid under provisions other than those found in this section and other than any apportionments or payments received from the state by the city school district of the city of Yonkers for the purpose of funding an educational improvement program pursuant to a court order and other than any other state grants in aid identified by the Commissioner for general use as specified by the board of education pursuant to § 1718(2) (limitation upon expenditures) of the New York Education Law:

- (10) any funds received from the federal government except the federal share of Medicaid subject to the provisions of § 3609-a (moneys apportioned, when and how payable commencing July 1, 2007) of the New York Education Law and except Impact Aid funds received pursuant to Public Law 81-874 or §§ 2 and 6 or any law superseding such law in any such district which received aid pursuant to both such sections; provided further, however, that there shall be excluded from such federal funds or other apportionments any payments from such funds already deducted pursuant to this paragraph;
- (11) any payments made for which an apportionment is disallowed pursuant to regulations of the Commissioner;
- (12) any expenditures made for accounting, tabulation, or computer equipment, in excess of \$10,000 unless such expenditures shall have been specifically approved by the Commissioner;
- (13) any rental payments received pursuant to the provisions of § 403-a (leasing of school property) of the New York Education Law;
- (14) any rentals or other annual payments received pursuant to the provisions of § 403-b (Leasing of school buildings and facilities) of the New York Education Law;
- (15) any expenditures made for persons 21 years of age or over attending employment preparation education programs pursuant to subdivision 11 of this section;
- (16) any tuition payments made pursuant to a contract under the provisions of § 4401(2)(e) through (i) and (l) ("special services or programs" definition) of the New York Education Law or any tuition payments on behalf of pupils attending a state school under paragraph d of such subdivision:
- (17) in any year in which expenditures are made to the New York state teachers' retirement system or the New York state and local employees' retirement system for both the prior school year and the current school year, any expenditures made to such retirement systems and recorded in the school year prior to the school year in which such obligations are paid; and
- (18) any payments to the Commissioner of taxation and finance pursuant to Article 23 (Metropolitan Commuter Transportation Mobility Tax) of the tax law.

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

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

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

For the purposes of this section:

- (a) Legally absent means to be absent for: personal illness, illness or death in the family, impassable roads or weather, religious observance, quarantine, required court appearances, attendance at health clinics, approved college visits, military obligations, disciplinary detention of an incarcerated youth, or for such other reasons as may be approved by the Commissioner.
- (b) Period of enrollment means that period commencing on the first day of the school year that a pupil is enrolled in and is physically present at, or legally absent from, an educational program or service of a charter school and ending on the last day of the school year that such pupil is so enrolled and physically present at, or legally absent from, such program or service.
- (c) Enrollment for each charter school student shall mean the quotient, calculated to three decimals without rounding, obtained when the total number of weeks of the period of enrollment of such student is divided by the total number of weeks in the full school year of the educational program or service of the charter school. For the purposes of this section, three consecutive days of enrollment within the same week and within the same month shall be the equivalent of one week of enrollment, provided that no more than four weeks of enrollment may be counted in any calendar month.
- (d) Levels of service shall mean the categories of programs for students with disabilities specified in § 3602(19)(b)(1)-(4) of the New York Education Law.
- (e) Approved operating expense shall mean the amount calculated pursuant to § 3602(11) of the New York Education Law.
- (f) Expense per pupil shall mean the amount calculated pursuant to § 3602(1)(f) of the New York Education Law for the school district using year prior to the Base Year expenditures and pupils, as established by the Commissioner based on the electronic data file prepared by the Commissioner on May 15th of the Base Year pursuant to § 305(21)(b) of the New York Education Law. Where the expense per pupil is not available for a school district, the expense per pupil shall be deemed to be the average expense per pupil for the county in which the school district is located.
- (g) Adjusted expense per pupil shall be the district's expense per pupil increased by the percent change in the State total approved operating expense calculated pursuant to § 3602(11) of the New York Education Law from two years prior to the Base Year to the Base Year, as established by the Commissioner based on the electronic data file prepared by the Commissioner on May 15th of the Base Year pursuant to § 305(21)(b) of the New York Education Law.
- (h) State aid attributable to a student with a disability attending a charter school shall mean the sum of excess cost aid payable to a public school district pursuant to § 3602(19)(4) of the New York Education Law based on the resident weighted enrollment in the charter school of pupils with disabilities receiving special services or programs provided directly or indirectly by the charter school in the current school year and any apportionment payable to such public school district pursuant to § 3602(19)(5) of the New York Education Law that is based on the cost of special services or programs provided directly or indirectly by the charter school to such pupil in the current school year. Excess cost aid for the purposes of this section shall equal the product of excess cost aid per pupil calculated pursuant to § 3602(19)(3) of the New York Education Law, the proportion of the weighting attributable to the student's level of service provided directly or indirectly by the charter school pursuant to § 3602(19)(b)(1)-(4) of the New York Education Law, and the student's enrollment in such charter school in the current school year.

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

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

Charter school obligations:

- March and May, each charter school shall report to each public school district with resident pupils attending the charter school and to the department an updated estimate of the enrollment of students attending the charter school in the current school year who are residents of such public school district and any reduced amounts per pupil that shall be payable to the charter school for such students pursuant to subdivision one of § 2856 of the New York Education Law that has been established pursuant to an agreement between the charter school and the charter school entity as set forth in the charter. For each student with a disability attending such charter school, such report shall also indicate the level of special programs or services to be provided directly or indirectly to such student by the charter school and an estimated annual cost to be incurred by the charter school in providing such special programs or services. The Commissioner may excuse any delay in reporting under this paragraph for the length of time of a school closure ordered pursuant to an Executive Order of the Governor pursuant to a State of emergency for the COVID-19 crisis, however, such delay shall not exceed 30 days from such reporting deadline.
- (b) On or before the last day of July, each charter school shall provide a final report of actual enrollment to the department and to each school district with resident pupils attending the charter school in the prior school year. For each student with a disability attending such charter school, such report shall also indicate the level of special programs or services actually provided directly or indirectly to such student by the charter school and the annual cost incurred by the charter school in providing such special programs or services.

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

Public school district of residence obligations:

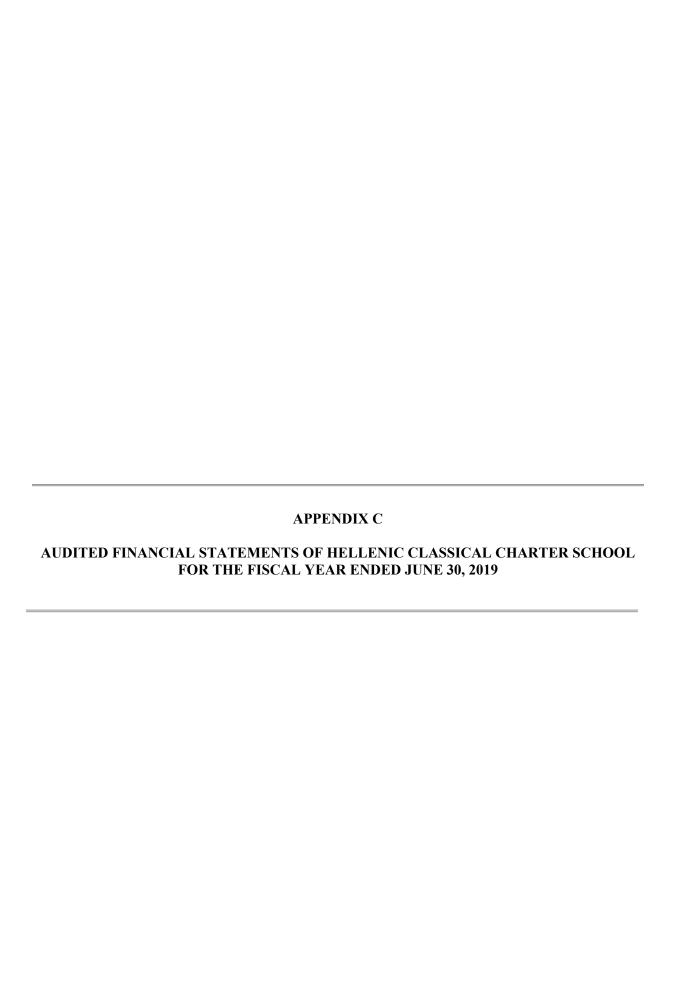
- (a) No later than the first business day of July, September, November, January, March and May of the current school year, each public school district with resident pupils attending a charter school shall pay directly to such charter school the appropriate payment amounts as specified in subdivision one of § 2856 of the New York Education Law that are attributable to the enrollment of such pupils as reported to the public school district by the charter school no later than 30 days prior to each such payment date.
- (b) The total amount of payments due and payable to a charter school for the current school year by a public school district shall be paid as follows:
 - (i) on or before the first business day of July, one sixth of the total amount due, as adjusted for any supplemental payments due or overpayments to be recovered for the prior school year;
 - (ii) on or before the first business day of September, two sixths of the total amount due, as adjusted for any supplemental payments due or overpayments to be recovered for the prior school year, minus any payments made before such date pursuant to subparagraph (i) of this subsection;
 - (iii) on or before the first business day of November, three sixths of the total amount due, as adjusted for any supplemental payments due on overpayments to be recovered for the prior school year, minus any payments made before such date pursuant to subparagraphs (i) and (ii) of this subsection;
 - (iv) on or before the first business day of January, four sixths of the total amount due, as adjusted for any supplemental payments due or overpayments to be recovered for the prior school year, minus any payments made before such date pursuant to subparagraphs (i), (ii) and (iii) of this subsection;
 - (v) on or before the first business day of March, five sixths of the total amount due, as adjusted for any supplemental payments due or overpayments to be recovered for the prior school year, minus any payments made before such date pursuant to subparagraphs (i), (ii), (iii) and (iv) of this subsection and
 - (vi) on or before the first business day of May, the total amount due, as adjusted for any supplemental payments due or overpayments to be recovered for the prior school year, minus any payments made before such date pursuant to subparagraphs (i), (ii), (iii), (iv) and (v) of this subsection.
- (c) The school district financial obligation per resident student enrolled in a charter school shall equal the sum of:
 - (i) the product of the school district's adjusted expense per pupil and the current year enrollment of the pupil in the charter school as defined in paragraph b(3) of this subsection; and

- (ii) the amounts of State and Federal aid, if any, that may be attributable to such pupil as defined in paragraphs (b)(8) and (9) of this subsection, or the amount established pursuant to an agreement between the charter school and the charter entity as set forth in the charter.
- (d) The total annual obligation due to a charter school by a public school district shall be the sum of the annual financial obligations for all resident students enrolled at any time during the current school year in the charter school.
- (e) School districts shall include the enrollment of resident students attending charter schools in the enrollment, attendance and, if applicable, count of students with disabilities reported to the department for the purposes of claiming State aid.
- (f) If there is a delay in reporting pursuant to paragraph 1 of this section, the Commissioner shall excuse any delay in payments required under this subdivision for the length of time of a school closure ordered pursuant to an Executive Order of the Governor pursuant to a State of emergency for the COVID-19 crisis, however, such delay shall not exceed 30 days from such payment deadline.

Department obligations:

- (a) On or before the first day of June of each year, or as soon as practicable upon the receipt of Federal notice of the estimated State appropriation for the next school year, the Commissioner shall notify all school districts and all charter schools of the adjusted expense per pupil of each public school district and the estimated per pupil allocation under part B of the Federal Individuals with Disabilities Education Act to be used in the calculation of payments due to charter schools in next school year. Notice of final Federal per pupil allocation will be issued as soon as practicable upon the State's receipt of the notice of final allocation from the Federal government.
- (b) In the event of the failure of a school district to fulfill the financial obligation required by § 2956 of the New York Education Law equal to the amounts calculated pursuant to this section, upon notification by the charter school, the Commissioner shall certify the amounts of the unpaid obligations to the comptroller to be deducted from State aid due the school district and paid to the applicable charter schools.







Financial Statements

June 30, 2019



Independent Auditors' Report

Board of Trustees Hellenic Classical Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Hellenic Classical Charter School (the "School"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Board of Trustees Hellenic Classical Charter SchoolPage 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended June 30, 2019, Hellenic Classical Charter School adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2019, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's 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 School's internal control over financial reporting and compliance.

Harrison, New York October 15, 2019

PKF O'Connor Davies LLP

Statement of Financial Position June 30, 2019

ASSETS		
Current Assets		
Cash	\$	135,048
Grants and contracts receivable		85,079
Other current assets		41,473
Cash - sinking fund		40,387
Total Current Assets		301,987
Property and equipment, net		11,009,746
Restricted cash		71,040
	<u>\$</u>	11,382,773
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$	359,104
Accounts payable - construction		361,266
Accrued payroll and payroll taxes		808,755
Loan payable		7,326,807
Line of credit		200,000
Deferred rent, current portion		216,835
Total Current Liabilities		9,272,767
Deferred rent		653,907
Total Liabilities	_	9,926,674
Net Assets		
Without donor restrictions		1,362,385
With donor restrictions		93,714
Total Net Assets	_	1,456,099
	\$	11,382,773
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Statement of Activities Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
State and local per pupil operating revenue	\$ 7,823,084	\$ -	\$ 7,823,084
Universal pre-kindergarten	184,273	-	184,273
Federal grants	169,167	-	169,167
State grants	59,995	-	59,995
Contributions and grants	77,680	49,192	126,872
Interest and other income	56,621	-	56,621
Net assets released from restrictions	99,724	(99,724)	
Total Revenue and Support	8,470,544	(50,532)	8,420,012
EXPENSES			
Program Services			
Regular education	6,582,037	_	6,582,037
Special education	675,810	-	675,810
Total Program Services	7,257,847		7,257,847
Supporting Services	.,_0.,0		.,,
Management and general	1,698,916	_	1,698,916
Fundraising	23,440	-	23,440
Total Expenses	8,980,203		8,980,203
Change in Net Assets	(509,659)	(50,532)	(560,191)
NET ASSETS			
Beginning of year	1,872,044	144,246	2,016,290
End of year	\$ 1,362,385	\$ 93,714	\$ 1,456,099

Statement of Functional Expenses Year Ended June 30, 2019

Program Services Management No. of Regular Special and **Positions** Education Education Total General Fundraising Total Personnel Services Costs \$ \$ \$ 4.238.081 Instructional personnel 63 \$ 3.801.958 399.329 \$ 4.201.287 30.650 6.144 Non Instructional personnel 4 89,346 89,346 121,062 210,408 641,854 Administrative staff personnel 8 7,713 649,567 75 Total Salaries and Staff 3,891,304 399,329 4,290,633 793,566 13,857 5,098,056 3,751 1,380,420 Employee benefits and payroll taxes 1,053,342 108,234 1,161,576 215,093 Contracted services 150.201 15,434 165.635 30.671 535 196.841 Legal 31,476 3,234 34,710 6,427 112 41,249 Auditing and accounting fees 23,819 26,266 2,447 4.864 85 31,215 Classroom supplies 139,419 14,326 153,745 28,470 497 182,712 Student transportation 31.606 3,248 34,854 6.454 113 41.421 Repairs and maintenance 89,507 68,299 7,018 75,317 13,947 243 Telephone and internet service 8,327 856 9,183 1,700 30 10,913 Postage and delivery 17,792 1,828 19,620 3,633 63 23,316 Insurance 49.314 5,067 54,381 10,070 176 64,627 Facility expense 512,461 52,657 565,118 104,645 1,825 671,588 Dues and subscriptions 2.908 299 3,207 594 10 3.811 355,901 355,901 Depreciation and amortization 536,989 55,177 592,166 109,653 1,912 703,731 Miscellaneous 64,780 6,656 71,436 13,228 231 84,895 **Total Expenses** \$ 6,582,037 675,810 \$ 7,257,847 \$ 1,698,916 23,440 \$ 8,980,203

Statement of Cash Flows Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$	(560,191)
Adjustments to reconcile change in net assets		
to net cash from operating activities		
Depreciation and amortization		703,731
Deferred rent		216,837
Changes in operating assets and liabilities		
Grants and contracts receivable		253,911
Other current assets		14,972
Accounts payable and accrued expenses		(129, 121)
Accounts payable - construction		(100,000)
Accrued payroll and payroll taxes	_	(225,609)
Net Cash from Operating Activities		174,530
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment		(41,408)
Cash - sinking fund	_	19,942
Net Cash from Investing Activities	_	(21,466)
CASH FLOWS FROM FINANCING ACTIVITY		
		(245 907)
Principal payments on loans	_	(215,807)
Net Change in Cash		(62,743)
		(0=,: :0)
CASH		
Beginning of year		197,791
		,
End of year	\$	135,048
•	<u> </u>	,
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	\$	355,901
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Notes to Financial Statements June 30, 2019

1. Organization and Tax Status

Hellenic Classical Charter School (the "School") is an education corporation that operates as a charter school in the borough of Brooklyn, New York City. On February 7, 2005, the Board of Regents and the Board of Trustees of the University of the State of New York for and on behalf of the State Education Department granted the School a charter valid for a term of five years and renewable upon expiration. The Board of Regents approved and issued several renewals to this Charter expiring June 30, 2024. The School was organized to prepare all students intellectually, socially and emotionally, to gain entry and succeed in the best high schools in New York City. The School provided education to approximately 480 students in grades kindergarten through eighth during the 2018-2019 academic year.

The School was approved to enter into a three year contract with the New York City Department of Education commencing with the 2014-2015 school year to operate a pre-kindergarten program with an option to renew for two additional years which expired June 30, 2019. The contract was renewed for an additional year expiring June 30, 2020. This contract is separate from the School's charter and is administered from the Department of Education's Division of Early Childhood. The pre-kindergarten program provided education to 18 students during the 2018-2019 academic year.

On December 11, 2018, the Board of Regents and the Board of Trustees of the University of the State of New York for and on behalf of the State Education Department granted the School a second charter, Hellenic Classical Charter School – Staten Island, valid for a term of five years and renewable upon expiration. Classes commenced in September 2019 for the 2019-2020 school year.

The New York City Department of Education provides free and reduced-price lunches and transportation directly to a majority of the School's students. Such costs are not included in these financial statements.

Except for taxes that may be due for unrelated business income, the School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly actual results could differ from those estimates.

Notes to Financial Statements June 30, 2019

2. Summary of Significant Accounting Policies (continued)

Change in Accounting Principle

On July 1, 2018, the School adopted new guidance regarding the Presentation of Financial Statements for Not-for Profit Entities. This guidance requires the School to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the School to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses both by their natural and functional classification in one location in the financial statements. As a result of implementing this standard, prior year amounts for unrestricted net assets and temporarily restricted net assets were reclassified to net assets without donor restrictions and net assets with donor restrictions, respectively.

Net Assets Presentation

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Net assets without donor restrictions - consist of resources available for the general support of the School's operations. Net assets without donor restrictions may be used at the discretion of the School's management and/or the Board of Trustees.

Net assets with donor restrictions – represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash - Sinking Fund

The sinking fund was established as a requirement of the mortgage to pay construction related costs. The fund was scheduled to be closed out upon the School receiving a certificate of occupancy. The School received the certificate of occupancy during December 2018. The account was depleted by August 2019 to pay for the remaining construction costs.

Restricted Cash

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should it occur.

Notes to Financial Statements June 30, 2019

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$1,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset ranging from five to thirty years. Purchased property and equipment are recorded at cost at the date of acquisition. Minor costs of maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case it is expensed as incurred.

Depreciation and amortization is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Computers and other equipment 3 - 5 years Furniture and fixtures 3 - 5 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the year ended June 30, 2019.

Revenue and Support

Revenue from the state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

Contribution revenue is recognized when a donor makes a gift to the School or a promise to make a gift to the School which is, in substance, unconditional. Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. Contributions and grants that are made to support the School's current year activities are recorded as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Debt Issuance Costs

Debt issuance costs are reported on the statement of financial position as a reduction of the carrying amount of the related debt, and amortized on a method that approximates the interest method over the life of the associated debt. Amortization of debt issuance costs is included in interest expense.

Notes to Financial Statements June 30, 2019

2. Summary of Significant Accounting Policies (continued)

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

Accounting for Uncertainty in Income Taxes

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2016.

Deferred Rent

The School records its rent in accordance with U.S. GAAP guidance whereby all rental payments, including fixed rent increases, are recognized on a straight-line basis as an offset to rent expense. The difference between the straight-line rent expense and the required lease payments, as well as any unamortized lease incentives, is reflected in deferred rent in the accompanying statements of financial position.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 15, 2019.

3. Management's Plan for Liquidity

As reported on the balance sheet, the School's current liabilities exceed current assets as of June 30, 2019. Management acknowledges that the cumulative effect of its construction expenditures and leasehold improvements in prior reporting periods has impacted the School's liquidity. However, the construction expenditures have ended, and management has continued to improve its liquidity through fundraising, increase in enrollment, reduction of expenditures and use of a credit line. In addition, as described in Note 7, the School's loan payable matures on January 5, 2020. Management anticipates that they will be able to refinance the loan with their existing lender. There can be no assurance as to the availability or terms upon which such extension or financing might be available. Management believes that these measures will enable the School to satisfy its financial obligations going forward.

4. Grants and Contracts Receivable

Grants and contracts receivable consist of federal, state, and city entitlements and grants. The School expects to collect these receivables within one year.

Notes to Financial Statements June 30, 2019

5. Property and Equipment

Property and equipment consists of the following at June 30, 2019:

Furniture and fixtures	\$ 714,831
Computers and other equipment	85,506
Leasehold improvements	15,467,763
	16,268,100
Accumulated depreciation	
and amortization	(5,258,354)
	\$ 11,009,746

6. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, are comprised of the following at June 30, 2019:

Financial assets at year end:

Cash	\$ 135,048
Grants and contracts receivable	85,079
Other current assets	 37,394
	257,521
Net assets with donor restrictions	 (93,714)
	\$ 163,807

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is held in money market accounts and other liquid instruments until it is required for operational use. To help manage unanticipated liquidity needs, the School has a line of credit in the amount of \$200,000, and a construction line of credit in the amount of \$500,000 which it could draw upon as further disclosed in Note 8.

7. Loan Payable

On April 5, 2012, the School entered into a leasehold mortgage agreement with Hudson Valley National Bank in the amount of up to \$8,000,000 in order to finance leasehold improvements to the school and refinance all or a portion of a construction loan previously obtained. The loan is secured by the building and its contents. The interest rate on the loan is The Wall Street Journal's prime rate plus 1.5%, but in no event less than 6.0%.

On September 8, 2014, the School converted the construction loan into a mortgage and increased the balance to \$8,280,000. The loan is secured by the building and its contents. Monthly payments of principal and interest commenced in October 2014 based on an amortization period of 25 years. Interest on the loan is at 4.5% per annum. The loan matures on January 5, 2020. The School is currently in the process of applying for a one year loan extension with their current financial institution. A balloon payment of \$7,226,084 is due at maturity. Interest expense on the loan was \$340,151 for the year ended June 30, 3019.

Notes to Financial Statements June 30, 2019

7. Loan Payable (continued)

The School's loan has a debt covenant requirement to maintain a minimum of two million dollars of net assets without donor restrictions. As of June 30, 2019, net assets without donor restrictions was \$1,362,385. The School has obtained a waiver from the bank for this requirement.

As of June 30, 2019 the balance of the loan, net of unamortized debt issuance costs of \$10,411, was \$7,326,807.

8. Line of Credit

The School has a line of credit of \$200,000. Interest is payable monthly at an interest rate of prime plus .75%. The interest rate as of June 30, 2019 was 6.25%. The line of credit is collateralized with the School's corporate assets. The line of credit matures on January 5, 2020 and renews automatically. The balance outstanding at June 30, 2019 is \$200,000. Interest expense on the line of credit for 2019 was \$9,742. The line of credit is cross-collateralized and cross-default with the loan payable (Note 7). In addition, a material adverse change in the School's financial condition could result in a default on the loan.

On July 25, 2014, the School entered into a revolving line of credit with the construction company in the amount of \$500,000 with an interest rate of 5% per annum. As of June 30, 2019, there was no outstanding balance.

9. Net Assets with Donor Restrictions

As of June 30, 2019, net assets with donor restrictions were available for the following purposes:

Classroom Libraries/STEAM	\$ 35,275
Air conditioning system	 58,439
	\$ 93,714

During the year ended June 30, 2019, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

Technology	\$ 21,201
History Day Fair/ Ancient Greek Theatre	13,827
Classroom Libraries/STEAM	14,696
Air conditioning system	 50,000
	\$ 99,724

Notes to Financial Statements June 30, 2019

10. Employee Benefit Plan

The School maintains a defined contribution retirement plan qualified under Internal Revenue Code 401(k) for the benefit of its eligible employees. Under the Plan the School provides matching contributions up to 3% of annual compensation on a discretionary basis. The School did not contribute to the Plan for the year ended June 30, 2019.

11. Lease Commitment

On March 14, 2012, the School entered into a thirty-year non-cancelable operating lease for the facility space expiring on June 30, 2042. The School has the option to extend the lease for ten years and another nine years. Annual lease payments commence at \$500,000 per annum for the first two years and increase incrementally through the life of the lease. The School obtained a credit of \$3,900,060 as a result of improvements to the building completed in September 2014. The credit will be applied against rent payments due over the first 15 years of the lease commencing after construction is completed and amortized over 30 years. During the year ended June 30, 2019 the School received \$260,000 of the credit. The School has credits due of \$2,908,389 as of June 30, 2019. In addition, in 2017 the School was obligated to pay the landlord \$600,000 plus interest at 1.75% per annum, to compensate for the inconvenience resulting during construction. The balance due as of June 30, 2019 was \$135,957. Interest expense was \$6,008 for the year ended June 30, 2019. In addition, the School entered into two leases for copier machines. The leases started in November 2015 for a term of 60 months and will expire in October 2020.

The future minimum lease payments under the facility lease is as follows for the years ending June 30:

2020	\$	551,250
2021		578,813
2022		578,813
2023		578,813
2024		607,753
Thereafter	1	2,569,563
	<u>\$ 1</u> :	5,465,005

Rent expense is recognized on the straight-line basis. The differences between cash payments under the lease agreement and the straight-line rent have been recognized as deferred rent in the accompanying statements of financial position from inception of the lease. Balance in deferred rent at June 30, 2019 was \$870,742.

Rent expense under the operating lease for the year ended June 30, 2019 was \$508,081. The copier lease expense for the year ended June 30, 2019 was \$22,860.

Notes to Financial Statements June 30, 2019

12. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation limit. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists.

13. Concentration of Revenue and Support

The School receives a substantial portion of its support and revenue from the New York City Department of Education. For the year ended June 30, 2019, the School received approximately 93% of its total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

14. Contingency

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

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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

Independent Auditors' Report

Board of Trustees Hellenic Classical Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hellenic Classical Charter School (the "School"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2019.

Internal Control Over Financial Reporting

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

Board of Trustees Hellenic Classical Charter School Page 2

Compliance and Other Matters

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

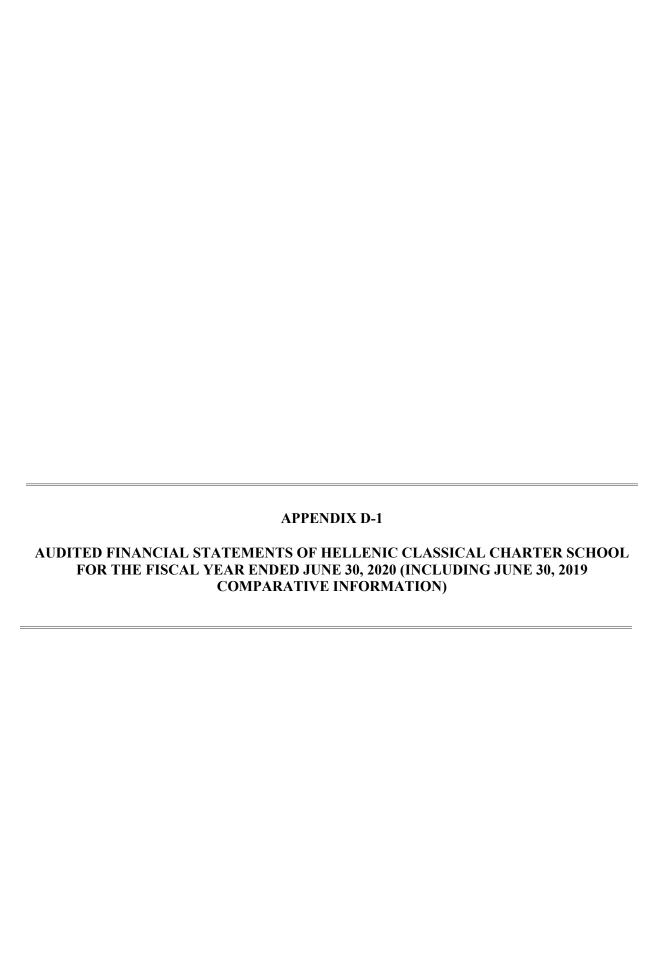
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harrison, New York October 15, 2019

PKF O'Connor Davies, LLP







Financial Statements

June 30, 2020 and 2019



Independent Auditors' Report

Board of Trustees
Hellenic Classical Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Hellenic Classical Charter School (the "School"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audit 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Trustees Hellenic Classical Charter SchoolPage 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2020, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's 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 School's internal control over financial reporting and compliance.

Harrison, New York October 5, 2020

PKF O'Connor Davies LLP

Statements of Financial Position

	June 30,		
	2020	2019	
ASSETS			
Current Assets			
Cash	\$ 1,343,522	\$ 135,048	
Grants and contracts receivable	172,582	85,079	
Due from related party	184,766	-	
Prepaid expenses and other current assets	44,570	41,473	
Cash - sinking fund	<u>-</u> _	40,387	
Total Current Assets	1,745,440	301,987	
Property and equipment, net	10,493,655	11,009,746	
Restricted cash	71,040	71,040	
	<u>\$ 12,310,135</u>	<u>\$ 11,382,773</u>	
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued expenses	\$ 118,862	\$ 359,104	
Accounts payable - construction	50,984	361,266	
Accrued payroll and payroll taxes	907,602	808,755	
Loan payable	7,112,270	7,326,807	
Line of credit	-	200,000	
Deferred rent, current portion	216,835	216,835	
Total Current Liabilities	8,406,553	9,272,767	
Paycheck Protection Program loan payable	1,279,500	-	
Economic Injury Disaster loan payable	150,000	-	
Deferred rent	870,742	653,907	
Total Liabilities	10,706,795	9,926,674	
Net Assets			
Without donor restrictions	1,439,031	1,362,385	
With donor restrictions	164,309	93,714	
Total Net Assets	1,603,340	1,456,099	
	\$ 12,310,135	\$ 11,382,773	

Statement of Activities Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
State and local per pupil operating revenue	\$ 8,425,540	\$ -	\$ 8,425,540
Universal pre-kindergarten	184,200	· -	184,200
Federal grants	184,299	_	184,299
State grants	47,188	-	47,188
Contributions and grants	37,865	91,986	129,851
Interest and other income	19,931	, -	19,931
Net assets released from restrictions	21,391	(21,391)	, <u>-</u>
Total Revenue and Support	8,920,414	70,595	8,991,009
EXPENSES			
Program Services			
Regular education	6,396,390	_	6,396,390
Special education	717,965	_	717,965
Total Program Services	7,114,355		7,114,355
Supporting Services	7,111,000		7,111,000
Management and general	1,695,405	_	1,695,405
Fundraising	34,008	_	34,008
Total Expenses	8,843,768		8,843,768
•			
Change in Net Assets	76,646	70,595	147,241
NET ASSETS			
Beginning of year	1,362,385	93,714	1,456,099
End of year	\$ 1,439,031	\$ 164,309	\$ 1,603,340

Statement of Activities Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
State and local per pupil operating revenue	\$ 7,823,084	\$ -	\$ 7,823,084
Universal pre-kindergarten	184,273	-	184,273
Federal grants	169,167	-	169,167
State grants	59,995	-	59,995
Contributions and grants	77,680	49,192	126,872
Interest and other income	56,621	-	56,621
Net assets released from restrictions	99,724	(99,724)	<u>-</u> _
Total Revenue and Support	8,470,544	(50,532)	8,420,012
EXPENSES			
Program Services			
Regular education	6,582,037	_	6,582,037
Special education	675,810	-	675,810
Total Program Services	7,257,847		7,257,847
Supporting Services	7,207,017		7,207,017
Management and general	1,698,916	_	1,698,916
Fundraising	23,440	_	23,440
Total Expenses	8,980,203		8,980,203
·			
Change in Net Assets	(509,659)	(50,532)	(560,191)
NET ASSETS			
Beginning of year	1,872,044	144,246	2,016,290
End of year	\$ 1,362,385	\$ 93,714	\$ 1,456,099

Statement of Functional Expenses Year Ended June 30, 2020

Program Services Management No. of Regular Special and Positions Education Education Total General Fundraising Total Personnel Services Costs Instructional personnel \$ 3,851,865 \$ \$ 61 \$ 439,564 \$ 4,291,429 33,988 8,497 \$ 4,333,914 Non Instructional personnel 1 64,233 64,233 64,233 12 Administrative staff personnel 795,255 12,324 807,579 Total Salaries and Staff 74 3,916,098 439,564 4,355,662 5,205,726 829,243 20,821 212,385 1,333,287 Employee benefits and payroll taxes 1,002,988 112,581 1,115,569 5,333 Contracted services 27,101 127,985 14,366 142,351 680 170,132 Legal 31,595 3,546 35,141 6,690 168 41,999 29,277 Auditing and accounting fees 32,563 6,200 38,919 3,286 156 Classroom supplies 158,270 17,765 176,035 33,514 841 210,390 Student transportation 28.537 31.740 6.043 152 37.935 3.203 Repairs and maintenance 63,512 7,129 70,641 13,449 338 84,428 Telephone and internet service 45 11,258 8,469 951 9,420 1,793 Postage and delivery 15.662 83 20.820 1.758 17,420 3.317 Insurance 53,663 6,023 59,686 11,363 285 71,334 Facility expense 495.394 2.634 658.535 55.606 551.000 104,901 Dues and subscriptions 550 5,448 1,037 6,511 4,898 26 Interest 340,952 340,952 Depreciation and amortization 410,281 46.052 456,333 86,877 2,181 545,391 Miscellaneous 49,761 5,585 55,346 10,540 265 66,151 **Total Expenses** \$ 6,396,390 \$ 1,695,405 34,008 \$ 8,843,768 \$ 717,965 \$ 7,114,355

Statement of Functional Expenses Year Ended June 30, 2019

Program Services Management No. of Regular Special and Positions Education Education Total General Fundraising Total Personnel Services Costs \$ Instructional personnel 63 \$ 3,801,958 \$ 399,329 \$ 4,201,287 \$ 30,650 6,144 \$ 4,238,081 Non Instructional personnel 4 89,346 89,346 121.062 210,408 8 Administrative staff personnel 641,854 7,713 649,567 4,290,633 Total Salaries and Staff 75 3,891,304 399,329 13,857 793,566 5,098,056 215,093 3,751 1,380,420 Employee benefits and payroll taxes 1,053,342 108,234 1,161,576 Contracted services 150,201 15,434 165,635 30,671 535 196,841 Legal 31,476 3,234 34,710 6,427 112 41,249 Auditing and accounting fees 23,819 26,266 4,864 31,215 2,447 85 Classroom supplies 139,419 14,326 153,745 28,470 497 182,712 Student transportation 31,606 3,248 34,854 6,454 113 41,421 Repairs and maintenance 68,299 7,018 75,317 13,947 243 89,507 Telephone and internet service 856 30 8,327 9,183 1,700 10,913 Postage and delivery 63 17.792 1.828 19.620 3.633 23.316 Insurance 49,314 5,067 54,381 10,070 176 64,627 Facility expense 512,461 104,645 52.657 565,118 1.825 671.588 Dues and subscriptions 2,908 299 3,207 594 10 3,811 Interest 355,901 355,901 Depreciation and amortization 536,989 55,177 592,166 109,653 1,912 703,731 Miscellaneous 64,780 6,656 71,436 13,228 231 84,895 **Total Expenses** \$ 6,582,037 \$ 1,698,916 23,440 \$ 8,980,203 675,810 \$ 7,257,847

Statements of Cash Flows

		Year Ended June 30,		
		2020		2019
CASH FLOWS FROM OPERATING ACTIVITIES		_		·
Change in net assets	\$	147,241	\$	(560,191)
Adjustments to reconcile change in net assets				
to net cash from operating activities		504.000		044.005
Depreciation and amortization		534,980		641,265
Amortization of debt issuance costs		10,411		62,466
Deferred rent Changes in apprating assets and liabilities		216,835		216,837
Changes in operating assets and liabilities Grants and contracts receivable		(87,503)		253,911
Due from related party		(184,766)		200,911
Prepaid expenses and other current assets		(3,097)		14,972
Accounts payable and accrued expenses		(240,242)		(129,121)
Accounts payable - construction		(310,282)		(100,000)
Accrued payroll and payroll taxes		98,847		(225,609)
Net Cash from Operating Activities		182,424		174,530
Not Such from Operating Notivities		102,424		174,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment		(18,889)		(41,408)
Cash - sinking fund		40,387		19,942
Net Cash from Investing Activities		21,498		(21,466)
Net Cash nom investing Activities	_	21,490	-	(21,400)
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal payments on loans		(224,948)		(215,807)
Payment on line of credit		(200,000)		(210,007)
Proceeds from Paycheck Protection Program loan payable		1,279,500		_
Proceeds from Economic Injury Disaster loan payable		150,000		_
Net Cash from Financing Activities		1,004,552		(215,807)
Not oddi nom i manoling / totivides	_	1,004,002	-	(210,001)
Net Change in Cash and Restricted Cash		1,208,474		(62,743)
rtot onange in oden and rtoodiolog oden		1,200,		(02,1.10)
CASH AND RESTRICTED CASH				
Beginning of year		206,088		268,831
End of year	\$	1,414,562	\$	206,088
•				,
The following table provides a reconciliation of cash and				
restricted cash within the statements of financial position:				
·				
Cash	\$	1,343,522	\$	135,048
Restricted cash		71,040		71,040
	\$	1,414,562	\$	206,088
SUPPLEMENTAL CASH FLOW INFORMATION				
Cash paid during the year for interest	\$	340,952	\$	355,901
	,	, = =	•	,

Notes to Financial Statements June 30, 2020 and 2019

1. Organization and Tax Status

Hellenic Classical Charter School (the "School") is an education corporation that operates as a charter school in the borough of Brooklyn, New York City. On February 7, 2005, the Board of Regents and the Board of Trustees of the University of the State of New York for and on behalf of the State Education Department granted the School a charter valid for a term of five years and renewable upon expiration. The Board of Regents approved and issued several renewals to this Charter expiring June 30, 2024. The School was organized to prepare all students intellectually, socially and emotionally, to gain entry and succeed in the best high schools in New York City. The School provided education to approximately 497 students in grades kindergarten through eighth during the 2019-2020 academic year.

The School was approved to enter into a three year contract with the New York City Department of Education commencing with the 2014-2015 school year to operate a pre-kindergarten program with an option to renew for two additional years which expired June 30, 2020. The contract was renewed for an additional year expiring June 30, 2021. This contract is separate from the School's charter and is administered from the Department of Education's Division of Early Childhood. The pre-kindergarten program provided education to 18 students during the 2019-2020 academic year.

On December 11, 2018, the Board of Regents and the Board of Trustees of the University of the State of New York for and on behalf of the State Education Department granted the School a second charter, Hellenic Classical Charter School – Staten Island ("HCCS - SI"), valid for a term of five years and renewable upon expiration. Classes commenced in September 2019 for the 2019-2020 school year.

Effective July 1, 2020, the School merged into HCCS - SI. The School ceased to exist as a legal entity in conjunction with the merger. The plan of merger was approved by the New York State Board of Regents on May 1, 2020.

The New York City Department of Education provides free and reduced-price lunches and transportation directly to a majority of the School's students. Such costs are not included in these financial statements.

Except for taxes that may be due for unrelated business income, the School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Notes to Financial Statements June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Policies

Recognition of Contributions

Effective July 1, 2019, the School adopted Accounting Standard Update ("ASU") 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This guidance provides a framework for evaluating whether contributions and grants should be accounted for as exchange transactions or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way the School recognizes contributions and grants, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

Restricted Cash

In November 2016, the Financial Accounting Standards Board issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. ASU 2016-18 requires significant changes regarding how restricted cash is classified and presented on the statement of cash flows. On July 1, 2019, the School adopted the new guidance regarding the presentation and classification of restricted cash. The guidance requires the School to 1) include restricted cash and restricted cash equivalents in the cash and cash equivalent balances on the statements of cash flows, 2) provide a reconciliation between the statements of financial position and the statements of cash flows when more than one line item for cash, cash equivalents, restricted cash, and restricted cash equivalents is presented on the statements of financial position, 3) eliminate the presentation of transfers between restricted cash and cash, and 4) include disclosures about the nature of the restrictions for material balances. Adoption of the ASU resulted in a change in the accounting for restricted cash on the statements of cash flows.

Net Assets Presentation

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Net assets without donor restrictions - consist of resources available for the general support of the School's operations. Net assets without donor restrictions may be used at the discretion of the School's management and/or the Board of Trustees.

Net assets with donor restrictions – represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Notes to Financial Statements June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Cash - Sinking Fund

The sinking fund was established as a requirement of the mortgage to pay construction related costs. The fund was scheduled to be closed out upon the School receiving a certificate of occupancy. The School received the certificate of occupancy during December 2018. The account was depleted by August 2019 to pay for the remaining construction costs.

Restricted Cash

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should it occur.

Property and Equipment

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$1,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset ranging from five to thirty years. Purchased property and equipment are recorded at cost at the date of acquisition. Minor costs of maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case it is expensed as incurred.

Depreciation and amortization is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Computers and other equipment 3 - 5 years Furniture and fixtures 5 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the years ended June 30, 2020 and 2019.

Revenue and Support

Revenue from the state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

Contribution revenue is recognized when a donor makes a gift to the School or a promise to make a gift to the School which is, in substance, unconditional. Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. Contributions and grants that are made to support the School's current year activities are recorded as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Notes to Financial Statements June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Debt Issuance Costs

Debt issuance costs are reported on the statements of financial position as a reduction of the carrying amount of the related debt, and amortized on a method that approximates the interest method over the life of the associated debt. Amortization of debt issuance costs is included in interest expense.

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

Accounting for Uncertainty in Income Taxes

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2017.

Deferred Rent

The School records its rent in accordance with U.S. GAAP guidance whereby all rental payments, including fixed rent increases, are recognized on a straight-line basis as an offset to rent expense. The difference between the straight-line rent expense and the required lease payments, as well as any unamortized lease incentives, is reflected in deferred rent in the accompanying statements of financial position.

3. Management's Plan for Liquidity

As reported on the balance sheet, the School's current liabilities exceed current assets as of June 30, 2020 and 2019. Management acknowledges that the cumulative effect of its construction expenditures and leasehold improvements in prior reporting periods has impacted the School's liquidity. However, the construction expenditures have ended, and management has continued to improve its liquidity through fundraising, increase in enrollment, reduction of expenditures and use of a credit line. In addition, as described in Note 8, the School's loan payable matures on January 5, 2021. Management is currently in the process of refinancing the loan using tax exempt bond financing and anticipates they will close on the bond transaction in December 2020. There can be no assurance as to the availability or terms upon which such extension or financing might be available. Management believes that these measures will enable the School to satisfy its financial obligations going forward and allay any concerns over liquidity, (see note 19).

Notes to Financial Statements June 30, 2020 and 2019

4. Grants and Contracts Receivable

Grants and contracts receivable consist of federal, state, city entitlements and grants. The School expects to collect these receivables within one year and has not provided an allowance for doubtful accounts.

5. Related Party Transactions (not disclosed elsewhere)

The School is an affiliate of Hellenic Classical Charter School – Staten Island ("HCCS - SI"), a New York State not-for-profit education corporation who both share common management and board members. The School was not required to consolidate financial statements with HCCS – SI as the School does not have economic interest in the net assets of HCCS – SI. The School supported HCCS - SI through financial, and facility development efforts. For the years ended June 30, 2020 and 2019, HCCS – SI paid the School for shared expenses in the amount of \$46,245 and \$0. The net balance due from HCCS - SI at June 30, 2020 and 2019 was \$184,766 and \$0.

6. Property and Equipment

Property and equipment consists of the following at June 30:

	2020	2019
Furniture and fixtures	\$ 733,720	\$ 714,831
Computers and other equipment	85,506	85,506
Leasehold improvements	15,467,763	15,467,763
	16,286,989	16,268,100
Accumulated depreciation		
and amortization	(5,793,334)	(5,258,354)
	\$ 10,493,655	\$ 11,009,746

7. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, are comprised of the following at June 30:

	2020	2019
Cash	\$ 1,343,522	\$ 135,048
Grants and contracts receivable	172,582	85,079
Due from related party	184,766	-
Other current assets	 21,214	 37,394
	1,722,084	257,521
Net assets with donor restrictions	 (164,309)	(93,714)
	\$ 1,557,775	\$ 163,807

Notes to Financial Statements June 30, 2020 and 2019

7. Liquidity and Availability of Financial Assets (continued)

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is held in money market accounts and other liquid instruments until it is required for operational use. To help manage unanticipated liquidity needs, the School has a line of credit in the amount of \$200,000 which could be drawn upon as further disclosed in Note 9.

8. Loan Payable

On April 5, 2012, the School entered into a leasehold mortgage agreement with Hudson Valley National Bank in the amount of up to \$8,000,000 in order to finance leasehold improvements to the school and refinance all or a portion of a construction loan previously obtained. The loan is secured by the building and its contents. The interest rate on the loan is The Wall Street Journal's prime rate plus 1.5%, but in no event less than 6.0%.

On September 8, 2014, the School converted the construction loan into a mortgage and increased the balance to \$8,280,000. The loan is secured by the building and its contents. Monthly payments of principal and interest commenced in October 2014 based on an amortization period of 25 years. Interest on the loan is at 4.5% per annum. The loan matures on January 5, 2021. Management is currently in the process of refinancing the loan and anticipates they will close on the loan in December 2020 with their existing lender. A balloon payment of \$6,993,205 is due at maturity. Interest expense on the loan was \$331,012 and \$340,151 for the years ended June 30, 2020 and 2019, (see note 19).

The School's loan has a debt covenant requirement to maintain a minimum of two million dollars of net assets without donor restrictions. As of June 30, 2020 and 2019, net assets without donor restrictions was \$1,439,031 and \$1,362,385. The School has obtained a waiver from the bank for this requirement.

As of June 30, 2020 and 2019 the balance of the loan, net of unamortized debt issuance costs was \$7,112,270, and \$7,326,807.

9. Line of Credit

The School has a line of credit of \$200,000. Interest is payable monthly at an interest rate of prime plus .75%. The interest rate as of June 30, 2019 was 6.25%. The line of credit is collateralized with the School's corporate assets. The line of credit matures on January 5, 2021 and renews automatically. The balance outstanding at June 30, 2020 and 2019, is \$0, and \$200,000. Interest expense on the line of credit for 2020 and 2019 was \$4,374 and \$9,742. The line of credit is cross-collateralized and cross-default with the loan payable (Note 8). In addition, a material adverse change in the School's financial condition could result in a default on the loan.

Notes to Financial Statements June 30, 2020 and 2019

10. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30:

	 2020		2019
Classroom Libraries/STEAM	\$ 13,884	\$	35,275
Air conditioning system	 150,425		58,439
	\$ 164,309	\$	93,714

During the years ended June 30, 2020 and 2019, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specifies by donors as follows:

	 2020		2019
Classroom Libraries/STEAM	\$ 21,391	\$	14,696
Technology	-		21,201
History Day Fair/Ancient Greek Theatre	-		13,827
Air conditioning system	<u>-</u>		50,000
	\$ 21,391	\$	99,724

11. Employee Benefit Plan

The School maintains a defined contribution retirement plan qualified under Internal Revenue Code 401(k) for the benefit of its eligible employees. Under the Plan the School provides matching contributions up to 3% of annual compensation on a discretionary basis. The School did not contribute to the Plan for the years ended June 30, 2020 and 2019.

12. Lease Commitment

Facility lease

On March 14, 2012, the School entered into a thirty-year non-cancelable operating lease for the facility space expiring on June 30, 2042. The School has the option to extend the lease for ten years and another nine years. Annual lease payments commence at \$500,000 per annum for the first two years and increase incrementally through the life of the lease. The School obtained a credit of \$3,900,060 as a result of improvements to the building completed in September 2014. The credit will be applied against rent payments due over the first 15 years of the lease commencing after construction is completed and amortized over 30 years. During the years ended June 30, 2020 and 2019, the School received \$260,000 of the credit each year. The School has credits due of \$2,648,385 and \$2,908,389 as of June 30, 2020 and 2019. In addition, in 2017 the School was obligated to pay the landlord \$600,000 plus interest at 1.75% per annum, to compensate for the inconvenience resulting during construction. The balance due as of June 30, 2020 and 2019, was \$50,984 and \$135,957. Interest expense was \$3,477 and \$6,008 for the years ended June 30, 2020 and 2019.

Notes to Financial Statements June 30, 2020 and 2019

12. Lease Commitment (continued)

The future minimum lease payments under the facility lease are as follows for the years ending June 30:

2021	\$ 578,81	3
2022	578,81	3
2023	578,81	3
2024	607,75	3
2025	607,75	3
Thereafter	11,961,81	0
	\$ 14,913,75	5

Rent expense is recognized on the straight-line basis. The differences between cash payments under the lease agreement and the straight-line rent have been recognized as deferred rent in the accompanying statements of financial position from inception of the lease. Balance in deferred rent at June 30, 2020 and 2019, was \$1,087,577 and \$870,742.Rent expense under the operating lease for the years ended June 30, 2020 and 2019, was \$508,081.

Equipment Lease

In addition, the School entered into two leases for copier machines. The leases started in November 2015 for a term of 60 months. On September 27, 2019, a copier machine was returned and new copier machine were leased for the term of 60 months expiring September 27, 2024.

The future minimum lease payments under the copier leases are as follows for the years ending June 30:

2021	\$ 17,028
2022	17,028
2023	17,028
2024	17,028
2025	 4,257
	\$ 72,369

The copier lease expense for the years ended June 30, 2020 and 2019 was \$23,685 and \$22,860.

13. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation limit. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. As of June 30, 2020 and 2019 approximately \$1,005,000 and \$0 cash was maintained with Institutions in excess of FDIC limits.

Notes to Financial Statements June 30, 2020 and 2019

14. Concentration of Revenue and Support

The School receives a substantial portion of its support and revenue from the New York City Department of Education. For the years ended June 30, 2020 and 2019, the School received approximately 96% and 95% of its total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

15. Paycheck Protection Program Loan Payable

On May 3, 2020, the School qualified for and received a loan pursuant to the Paycheck Protection Program ("PPP"), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified PPP lender, for an aggregate principal amount of \$1,279,500 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the PPP upon the School's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the School. The School intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. The School believes that most, if not all, of the PPP Loan will meet the requirements for debt forgiveness. To the extent that all or part of the PPP Loan is not forgiven, the School will be required to pay interest on the PPP Loan through the date principal is repaid in full or maturity date.

16. Economic Injury Disaster Loan Payable

On June 2, 2020, the School qualified for and received a loan pursuant to the Economic Injury Disaster Loan Program (the "EIDL Program"), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified EIDL Program lender, for an aggregate principal amount of \$150,000 (the "EIDL loan""). The EIDL loan bears interest at a fixed rate of 2.75% per annum. Monthly installment payments including principal and interest of \$641 will begin 12 months from day of loan and matures June 2, 2050. The EIDL loan is secured with a security interest in the School's tangible and intangible personal property, and is guaranteed by the U.S. Small Business Administration. EDIL loan proceeds are to be used solely as working capital to alleviate economic injury caused by disaster occurring in the month of January 31, 2020 and continuing thereafter.

17. Contingency

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

Notes to Financial Statements June 30, 2020 and 2019

18. Risks and Uncertainties

The School's operations and financial performance may be affected by the recent COVID-19 outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the School may experience a disruption in operations as well as a decline in revenue activities. Economic uncertainty is related to the potential reduction and/or delays in state and local per pupil operating revenue, shortfalls and variations in enrollment, and operational and other changes that could increase expenses. The outbreak may adversely affect the School's activities, financial condition, results of operations, and cash flows. Management is closely monitoring the impact of COVID-19 and believes the School is taking appropriate actions to mitigate the negative impact. However, management is unable to estimate the financial impact, if any, related to this matter.

19. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 5, 2020.

Effective July 1, 2020, the School merged into HCCS - SI. The School ceased to exist as a legal entity in conjunction with the merger. The plan of merger was approved by the New York State Board of Regents on May 1, 2020.

On September 22, 2020, Build NYC Resource Corporation authorized the issuance of taxexempt bonds, the proceeds of which will be utilized to refinance Hellenic Classical Charter Schools' current loan as well as provide funding for additional construction at both of Hellenic Classical Charter Schools' campuses. It is anticipated that the bond transaction will close in December 2020.

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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

Independent Auditors' Report

Board of Trustees Hellenic Classical Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hellenic Classical Charter School (the "School"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 5, 2020.

Internal Control Over Financial Reporting

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

Board of Trustees Hellenic Classical Charter School Page 2

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harrison, New York October 5, 2020

PKF O'Connor Davies, LLP



APPENDIX D-2
ITED FINANCIAL STATEMENTS OF HELLENIC CLASSICAL CHARTER SCHOO TATEN ISLAND FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (PERIOD FROM DECEMBER 11, 2018 (INCEPTION) TO JUNE 30, 2020)



Financial Statements

June 30, 2020



Independent Auditors' Report

Board of Trustees Hellenic Classical Charter School - Staten Island

Report on the Financial Statements

We have audited the accompanying financial statements of Hellenic Classical Charter School - Staten Island (the "School"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the period from December 11, 2018 (inception) to June 30, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Board of Trustees Hellenic Classical Charter School – Staten IslandPage 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2020, and the changes in its net assets and its cash flows for the period from December 11, 2018 (inception) to June 30, 2020 in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's 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 School's internal control over financial reporting and compliance.

Harrison, New York October 15, 2020

PKF O'Connor Davies LLP

Statement of Financial Position June 30, 2020

ASSETS Current Assets		
Cash	\$	235,347
Grants and contracts receivable	•	207,866
Prepaid expenses and other current assets		59,172
Total Current Assets		502,385
Property and equipment, net		139,436
Security deposit		84,333
Restricted cash		20,000
	\$	746,154
LIABILITIES AND NET ASSETS		
Current Liabilities	_	
Accounts payable and accrued expenses	\$	44,031
Accrued payroll and payroll taxes		190,797
Due to related party Deferred rent, current portion		184,766 75,680
Total Current Liabilities		495,274
Total Current Liabilities		495,274
Loan payable		150,000
Deferred rent		202,082
Total Liabilities		847,356
Net Assets (Deficit)		
Without donor restrictions		(317,052)
With donor restrictions		215,850
Total Net Assets (Deficit)		(101,202)
	\$	746,154

Statement of Activities Period from December 11, 2018 (Inception) to June 30, 2020

	Without Donor	With Donor			
	Restrictions	Restrictions	Total		
REVENUE AND SUPPORT					
State and local per pupil operating revenue	\$ 1,237,962	\$ -	\$ 1,237,962		
State and local per pupil facilities funding	183,601	-	183,601		
Federal grants	9,684	-	9,684		
State grants	6,832	-	6,832		
Contributions and grants	50,000	769,226	819,226		
Other revenue	2,295	-	2,295		
Net assets released from restrictions	553,376	(553,376)	<u>-</u>		
Total Revenue and Support	2,043,750	215,850	2,259,600		
EXPENSES					
Program Services					
Regular education	1,431,327	_	1,431,327		
Special education	276,232	_	276,232		
Total Program Services	1,707,559		1,707,559		
Supporting Services	1,707,000		1,707,000		
Management and general	642,433	_	642,433		
Fundraising	10,810	_	10,810		
Total Expenses	2,360,802		2,360,802		
Change in Net Assets	(317,052)	215,850	(101,202)		
•	(011,002)	_ : 0,000	(101,=0=)		
NET ASSETS (DEFICIT) Reginning of period					
Beginning of period	-	<u>-</u>	_		
End of period	\$ (317,052)	\$ 215,850	\$ (101,202)		

Statement of Functional Expenses Period from December 11, 2018 (Inception) to June 30, 2020

		Program Services			Ma	anagement						
	No. of		Regular		Special			and	_			
	Positions		ducation		ducation	Total		General	Fur	ndraising		Total
Personnel Services Costs												
Instructional personnel	17	\$	713,699	\$	137,738	\$ 851,437	\$	12,586	\$	3,147	\$	867,170
Administrative staff personnel	9		_			 		307,747		2,243		309,990
Total Salaries and Staff	26		713,699		137,738	851,437		320,333		5,390		1,177,160
Employee benefits and payroll taxes			113,318		21,869	135,187		50,861		856		186,904
Contracted services			40,201		7,758	47,959		18,043		304		66,306
Legal			15,764		3,042	18,806		7,075		119		26,000
Auditing and accounting fees			17,511		3,379	20,890		7,859		132		28,881
Classroom supplies			122,224		23,588	145,812		54,858		923		201,593
Student transportation			1,653		319	1,972		742		12		2,726
Repairs and maintenance			15,406		2,973	18,379		6,915		116		25,410
Telephone and internet service			3,859		745	4,604		1,732		29		6,365
Postage and delivery			5,512		1,064	6,576		2,474		42		9,092
Insurance			12,720		2,455	15,175		5,709		96		20,980
Facility expense			344,938		66,570	411,508		154,820		2,605		568,933
Dues and subscriptions			675		130	805		303		5		1,113
Interest			869		168	1,037		390		7		1,434
Depreciation and amortization			6,525		1,259	7,784		2,929		50		10,763
Miscellaneous			16,453		3,175	 19,628		7,390		124	_	27,142
Total Expenses		\$	1,431,327	\$	276,232	\$ 1,707,559	\$	642,433	\$	10,810	\$	2,360,802

Statement of Cash Flows Period from December 11, 2018 (Inception) to June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$	(101,202)
Adjustments to reconcile change in net assets		,
to net cash from operating activities		
Depreciation and amortization		10,763
Deferred rent		277,762
Changes in operating assets and liabilities		, -
Grants and contracts receivable		(207,866)
Prepaid expenses and other current assets		(59,172)
Security deposit		(84,333)
Accounts payable and accrued expenses		44,031
Accrued payroll and payroll taxes		190,797
Due to related party		184,766
•		255,546
Net Cash from Operating Activities		255,540
CASH FLOWS FROM INVESTING ACTIVITY		
Purchases of property and equipment		(150,199)
Taronacco or property and equipment		(100,100)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from loan payable		150,000
Net Change in Cash and Restricted Cash		255,347
- J		, -
CASH AND RESTRICTED CASH		
Beginning of period		<u> </u>
		_
End of period	\$	255,347
The following table provides a reconciliation of cash and restricted cash within the statement of financial position:		
Cash	\$	225 247
Restricted cash	Φ	235,347 20,000
ו/בפנווטנבת פפוו	Φ.	
	\$	255,347

Notes to Financial Statements June 30, 2020

1. Organization and Tax Status

Hellenic Classical Charter School – Staten Island (the "School") is an education corporation that operates as a charter school in the borough of Staten Island, New York City. On December 11, 2018, the Board of Regents and the Board of Trustees of the University of the State of New York for and on behalf of the State Education Department granted the School a charter valid for a term of five years and renewable upon expiration by the board of regents. The charter expires June 30, 2024. The School was organized to prepare all students intellectually, socially, and emotionally, to gain entry and succeed in the best high schools in New York City. The School provided education to approximately 73 students in grades kindergarten through first during the 2019-2020 academic year.

Effective July 1, 2020, the School merged with Hellenic Charter School ("HCCS"). HCCS ceased to exist as a legal entity in conjunction with the merger. The plan of merger was approved by the New York State Board of Regents on May 1, 2020.

The New York City Department of Education provides free and reduced-price lunches and transportation directly to a majority of the School's students. Such costs are not included in these financial statements.

Except for taxes that may be due for unrelated business income, the School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Assets Presentation

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Net assets without donor restrictions - consist of resources available for the general support of the School's operations. Net assets without donor restrictions may be used at the discretion of the School's management and/or the Board of Trustees.

Net assets with donor restrictions – represents amounts restricted by donors for specific activities of the School or to be used at a future date. The School records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Notes to Financial Statements June 30, 2020

2. Summary of Significant Accounting Policies (continued)

Restricted Cash

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should it occur.

Property and Equipment

The School follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$1,000 and a useful life in excess of one year. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods, which are reasonably assured, or the estimated useful life of the asset which is three years. Purchased property and equipment are recorded at cost at the date of acquisition. Minor costs of maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case it is expensed as incurred.

Depreciation and amortization is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Furniture and fixtures 5 years Leasehold improvements 3 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the period from December 11, 2018 (inception) to June 30, 2020.

Revenue and Support

Revenue from the state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

Contribution revenue is recognized when a donor makes a gift to the School or a promise to make a gift to the School which is, in substance, unconditional. Grants and other contributions of cash are reported as net assets with donor restrictions if they are received with donor stipulations. Contributions and grants that are made to support the School's current year activities are recorded as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other basis as determined by management of the School to be appropriate.

Notes to Financial Statements June 30, 2020

2. Summary of Significant Accounting Policies (continued)

Accounting for Uncertainty in Income Taxes

The School recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. All Forms 990 filed by the School are subject to examination.

Deferred Rent

The School records its rent in accordance with U.S. GAAP guidance whereby all rental payments, including fixed rent increases, are recognized on a straight-line basis as an offset to rent expense. The difference between the straight-line rent expense and the required lease payments, as well as any unamortized lease incentives, is reflected in deferred rent in the accompanying statement of financial position.

3. Grants and Contracts Receivable

Grants and contracts receivable consist of federal, state, city entitlements and grants. The School expects to collect these receivables within one year and has not provided an allowance for doubtful accounts.

4. Conditional Promise To Give

On August 22, 2019, the School received a grant from Charter Fund, Inc. totaling \$600,000 for general support of the School in providing for the School's management organization that supports all of the charter schools operated by the School in carrying out its charitable tax exempt purpose. The grant contains various donor conditions related to specific milestones and time periods. Since this grant represents a conditional promise to give, it is not recognized as contributions and grants revenue until donor conditions are met. For the period from December 11, 2018 (inception) to June 30, 2020, revenue recognized under this grant totaled \$400,000 included in contributions and grants on the statement of activities. At June 30, 2020, the remaining balance of this conditional promise to give was \$200,000.

5. Related Party Transactions (not disclosed elsewhere)

The School is an affiliate of Hellenic Classical Charter School ("HCCS"), a New York State not-for-profit education corporation who both share common management and board members. The School was not required to consolidate financial statements with HCCS as the School does not have economic interest in the net assets of HCCS. The School is supported by HCCS through financial, and facility development efforts. For the years ended June 30, 2020 and 2019, HCCS paid on behalf of the School for shared expenses in the amount of \$46,245 and \$0. The net balance due to HCCS at June 30, 2020 and 2019 was \$184,766 and \$0.

Notes to Financial Statements June 30, 2020

6. Property and Equipment

Property and equipment consists of the following at June 30, 2020:

Furniture and fixtures	\$ 56,447
Leasehold improvements	33,352
Construction in progress	 60,400
	 150,199
Accumulated depreciation	
and amortization	 (10,763)
	\$ 139,436

Construction in progress at June 30, 2020 is comprised of costs related to the new School facility, which is expected to be placed in service during the year ending June 30, 2023.

7. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, are comprised of the following at June 30, 2020:

Cash	\$ 235,347
Grants and contracts receivable	207,886
Other current assets	 15,989
	459,222
Net assets with donor restrictions	 (215,850)
	\$ 243,372

As part of the School's liquidity management plan, the status of grants and contracts receivable is monitored regularly and any excess cash is held in highly liquid instruments until it is required for operational use.

8. Loan Payable

On May 14, 2020, the School entered into a loan agreement with Charter Fund, Inc., in the amount of \$150,000 in order to carry out its charitable tax-exempt purposes, specifically as it relates to COVID-19 response activities to support distance or remote learning to the purchase of technology, internet connectivity, technology support, and printers. The loan does not bear interest and matures November 30, 2021.

9. Net Assets with Donor Restrictions

As of June 30, 2020, net assets with donor restrictions were available for the purposes of remote learning in the amount of \$15,850 and \$200,000 was restricted due to time.

During the year ended June 30, 2020, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors for remote learning in the amount of \$553,376.

Notes to Financial Statements June 30, 2020

10. Lease Commitment

Facility Lease

On July 17, 2019, the School entered into a three year non-cancelable operating lease for the facility space expiring on July 31, 2022 and paid a security deposit in the amount of \$84,333. Annual lease payments commence at \$200,292 per annum for the first year and increase incrementally through the life of the lease. The School received a rent concession in the amount of \$110,000 for broker fees. The credit will be applied against rent payments due over the lease. For the period from December 11, 2018 (inception) to June 30, 2020 the School received a credit of \$33,611 and has credits due of \$76,389.

In September 2020, the School amended this lease for additional space to build a new facility expiring on July 31, 2067. The School has two ten year options to renew the lease. Under this lease the School will receive a rent abatement in the amount of \$784,000. The School will recognize rent expense on a straight line basis starting with the year ending June 30, 2023.

The future minimum lease payments under these leases are as follows for the years ending June 30:

2021	\$ 578,984
2022	689,310
2023	811,518
2024	822,000
2025	822,000
Thereafter	55,431,793
	\$ 59,155,605

Rent expense is recognized on the straight-line basis. The differences between cash payments under the lease agreement and the straight-line rent have been recognized as deferred rent in the accompanying statements of financial position from inception of the lease. Balance in deferred rent at June 30, 2020 was \$277,762. Rent expense under the operating lease for the for the period from December 11, 2018 (inception) to June 30, 2020 was \$427,752.

Equipment lease

In addition, the School entered into a lease for copier machines. These leases started August 1, 2019 for a term of thirty nine months expiring September 30, 2022.

The future minimum lease payments under the copier lease are as follows for the years ending June 30:

2021	\$ 7,152
2022	7,152
2023	2,384
	\$ 16,688

Notes to Financial Statements June 30, 2020

10. Lease Commitment (continued)

The copier lease expense for the period from December 11, 2018 (inception) to June 30, 2020 was \$5.859.

11. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The School does not believe that a significant risk of loss due to the failure of a financial institution presently exists. As of June 30, 2020, approximately \$5,000 was maintained with an institution in excess of FDIC limits.

12. Concentration of Revenue and Support

The School receives a substantial portion of its support and revenue from the New York City Department of Education. For the period from December 11, 2018 (inception) to June 30, 2020, the School received approximately 69% of its total revenue and support from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

13. Contingency

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

14. Risks and Uncertainties

The School's operations and financial performance may be affected by the recent COVID-19 outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the School may experience a disruption in operations as well as a decline in revenue activities. Economic uncertainty is related to the potential reduction and/or delays in state and local per pupil operating revenue, shortfalls and variations in enrollment, and operational and other changes that could increase expenses. The outbreak may adversely affect the School's activities, financial condition, results of operations, and cash flows. Management is closely monitoring the impact of COVID-19 and believes the School is taking appropriate actions to mitigate the negative impact. However, management is unable to estimate the financial impact, if any, related to this matter.

15. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 15, 2020.

Notes to Financial Statements June 30, 2020

15. Subsequent Events Evaluation by Management (continued)

Effective July 1, 2020, the School merged with Hellenic Charter School ("HCCS"). HCCS ceased to exist as a legal entity in conjunction with the merger. The plan of merger was approved by the New York State Board of Regents on May 1, 2020.

On September 22, 2020, Build NYC Resource Corporation authorized the issuance of taxexempt bonds, the proceeds of which will be utilized to refinance Hellenic Classical Charter Schools' current loan as well as provide funding for additional construction at both of Hellenic Classical Charter Schools' campuses. It is anticipated that the bond transaction will close in December 2020.

* * * * *



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

Independent Auditors' Report

Board of Trustees Hellenic Classical Charter School – Staten Island

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 Hellenic Classical Charter School - Staten Island (the "School"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for period from December 11, 2018 (inception) to June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a significant deficiency.

Board of Trustees Hellenic Classical Charter School – Staten Island Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as 2020-001.

The School's Response to the Finding

PKF O'Connor Davies LLP

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harrison, New York October 15, 2020

Hellenic Classical Charter School - Staten Island

Schedule of Findings and Responses Year Ended June 30, 2020

Section I - Compliance Findings

2020-001- Escrow Account for Dissolution

Criteria

The School should comply with all requirements of its charter agreement.

Condition

Under the provisions of its charter, the School is required to establish an escrow account of no less than \$100,000 to pay for legal and audit expenses that would be associated with a dissolution should it occur. The School may provide for the full amount, in its first-year budget, or provide for a minimum of \$25,000 per year for the first four years of its charter term. Though the School had established a separate escrow account as of June 30, 2020, we note that the balance was less than the amount required by the School's charter. This was funded by the School prior to the issuance of this financial statement.

Cause

This was an oversight by management during the first year of operations.

Effect

The School is not in compliance with its charter agreement and its financial policies and procedures manual.

Recommendation

In an effort to ensure that the School is in compliance with the provisions of its charter, we recommend that the School fund the account with the minimum of \$50,000 to be in compliance with its charter agreement for the year ending June 30, 2021.

Views of Responsible Officials

See management corrective action plan in Exhibit A.



HELLENIC CLASSICAL CHARTER SCHOOL

KNOWLEDGE | WISDOM | TRUTH

Exhibit A: Management Correction Action Plan

Christina Tettonis Superintendent of Schools

Joy Petrakos Chief of Operations

Cathy Kakleas Principal, HCCS-SI

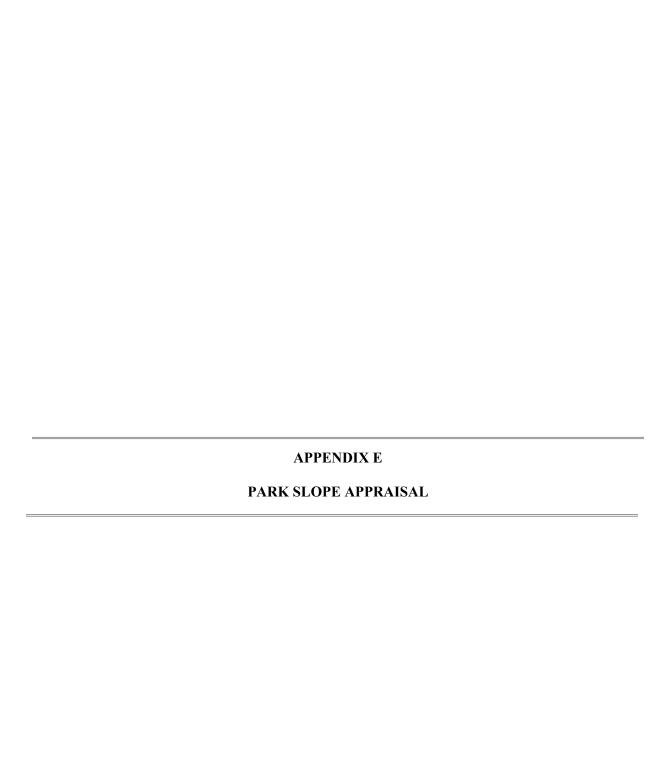
2020-001 Escrow Account for Dissolution

Though the School had established a separate escrow account as of June 30, 2020, it had only funded \$20k of the \$25k required in the first year of the charter. This was due to an understanding with SED that the escrow is required to be funded \$20k per year for the first term of the charter.

Once management was informed by the auditors that the charter agreement states that the school is required to fund the escrow in the amount of \$25k per year, the school made a transfer of \$5k immediately to fully fund the escrow. The transfer was made on October 13, 2020.

Joy Petrakos

Chief of Operations





REAL PROPERTY APPRAISAL



PROPERTY TYPE

LEASEHOLD VALUATION
COMMERCIAL BUILDING - EDUCATIONAL USE

LOCATED AT

646 5th Avenue Brooklyn, New York 11215

IDENTIFIED AS

Block 634, Lot 34 (portion of) Hellenic Classical Charter Schools (HCCS) SVS File #955902

DATE OF VALUATION

July 21, 2020

PREPARED FOR

Paul M. Clancy RBC Capital Markets, LLC 300 Four Falls Corporate Center, Ste. 760 300 Conshohocken State Road West Conshohocken, PA 19428

PREPARED BY



27 EAST JERICHO TURNPIKE MINEOLA, NEW YORK 11501



Corporate Headquarters

27 East Jericho Tpke Mineola, NY 11501 T 516.248.6922 | F 516.742.4365

Principals

Matthew L. Smith, MAI, SRA^{†*} Andrew W. Albro, MAI^{†*} Joanne E. Smith, MAI[†]

Partners

Albert Babino, SRA[†] Ronald Camilleri, MAI[†] Neal D. Peysner, SRA[†] Robert Reed, SRA[†] Matthew Holtz, MAI[†] Senior Associates

David Bahr[†]
Matthew Busch[†]
Kate Chapman⁻
Wayne Covington[†]
Gregory D'Esposito[†]
Timothy Morgenstern⁻
Patrick Smith † *

¹NYS Certified General RE Appraiser
²NYS Certified Residential Appraisal
³NJ Certified General RE Appraiser
⁴NJ Certified General RE Appraiser

July 30, 2020

Paul M. Clancy RBC Capital Markets, LLC 300 Four Falls Corporate Center, Ste. 760 300 Conshohocken State Road West Conshohocken, PA 19428

RE: Real Property Appraisal

Commercial Building - Educational Use 646 5th Avenue
Brooklyn, New York 11215
Block 634, Lot 34 (portion of)
SVS File #955902

Dear Mr. Clancy:

In accordance with your request, the undersigned have prepared an appraisal report on the above captioned real property. The purpose of this valuation analysis is to estimate the Market Value of the Leasehold Interest in the subject property, as of July 21, 2020, the date of our exterior inspection. The intended use of this appraisal is to enable the client to appropriately analyze the property for a mortgage financing decision. The intended users of this report are RBC Capital Markets, LLC, and their assigns.

The property is encumbered by a master lease (Hellenic Classical Charter School – tenant) covering a portion of Lot 34 (11,098± square feet) and the improvements situated on this land area. This master lease commenced on July 1, 2012 with a lease term of 30 years, with annual increases established every third year, ending on June 30, 2042. There are two option periods of 10 years and 9 years. The annual rental was \$500,000 starting on July 1, 2012 with the current rent set at \$578,813. This is a net lease, with the tenant responsible for all expenses. The Lessor is Greek Orthodox Community of Kimisis Theotokou Inc.

The ability to sublease (when that lease or market rent exceeds contract rent) provides a marketable leasehold interest. This master lease has various provisions that provide for the lessee to sublease (or sell its interest in) the premises.

Mr. Paul M. Clancy July 30, 2020

The site is located on the southwest corner of 18th Street and 5th Avenue, in the Greenwood/South Slope section of Brooklyn, City and State of New York. The irregular-shaped parcel contains 166± feet frontage along 5th Avenue and 150± feet along 18th Street. The site also has 45 feet of frontage on 19th Street providing access to the parking lot. The total site area is estimated at 23,941± square feet with the apportioned leased area totaling 11,098± square feet. There is on-site parking for over 15 vehicles and metered street parking is available. The site is zoned R6A Residential with a C2-4 Commercial Overlay.

The leased premises are improved with a 5-story, commercial building used for educational purposes built in 1973 and 2012. The improvements are of good quality construction and in good condition. The structure contains a gross building area (GBA) of 45,793± square feet. The improvements are 100% fireproof with a wet sprinkler system and are handicap accessible. The structure consists of ground floor offices, cafeteria, classrooms, and utility areas; the 2nd to 4th floor consist of classrooms (9 per floor) and a 5th floor gymnasium. We completed an interior inspection on January 21, 2020 and an exterior inspection on July 21, 2020.

There are no apparent easements, encroachments or other adverse site conditions affecting the subject's marketability. Our estimate of market value is subject to the Extraordinary Assumptions, Limiting Conditions, Certification and General Underlying Assumptions expressed herein and made a part hereof.

On March 13, the President of the United States announced a national emergency in response to the coronavirus outbreak. Given the stage of this pandemic with many states entering Phase 4 of reopening business activity and some states rescinding re-openings, it is difficult to assess the extent to which the New York City real estate market will be affected and for how long. We have considered the economic impact for properties located in New York City because of the nearly 150 days of lockdowns for non-essential businesses and stay at home restriction.

Based on data released in budget reports from the City of New York and State of New York Comptroller offices specific segments of the real estate market are being impacted more than others. In the case of the Subject we have focused our analysis on the special use nature as a Charter School. Recent closures of 26 Catholic schools in Brooklyn and Queens will most likely result in parents seeking other private education facilities as schools reopen. Additionally, the recent US Supreme Court ruling regarding funding for religious schools is expected to have a positive economic benefit for the charter school operation.

Based upon a comprehensive analysis of the subject property and available market data, we estimate the "As Is" Market Value of the Leasehold Interest in the subject property, as of July 21, 2020, the date of inspection, to be:

SIXTEEN MILLION TWO HUNDRED THOUSAND DOLLARS (\$16,200,000)

Mr. Paul M. Clancy July 30, 2020

The concluded market value opinion represents cash or equivalent terms and is consistent with an estimated "Reasonable Exposure Time" of twelve (12) months. "Reasonable Marketing Time" is similarly estimated to be twelve (12) months.

This appraisal report was prepared in accordance with your letter of engagement. This report is in compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), Regulation P, Title V of the Gramm-Leach-Bliley Financial Modernization Act and the Uniform Standards of Professional Appraisal Practice (USPAP), as promulgated by the Appraisal Foundation and the 2010 Interagency Appraisal and Evaluation Guidelines.

This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

Following is a narrative appraisal report, which outlines the various methods and procedures of valuation. Should you have any questions concerning this report, please do not hesitate to contact the undersigned.

Respectfully submitted, STANDARD VALUATION SERVICES

Andrew W. Albro, MAI Certified General Real Estate Appraiser State of New York – ID #46-00002861 aalbro@standardvaluation.com John M. Watch Certified General Real Estate Appraiser

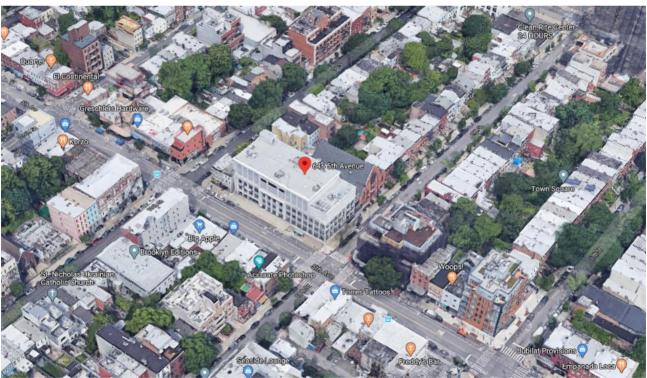
State of New York – ID #46-00002984 jwatch@standardvaluation.com

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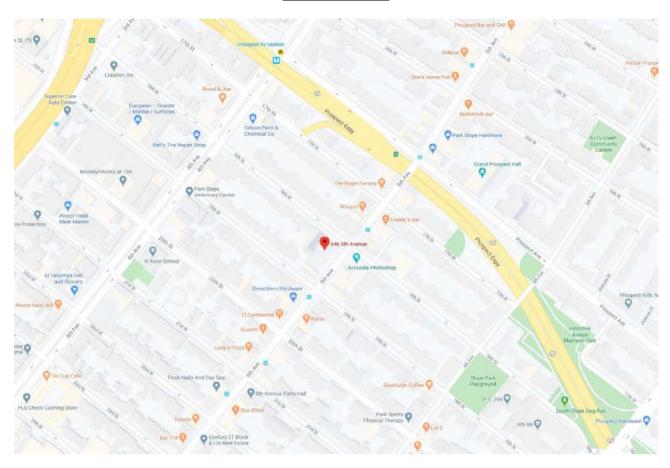
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Subject Property Photographs Subject Frontage





LOCATION MAP



SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Location: 646 5th Avenue

Brooklyn, New York 11215

Owner of Record: Greek Orthodox Community of Kimisis Theotokou Inc.

Lessee: Hellenic Classical Charter School

Legal Description: Block 634, Lot 34 (portion of)

Census Tract: 143

Site Description: A single tax lot located on the southwest corner of 18th Street

and 5th Avenue, in the Greenwood/South Slope section of Brooklyn, City and State of New York. The irregular-shaped parcel contains 166± feet frontage along 5th Avenue and 150± feet along 18th Street. The site also has 45 feet of frontage on 19th Street providing access to the parking lot. The total site area is estimated at 23,941± square feet with the master lease covering 11,098± square feet. There is on-site parking and

metered street parking.

Building Description: The leased premises are improved with a 5-story, commercial

building used for educational purposes built in 1973 and 2012. The improvements are of good quality construction and in good condition. The structure contains a gross building area (GBA) of 45,793± square feet. The improvements are 100% fireproof with a wet sprinkler system and are handicap accessible. The structure consists of ground floor offices, cafeteria, classrooms, and utility areas; the 2nd to 4th floor consist of classrooms (9 per floor) and a 5th floor gymnasium.

Property Rights: There is a triple net master lease (Hellenic Classical Charter

School – tenant) covering a portion of Lot 34 (11,098± square feet) and the improvements situated on this land area. This master lease commenced on July 1, 2012 with a lease term of 30 years, with annual increases established every third year, ending on June 30, 2042. There are two option periods of 10 years and 9 years. The annual rental was \$500,000 starting on

July 1, 2012 with the current rent set at \$578,813.

Occupancy: 100% - Leased to Hellenic Classical Charter School

Zoning Classification: R6A Residential District with a C2-4 Commercial overlay

Total Real Estate Taxes: \$24,128 - \$0.53 per square foot. The property benefits from a

religious exemption that reduces the tax liability by \$423,021.

Property Rights Appraised: Leasehold Interest

Highest and Best Use: Continuation of current use and improvement

Indicated Market Values

Cost Approach N/A

Income Capitalization Approach \$16,200,000 Sales Comparison Approach \$17,750,000 Reconciled Market Value Estimate \$16,200,000

Insurable Value: \$9,725,000

Inspection Date: July 21, 2020 Effective Date of Valuation: July 21, 2020

Estimated Exposure Period: Twelve months
Estimated Marketing Period: Twelve months

IDENTIFICATION OF THE PROPERTY

The site is located on the southwest corner of 18th Street and 5th Avenue, in the Greenwood/South Slope section of Brooklyn, City and State of New York. The commonly known street address is 646 5th Avenue. The property is identified on the tax records of Kings County as Block 634, Lot 34 (portion of).

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate Market Value.

INTENDED USE OF THE APPRAISAL

The intended use of this appraisal is for loan underwriting and-or credit decisions.

INTENDED USERS OF THE APPRAISAL

The only intended user(s) of this appraisal is the client, RBC Capital Markets, LLC, and their assigns.

No borrower or purchaser or seller of the property has been identified as an intended user of this appraisal. Although such parties may receive a copy of the appraisal, no borrower, purchaser or seller or any other party who is not identified as an intended user in the report should use or rely on this appraisal for any purpose. Such parties are advised to obtain an appraisal from an appraiser of their own choosing if they require an appraisal for their own use. This appraisal report should not serve as the basis for any appraisal contingency in a purchase agreement relating to the property.

PROPERTY RIGHTS APPRAISED

The property rights appraised consist of the Leasehold Interest.

EFFECTIVE DATE OF APPRAISAL

The effective date of this appraisal is July 21, 2020, the date of our on-site inspection. The effective date of the writing of this report is July 30, 2020.

PROPERTY HISTORY

A search of the public records indicates that the subject property has not transferred in the last five years, nor has the property been listed for sale. On March 14, 2012 a Memorandum of Lease between Greek Orthodox Community of Kimisis Theotokou Inc. (lessor) and Hellenic Classical Charter School (lessee) was filed with the County Clerk in Kings County (Brooklyn).

The master lease covers a portion of Lot 34 ($11,098\pm$ square feet) and the improvements situated on this land area. This master lease commenced on July 1, 2012 with a lease term of 30 years, with annual increases established every third year, ending on June 30, 2042. There are two option periods of 10 years and 9 years.

The annual rental was \$500,000 starting on July 1, 2012 with the current rent set at \$578,813. This is a net lease, with the tenant responsible for all expenses.

The lessee has the ability to sublease (when that lease or market rent exceeds contract rent), which establishes the marketable leasehold interest given that the master lease is below market. The master lease has various provisions that allow for the lessee to assign (or sublease) its lease.

Page 16, paragraph 3. establishes the rent payment for the lease term.

- 3. Term and Options. The term of this Lease ("Term") shall be thirty (30) years, The term of this Lease shall commence simultaneously with the closing of the construction loan between the Lessee and its financial institution (the "Lease Commencement Date"). The term of the Lease shall be thirty (30) years However, notwithstanding the above the Lease Commencement date will not be later than July 1, 2012 The Lessor and the Lessee shall execute a letter agreement on the Lease Commencement Date stating the official Lease term dates. The Lease shall terminate at midnight, of the day of the thirty (30) year anniversary of the Lease Commencement date, subject to earlier termination as herein set forth. Provided Tenant is not in default of any terms of this lease, Tenant shall have the right to extend this lease for a ten (10) year period ('Initial Option'). At the completion of the Initial Option. provided Tenant is not in default of any terms of this lease, Tenant shall have the right to extend this lease for a nine (9) year period ("Second Option"). Tenant shall exercise the Initial Option and Second Option by delivering to Landlord a written notice of the exercise of the Initial Option and Second Option given no later than six (6) months prior to the then applicable lease expiration date, time being strictly of the essence for the delivery of such notice. In the event Tenant shall validly exercise the Initial Option and Second Option then the Lease shall be extended for the aforesaid periods on all of the same terms, covenants and conditions as are contained herein with the rent as determined in accordance with Section 4 A(i) except there shall be no further option to renew this
- 4. Rent. As rental for the Premises, Lessee shall pay the sums hereinafter set forth.
- A. <u>Base Rent.</u> The rent shall be paid in monthly installments on the first day of each and every month as follows ("Base Rent"):

1.002130	Period

	YEAR			PERIOD		ANNUAL RENT	MONTHLY RENT
1	to	2	7/1/2012	to	6/30/2014	\$500,000.00	\$41,666.67
3	to	5	7/1/2014	to	6/30/2017	\$525,000.00	\$43,750.00
7	to	9	7/1/2017	to	6/30/2020	\$551,250.00	\$45,937.50
10	to	12	7/1/2020	to	6/30/2023	\$578,812.50	\$48,234.38
13	to	15	7/1/2023	to	6/30/2026	\$607,753.13	\$50,646.09
16	to	18	7/1/2026	to	6/30/2029	\$638,140.78	\$53,178.40
19	to	21	7/1/2029	to	6/28/2032	\$670,047.82	\$55,837.32
22	to	24	7/1/2032	to	6/30/2035	\$703,550.21	\$58,629.18
25	to	27	7/1/2035	to	6/30/2038	\$738,727.72	\$61,560.64
28	to	30	7/1/2038	to	6/30/2042	\$775,664.11	\$64,638.68

"Option Period Base Level" shall mean the Index (as defined in Paragraph 3 above) for the month and year of the 30 year anniversary of the Lease Commencement date.

In the event that Tenant shall validly exercise the Initial Option ("Option Term") as defined above, then the rent for the applicable Option Term shall be calculated as follows: the rent for the first three years of the Option Term shall be the higher of (a) \$814,447.32 annually or (b) \$775,664.11 plus the product of \$775,664.11 multiplied by the Option Period Base Level (hereinafter referred to as "Option Base Rent"); and shall be paid in equal monthly installments on the first day of each and every month. Thereafter on the day of each three year anniversary from the first day of the Option term, the rent shall be increased, to be the higher of (a) the product of the Option Base Rent plus the product of the Option Base Rent multiplied by five (5 %) percent or (b) the Option Base Rent plus the product of the Option Base Rent multiplied by the Option Period Base Level; and shall be paid in equal monthly installments on the first day of each and every month. In determining the monthly installment to be paid, the annual amount of rent due in each rent year shall be divided by 12. In the event that Tenant shall validly exercise the Second Option ("Second Option Term") as defined above, then the rent for the Second Option Term shall be calculated as follows: The higher of (a) the product of the Option Base Rent at the conclusion of the Option Term plus the product of that Option Base Rent multiplied by five (5 %) percent or (b) that Option Base Rent plus the product of that Option Base Rent multiplied by the Option Period Base Level; and shall be paid in equal monthly installments on the first day of each and every month. In determining the monthly installment to be paid, the annual amount of rent due in each rent year shall be divided by 12. Thereafter, on the day of each three year anniversary from the first day of the Second Option, the rent shall be increased, to be the higher of (a) the product of the then applicable Option Base Rent plus the product of the then applicable Option Base Rent multiplied by five (5 %) percent or (b) the then applicable Option Base Rent plus the product of the then applicable Option Base Rent multiplied by the Option Period Base Level (Option Base Rent); and shall be paid in equal monthly installments on the first day of each and every month. In determining the monthly installment to be paid, the annual amount of rent due in each rent year shall be divided by 12.

SUCCESSION: If the Bureau of Labor Statistics ceases to use the 1982 average as the basis of its calculation, or if another substantial change is made in the manner of computation, then the Index will be adjusted to the figure that would have been arrived at had the manner of computing the Index, in effect at the time of the commencement of this Lease (or applicable option term), not been altered.

On page 17, paragraph B establishes that a rent concession is granted for 15 years at \$260,004 per annum. This rent concession is called a credit against the lease payment and became effective once the construction and expanison of the school commenced. This concession appears to have been granted to assist the lessee during the construction period and subsquent 15 years. The effective contract rent was \$264,996 starting in July, 2012 extending to June 2024. The contract rent as of the date of inspection is \$318,809.

SUCCESSION: If the Bureau of Labor Statistics ceases to use the 1982 average as the basis of its calculation, or if another substantial change is made in the manner of computation, then the Index will be adjusted to the figure that would have been arrived at had the manner of computing the Index, in effect at the time of the commencement of this Lease (or applicable option term), not been altered.

In the event that the Consumer Price Index (or a successor or substitute index) is not available, a reliable or other non-partisan publication selected by Lessor, which will produce a result substantially equivalent to the Consumer Price Index, evaluating the information previously used in determining the Index, shall be used and shall be deemed to constitute the Index for purposes of this Paragraph.

- B. Base Rent Concession For the first fifteen (15) years, and in consideration of Lessee's work to and completion of the Improvements Lessee shall receive an annual rental concession of Two Hundred Sixty Thousand Four Dollars (\$260,004.00), to be credited to Lessee as a monthly credit of Twenty One Thousand Six Hundred Sixty Seven Dollars (\$21,667.00). The rental concession shall not commence until (i) Lessee secures and begins to pay for construction financing and (ii) the commencement of the construction. For purposes of this Lease, commencement of the construction shall be the date that (i) permits for the aforesaid construction are issued to Lessee or their representative(s) (ii) a Lessee has taken steps to effectuate the aforesaid construction.
- C. Rent Commencement Date. The Rent Commencement Date shall be the earlier of (a) the first day upon which any portion of the Premises is occupied and Lessee commences its normal business activities, as reasonably determined by Lessor or (b) the Lease Commencement date. If the Rent Commencement Date shall be a day other than the first day of a month, Base Rent due that month shall be apportioned and shall be paid on such Rent Commencement Date. Notwithstanding the foregoing, Lessee's obligations to pay Additional Rent (including without limitation Taxes) and Lessee's other obligations (including without limitation insuring and maintaining the Property) under this Lease shall be effective as of the Effective Date.
- D. Additional Rent. Lessee shall also pay without notice, except as may otherwise be required in this Lease, and without abatement, deduction or set-off, as additional rent ("Additional Rent") all sums, impositions, costs, expenses and other payments which Lessee assumes or agrees to pay in any of the provisions of this Lease, and in the event of any nonpayment thereof, Lessor shall 678267.4A-New York Server 5A MSW 00419979.3

Another provision in terms of subleasing the improvements provides for the Lessor to receive 50% of the variance between a sublease (assumed to be a market) and the contract rent.

- C. <u>Proceeds from Assignment or Sublease</u>. The parties agree that the Lessor shall be entitled to receive as Additional Rent fifty percent (50%) of the "Net Proceeds on Assignment or Sublease" (as defined below);
- (1) For the purposes of this Lease, "Net Proceeds on Assignment or Sublease", means the proceeds received by or on behalf of the Lessee upon the Assignment or Sublease of this Lease as permitted by Paragraph 17.A or 17.B, net of (i) unaffiliated, bona fide third party expenses which in amount and category are customary and incident to such assignment or sublet and (ii) capital costs of the Improvements less \$3,900,060.00. Notwithstanding anything to the contrary set forth herein, Lessor shall in no event be liable for any loss, including without limitation Net Proceeds on Assignment or Sublease resulting in a loss as calculated herein.

B. Subleases.

- (1) Provided no Event of Default, as hereinafter defined, has occurred Lessee may Sublease its interest in this Lease, subject to the following provisions:
 - a. Lessee shall provide Lessor with the name and address of the Sublessee; if the proposed Sublessee is a corporation, then Lessee shall advise Lessor of the name and address of each of the shareholders and/or officers and directors of the corporation, to the extent possible; and,
 - b. Lessee shall provide Lessor with the name and address of the bank or banks in which the proposed Sublessee maintains business accounts, if available; and a written authorization permitting Lessor to make inquiry to said bank or banks and to credit reporting agencies as to the creditworthiness of the proposed Sublessee; and,
 - c. A duplicate original of the instrument or instruments of sublease, in recordable form, containing the name and address of the Sublessee thereof; and
 - d. The proposed Sublessee shall use the Property as a School, in accordance with Paragraph 5 herein, and for no other use.
 - f. Lessor shall, within thirty (30) days after receiving such information, consent to said Sublease, such consent not to be unreasonably withheld, conditioned or delayed to the extent the proposed Sublessee is a School, or, in the alternative, if Lessor refused to consent to such Sublease, it must give its reasons or basis for such rejection. To the extent the proposed Sublesee is not a School, Lessor may withhold consent in Lessor's sole discretion.
- Net Lease. It is the purpose and intent of Lessor and Lessee and they agree that Rent payable hereunder shall be absolutely net to Lessor so that this Lease shall yield to Lessor the Rent specified, free of any charges, assessments, or impositions of any kind charged, assessed, or imposed on or against the Property, and without abatement, counterclaim, deduction, defense, deferment or set off by the Lessee, except as hereinafter specifically otherwise provided, and Lessor shall not be expected or required to pay any such charge, assessment or imposition, or be under any obligation or liability hereunder except as herein expressly set forth, and that all costs, expenses and obligations of any kind relating to the maintenance and operation of the Property, including all alterations, repairs and replacements as hereinafter provided, which may arise or become due during the Term shall be paid by Lessee, the Lessor shall be indemnified and saved harmless by Lessee from and against such costs, expenses and obligations. Except as set forth in an express provision of this Lease, and except as may be provided by a final, unappealable judgment or order by a court of competent jurisdiction, this Lease shall not terminate, nor shall Lessee be entitled to any abatement, deduction, deferment or reduction of rent, nor shall Lessee have any right to terminate this Lease or to be released, relieved or discharged from any obligations or liabilities hereunder, for any reason, it being the intention of the parties hereto that the Rents and all other sums payable by Lessee under this Lease shall be payable in all events, and that the obligations of Lessee under this Lease shall be separate and independent covenants and shall continue unaffected unless otherwise expressly provided in this Lease. Nothing in this Paragraph 4.F. shall constitute a waiver by Lessee of its right to bring an independent cause of action against Lessor for any default or breach by Lessor under this Lease or under any other agreement to which Lessor and the Lessee may be parties; provided, however, that no such cause of action, prior to judgment, shall under any circumstances entitle the Lessee to offset, abate, deduct from or defer the payment of Rent, or such other sums as are payable by Lessee under this Lease.



HELLENIC CLASSICAL CHARTER SCHOOL

EXTENSION TO PROVISIONAL CHARTER

This Instrument Witnesseth That the Board of Regents for and on behalf of the Education Department of the State of New York at their meeting of February 9, 2010,

Voted, that

The Board of Regents extend the provisional charter, and any amendments thereto, up through and including February 8, 2015 of the Hellenic Classical Charter School, which was granted on February 8, 2005.

Grunted, February 9, 2010, by the Board of Regents of The University of the State of New York, for and on behalf of the State Education Department, and executed under the seal of said University and recorded as Number 484.

Chancellor

President of the University and Commissioner of Education

EXTRAORDINARY ASSUMPTION

An extraordinary assumption is defined as "An assumption, directly related to a specific assignment, which if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- *It is required to property develop credible opinions and conclusions;*
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use the extraordinary assumption results in a credible analysis;
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions."

We have not made any extraordinary assumptions relating to this analysis.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as "That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions, or trends; or about the integrity of data used in an analysis."

No hypothetical conditions were incorporated into this analysis.

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¹ Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition, 2015), p. 97.

REAL ESTATE APPRAISAL TERMINOLOGY

"Market Value: The most probable price which a property should bring in competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and each acting in what he considers his own best interest;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e. The price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."²

"As Is Market Value: The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date."

"Excess rent: The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. ⁴

"Exposure Time: 1) The time a property remains on the market.

2) [The] estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (USPAP, 2016-2017 ed.)"⁵

Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (USPAP, 2018-2019 ed.)⁶

"Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat."⁷

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² Federal Register, Vol. 55, No. 161, page 33888, Rules and Regulations (FDIC) 12 CFR, Part 323 – Appraisals, August 20, 1990.

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

"Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires."8

"Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease."

"Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal."

"Market Rent: The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs)."

Master Lease: 1. A lease in which the fee owner leases a part or the entire property to a single entity (the master lessee) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. 2. The first lease in a sandwich lease. 12

"Real Property: 1) An interest or interests in real estate.

2) The interests, benefits and rights inherent in the ownership of real estate.

<u>Comment:</u> In some jurisdictions, the terms real estate and real property have the same legal meaning. The separate definitions recognize the traditional distinction between the two concepts in appraisal theory.

3) All rights, interests and benefits related to the ownership of real estate. 13

"Personal Property: 1) The interests, benefits and rights inherent in the ownership of tangible objects that are considered by the public as being personal; also called *tangible personal property*.

2) Identifiable tangible objects that are considered by the general public as being "personal" – for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate. (USPAP, 2016-2017 Ed.)¹⁴

"Marketing Time Opinion: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Board of the Appraisal Foundation and Statement on the Appraisal Standards No. 6, "Reasonable

⁸ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

⁹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

¹⁰ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

¹¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

¹² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

¹³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

¹⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of the reasonable exposure and marketing time.)¹⁵

"Replacement Cost: The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvement, using modern materials and current standards, design, and layout."16

"Replacement Cost for Insurance Purposes: The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).¹⁷

"Real Property Bundle of Rights¹⁸ is a set of legal rights afforded to the real estate title holder. It can include the right of possession, the right of control, the right of exclusion, the right of enjoyment and the right of disposition. Real estate ownership carries with it a complex set of rights, and the bundle of rights concept has traditionally been the way in which those rights are assigned. When a person purchases a piece of property, he is not necessarily afforded all the rights in the bundle of rights. The rights can be broken up and given to different parties. This may apply to situations where the property is leased to another party, limiting the property owner's rights based on local landlord tenant laws and regulations."

"Sandwich Lease: A lease in which an intermediate, or sandwich, lease-holder is the lessee of one party and the lessor of another. The owner of the sandwich lease is neither the fee owner nor the user of the property; he or she may be a leaseholder in a chain of leases, excluding the ultimate sublessee."19

"Sandwich Leasehold Estate: The interest held by the sandwich leaseholder when the property is subleased to an- other party; a type of leasehold estate."²⁰

"Sandwich Leaseholder. The lessor under a sandwich lease". 21

"Sub Leasehold Estate. The right to occupy and use property that results when the lessee in a prior lease conveys (i.e., subleases) the right of use and occupancy to another, the sublessee; also known as a sub-leasehold interest."²²

"Sublessee. A tenant who enjoys the benefits, rights, and obligations of a lease from another lessee (the sandwich leaseholder) rather than from the fee owner."²³

¹⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

¹⁶ Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

¹⁷ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

¹⁸ Appraisal Institute, The Appraisal of Real Estate, 14th Edition, Introduction to Appraisal Page 5.

¹⁹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

²⁰ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

²¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015.) ²² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

²³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

SCOPE OF WORK

The purpose of this appraisal is to estimate the Market Value of the Leasehold Interest in the subject property, in accordance with the Highest and Best Use concept and Market Value definition as of the effective date of valuation.

The SCOPE OF WORK in this assignment included the following:

- An exterior inspection of the subject property and its environs on July 21, 2020
- Reference the interior inspection photographs and notes completed January 21, 2020.
- Conducted a drive-through inspection of the surrounding neighborhoods.
- Reviewed publicly available data pertaining to the property.
- Evaluated the real property rights to be appraised.
- Conducted a Highest and Best Use analysis of the property.
- Reviewed the master lease that was provided.
- Reviewed market surveys and researched comparables rents to establish market rent.
- Reviewed investment surveys to establish the discount rate to be applied to the net cash flow of the master lease to determine the present value of the Leasehold position.
- Parameters of the sales data search were established based upon location, physical features and property rights conveyed.
- The sales that were identified represent either the Fee Simple or Leased Fee Interest. We determined that various unique conditions of the master lease frustrate the ability to credibly and reliably estimate the market value of the Leasehold Interest via the Sale Comparison Approach.
- The appraiser has presented four sales in the addenda which sold for \$464 to \$655 per square foot, representing either the Fee Simple or Leased Fee Interest in each respective sale.
- Derived an estimate of Market Value.
- Reconciled and reported Market Value estimate for the defined subject property in this narrative report.

APPRAISAL PROCESS

There are three traditional approaches applied in the appraisal of real estate in order to estimate Market Value: The Cost Approach, Sales Comparison Approach and Income Capitalization Approach. The following addresses the applicability of each approach to the appraisal problem at hand.

COST APPROACH

The cost approach is based on the current cost to replace the subject improvements as of the effective date of the appraisal. To direct and indirect costs, a market derived estimate of entrepreneurial profit is added. From this total Cost New estimate, a deduction for accrued depreciation is calculated. A market-derived estimate of land value is then added to the depreciated improvement value. The result is the total value of the property as derived by the cost approach.

The Cost Approach was not included in the appraisal of the subject property for these reasons:

- 1. The subject is an income producing property and the Cost Approach cannot reliably consider the subject's operating potential in estimating Market Value.
- 2. The typical purchaser of the subject property would place little to no emphasis on the results of this approach.

INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach is based upon the premise that the value of a property is equivalent to the anticipated benefits to be derived from ownership. It involves measuring the extent of future benefits that might reasonably be expected in terms of income and translating these benefits into a total value estimate. In employing the Income Approach, careful consideration is given to the earning capacity of the property over an anticipated holding period.

There are two basic methods of estimating market value via the Income Approach. The **direct capitalization technique** utilizes an overall capitalization rate derived from market data. It is applied to a stabilized net operating income estimate.

The **discounted cash flow analysis** involves the analysis of a series of income streams over a specified investment holding period. Discounted cash flow analysis is typically employed in the valuation of investment grade properties, in the valuation of development properties, projects that require some absorption period, and properties with variable cash flows.

The subject is encumbered by a master lease which is below market levels. The master lease has the option for the lessee to sublease or assign (sell) its leasehold interest, which will indicate a positive and marketable leasehold interest when that lease or market rent exceeds contract rent. We have established a market rent for the Subject space and applied appropriate expenses to develop the potential Net Cash Flow for the leasehold (sandwich position) over the remaining term.

We have researched the rates of return for various classes of real estate investment assets to develop an appropriate discount rate that will be applied to the annual income stream that is unique to the subject's leasehold.

SALES COMPARISON APPROACH

The Sales Comparison Approach was used in this analysis to develop meaningful value units of comparison to be applied to the subject property. This approach is associated with the principles of substitution and contribution with emphasis placed on the interaction of a willing buyer and a willing seller in the open marketplace.

The Sales Comparison Approach is based upon the proposition that an informed purchaser would pay no more for a property than the cost of acquiring an existing property with the same utility. This approach is most applicable when an active market provides sufficient quantities of reliable data.

We have researched the sales market for Charter Schools and like-kind properties to assist us in arriving at a substantiated opinion of market value of the leasehold position. While far from as established fact that is applicable in all situations, it is a reasonable premise that the market value of the leasehold should closely approximate the market value of the fee simple interest, less the value of the leased fee interest created by the master lease, particularly with a remaining lease term in excess of 40 years.

In this instance the master lease has unique terms, including a substantial rent concession for a finite period, and a clause that requires a 50-50 revenue share of any sublease rent in excess of the master lease rent. As such, the present value of the ground lease is deducted from the fee simple value estimate to establish the value of the leasehold.

RECONCILIATION

After the applicable valuation techniques have been employed, the results of each are reviewed, the availability and reliability of the underlying market data of each are evaluated, and the appropriateness or market recognition of the respective approaches is weighed.

These factors considered, a final value estimate is concluded and reported.

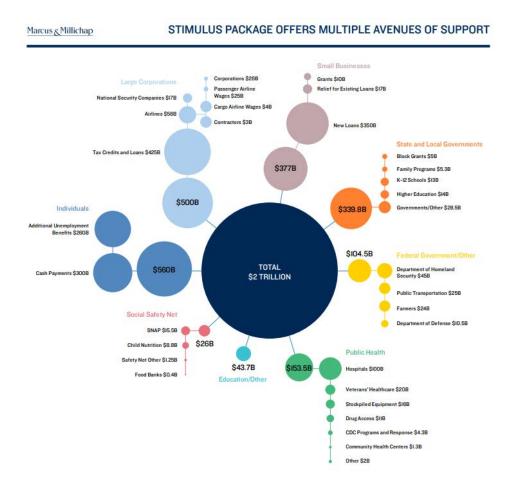
ECONOMIC MARKETS - REGIONAL AND LOCAL

MARKET CONDITIONS AND COVID-19

The Federal Government created three stimulus packages to aid businesses and the general population, while the Federal Reserve has taken steps to lower the cost of borrowing and provide cash to financial institutions. As of April 15, 2020, approximately 90% of the United States population (~300 million people) is under shelter-in-place / stay-at-home guidelines. In the past six weeks, ~31 million claims for unemployment have been filed, which imputes an unemployment rate of ~18%.

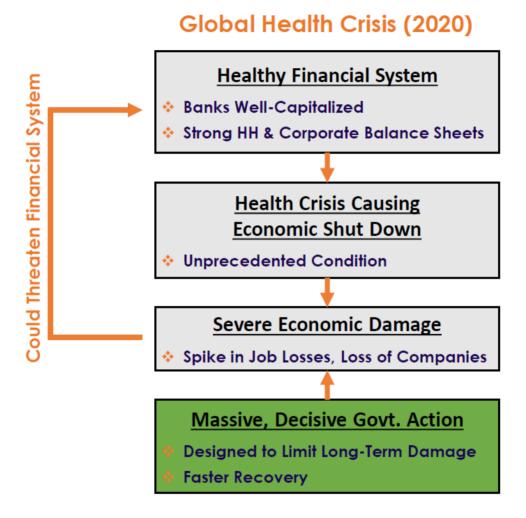
Over 44 states issued workplace restrictions as part of their efforts to prevent the spread of the disease. Localities within each state have established "Shelter-in-place" or "stay-at-home" orders that vary in scope and duration, but generally require businesses not considered "essential" to close their physical offices and continue their operations remotely.

Economist Larry Summers described this situation as "economic time has stopped, but financial time has not been stopped." Nobel-winning economist Paul Krugman described it as putting the economy into a medically induced coma, which will require "massive, debt-financed disaster relief".



The term "stimulus" is somewhat misleading. The payments (~\$560B) for individuals — which the IRS is calling an "economic impact payment," the government has named a "recovery rebate," and many people are calling a "stimulus check" — is technically an "advance tax credit".

No matter the name, the "stimulus" is effectively designed to be a bridge loan for the next 90- to 120-days. Its goal is to prevent this from evolving into a financial crisis.



As of July 4th, weekend over all the states to reopen their respective economies at various Phases, most being at Phase 3. There are specific guidelines offered by the CDC, but each state maintains the power and authority to implement the recommendations from the Federal Government. The rate of death has also declined significantly from a high of 20% per day to under 1.0% per day. The number of new infections versus new tests has also dropped significantly from 32% to around 4% per day (several states have experienced an increase that is closer to 8%) while testing rates are nearly double, triple in some states. The latest data shows epidemic peaked in early April in the Northeast with current rate of change 1% for new cases based on current levels of testing with approximately 9% of the population tested.

The full extent of the crisis remains uncertain, and is dependent on the trajectory of the virus, the success in containing it, and the degree to which the Government and Federal Reserve actions successfully reach consumers and businesses.

We have utilized Moody's Analytics in projecting the path of the virus and its implications for the commercial real estate market. Illustrated below are their baseline assumptions for the economy, as of May 15, 2020.

The best-case scenario for the economic model is a sharp decline (GDP drop of 33% in the 2nd Quarter) with the recovery starting in the 3rd Quarter of 2020. The biggest hits to GDP and employment will come in the 2nd Quarter. Most estimates indicate there will be significant "pent-up" demand, which gains traction over the final half of the year.

Economic Forecast

Baseline Expectation

- Recession in 1Q and 2Q 2020
- Unemployment rate 20% in 2Q 2020 up from 3.5% pre-crisis
- · -33% GDP in 2Q 2020
- · Recovery starting in 3Q 2020
- Acceleration in 2021
- Return to full employment by 2023

The belief is that there will be significant "pent-up" demand, which gains traction over the final quarter of the year. The base case scenario is not a "V-shaped" recovery but rather a "U-shaped" one.

An Unprecedented Response to an Unprecedented Problem

Fed Response

- Slashed Fed Fund Rate to near 0% range
- Established Funding Facilities with \$2.3T in lending to backstop liquidity, including:
 - \$600B Main Street Lending Facilities
 - \$750B Primary & Secondary Market Corporate Credit Facility
 - \$500B Municipal Liquidity Facility
- Restarted quantitative easing and committed to open-ended purchase of Treasuries and MBS

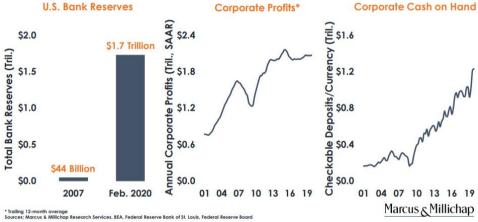
Fiscal Stimulus

- Congress dedicated \$2.9 trillion in fiscal stimulus, including:
- \$758B for small business assistance with \$671B of that for the Paycheck Protection Program (PPP)
- \$500B in large business loans
- \$300B in individual cash payments
- \$260B for enhanced unemployment benefits

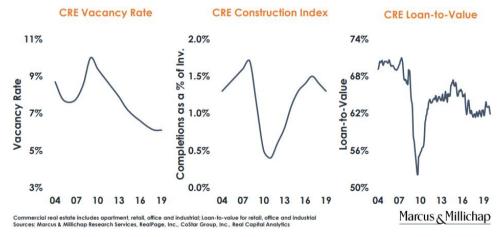
Before discussing observations in our local real estate market, we first opine on where the national economy was prior to CoVid-19.

NATIONAL ECONOMY - The three most often cited measures of national economic health are Gross Domestic Product (GDP), unemployment (U3 Graph), and the stock market. Prior to the incidence of CoVid-19, GDP was at an all-time high of ~\$21.5T, unemployment was near a 50-year low (~3.5%), and the DJIA was approaching 30,000 (February 19, 2020), also an all-time high. But by almost every conventional metric, the national economy was strong. The graphs below illustrate.





COMMERCIAL REAL ESTATE - The commercial real estate market was on similar sound footing, depicted below.



Typically, a "bust" in the real estate market is precipitated by one of two triggers: over-building and/or over-leverage. As show above, neither of these triggers are present.

The image on the following page provides some perspective as related to the impact on the US Economy during prior economic crisis that were considered worldwide events.

Historical, Post-Wa	r, Significant
Shocks to U.S. Economy	y and Recoveries

Economic Shock		Duration (Months)	S&P 500	GDP	Jobs	Unemployment Rate	Total Retail Sales
1973 OPEC Oil Cri	sis	16	-41.4%	-3.1%	-2.8%	4.6% - 9.0% (440bps)	-2.6%
	Following	12 Months:	+32.0%	+6.2%	+3.7%	9.0% - 7.4% (-160bps)	+5.1%
Iranian Revolution Energy Crisis	1/	16	-19.4%	-2.5%	-3.1%	7.2% - 10.8% (360bps)	-2.6%
	Following	12 Months:	+51.8%	+7.9%	+3.9%	10.8% - 8.5% (-230bps)	+6.5%
lraq Invades Kuw Price Shock	ait/ Oil	8	-15.8%	-1.4%	-1.5%	5.2% - 7.8% (260bps)	-3.3%
	Following	12 Months:	+21.9%	+2.9%	+0.4%	7.8% - 7.0% (-80bps)	+5.6%
Dot-Com Bust/ Sept. 11 th Attacks		8	-46.3%	+0.4%	-2.0%	3.9% - 6.3% (240bps)	-1.0%
	Following	12 Months:	+22.2%	+2.1%	+1.4%	6.3% - 5.6% (-70bps)	+4.5%
Global Financial Great Recession	Crisis/	18	-52.6%	-4.0%	-6.3%	4.4% - 10.0% (560bps)	-13.0%
	Following	12 Months:	+50.3%	+2.8%	+1.0%	10.0% - 9.4% (-60bps)	+7.5%

We are now in the stage where all 50 states are reengaging economic activity which is considered a positive factor. Most states have advanced to Phase 3 opening, with some clawing back to Phase 2. All states are expected to be as Phase 2 or 3 by July 1, but because of recent increases several states are rolling back Phase 3 to Phase 2 levels. The pandemic has not completely passed, and economic activity is projected to take several months to start up with positive economic growth (GDP) not anticipated until early 2021. Because of so many variables and the time it takes for economic stimulus programs to become effective it is difficult to assess the extent to which the New York City real estate market will be impacted and for how long.

Like previous disasters that impacted New York City, history has shown that the market does recover. There will be short-term impacts affecting the real estate market such as a loss of rental payments for most property owners who lease to retail, office, and/or residential tenants. With all the economic factors presented in mind, the market value estimate contained herein is based on historical data and the insight from market participants relating to the current health crisis in terms of the real estate market which has created an unforeseen economic crisis affecting over 80% of the United State economy.

In our opinion there will be short-term increases in rent collections and legal costs associated with retail and office properties to restructure leases to account for business closures. Such negotiations will be difficult because ownership will have to navigate rent concessions and abatements, but what of the businesses that remained opened and paid rent.

In terms of the multi-family market an increase in non-collection is expected, but this will level off as unemployment benefits arrive. The main concern with unemployment is that lower paid workers are benefitting from the \$600 federal benefit and are not returning to work, which was reported in the Federal Reserve Beige Book on July 15.

STANDARD VALUATION SERVICES

²⁴ Marcus and Millichap

Our short-term outlook relates to increasing specific costs relating to the operation of real estate such as management, legal fees and cleaning. In terms of market capitalization, the Federal Reserve lowering of interest rates, with 10-year treasury bills below 1% will spur refinancing efforts in both the commercial and residential markets, which will lead to reductions in monthly mortgage costs. These refinancing efforts will take time to evolve, lagging the start of the economy by 30 to 90 days. Financial institutions are well capitalized and are being backed by the Federal Reserve.

The increase in costs for operating the real property should be mitigated by lower financing costs within a 6 to 12-month period. During this time, some assets will not be able to meet financial obligations if the asset is over-leverage. Most leveraged commercial real estate is funded at a 75% or lower loan to value. As such properties at the greatest risk will be those assets with potentially higher rent losses which would result in higher vacancy and collection losses (a table is presented on the following page).

Stability in the markets should occur with 3 to 6 months of resumption of business activities. The financial markets have already bounced back from the March 27, 2020 sell-off and are down 14% for Year to Date, versus 40% down at the peak of the downturn. The following two tables represent market levels at the peak in February prior to the coronavirus being classified as a pandemic and YTD market levels as of July 24, 2020. The two charts indicate that more money has followed into the NASDAQ versus the S & P and the DJIA. In reality, the DJIA appears to be the one segment impacted the most by Covid-19 with the current performance down 7.25% from being up over 7.74%. Market managers appear to be reallocating funds to the NASDAQ (Tech) and Gold (Inflation hedge).

MARKETS YTD PERFORMANCE

†	NASDAQ	10,144.44	+ 13.06%
†	S&P	3,512.27	+ 8.72%
†	DJIA	30,750.53	+ 7.74%
+	GOLD	1,393.00	- 8.36%
†	10-YR	2.650%	+ 73 bps
†	OIL	63.37	+ 3.50%

^{*}As of market close. If only there was this much green in real life.

²⁵ Morning Brew, June 15, 2020

MARKETS YTD PERFORMANCE

†	NASDAQ	10,363.18	+ 15.50%
+	S&P	3,215.63	- 0.47%
+	DJIA	26,469.89	- 7.25%
†	GOLD	1,900.30	+ 25.02%
+	10-YR	0.587%	- 133.30 bps
+	OIL	41.34	- 32.46%

^{*}As of market close

The 2008/09 Great Recession correction was a financial crisis (lack of liquidity) spurred by the housing bubble. The current correction is an economic shutdown spurred by a health crisis (loss of cash flow).

In the former correction revenue streams and vacancy rates experienced less volatility, but higher volatility was present with capitalization rates because of a lack of lack of liquidity and the ability for financial institution to lend. Also, the Great Recession was a crisis that impacted the residential markets at a far greater level than commercial real estate. We are of the opinion this relationship will invert, with more volatility relating to cash flow but more stability in terms of capitalization rates because of the extensive and robust actions taken by the Federal Reserve to ensure liquidity remain in this market.

Market participants will be more concerned about tenants "ability to pay" and expected increases in absorption time, but everyone (banks and borrowers) are working from more sound financial footing. Said another way, the last correction people had cash but limited access to capital. This correction, capital is available and abundant, but the cash flow is the big question mark.

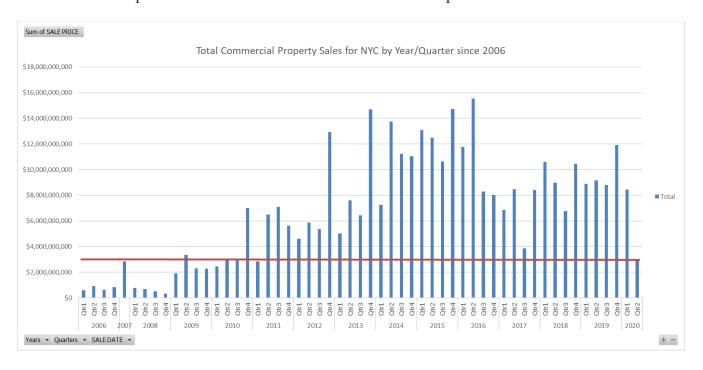
Where does this lead in terms of valuation? The three most often cited measures of national economic health - GDP, employment, and the stock market - are all experiencing significant shocks. It would be hard to surmise that real estate valuations have not taken a similar hit. That said, real estate does not "mark to market" on a daily basis. There are no data points, or at least not enough, to discern any trend on valuation. If the base line case holds true for a "sharp but short" correction, there may never be enough data points for a conclusive judgment.

The Great Recession experienced a much higher percentage of "all cash" deals, which removed leverage from the equation (producing capitalization rates). Capital is available in the current cycle.

Through the 1st Quarter of 2020 commercial property sales were just under 1,000 sales but in the 2nd Quarter sale transaction have plummeted. The current number of transactions is almost as low as the beginning of the 2008/2009 financial crisis and the total dollar volume is at the 2009 level.



The table above represents total transactions and the table below reports the total dollar volume.

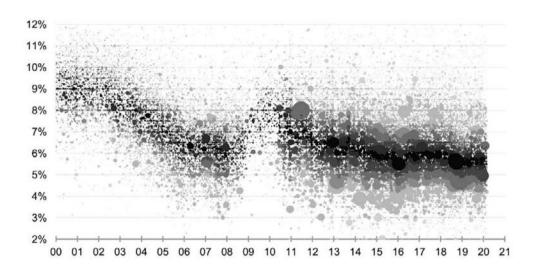


The entry into this recession has been the quickest in the history of economic downturns. Commercial real estate has proven a very sound investment over the past two decades and we expect no difference going forward. The financial footing of many (banks, property owners, borrowers) is superior to the last recession. If the virus is contained and "stimulus" packages are effective, projections of robust recovery are feasible.

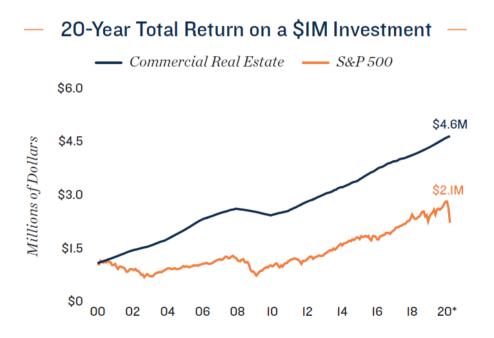
If "quicks deals" are done by property owners wishing a speedy exit from the market or seeking liquidity, they will be intertwined with deals that were negotiated prior to the heart of the outbreak, i.e., in different (superior) market conditions, and did not fall through.

On the following are CoStar graphs of capitalization rates for all property types over the entire United States since 2000. It is easy to discern when the Great Recession occurred.

Cap Rates



When the recovery starts, it will exhibit familiar patterns. Investor behavior will demonstrate a "flight to safety", entering only the best markets, pursuing the best assets. When the recovery grows and broadens, the money will flow downward and outward to secondary markets and secondary assets.



The long-term outlook for the real estate markets in New York City will be one of stability, with demand for multi-family housing and modern warehouse facilities remaining strong. The retail sector and hospitality industry will go through a correction period where up to approximately 60% of restaurants could fail and new hotel development will slow, if not stall for several years. The hospitality industry could take a full 3 to 5 years to fully recover. As such properties with this real estate component would command a higher return on the investment for any owner or purchaser. In the short-term (6 to 18 months) prices will most likely trend downward as distressed real estate is offered and acquired in the market. Essentially, if an owner/investor does not need to sell than they will not sell.

OVERVIEW OF THE REGIONAL ECONOMY

The following regional analysis (Second District – New York) is derived from data compiled by the Federal Reserve Board and issued in the July 15, 2020 Beige Book.

NATIONAL SUMMARY

OVERALL ECONOMIC ACTIVITY

Economic activity increased in almost all Districts but remained well below where it was prior to the COVID-19 pandemic. Consumer spending picked up as many nonessential businesses were allowed to reopen. Retail sales rose in all Districts, led by a rebound in vehicle sales and sustained growth in the food and beverage and home improvement sectors. Leisure and hospitality spending improved but was far below year-ago levels. Most Districts reported that manufacturing activity moved up, but from a very low level. Demand for professional and business services increased in most Districts but was still weak. Transportation activity rose overall on higher truck and air cargo volumes. Construction remained subdued but picked up in some Districts. Home sales increased moderately, but commercial real estate activity stayed at a low level. Financial conditions in the agriculture sector continued to be poor, while energy sector activity fell further because of limited demand and oversupply. Loan demand was flat outside of some Paycheck Protection Program (PPP) activity and increased residential mortgages. The PPP and loan deferrals by private lenders reportedly provided many firms with sufficient liquidity for the near term. Outlooks remained highly uncertain, as contacts grappled with how long the COVID-19 pandemic would continue and the magnitude of its economic implications.

EMPLOYMENT AND WAGES

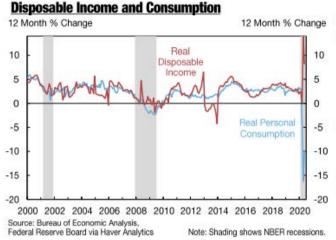
Employment increased on net in almost all Districts as many businesses reopened or ramped up activity. Districts highlighted gains in the retail and leisure and hospitality sectors. However, payrolls in all Districts were well below pre-pandemic levels. Job turnover rates remained high, with contacts across Districts reporting new layoffs. Contacts in nearly every District noted difficulty in bringing back workers because of health and safety concerns, childcare needs, and generous unemployment insurance benefits. Many contacts who have been retaining workers with help from the PPP said that going forward, the strength of demand would determine whether they can avoid layoffs.

PRICES

Prices were little changed overall. Contacts across Districts largely reported both input and selling prices were flat. When input prices did change, increases slightly outnumbered decreases. Contacts in several Districts reported that supply chain challenges were pushing up prices for health and safety equipment used to limit the spread of COVID-19. There were also reports of rising food and beverage prices, particularly for beef. When selling prices changed, decreases outnumbered increases, as contacts in several Districts cited weak demand and limited pricing power. One exception noted by multiple Districts was new and used vehicle prices, which were boosted by low inventories.

U.S. ECONOMY SNAPSHOT JULY 2020²⁶

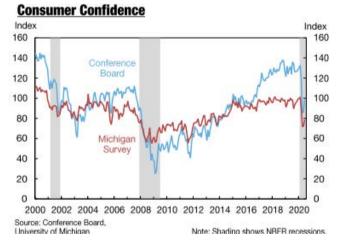
The following graphics were taken from the Federal Reserve Bank of New York economic snapshot which is the basis for the narrative commentary on the following pages.



Consumption rebounds in May

- Nominal personal consumption expenditures (PCE) rebounded 8.2% in May, leaving them 11.7% below their peak in February.
 - Goods consumption expenditures rose 14.1%, with durable and nondurable goods up 28.6% and 7.7% respectively; expenditures on services only recovered 5.4%.
- Nominal personal income fell 4.2% in May, with the Economic Impact Payments declining \$2 trillion, but unemployment insurance surging \$825 billion (both numbers are at an annual rate).
- The personal saving rate declined from 32.2% to a still very high 23.2%, leaving households in a reasonably good position to fuel a further rebound in consumption, if and when the Coronavirus risk recedes.

The chart above shows a decline in personal consumption and a significant increase in disposable income.



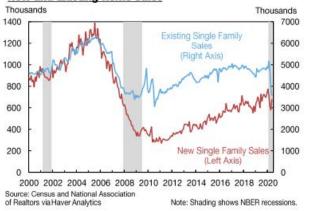
Consumer confidence improves in June

- Consumer Confidence Indices increased in June.
 - The Conference Board Index increased from 85.9 to 98.1 in June.
 - The Michigan Index of Consumer Sentiment increased from 72.3 to 78.1 in June.
- The increase in the Conference Board Index was driven by a large increase in current situation assessment.
 - The Present Situation Index increased for the first time since February. The increase was large, from 68.4 to 86.2.
 - The Expectations Index kept moderately improving, from 97.6 to 106.0.
- Consumer confidence remained far below pre-COVID-19 levels.
 - The Conference Board and Michigan indices were at 132.6 and 101, respectively, in February.

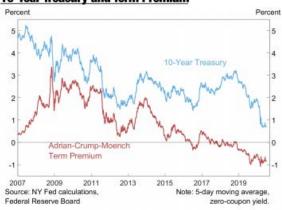
STANDARD VALUATION SERVICES

²⁶ https://www.newyorkfed.org/medialibrary/media/research/snapshot/snapshot_july2020.pdf?la=en

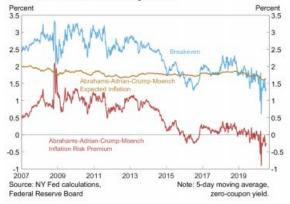
New and Existing Home Sales



10-Year Treasury and Term Premium



5-10 Year Forward Decomposition



Existing home sales fall, new home sales rise in May

- Single-family existing home sales decreased 9.4% in May to 3.57 million units (seasonally adjusted annual rate).
 - Single-family existing home sales are now 24.8% below a year ago.
- Single-family new home sales increased 16.6% (SAAR) in May to 676,000.
 - Relative to one year ago, new home sales are up 12.7%.
- Existing home sales declined but new home sales increased.
 While the adverse economic effects of the pandemic are far from over, the recent easing of shutdowns and low mortgage rates will likely act as positive forces in the housing market.

Longer-term Treasury yields decline

- Longer-term Treasury yields have decreased slightly since June.
 - The 10-year yield decreased about 15 basis points between June 5 and July 8.
 - The 10-year yield is 135 basis points lower than its level at the end of 2019.
- Estimates from the Adrian-Crump-Moench term structure indicate that the term premium also decreased.
 - The 10-year term premium decreased by 10 basis points between June 5 and July 8 as a five-day moving average.

Breakeven inflation decreases

- Market-implied TIPS-based measures of long-term inflation expectations ("breakevens") decreased slightly in recent weeks
 - The five-to-ten year breakeven inflation rate was 1.34% on July 8 decreasing by about 10 basis points over the past month as a five-day moving average.
- According to the Abrahams-Adrian-Crump-Moench model, the inflation risk premium has declined as well.
 - The estimated five-to-ten year inflation risk premium has decreased 15 basis points as a five-day moving average.

NEW YORK- SECOND DISTRICT

OVERALL ECONOMIC ACTIVITY - HIGHLIGHTS

The regional economy has begun to rebound in recent weeks, though activity is still well below prepandemic levels and many sectors remain depressed. Businesses have called back some furloughed workers and there have been scattered reports of new hiring, but the labor market remains weak. Prices and wages have been most steady, on balance.

EMPLOYMENT AND WAGES

The labor market has improved slightly, as businesses have begun to recall workers, and some have added new workers. Most pandemic-related layoffs are still considered to be temporary, though one employment agency in upstate New York noted that some previously furloughed workers have more recently been laid off permanently. That agency along with another in New York City noted that hiring has remained sluggish. A number of contacts at firms providing various business and office services have reduced staffing levels, hours, and salaries. On balance, though, business contacts indicate that their staffing levels have rebounded at least moderately from the lows seen during the spring.

Some businesses have noted ongoing challenges in both brining back furloughed workers and hiring new ones. Among the factors deterring workers are childcare needs, safety concerns, and the generosity of unemployment benefits under the CARES Act.

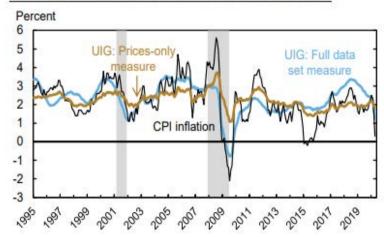
Looking ahead, business contacts in most industries plan to increase staffing levels, on balance, in the months ahead. However, the information and professional & business service sectors, which had relatively mild layoffs, did not plan to expand staff overall.

Wages have generally been steady in recent weeks. One employment agency noted that wages have risen for lower-paid workers, whereas many businesses have cut salaries for managers and other highly paid workers. Looking ahead, businesses generally expect wages to rise, on balance, though not in the business services, information, or leisure & hospitality sectors.

PRICES

Business contacts reported that input costs were up modestly, on balance, while selling prices were flat to down slightly. A sizable number noted mostly modest costs related to installing and maintaining safety protocols. The most widespread cost pressures were reported by education & health and leisure & hospitality firms. Trends in selling prices varied widely across sectors. Contacts in professional & business services, leisure & hospitality, and financial services noted fairly widespread price

UIG Measures and 12-Month Change in the CPI



cuts, while those in other sectors noted stable selling prices. Notably, retail and leisure & hospitality firms generally expected to raise prices in the months ahead.

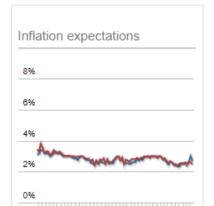
CONSUMER SPENDING

Retailers reported that sales remained soft in May, but many noted a pickup in June, as restrictions on non-essential stores began to ease. While shifts to online sales and curbside pickup have boosted business, overall sales have remained well-below pre-pandemic levels. One upstate New York mall noted that many of its stores have remained closed due to tighter restrictions on stores without exterior entrances. Retailers expected sales to continue to improve gradually in the months ahead.

Vehicle sales have rebounded fairly sharply in May and June, according to dealers in upstate New York, though they remained somewhat below comparable 2019 levels. Contacts expressed concern that lean inventories of both new and used vehicles may constrain sales through the summer.

Consumers responding to the June 2020 Survey of Consumer Expectations remain less optimistic about earnings growth, income growth, and job finding expectations compared to the period before the COVID-19 outbreak. But some indicators measuring the outlook for household financial conditions show considerable improvement: home price growth expectations increased and the average probability of missing a future minimum debt payment reached a new series low. Median inflation expectations decreased at both the one-year and three-year horizons.²⁷

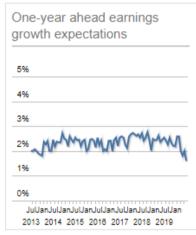
Inflation



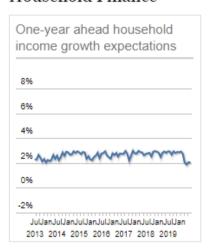
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2013 2014 2015 2018 2017 2018 2019

Labor Market



Household Finance



Fielding the Survey

The SCE is a nationally representative, Internet-based survey of a rotating panel of approximately 1,300 household heads. Respondents participate in the panel for up to twelve months, with a roughly equal number rotating in and out of the panel each month. Unlike comparable surveys based on repeated cross-sections with a different set of respondents in each wave, our panel enables us to observe the changes in expectations and behavior of the same individuals over time.

MANUFACTURING AND DISTRIBUTION

Manufacturing and wholesale trade activity have picked up modestly, while transportation & warehousing business has remained weak. New York State and New Jersey lifted restrictions on manufacturing and distribution businesses earlier than for most other sectors.

Looking ahead, manufacturers and wholesalers expressed increased optimism, while transportation & warehousing contacts were modestly optimistic. Capital spending plans of manufacturers have picked up a bit, but service firms have scaled back plans substantially.

²⁷ https://www.newyorkfed.org/microeconomics/sce

SERVICES

Service industry contacts reported some pickup in business but noted that activity has remained well below pre-pandemic levels. Contacts in leisure & hospitality and transportation – the hardest hit sectors during the pandemic – have noted scattered signs of improvement, though safety concerns have inhibited demand. Moreover, capacity and other restrictions on restaurants and retail consumer services have limited capacity. Tourism has remained moribund, with hotels and airlines continuing to see business at well under half of capacity.

Health and education service providers report ongoing weakness in business and were not generally optimistic about the near-term outlook. Activity has also remained depressed in the information and professional & business services sectors, as many business customers have cut back on such services. There is widespread concern about when such business will rebound.

REAL ESTATE AND CONSTRUCTION

Home sales markets across the District have been mixed, with New York City's sales and rental markets sluggish but some markets in less urban areas and in upstate New York showing strength. In New York City, closings were down more than 50 percent from a year earlier, while new contract signings were down roughly 75 percent. However, a local real estate authority noted a nascent surge in activity in late June – as restrictions were lifted – and expected Q3 to be quite active due to pent up demand and increased supply. The City's residential rental market has weakened due to a combination of very little new leasing and several tenants not renewing. Both prices and rents appear to be down from pre-pandemic levels, though there is some uncertainty due to low volume.

In other parts of the District, however, there have been signs of strengthening housing demand – particularly in the market for second homes. Activity across much of New York State picked up substantially when restrictions were lifted in early June, and demand appears to have exceeded supply driving higher prices and bidding wars across parts of the region.

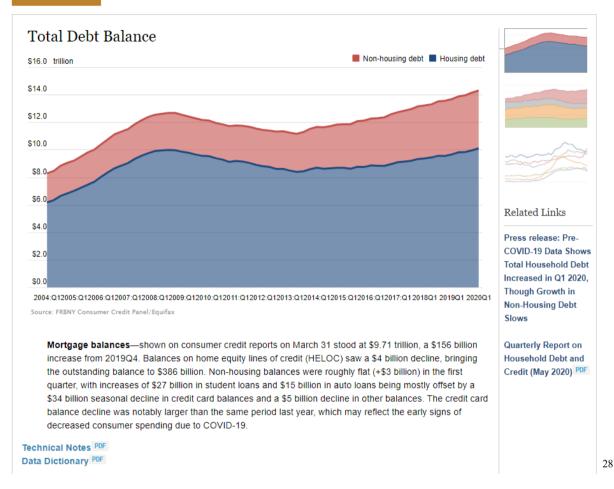
Commercial real estate markets across the District remain weak, with availability rates rising, rents flat or declining, and leasing activity very sluggish. Many retail tenants have continued to fall behind on rent – particularly in malls, where restrictions have stayed in place. Still, real estate contacts remained somewhat optimistic, on balance, about the near-term outlook.

New construction activity has remained quite sluggish, though many ongoing construction projects have begun to start up again, as restrictions have been eased.

BANKING AND FINANCE

Contacts in the finance sector generally noted continued weak business but have grown somewhat more optimistic in their expectations for the months ahead. Small to medium-sized banks in the District reported higher demand for residential and commercial mortgages, lower demand for commercial & industrial loans, and unchanged demand for consumer loans. Refinancing activity has also increased. Bankers reported easing credit standards on consumer loans, but widespread tightening in credit standards across other categories. Spreads reportedly narrowed on all loan categories except commercial mortgages. Delinquency rates generally remained stable, and lenders reported more lenient policies for delinquent accounts across all categories.

Household Debt



SCE CREDIT ACCESS SURVEY

At a Glance: Findings from the June SCE Credit Access Survey

- The application rate for any type of credit over the past twelve months dropped sharply to a new series low of 39 percent. The decline was broad-based across demographic groups and was largest for credit card applications and credit card limit increase requests.
- On the other hand, mortgage refinance applications increased for the third consecutive time since June 2019.
- The average likelihood of applying for any type of credit over the next twelve months also fell sharply, driven by a decline in expected credit card applications.
- · Rejection rates increased slightly from their previous readings in February.

Note: Results for the June Survey of Consumer Expectations Credit Access Survey were released on Friday, July 17, instead of Monday, July 20, as scheduled due to a premature release of some data.

CREDIT APPLICATIONS RESPONDENTS SEEKING ANY TYPE OF CREDIT IN PREVIOUS 12 MONTHS 39% JUN 2020 46% FEB 2020

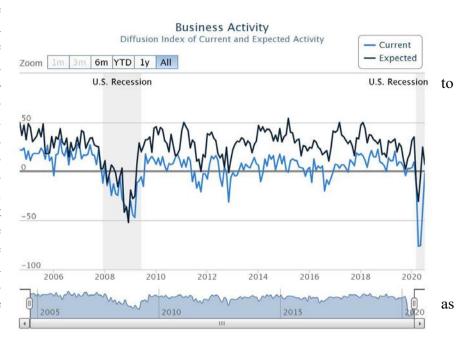
BUSINESS ACTIVITY

Activity in the region's service sector held fairly steady, according to firms responding to the Federal Reserve Bank of New York's July 2020 *Business Leaders Survey*. The survey's headline business activity index climbed thirty-eight points to -1.8. The business climate index rose seven points, but at -75.4, it indicated that the vast majority of firms still viewed the business climate as

²⁸ https://www.newyorkfed.org/microeconomics/hhdc

worse than normal. Employment levels continued to decline, though at a significantly slower pace than last month, and wages held steady. Input prices increased at the same pace as in June, while selling prices continued to fall. Capital spending declined. Firms were less optimistic about the sixmonth outlook than in June, and the business climate is expected to be worse than normal in the months ahead.

Business activity in region's service sector held steady in July. The headline business activity index increased thirty-eight points -1.8, its near zero reading is the index's highest level since February. Thirty-six of respondents percent conditions reported that improved over the month. and 37 percent said that conditions worsened. business climate index rose seven points to -75.4, with 83 percent of respondents viewing the business climate worse than normal.



The employment index increased for a second consecutive month, but the index remained well below zero at -21.1, pointing to ongoing employment declines. The wages index climbed to 0.4, signaling that wages stabilized after declining for the prior three months. The prices paid index held steady at 20.4, indicating that input prices increased at the same pace as last month. The prices received index moved up seven points, but at -7.9, pointed to ongoing selling price declines. The capital spending index came in at -26.1, suggesting ongoing significant declines in capital spending.

Firms expected business activity to be higher over the next six months but expect the business climate to be worse than normal. The index for future business activity fell eighteen points to 7.1, and future business climate fell twenty-two points to -8.3. Firms expected some gains in employment and wages in the months ahead, though capital spending is expected to continue to decline.²⁹

EMPIRE STATE BUSINESS CONDITIONS

Business activity increased in New York State for the first time in several months, according to firms responding to the July 2020 *Empire State Manufacturing Survey*. The headline general business conditions index rose to 17.2, its first positive reading since February. New orders and shipments also increased, and unfilled orders were steady. Delivery times were somewhat longer, and inventories declined. Employment levels and the average workweek were little changed. Input price increases were not much different than last month, while selling prices edged lower. Firms remained optimistic about the six-month outlook, though less so than in June.

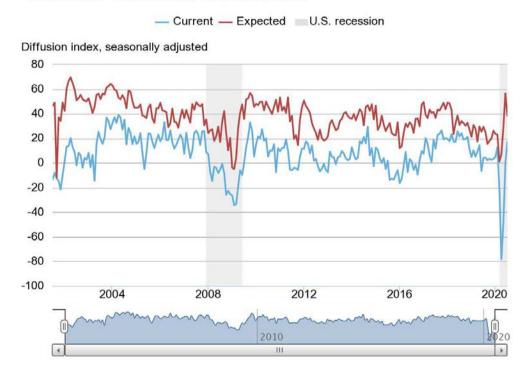
²⁹ https://www.newyorkfed.org/survey/business_leaders/bls_overview.html

Manufacturing firms in New York State reported that business activity increased in July, marking the first such pickup since the pandemic began. The general business conditions index rose above zero, climbing seventeen points to 17.2, its third consecutive monthly increase. Forty-one percent of respondents reported that conditions had improved over the month, while 24 percent reported that conditions had worsened. The new orders index rose fifteen points to 13.9, indicating that orders increased, and the shipments index climbed fifteen points to 18.5, pointing to a solid increase in shipments. Unfilled orders were unchanged. Delivery times were slightly longer, and inventories declined.

The index for number of employees edged up to 0.4, signaling that employment levels were steady. Notably, 22 percent of firms said that employment levels increased in July, the same proportion that reported a decrease. The average workweek index increased nine points to -2.6, pointing to a small decline in hours worked. The priced paid index was little changed at 14.9, indicating that input prices increased at about the same pace as last month. The prices received index moved down to -4.5, indicating that selling prices declined.

After rising sharply last month to a multi-year high, the index for future busines conditions fell eighteen points to 38.4, suggesting that firms remained optimistic about future conditions, though less so than in June. The indexes for future new orders and future shipments fell somewhat but remained near 40. The index for future employment rose to 21.1, suggesting firms expect to increase employment in the months ahead. The capital expenditures index rose to 9.1, a sign that firms, on net, planned to increase capital spending.³⁰

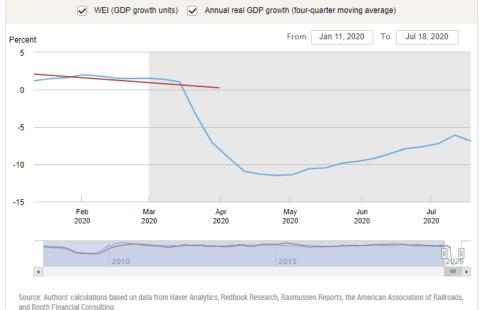
General Business Conditions



 $^{^{30}\} https://www.newyorkfed.org/survey/empire/empiresurvey_overview.html$

The Weekly Economic Index (WEI) is an index of ten daily and weekly indicators of real economic activity, scaled to align with the four-quarter GDP growth rate.

Latest Release 11:30 a.m. EST July 21, 2020



Estimates for week ending July 18, 2020				
Release Date	WEI			
(Tap estimate to see commentar	у.)			
July 30 Final Estimate				
July 28 Second Revision				
July 23 First Revision				
July 21 Preliminary Estimate	-6.86			
Commentary				
The decline in the WEI for the July 18 (relative to the second July 11) is due to a decreas sales and the fact that serie recently driven the WEI upwavailable for that week. The outweighed increases in stem and consumer confidence	ond revision for se in retail es that have ward are not yet ese factors			

Note: Final estimates may occasionally fluctuate after their release date, reflecting revisions to the underlying input data.

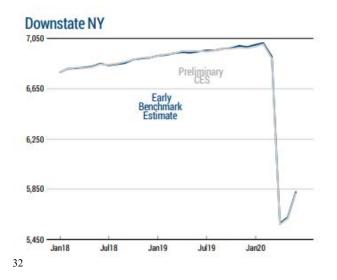
Notes: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research. Annual real GDP growth (four-

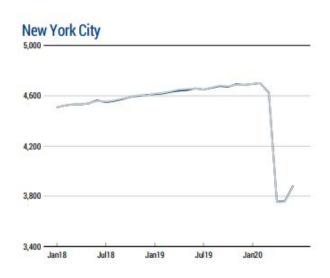
31

NEW YORK FED EARLY BENCHMARKED EMPLOYMENT DATA

Total Employment in Thousands, Seasonally Adjusted | (CES Jun 2020 and QCEW Q42019)

quarter moving average) is based on the latest quarterly GDP data release from the U.S. Bureau of Economic Analysis.





³¹ https://www.newy<u>orkfed.org/research/policy/weekly-economic-index#/interactive</u>

³² https://www.newyorkfed.org/medialibrary/media/research/regional_economy/charts/early-benchmarked-employment_charts.pdf?la=en

SUMMARY OF ECONOMIC ACTIVITY – 2ND DISTRICT

The Second District economy rebounded moderately in the latest reporting period, following a steep contraction, as the spread of the virus subsided, and businesses began to reopen. Employment came off its lows across most industry sectors, while wages were steady, on balance. Input prices rose modestly, but selling prices were flat to down slightly overall. Activity showed signs of rebounding in most industry sectors, with the strongest bounce-backs seen in retail, wholesale trade, and manufacturing. Leisure and hospitality businesses also reported some improvement. Business contacts have grown considerably more optimistic about the near-term outlook, though many businesses expressed concern about PPP loans running out or not being forgiven. Consumer spending has been mixed, but, on balance, has rebounded substantially – especially for vehicles. In contrast, tourism and travel have remained depressed. Home sales and residential leasing activity have been sluggish, though some areas have seen a nascent pickup in June, as restrictions were eased. Commercial leasing and construction activity remained weak. Finally, banks reported increased demand for mortgages, mostly tighter credit standards, steady delinquency rates, and ongoing widespread leniency on existing loans.

NYS Employed (Data in thousands)³³

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2020	9,136.6	9,190.9	9,030.9	7,675.2	7,778.9	7,972.3							
2019	9,062.8	9,108.4	9,128.6	9,107.2	9,112.1	9,175.5	9,196.6	9,146.3	9,162.1	9,188.8	9,145.9	9,166.4	9,137.6
2018	8,965.3	9,044.0	9,089.3	9,097.7	9,143.4	9,211.4	9,251.4	9,132.5	9,139.5	9,184.8	9,155.6	9,177.4	9,127.7
2017	8,985.9	9,025.3	9,115.6	9,126.6	9,113.0	9,187.8	9,210.6	9,126.9	9,148.3	9,102.7	9,058.7	9,010.2	9,101.0
2016	9,045.4	9,077.1	9,117.6	9,093.9	9,108.3	9,151.7	9,164.1	9,107.5	9,067.5	9,074.1	9,046.0	9,006.0	9,088.3
2015	8,916.1	8,930.9	8,988.6	9,040.1	9,092.9	9,142.5	9,147.3	9,110.0	9,047.4	9,093.5	9,070.0	9,075.5	9,054.6
2014	8,805.4	8,816.4	8,878.9	8,887.0	8,924.3	9,009.1	9,016.1	8,961.9	8,926.8	9,000.2	8,949.3	8,932.9	8,925.7
2013	8,767.8	8,784.0	8,827.2	8,897.9	8,952.1	9,017.3	9,050.6	8,996.2	8,947.8	8,901.8	8,922.1	8,900.6	8,913.8
2012	8,635.7	8,673.7	8,717.1	8,743.9	8,802.5	8,858.8	8,855.0	8,820.9	8,836.7	8,901.1	8,848.2	8,827.0	8,793.4
2011	8,633.1	8,647.9	8,701.2	8,729.5	8,740.4	8,760.2	8,780.1	8,784.6	8,726.3	8,760.1	8,747.2	8,726.0	8,728.1

NYS Unemployed (Data in thousands)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2020	391.1	375.7	400.8	1,364.5	1,285.4	1,468.8							
2019	452.7	433.7	400.6	342.2	345.1	363.4	400.3	393.6	342.7	354.4	341.4	351.9	376.8
2018	477.0	486.7	437.6	385.3	350.9	294.7	401.4	388.4	346.3	348.8	337.9	375.0	394.2
2017	498.6	505.7	448.6	417.9	423.5	442.8	477.8	479.7	436.6	418.7	412.5	414.9	448.1
2016	503.0	507.4	485.1	438.8	411.3	453.2	489.2	485.5	470.3	461.0	426.1	433.1	463.7
2015	605.7	592.3	537.7	500.3	512.1	503.2	519.3	484.0	445.2	448.6	448.8	453.0	504.2
2014	703.3	720.2	675.6	571.1	590.0	595.4	631.1	605.0	548.7	539.0	545.2	520.4	603.7
2013	878.8	838.2	762.5	706.2	726.3	770.6	773.8	746.5	716.5	714.3	670.7	640.2	745.4
2012	879.8	896.7	849.6	781.7	810.1	847.3	869.3	819.9	770.9	775.9	744.4	780.5	818.8
2011	849.7	834.2	781.7	736.4	740.1	782.5	802.9	786.7	789.1	786.7	780.0	801.7	789.3

NYS Unemployment Rate

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann Avg
2020	4.1%	3.9%	4.2%	15.1%	14.2%	15.6%							
2019	4.8%	4.5%	4.2%	3.6%	3.6%	3.8%	4.2%	4.1%	3.6%	3.7%	3.6%	3.7%	4.0%
2018	5.1%	5.1%	4.6%	4.1%	3.7%	4.1%	4.2%	4.1%	3.7%	3.67%	3.6%	4.0%	4.1%
2017	5.3%	5.3%	4.7%	4.4%	4.4%	4.6%	4.9%	5.0%	4.6%	4.4%	4.4%	4.4%	4.7%
2016	5.3%	5.3%	5.1%	4.6%	4.3%	4.7%	5.1%	5.1%	4.9%	4.8%	4.5%	4.6%	4.9%
2015	6.4%	6.2%	5.6%	5.2%	5.3%	5.2%	5.4%	5.0%	4.7%	4.7%	4.7%	4.8%	5.3%
2014	7.4%	7.6%	7.1%	6.0%	6.2%	6.2%	6.5%	6.3%	5.8%	5.6%	5.7%	5.5%	6.3%
2013	9.1%	8.7%	8.0%	7.4%	7.5%	7.9%	7.9%	7.7%	7.4%	7.4%	7.0%	6.7%	7.7%
2012	9.2%	9.4%	8.9%	8.2%	8.4%	8.7%	8.9%	8.5%	8.0%	8.0%	7.8%	8.1%	8.5%
2011	9.0%	8.8%	8.2%	7.8%	7.8%	8.2%	8.4%	8.2%	8.3%	8.2%	8.2%	8.4%	8.3%

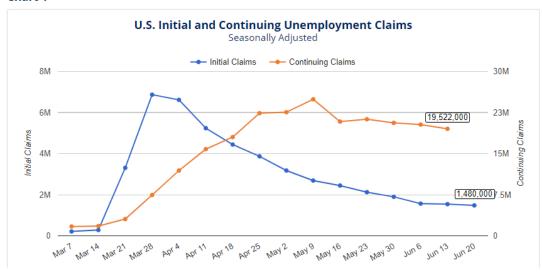
³³ https://labor.ny.gov/stats/laus.asp

NEW YORK WEEKLY ECONOMIC AND FISCAL OUTLOOK - COMPTROLLER NYC

NATIONAL INDICATORS

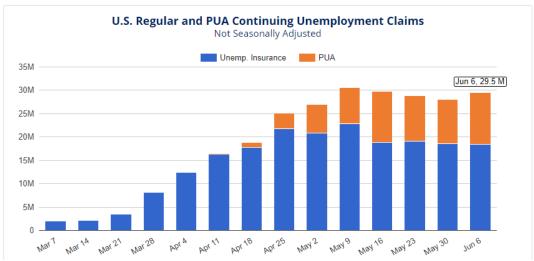
Initial claims for unemployment insurance fell modestly to 1.48 million for the week ending June 20th. Continuing claims fell 3.8% during the week ending June 13th, to 19.5 million – continuing a declining trend that began in the 1st week of May, when continuing claims peaked at 24.9 million.

Chart 1



Pandemic Unemployment Assistance (PUA), enacted as part of the CARES Act, covers workers who are typically not eligible for state unemployment benefits, including the self-employed or those unable to work due to COVID-19. Continuing PUA claims increased by 1.672 million for the week ending June 6, 2020 (latest available). This resurgence in PUA set a new peak of more than 11 million continuing claims. Regular and PUA continuing claims together cover nearly 30 million unemployed Americans

Chart 2



NEW YORK CITY

Initial unemployment claims by New York City residents fell last week, to 44,785

Chart 3



SOURCE: NYS DOL

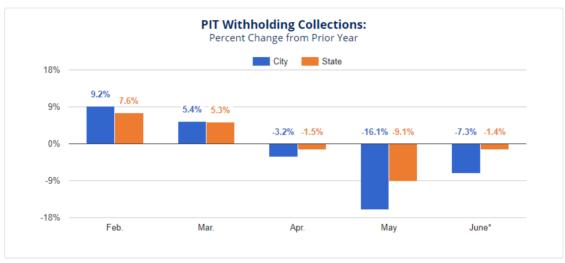
- Average weekday MTA subway and bus ridership rose modestly from the prior week as more New York City businesses reopened on June 22 under Phase II guidelines (Chart 5).
- From the first week in March to the week ending April 17, average weekday ridership fell by 92 percent on subways, reaching an average weekday low of about 416,500 subway riders. Bus ridership reached a low point the week prior after falling 80 percent to a weekday average of 428,700 bus riders.
- During the week that ended on June 26, weekday ridership averaged 1.05 million on subways and 1.07 million on buses. Subway ridership remains roughly 80 percent below 2019 averages and bus ridership is roughly half of typical levels.
- The severe drop in ridership has contributed to a dire financial situation for the MTA. While the federal Coronavirus Aid, Relief and Economic Security (CARES) Act allocated \$4 billion for the MTA, total COVID-19-related revenue losses and expenses are estimated to cost the MTA \$7.75 billion in 2020 and \$6.55 billion in 2021.
- Construction activity, measured by the number of permit applications for new buildings and alterations, has rebounded to its pre-lockdown levels since the beginning of June (Chart 6).
- New construction permits fell by roughly 50% from mid-March through May and have returned to about 10% below their levels prior to mid-March. Alteration permits fell by two-thirds and have since returned to roughly their prior level. Demolition permits are also up after a steep drop.
- Construction employment also increased substantially in May after a steep drop in April, but remains 35% below its March level.

City Finances

Revenues

- City personal income tax revenue (PIT) withheld from wages and salaries of employees (withholding) has
 deteriorated sharply since the beginning of the pandemic (Chart 7). This is not surprising given the
 unprecedented employment losses and reductions in earnings for many who are still employed.
- For the City, May's sharp monthly year over year decline of 16.1% was followed by a smaller but still significant decline of 7.3% in June as the economy began to reopen.
- A factor that could affect future PIT revenues is City tax filers who left the City during the pandemic who may have changed their residency status to outside of New York City and are no longer subject to the City's PIT.

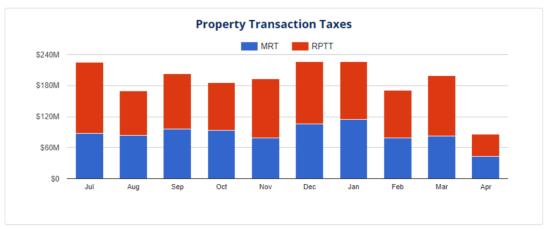
Chart 7



SOURCE: NYS Department of Taxation and Finance NOTE: June collections through June 25th.

• Property transaction taxes (the real property transfer and mortgage recording taxes) fell off substantially in April, reflecting the decline in real estate transactions activity (Chart 5).

Chart 5



STATE DEVELOPMENTS

On May 15, the New York State Comptroller released data on the State's fiscal performance in the month of April. The combination of economic turmoil caused by COVID-19 and the 3-month filing extension for income taxes led to a \$7.9 billion drop in state tax collections in the month of April, a decline of 68 percent (Table 3). The drop was most pronounced in the personal income tax, which fell from \$9.2 billion last year to \$2.1 billion this April. Consumption and use taxes contracted by 24 percent, as all other taxes, such as the real estate transfer tax, fell by 20 percent.

Table 3. New York State All Funds Tax Receipts in April 2020

	April 2019	April 2020	Dollar Difference	Percent Difference
Personal Income Tax	\$9.215 B	\$2.066 B	(\$7.149 B)	-78%
Consumption/Use Taxes	1.375 B	1.045 B	(330 M)	-24%
Business Taxes	807 M	416 M	(391 M)	-48%
Other Taxes	164 M	131 M	(33 M)	-20%
Total Taxes	\$11.561 B	\$3.658 B	(\$7.903 B)	-68%

Source: New York State Comptroller, April 2020 Monthly Cash Basis Report.

The results are critical to triggering broad executive authority to adopt cuts to local aid and state agency operations. Language in the adopted state budget enables the Governor and the Division of Budget to present a plan for across-the-board cuts to maintain budget balance if tax receipts are more than 1 percent below forecast or disbursements are more than 1 percent above forecast, on a state operating funds basis, following three defined measurement periods. The legislature would have 10 days to adopt an alternative plan or cuts would automatically take effect. As outlined in the State's adopted budget financial plan, budget balance in state fiscal year 2020-21 was premised on the ability to implement \$8.2 billion in local aid cuts and \$1.6 billion in agency cuts, unless additional aid arrives from the federal government. The first measurement period was the month of April, and the baseline forecast was the State's amended Executive Budget, which was issued in February. Compared to the pre-pandemic February plan, April state tax receipts were 69 percent below forecast. The DOB's plan for budget cuts based on the April results is expected by the end of this month.

UNCERTAINTY FOR THE CREATIVE ECONOMY

New York City is uniquely dependent on the health of the creative economy, which includes museums, art galleries, zoos, theaters, fashion, advertising, film and television, and more. The sector collectively employs over 293,000 people and accounts for one out of every eight dollars of economic activity in New York City – \$110 billion in 2017. New York City is home to about 12 percent of all creative industry jobs in the United States – compared to less than 3 percent of total jobs.

But key pieces of the creative economy have been crippled by the COVID-19 pandemic and the future is uncertain. Major institutions such as Carnegie Hall, Lincoln Center, the Metropolitan Opera, and the New York Philharmonic have cancelled their fall seasons. City Ballet cancelled the Nutcracker, and Broadway theaters and city museums remain closed. Many smaller organizations,

particularly in the performing arts, face permanent closure, as employment in the performing arts and spectator sports sector has plummeted 76% since May of last year.

Selected Creative Sector Industries	May 2019	May 2020	Change	Pct. Change
Apparel Manufacturing	10.5	6.2	(4.3)	-41%
Publishing Industries (except Internet)	46.5	45.2	(1.3)	-3%
Motion Picture and Sound Recording	55.9	38.7	(17.2)	-31%
Broadcasting (except Internet)	28.8	28.2	(0.6)	-2%
Architectural, Engineering, and Related Services	37.0	36.7	(0.3)	-1%
Advertising and Related Services	71.3	68.3	(3.0)	-4%
Performing Arts, Spectator Sports and Related Industries	49.3	12.0	(37.3)	-76%
Museums, Historical Sites, and Similar Institutions	14.8	9.3	(5.5)	-37%
TOTAL	314.1	244.6	(69.5)	-22%

SUMMARY

As business activity continues to resume the overall unemployment rate will continue to decline, but as noted in the May 27th Federal Reserve Beige Book the federal unemployment stimulus bonus may cause individuals to delay returning to jobs, which in turn may slow the recovery process. Based on the various economic surveys and data reviewed, the 2nd Quarter is expected to show signs of recovery but the return to pre-Covid levels will take several more quarters, if not years, to achieve. This does not mean there will be diminished demand for warehouse space or land development, but rather development will be more measured and property specific.

OVERVIEW OF NEW YORK CITY BOROUGHS

New York City is comprised of five boroughs. Throughout the boroughs there are hundreds of distinct neighborhoods, many with a definable history and character to call their own. If the boroughs were each independent; four of the boroughs (Brooklyn, Queens, Manhattan, and the Bronx) would be among the ten most populous cities in the United States.

Borough	Population 1990 Census	Population 2000 Census	Population 2010 Census	Population 2018 Estimate ³⁴
Bronx	1,203,789	1,332,244	1,384,603	1,432,132
Brooklyn	2,300,664	2,465,689	2,504,717	2,582,830
Manhattan	1,487,536	1,538,096	1,586,360	1,628,701
Queens	1,951,598	2,229,394	2,230,578	2,278,906
Staten Island	378,977	443,762	468,730	476,179
Total	7,322,564	8,009,185	8,174,988	8,398,748

Source: U.S. Census Bureau (web).



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^{34 &}lt;u>https://www.citypopulation.de/en/usa/newyorkcity/</u>

- The Bronx is New York City's northernmost borough, the site of Yankee Stadium, and home to the largest cooperatively owned housing complex in the United States, Co-op City. Except for a small piece of Manhattan known as Marble Hill, the Bronx is the only section of the city that is part of the United States mainland. It is home to the Bronx Zoo, the largest metropolitan zoo in the United States, spanning 265 acres and with over 6,000 animals.
- Brooklyn is the city's most populous borough and was an independent city until 1898. Brooklyn is known for its cultural, social and ethnic diversity, an independent art scene, distinct neighborhoods and a unique architectural heritage. It is also the only borough outside of Manhattan with a distinct downtown area. The borough features a long beachfront and Coney Island, established in the 1870s as one of the earliest amusement grounds in the country.
- Manhattan is the most densely populated borough and home to most of the city's skyscrapers, as well as Central Park. The borough is the financial center of the city and contains the headquarters of many major corporations, the United Nations, as well as several important universities, and many cultural attractions (Broadway theatre district), Madison Square Garden and numerous museums. Manhattan is loosely divided into Lower, Midtown and Upper.
- Queens is geographically the largest borough and the most ethnically diverse county in the United States and may overtake Brooklyn as the city's most populous borough due to its growth. Historically a collection of small towns and villages founded by the Dutch, today the borough is largely residential and middle class. Queens is the site of Citi Field, the home of the New York Mets, and annually hosts the U.S. Open tennis tournament. Additionally, it is home to New York City's two major airports, LaGuardia Airport and John F. Kennedy International Airport.
- Staten Island is the most suburban in character of the five boroughs. Staten Island is connected to Brooklyn by the Verrazano-Narrows Bridge and to Manhattan via the free Staten Island Ferry. The Staten Island Ferry is one of the most popular tourist attractions in New York City as it provides unsurpassed views of the Statue of Liberty, Ellis Island, and lower Manhattan. Located in central Staten Island, the Greenbelt has some 35 miles of walking trails and one of the last undisturbed forests in the city. Designated in 1984 to protect the island's natural lands, the Greenbelt encompasses seven city parks. The F.D.R. Boardwalk along South Beach is two and one-half miles long, which is the fourth largest in the world.

New York is the most populous city in the United States, with an estimated 2018 population of 8,398,748 (up from 223,748 since 2010). This amounts to about 43% of New York State's population and a similar percentage of the metropolitan regional population.

New York's two key demographic features are its population density and cultural diversity. The city's population density of 26,403 people per square mile makes it the most densely populated American municipality with a population above 100,000. Manhattan's population density is 66,940 people per square mile, highest of any county in the United States.

The city's public-school system, managed by the New York City Department of Education, is the largest in the United States. About 1.1 million students are taught in more than 1,200 separate primary and secondary schools. There are approximately 900 additional privately run secular and religious schools in the city, including some of the most prestigious private schools in the United States. Though it is not often thought of as a college town, there are about 600,000 university students in New York City, the highest number of any city in the United States.

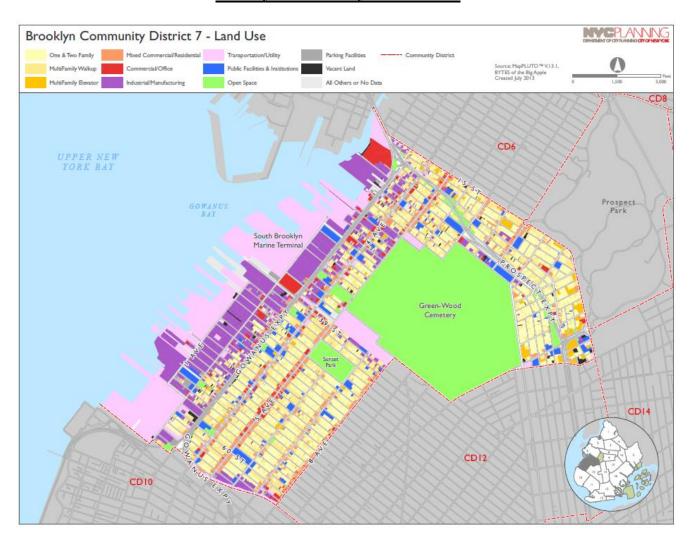
Public transit is overwhelmingly the dominant form of travel for New Yorkers. About one in every three users of mass transit in the United States and two-thirds of the nation's rail riders live in New York and its suburbs. New York is the only city in the United States where more than half of all households do not own a car (in Manhattan, more than 75% of residents do not own a car; nationally, the percentage is 8%). The New York City Subway is the largest rapid transit system in the world when measured by the number of stations in operation, with 468. It is the third largest when measured by annual ridership (1.757 billion passenger trips in 2017).

New York City's public bus fleet and commuter rail network are the largest in North America. The rail network, which connects the suburbs in the tri-state region to the city, has more than 250 stations and 20 rail lines. The commuter rail system converges at the two busiest rail stations in the United States, Grand Central Terminal and Pennsylvania Station.

New York City is the top international air passenger gateway to the United States. The area is served by three major airports, John F. Kennedy International, Newark Liberty International and LaGuardia. 124 million travelers used the three airports in 2016 and the city's airspace is the busiest in the nation. Outbound international travel from JFK and Newark accounted for about a quarter of all U.S. travelers who went overseas.

To complement New York's vast mass transit network, the city also has an extensive web of expressways and parkways, which link New York City to northern New Jersey, Westchester County, Long Island, and southwest Connecticut through various bridges and tunnels. The George Washington Bridge is considered one of the world's busiest bridges in terms of vehicle traffic.

NEIGHBORHOOD DESCRIPTION SECTION Brooklyn Community District No. 7



Location and Physical Features

The subject property is in the **Greenwood/South Slope** neighborhood of the Borough of Brooklyn (Community District No. 7) Kings County, New York. Community District No. 7 encompasses the neighborhoods of Sunset Park and Windsor Terrace.

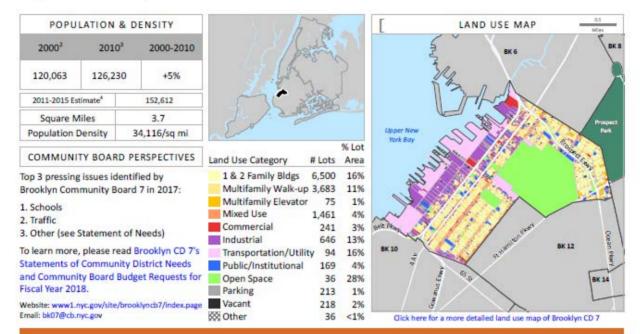
The subject's district is bounded by the Gowanus Bay to the northwest, 15th Street and Prospect Park to the northeast, Fort Hamilton Parkway, Caton Avenue and 37th Street to the southeast and the Bay Ridge Railroad Yards and the Long Island Railroad to the southwest.

Sunset Park roughly bounded by Second Avenue to the east, 65th Street to the west, Seventh Avenue to the south and the Prospect Expressway to the north.

Brooklyn Community District 7



Neighborhoods1: Sunset Park, Windsor Terrace



A Snapshot of Key Community Indicators

COMMUNITY ASSETS ⁵		RENT BURD	EN4.6	ACCESS TO PARKS7		
Public Schools	42	Brooklyn CD 7	Brooklyn	Brooklyn CD 7		
Public Libraries	2	52%	46% NYC	87% of residents live within	Citywide Target 85%	
Hospitals and Clinics	21					
Parks	16	of households spend 35% or				
Click to visit the NYC Facilities Explorer		more of their income on rent	45%	walking distance of a park or open space		

MEAN COMMUTE TO WORK4, 8		LIMITED ENGLISH P	ROFICIENCY4	CRIME RATE ⁹		
Brooklyn CD 7	Brooklyn 42 minutes	Brooklyn CD 7 48.2%	Brooklyn 23.6%	Brooklyn CD 7	Brooklyn 11.2	
minutes	NYC 40 minutes	of residents 5 years or older have limited English proficiency	NYC 23.1%	rnajor felonies were reported per 1,000 residents in 2016	NYC 11.8	

EDUCATIONAL ATTAINMENT 4, 10		UNEMPLOYM	ENT 4, 10	POVERTY ^{4, 10}		
Brooklyn CD 7	Brooklyn 33%	Brooklyn CD 7	Brooklyn 10%	Brooklyn CD 7	Brooklyn 23%	
of residents 25 years or older have earned a bachelor's degree or higher	NYC 36%	of the civilian labor force was unemployed on average from 2011 to 2015	NYC 9.5%	of residents had incomes below the poverty level	NYC 21%	

Neighborhoods may be in multiple districts. Names and boundaries are not officially designated. *2000 US Census; *2010 US Census; *American Community Survey 2011-2015 5-Year Estimates, calculated for Public Use Microdata Areas (PUMAs), PUMAs are geographic approximations of community districts. *NIVC Dept of City Planning Facilities Database (2017); *Differences of less than 3 percentage points are not statistically meaningful. *NIVC Dept of Parks and Recreation (DPR) (2016). DPR considers walking distance to be 1/4 mile for parks less than 6 acres, and 1/2 mile for larger parks and pools. *Differences of less than 2 minutes are not statistically meaningful. *NIVPD CompStat, Historic Complaint Data (2017); *Differences of less than 2 percentage points are not statistically meaningful.

Population

The community is densely populated with 126,230± persons (2010), indicating an increase of 5.1% since 2000. This follows a 17.1% increase from 1990. This indicates a population density of 32,367± persons per square mile as compared to Brooklyn's 30,139± persons per square mile.

2019 FFIEC Geocode Census Report

Address: 646 5TH AVE, BROOKLYN, NY, 11215

MSA: 35614 - NEW YORK-JERSEY CITY-WHITE PLAINS, NY-NJ

State: 36 - NEW YORK

County: 047 - KINGS COUNTY

Tract Code: 0143.00

Summary Census Demographic Information

Cannot y Contract Donney Capture Internation	
Tract Income Level	Middle
Underserved or Distressed Tract	No
2019 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$79,300
2019 Estimated Tract Median Family Income	\$84,240
2010 Tract Median Family Income	\$71,775
Tract Median Family Income %	106.23
Tract Population	3610
Owner-Occupied Units	452
1- to 4- Family Units	883

Census Income Information

Tract Income Level	Middle
2010 MSA/MD/statewide non-MSA/MD Median Family Income	\$67,560
2019 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$79,300
% below Poverty Line	17.78
Tract Median Family Income %	106.23
2010 Tract Median Family Income	\$71,775
2019 Estimated Tract Median Family Income	\$84,240
2010 Tract Median Household Income	\$80,170

Census Population Information

Tract Population	3610

Census Housing Information

Total Housing Units	1124
1- to 4- Family Units	908
Median House Age (Years)	76
Owner-Occupied Units	542
Renter Occupied Units	519
Owner Occupied 1- to 4- Family Units	509
Inside Principal City?	YES
Vacant Units	63

Population	1 Mile	3 Mile	5 Mile
2020 Total Population:	65,075	1,001,931	2,529,463
2025 Population:	63,831	996,404	2,517,946
Pop Growth 2020-2025:	(1.91%)	(0.55%)	(0.46%)
Average Age:	36.70	36.60	37.10
Households			
2020 Total Households:	27,057	372,158	967,263
HH Growth 2020-2025:	(2.18%)	(0.41%)	(0.38%)
Median Household Inc:	\$122,653	\$73,873	\$70,568
Avg Household Size:	2.30	2.60	2.50
2020 Avg HH Vehicles:	1.00	.00	.00
Housing			
Median Home Value:	\$1,059,957	\$966,378	\$877,744
Median Year Built:	1946	1948	1949

According to information published by the Census Department the population in the Subject area is projected to decrease over the next several years. This change in population is consistent with other communities located in north western Brooklyn as the markets begin to stabilize and new construction slows.

Demographics	>>
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	1 Mi	3 Mi
Population	65,075	1,001,931
Households	27,057	372,158
Average Age	36.70	36.60
Median HH Income	\$122,653	\$73,873
Daytime Employees	29,345	325,005
Population Growth '20-'25	∀ 1.9%	♥ 0.6%
Household Growth '20-'25	¥ 2.2%	♥ 0.4%

LAND USE / HOUSING

The subject's community contains a mix of residential. industrial. multi-family, transportation/utility and open space/recreational land uses. Area improvements appear to be maintained in average overall condition. Our drive through of the area revealed several construction sites and an apparent trend toward the development of new residential complexes with grade level commercial uses. There were over ten construction sites along 4th Avenue at various stages of development. This correlates with the community district development plan for 4th Avenue which was implemented over five years ago.

The grid to the right summarizes the land use for the Community as of 2019.

		Lot Area	a
	Lots	Sq. Ft.(000)	%
1-2 Family Residential	6,589	12,946.3	16.4
Multi-Family Residential	3,702	9,819.5	12.5
Mixed Resid. / Commercial	1,362	3,120.0	4.0
Commercial / Office	323	2,385.0	3.0
Industrial	640	10,270.8	13.0
Transportation / Utility	142	12,882.4	16.4
Institutions	169	2,924.4	3.7
Open Space / Recreation	36	22,229.8	28.2
Parking Facilities	195	734.7	0.9
Vacant Land	206	1,097.1	1.4
Miscellaneous	39	341.5	0.4
Total	13,403	78,751.4	100.0

The map below represents various land uses around the Subject. The red highlighted parcels are commercial properties, orange - multi-family, beige - residential, purple - warehouse and blue - public service. The Subject is outlined in red and is just east of a high concentration of warehouse properties located in Bush Terminal. The predominant land use on the Subject block is residential 2 to 4 family structures.



Access/ Transportation

The Brooklyn Queens Expressway/Gowanus Expressway (I-278) and the Prospect Expressway are the primary traffic routes in the community. These routes provide key traffic routes for industrial traffic which access the five boroughs and to New Jersey. The Brooklyn Queens Expressway/Gowanus Expressway (I-278) is located 500± feet northwest of the subject property, along Third Avenue. The closest northbound entrance and southbound exit for this expressway is found approximately four (3) blocks north and west of the subject property at the intersection of 3rd Avenue and Prospect Avenue.

The neighborhood has good service to the New York City Subway system. The D, N, and R trains run along 4th Avenue stopping at Prospect Avenue, 25th Street, and 36th Street. This line provides service to Manhattan.

Bus service is both popular and generally on time in Sunset Park. The X17, X27, X28, X37 and X38 bus routes have stops along 3rd Avenue and provide service to Manhattan via the Brooklyn Battery Tunnel.

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Collection Street	Cross Street	Traffic Vol	Year	Distance
20th St	8th Ave SE	5,676	2017	0.03 mi
8th Ave	19th St NE	477	2015	0.04 mi
19th St	7th Ave NW	5,371	2012	0.05 mi
7th Ave	19th St NE	7,054	2017	0.11 mi
Prospect Expy	Prospect Park W SE	6,740	2012	0.14 mi

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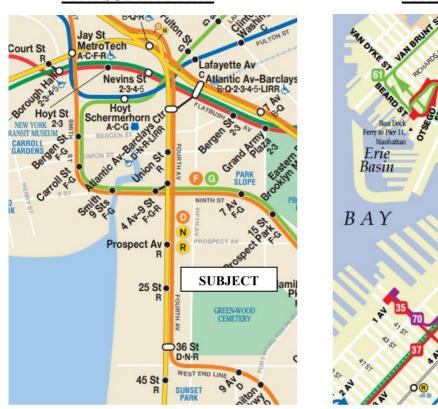
Public Transportation

Transit/Subway	Drive	Walk	Distance
15 Street-Prospect Park Transit Stop (F)	2 min	11 min	0.6 mi
Prospect Avenue (D,M,N,R Line) Transit Stop	2 min	13 min	0.7 mi
7 Avenue (F,G Line) Transit Stop	3 min	14 min	0.8 mi
25 Street Transit Stop (D, M, N, R)	3 min	15 min	0.8 mi
Fort Hamilton Parkway (F,G Line) Transit Stop	5 min	17 min	0.9 mi
Commuter Rail	Drive	Walk	Distance
Flatbush Avenue Station Commuter Rail (West	11 min		2.6 mi
Nostrand Avenue Station Commuter Rail (West	14 min		3.4 mi
Airport	Drive	Walk	Distance
La Guardia Airport	21 min		14.8 mi
Newark Liberty International Airport	33 min		18.2 mi
John F. Kennedy International Airport	32 min		22.9 mi

Maps of the NYC Subway system and Bus system for the immediate area can be found on the following page.

MTA SUBWAY MAP

MTA BUS MAP





NEIGHBORHOOD OF GREENWOOD/SOUTH SLOPE

Greenwood/South Slope lies just south of Gowanus and north of Sunset Park, stretching from 15th Street to 25th Street from 9th Avenue to New York Harbor. Greenwood/South Slope is a demographically diverse neighborhood. Once known as South Brooklyn, and later considered part of Bay Ridge, Sunset Park was named in 1965 for the 25-acre park built in the 1890's which overlooks the neighborhood. This beautiful park located on the slope of Dead Man's Hill in Brooklyn gives this neighborhood its name. Along with playgrounds, a pool, basketball and handball courts, the western end of the park boasts a gorgeous view of the Manhattan skyline.

The development of the neighborhood was closely linked with Bush Terminal, a complex of piers, warehouses and factory lofts, built by Irving Bush in 1890 and the Brooklyn Army Terminal built in 1919. In 1941 the Gowanus Expressway was built, connecting Sunset Park with surrounding parts of New York City. The Gowanus effectively bisected the residential and industrial communities and separated the neighborhood from its waterfront. Consequently, 3rd Avenue quickly lost its commercial appeal and 5th Avenue soon became the street of choice for shopping. Nowadays the Gowanus Expressway is a busy thoroughfare moving in excess of 75,000 trucks and cars through Sunset Park per day. The Subject is within one block of the entrance to the Prospect Expressway which feeds directly to the Gowanus Expressway.

Around 1984, the Brooklyn Army Terminal began to convert from manufacturing/warehouse space to smaller economic units servicing small businesses. The history behind the development of the waterfront is inseparable from the human history of the waves of Dutch, Irish, Polish, Scandinavian, Italian, Latino, and Asian immigrants who have, at various times, made Sunset Park their home in order to benefit from and to advance the area's economic opportunities. Their energy and creativity have been one of the major driving forces behind Sunset Park's long and significant history of economic success leading to the development of its infrastructure, its transportation linkages, its historical role in maritime trade, and the incredible density and diversity of its industry. Nowadays, as in the past, the area continues to hold much promise for individuals and entrepreneurs looking to create their future.

IMMEDIATE NEIGHBORHOOD

The subject property is situated on the southwest corner of 18th Street and 5th Avenue, within the community of Greenwood/South Slope. 18th Street is a one-way street that runs west and is improved with a variety of commercial and residential buildings. The subject is located 500± feet south of the elevated section of the Gowanus Expressway (Interstate 278).

Access to commercial roadways is good with the access to the Prospect Expressway (NY 27) and Gowanus Expressway located four blocks north of the subject. The Gowanus Expressway parallels the west side of the borough as it passes through Greenwood/South Slope, providing transit south into Staten Island via the Verrazano-Narrows Bridge, as well as Manhattan to the north via the Brooklyn, Manhattan, and Williamsburg Bridges. Further north the Gowanus Expressway becomes the Brooklyn-Queens Expressway and provides access into Queens.

The subject property has good access to public transportation facilities. There are two subway stops near the subject that provides transit to Manhattan with one at the corner of 4th Avenue and 17th Street. The other is at the corner of 6th Avenue and 25th Street. Public bus service runs along 5th Avenue with stops at 25th, 20th, and 17th Streets.

SUMMARY

The subject is in a mixed-use industrial and commercial neighborhood with good access to major trucking and automotive routes, an important attribute for a warehouse and office buildings. The subject use and structure are compatible for the area.

SCHOOL MARKET OVERVIEW

As an educational facility, the subject property is considered to be a special-purpose facility. There are published statistics for charter school buildings presented on the following pages. Statistical Forecasting LLC was retained by the New York City School Construction Authority to perform enrollment projections for the New York City Public Schools for the ten-year period beginning in 2015-16 and ending in 2025-26. The following is extracted from this study.

Demographically, school buildings are experiencing increased enrollment due to the parents of a large block of school age children. Local schools (public and private) all are operating at higher levels than they were several years ago, and this trend is also expected to continue for the immediately foreseeable future. The area is not considered to be "over-supplied" with educational facilities. Future development of educational facilities may be limited due to the lack of available sites.

Excluding D75, the special education district in New York City, total enrollment was 1,013,145 students as of October 2018 and is projected to be 975,207 in 2025-26, a loss of more than 38,000 students. Over the ten-year projection period, 20 of the 32 PK-8 community school districts are projected to have enrollment declines, including all six districts in the Bronx and six of seven districts in Queens.

Queens and Staten Island were the only boroughs to experience enrollment increases, with the largest occurring in Queens (+501). Brooklyn, the Bronx, and Manhattan each had declines in enrollment. Brooklyn had the largest decline of the five boroughs, losing more than 3,000 students.

The trends of the New York City school-age population do not exactly mirror those occurring within the New York City Public Schools as their universe of students are not identical. According to the 2018 ACS, 17% of the school-age population attends private school for grades K-12. In addition, nearly 100,000 students in the city attend charter schools for grades K-12. While there was a gain of nearly 38,475 school age persons in New York City from 2017 to 2018, there was a decline of nearly 4,200 students in grades K-12 in the New York City Public Schools.

The number of charter schools continues to increase in New York City, as there were 137 charter schools in operation during the 2017-18 school years, enrolling nearly 48,000 students. Brooklyn has 53 charters schools, which is the most of the five boroughs. Not unexpectedly, Brooklyn has the largest charter school enrollment of the five boroughs with 18,467 students. Twenty-four charter schools opened in the 2015-16 school year, raising the number of charter schools in New York City to 161. Twelve of the new charter schools are located in Brooklyn, while seven new charter schools are in the Bronx.

The document below is from the New York City Charter School Center which addresses school funding. As indicated early the US Supreme Court ruling to provide funding for religious schools at the same level as Charter Schools should benefit the Subject.



It's about great public schools.

To: Charter School Leaders

From: New York City Charter School Center

Date: April 2019

Re: Legislative Changes in the 2019-20 New York State Budget Affecting Charter Schools

New York State's 2019-20 budget includes the following items affecting charter schools in New York City:

I. Increase in Per Pupil Funding

In addition to the statutory per-pupil funding*, the Governor and Legislature provided, as they have done over the last four years, a one-time supplemental appropriation for New York City charter school students; this year's \$24.9 million appropriation will translate to approximately \$193 per NYC charter student. Again, this amount is not included in the base amount of the formula and will be available for distribution only after April 1, 2020. With this additional \$193 in supplemental aid, we estimate that schools will receive approximately \$16,347 per student for the 2019-20 school year. This represents a 3.7% increase in charter school funding from the 2018-19 funding amount of approximately \$15,768 per-pupil (which is inclusive of the supplement granted last year).

*Pursuant to statutory changes passed in 2017, per-pupil funding for charter schools continues to increase each year as spending for district schools increases. For the 2019-20 school year, it is estimated that charters will receive \$16,154 per-pupil. For a detailed explanation on how this amount is calculated see the Charter Center's 2017 memo.

II. Security in Schools

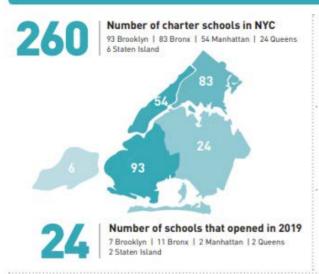
As of July 1, 2019 all district and charter schools will be required to define the roles and responsibilities of school security personnel in response to student misconduct. Specifically, schools that employ or contract with public or private security personnel (including law enforcement) must have a written contract or memorandum of understanding (MOU) that defines the roles and responsibilities of security personnel that is consistent with the school's code of conduct and defines the relationship between the school, school personnel, students, visitors, law enforcement and the security personnel. The contract must also clearly delegate the role of school discipline to the school administration. In preparing the contract or MOU, the school must consult with stakeholders such as parents, students, school administrators, teachers, collective bargaining units, parent and student organizations, and community members, as well as probation officers, prosecutors, defense counsel and courts that are familiar with school discipline. Schools will also be required to submit any contract or MOU with school personnel with their school's safety plan.

District	Sub-District	November 2018 Funded Need	Number of Seats Completed or In Process
	Tribeca / Village	912	912
2	Chelsea/ Midtown West	1,242	766
	Upper East Side	640	
-	Concourse	572	
7	Melrose	572	572
8	Soundview	572	
	Highbridge South	476	
9	Highbridge North	572	572
	Mount Eden	572	
	Spuyten Duyvil / Riverdale / Fieldston / North Riverdale	572	
10	Kingsbridge / Norwood / Bedford Park	1,464	
10	Fordham / Belmont	824	
	University Heights	476	476
11	Van Nest / Pelham Parkway	1,648	
-11	Woodlawn / Williamsbridge	476	
12	Tremont / West Farms	934	458
- 13	Park Slope / Prospect Heights	640	640
13	DUMBO/ Navy Yard / Fort Greene	808	332
14	Williamsburg / Greenpoint *	991	
	Sunset Park	640	
15	Park Slope	640	
	Carroll Gardens / Gowanus / Red Hook	1,028	1,028
19	Cypress Hills / East New York	476	
	Owls Head Park / Bay Ridge	1,940	
20	Dyker Heights	2,472	
	Borough Park / Kensington, Bensonhurst	1,940	
	Coney Island	952	
21	Gravesend	952	
	Gravesend/Ocean Parkway	640	
	Flatlands / Midwood / East Flatbush	476	
22	Mill Basin	640	
24	North Corona / South Corona / Lefrak City / Elmhurst	824	
24	Maspeth / South of Woodside	640	
	Beechhurst / College Point / Whitestone	2,534	410
25	Flushing / Murray Hill / Willets Point	1,756	
	Kew Gardens Hills	572	
	Oakland Gardens / Fresh Meadows	1,264	440
26	Bayside / Auburndale	476	
	Little Neck / Douglaston / Bellerose / Glen Oaks	640	
27	Seaside / Belle Harbor / Breezy Point	476	
21	Ozone Park / South Ozone Park / Richmond Hill / Woodhaven	1,280	
20	South Jamaica / Rochdale / Kew Gardens	572	
28	Rego Park / Forest Hills / Kew Gardens / Jamaica	2,104	
29	Hollis	572	
29	Queens Village	476	
	East Elmhurst / Jackson Heights	640	
30	Long Island City / Ravenswood	1,012	536
	Astoria / Steinway *	1,476	
	South Shore	476	
24	West Shore	476	
31	New Dorp	952	
	North Shore	1,776	132
Queens High		8,164	3,079
Total		56,917	10,353

^{*} Districts with design-only projects

NYC Charter School Facts

2019



126,400*

Students enrolled in NYC charter schools

*Estimation based on NYSED SY2019-20 Enrollment Projections.

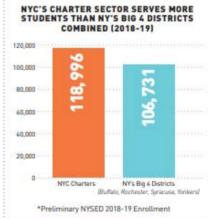
81,300° → 33,000 charter school seats

*From NYC Charter School Center 2019 Enrollment Lottery Report.

11%

of NYC public school students attend charter schools

CHARTER SCHOOL STUDENT DEMOGRAPHICS [2018-19]* Black/African American White Other White Other White Other 4% 5% 5% 5% 5% 5% 4As of SY2018-19 *Preliminary NYSED 2018-19 Enrollment



NYC Charter School Students Continue to Close the Proficiency Gap (2018-19)

OVE	RALL STUD	ENT PROFIC	CIENCY:	BL	ACK STUDE	NT PROFICI	ENCY:	HIS	PANIC STUD	ENT PROFIC	IENCY:
	Charters	District	Statewide		Charters	District	Statewide			District	Statewide
Math	63.2%	45.6%	46.7%	Math	63.9%	28.3%	32.1%	Math	59.9%	33.2%	34.6%
ELA	57.3%	47.4%	45.4%	ELA	58.2%	35.0%	35.3%	ELA	53.1%	36.5%	35.7%

NYC Charter School Facts

2019 2020

\$16,150

Per pupil funding [excludes approximately \$197 in grant aid to be provided on a per pupil basis in 2018-19]

SUNY	161
Board of Regents	59
NYC DOE	40

Charter school programs (2019-20):

- 38 schools have programs for students with autism or have more than 25% of students with IEPs for Special Education.
- 8 schools have dual language programs.
- 20 schools are offering pre-K.
- 9 schools serve high school students at risk of dropping out.
- 7 schools serve single-sex student populations.

Charter school affiliation:

- 84 independent
- 53 replicators1
- 119 affiliated with non-profit Charter Management Organizations (CMOs)
 - 4 affiliated with for-profit Educational Management Organizations (EMOs)²

NYC charter operating status:

- 113 schools operating for 10+ years.
- 64 schools still in their initial 5-year charter term.
- 20 schools have been closed.

Facilities:

- 119 charter schools are in buildings owned or leased by the NYC DOE.
- 121 charter schools are in private (non-DOE) space.
- 20 charter schools have some students in NYC DOE space and some in private space.

Collective bargaining agreements:

16 NYC charter schools (6%) have collective bargaining agreements with the United Federation of Teachers.

About the New York City Charter School Center:

The New York City Charter School Center is an independent non-profit committed to fostering an environment in which public charters can open and flourish, and, through their innovative approaches, provide models for improving all public schools. The Charter Center helps new charter schools get started, supports existing schools, and engages the charter school community around key issues.

About NYC's charter schools:

Charter schools are free, independently run public schools that are able to innovate in their classroom structures, curriculum, and teaching methods. In return, they're held to higher standards of accountability.

Last updated: August 2019

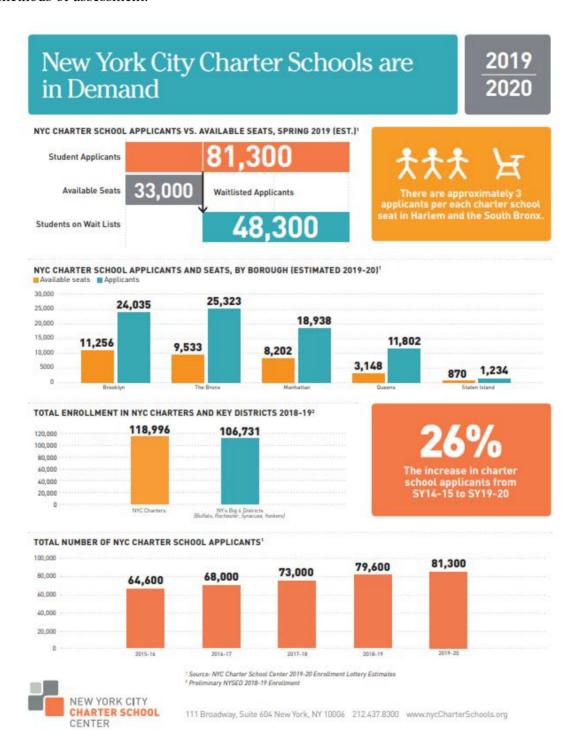
Not affiliated with a CMO

² State law prohibits EMOs from operating new charters.

FACTORS INFLUENCING FUTURE ENROLLMENT

Charter Schools – Definition - What is a charter school?

A charter school is an independently run public school granted greater flexibility in its operations, in return for greater accountability for performance. The "charter" establishing each school is a performance contract detailing the school's mission, program, students served, performance goals, and methods of assessment.



What is the difference between charter schools and other public schools?

Charter schools are public schools of choice, meaning that families choose them for their children. They operate with freedom from some of the regulations that are imposed upon district schools. Charter schools are accountable for academic results and for upholding the promises made in their charters. They must demonstrate performance in the areas of academic achievement, financial management, and organizational stability.

While the first charter school opened in New York City in 1999, there are now 137 charter schools in operation in New York City. In 2010, the New York State Legislature raised the maximum number of charter schools in the state from 200 to 460, with a ceiling of 214 charter schools in New York City.

The number of charter school students in New York City in 2017-18 was 95,234, which is a gain of more than 10,000 students from the year prior. Since 2011-12, charter school enrollments have approximately doubled in New York City

Access to Space: Co-Location & Rental Assistance

2017 2018

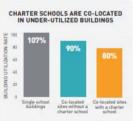
Public charter schools serve public school children. Some NYC charter schools are co-located in public school buildings by the NYC Department of Education (NYC DOE). If the NYC DOE cannot find public space for a charter school, then the school becomes eligible for rental assistance.

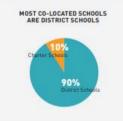
What is Co-Location?

Records show that housing, or co-locating, two or more public schools together in the same building dates back to the nineteenth century in New York City. This is done because NYC DDE buildings are much larger than most of NYC's public schools. Today, over 1,100 NYC public schools are co-located - that's 66% of all schools. Only 10% of those co-locations include charter schools.

Does co-location cause unfair disparities to district schools? No. City data show that charter schools tend to be located in the more crowded portions of a co-located building. In addition, if a co-located charter school makes building improvements of at least \$5,000 in value, a matching amount must be provided to every other school in the same building.



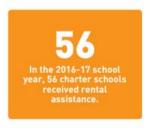




Source: 2015 Enrollment, Capacity, & Utilization Report, NYC Department of Education

What is Rental Assistance?

State law now grants some NYC charter schools a statutory right to facilities assistance. Charter schools that are newly opened or expanding grade levels after June 2014 go through a legally defined process that begins with schools requesting co-located space from the DOE. If the DOE does not have adequate space to offer the school in a public building or private building at no cost, the charter school is entitled to rental assistance. On July 1, 2017, the amount of rental assistance for eligible schools was increased to a maximum amount of 30% of the per pupil [\$4,358.10] starting in the 2017-18 school year.



Adequate space = "reasonable, appropriate, and comparable and in the community school district to be served by the charter school and otherwise in reasonable proximity." Education Law Section 2853(3)[e][1].



111 Broadway, Suite 604 New York, NY 10006 212.437.8300 www.nycCharterSchools.org

The Bronx had the second-largest charter school enrollment of the five boroughs with 24,175 students in 2018-19. Charter school enrollment in the borough has more than doubled in the last five years, gaining more than 13,700 students over this time period. District 7 had the largest charter school enrollment (7,774) in the borough, accounting for nearly one-third of the borough's charter enrollment. Brooklyn had the largest charter school enrollment of the five boroughs with 39,631 students in 2018-19, which is a gain of nearly 25,000 students in the last five years. Over this time period, Brooklyn had the largest increase in charter school enrollment of the five boroughs.

In the last five years, there was a gain of more than 4,000 charter school students in the borough. District 30 had 3,022 charter school students, which is the most of any district in the borough, accounting for 43% of the borough's charter school enrollment. Queens has two community school districts without charter schools (Districts 25 and 26). Staten Island, which opened its first charter school in 2009-10, had the fewest number of charter school students of the five boroughs with 1,254 students in 2018-19. Charter school enrollment has more than tripled in the last five years, gaining more than 900 students.

Public charter schools would not exist, let alone grow and thrive, without demand from families seeking high-quality public school choices. Since New York City's first charter school opened in 1999, this educational option has grown to encompass 260 schools serving 126,400 students—with nearly 81,000 applicants for just 33,000 seats.

126,400

educating more students than Boston's entire public school district.

1 in 2

kindergarten students in Harlem attends a charter school.

1 in 10

students citywide attend a charter school in the 2018-19 school year.



2019-20 ENROLLMENT LOTTERY ESTIMATES

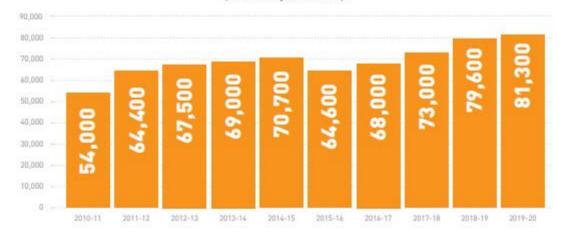
Based on survey data and data from the Common Online Charter School Application, the Charter Center estimates that NYC charter schools received a total of 296,093 applications for kindergarten through grade 12. Adjusting for students who apply to more than one charter school, this represents an estimated 81,300 applicants for nearly 33,000 available seats.

READ MORE

Since 2010, the New York City Charter School Center has conducted a survey of all NYC charter schools about their lottery application rates. This spring, out of 259 anticipated NYC charter schools currently enrolling students for the 2019-20, 234 (90%) responded to the Charter Center's survey. Based on survey data and data from the Common Online Charter School Application, the Charter Center estimates that NYC charter schools received a total of 296,093 applications for kindergarten through grade 12. Adjusting for students who apply to more than one charter school, this represents an estimated 81,300 applicants for nearly 33,000 available seats.

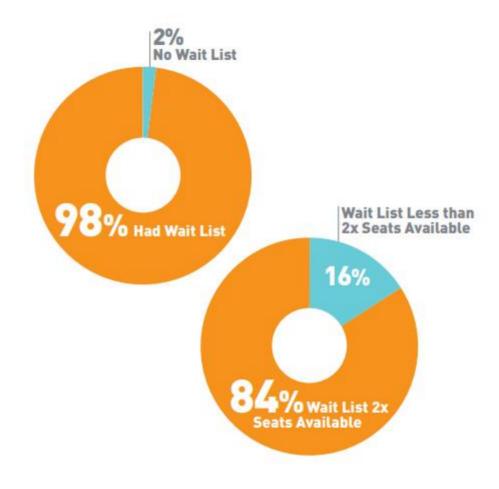
Demand for charter school seats remains strong with 2% increase in applicants...

TOTAL APPLICANTS TO NYC CHARTER SCHOOLS [Estimated, 2010-2019]



Nearly every charter school reported having a wait list following their lotteries... And, about 8 in 10 charter schools had wait lists that were at least twice the number of available seats

APPLICATIONS RECEIVED BY NYC CHARTER SCHOOLS RELATIVE TO AVAILABLE SEATS (Reporting charter schools n=234)²



NEW YORK CITY CHARTER SCHOOL CENTER

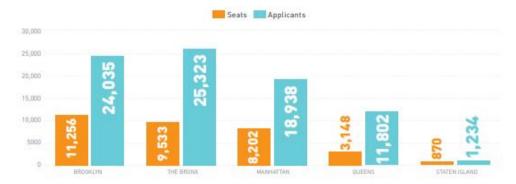
p. 2

³ Source: New York City Charter School Center survey. Self-reported individual charter school responses from the date of their lottery.

Applicants continue to Outnumber

available seats in every borough

NYC CHARTER SCHOOL APPLICANTS AND SEATS, BY BOROUGH (Estimated, 2019-20)³

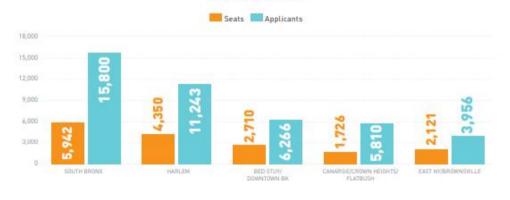


More than half of applicants apply in Harlem,

the South Bronx, or Central Brooklyn neighborhoods

For each charter school seat in Harlem and the South Bronx, there are nearly three applicants

NYC CHARTER SCHOOL APPLICANTS AND SEATS, BY NEIGHBORHOOD (Estimated, 2019-20)⁴



Reporting Charter Schools n=234

NEW YORK CITY CHARTER SCHOOL CENTER

p. 3

Two recent events occurred in New York City and the nation that will most likely have a positive impact on private religious schools. The Archdiocese for Brooklyn and Queens announcement on July 10, 2020 that 26 Catholic Schools will not reopen in the wake of the Covid pandemic means that students from these schools will most likely seek enrollment at other private schools or the public-school system. The former situation will create additional demand for schools like the Subject. The second event was the US Supreme Court ruling that local governments must provide the same level of public funding to religious schools as it does for Charter Schools. This ruling is expected to result in increased aid to schools like the Subject.

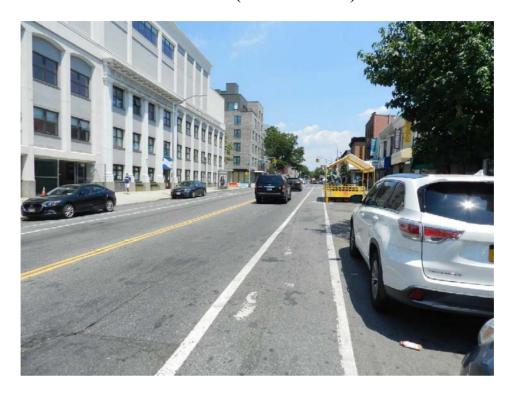
⁴ South Bronx is defined as CSD 7, 8, 9; Hartem as CSD 4, 5; Bed-Stuy & Downtown Brooklyn as CSD 13, 16; Canarsie, Crown Heights, & Flatbush as CSD 17, 18; East New York & Brownsville as CSD 19, 23.

SUBJECT PROPERTY PHOTOGRAPHS





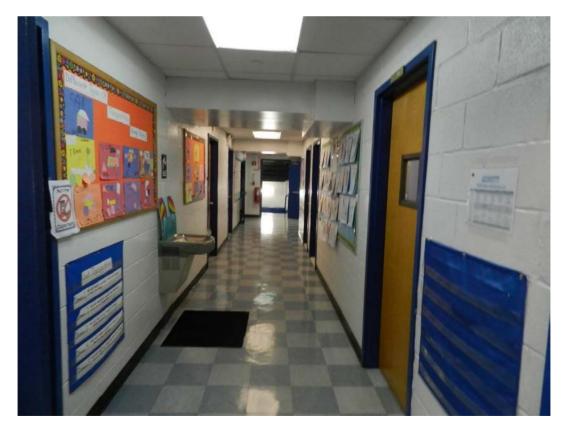
SUBJECT PROPERTY PHOTOGRAPHS 5th **Avenue (north and south)**



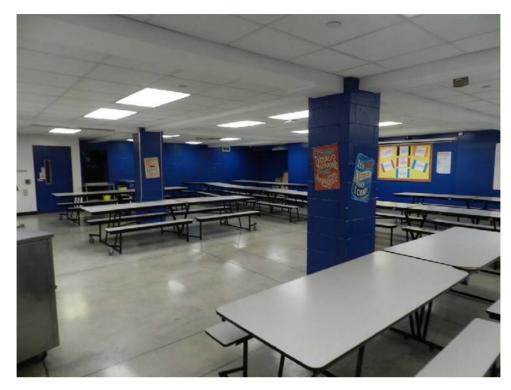


SUBJECT PROPERTY PHOTOGRAPHS (JANUARY 21, 2020) First Floor



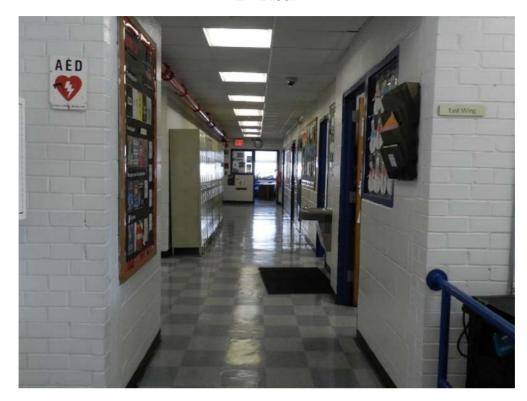


SUBJECT PROPERTY PHOTOGRAPHS (JANUARY 21, 2020) First Floor



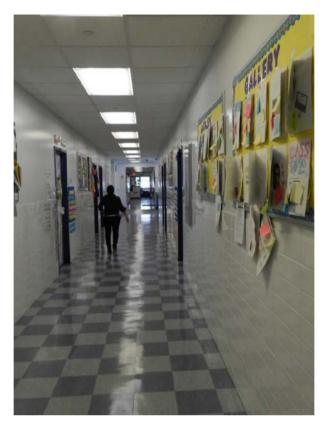


SUBJECT PROPERTY PHOTOGRAPHS (JANUARY 21, 2020) 2nd Floor





SUBJECT PROPERTY PHOTOGRAPHS (JANUARY 21, 2020) Fourth Floor





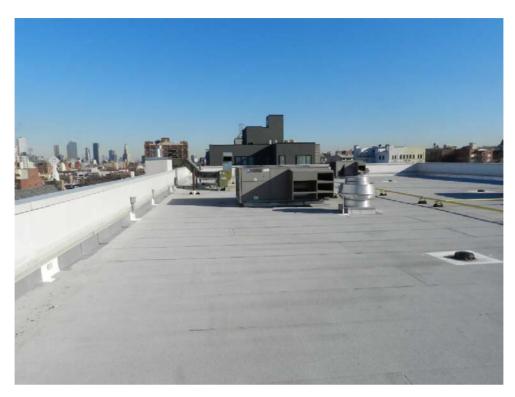
SUBJECT PROPERTY PHOTOGRAPHS (JANUARY 21, 2020) Gymnasium

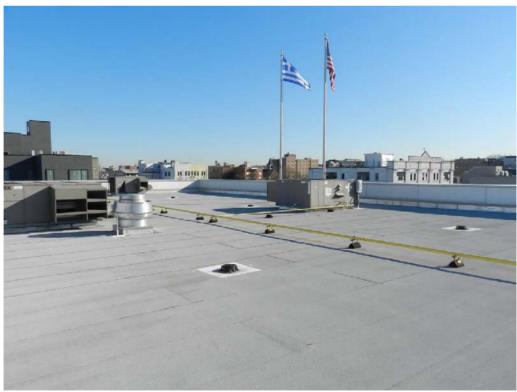


Dance Studio



SUBJECT PROPERTY PHOTOGRAPHS (JANUARY 21, 2020) Roof Area





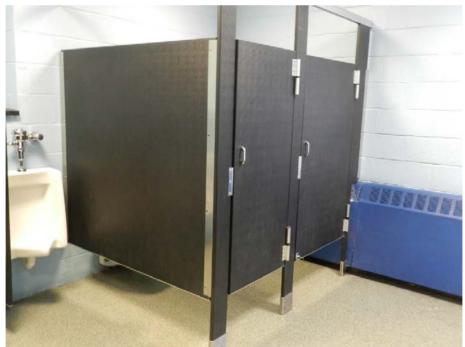
SUBJECT PROPERTY PHOTOGRAPHS (JANUARY 21, 2020) Fire Controls





SUBJECT PROPERTY PHOTOGRAPHS (JANUARY 21, 2020) Restroom





SUBJECT PROPERTY PHOTOGRAPHS (JANUARY 21, 2020) Utilities





PROPERTY DESCRIPTION

SITE DESCRIPTION

Data Sources – The following site and building descriptions and analyses are based upon data obtained from the sources listed below:

- Exterior inspection on July 21, 2020
- Interior inspection conducted January 21, 2020.
- New York City Department of Planning digital tax maps
- Architectural Plans
- NYC Department of Buildings

Location – The site is located on the southwest corner of 18th Street and 5th Avenue, in the Greenwood/South Slope section of Brooklyn, City and State of New York.

Size and Dimensions – The site is an irregular shaped tax lot totaling 23,941± square feet with the master lease covering 11,098± square feet. The irregular-shaped parcel contains 166± feet frontage along 5th Avenue and 150± feet along 18th Street. The site also has 45 feet of frontage on 19th Street providing access to the parking lot. These dimensions were taken from the digital tax map for NYC Department of Finance.

Access – The main entrance is from 5th Avenue. There are secondary access points along 18th and 19th Street. The improvements are built to 100% of the apportioned site area as per the lease. Access and exposure are good with curbside parking at the Subject location.

Site Improvements – There is on-site parking for approximately 15 vehicles for the Subject.

Utilities – All necessary utilities are available to the property, including public water, electric, gas, and sanitary sewers.

Topography – The site is level at street grade.

Drainage and Flood Conditions – There are no evident drainage problems or flooding conditions in the area.

Geologic/Soils Conditions – There are no obvious or reported geologic or soil conditions that would impact site utility or development. We, however, are not professionally qualified to independently study and conclusively opine on such matters.

Easements and Encroachments – There are no apparent encroachments or adverse site conditions affecting the subject's marketability.

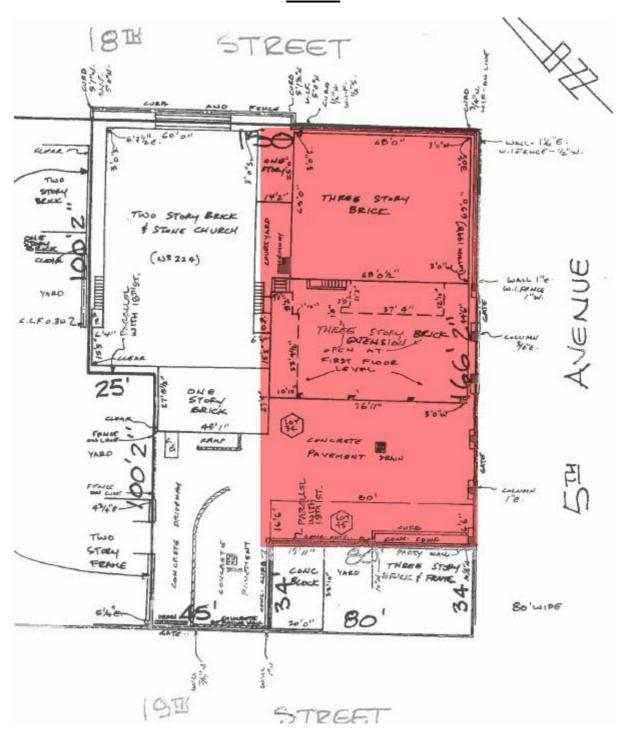
Flood Hazard Verification

According to the National Flood Insurance program's flood insurance rate maps, the subject property is not located in a designated flood hazard area.

Community Panel No. 3604970211F Map Last Revised September 5, 2007 X

Zone

SURVEY



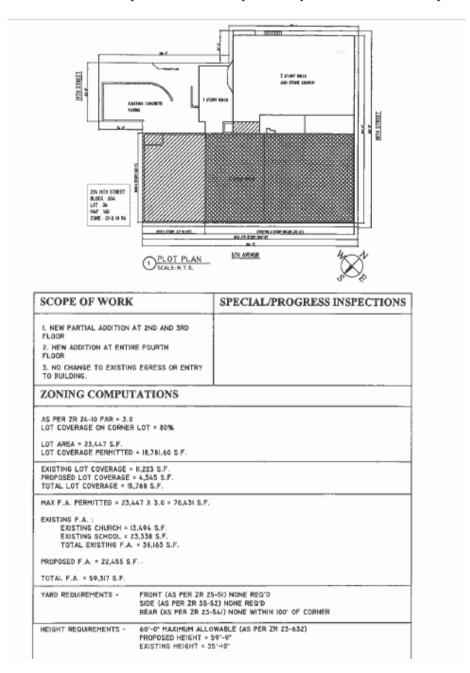
TAX MAP



BUILDING DESCRIPTION

The following descriptions are based on the interior inspection completed on January 21, 2020 and exterior inspection on July 21, 2020. The leased premises are improved with a 5-story, commercial building used for educational purposes built in 1973 and 2012. The improvements are of good quality construction and in good condition. The structure contains a gross building area (GBA) of 45,793± square feet. The improvements are 100% fireproof with a wet sprinkler system and are handicap accessible. The structure consists of ground floor offices, cafeteria, classrooms, and utility areas; the 2nd to 4th floor consist of classrooms (9 per floor) and a 5th floor gymnasium.

The improvements are 100% fireproof with a wet sprinkler system and are handicap accessible.



General Construction Characteristics

Foundation: Reinforced concrete footing.

Structural Frame: Steel frame and masonry block.

Exterior Walls: Brick over masonry block.

Windows: Metal framed casement, double pane fixed glass.

Building Height: Ground floor has clear 10-foot ceiling heights. The second to 4th floor

has 9-foot clear ceiling heights.

Roof: Flat rubberiod system. The HVAC systems are located on steel

columns situated on top of the roof surface.

Main Entrance: The primary entrance is located on 5th Avenue via a secure lobby

area. The doors are glass, set in metal framing.

Secondary (Emergency) Exit: There are three additional exits. The doors are metal, and glass set in

steel frames.

Fire Suppression: 100% wet sprinkler system.

Security: Access to the building is monitored by a security system.

Mechanical

HVAC: Carrier AC systems. The units inspected had air handlers located on

each floor, with the cooling units located on the roof. There are three

main cooling units.

Plumbing: Plumbing is copper for restrooms water lines and cast iron for

sewage. The restrooms are located on each floor.

Electric: Commercial service; 600-amp, 3-phase.

Interior Layout

First Floor: Entrance, lobby area, reception, 3 classrooms, 3 offices, 2 observation

rooms, lavatories (2) and kitchen area.

2nd to 4th Floor: Classrooms (9), lavatories (2), play area, library, storage rooms and

offices (2).

5th Floor Gymnasium, Dance Studio and utility areas

Stairwells: Two steel frame stairwells that lead from the ground floor to fifth

floor.

Elevator: A hydraulic elevator provides handicap access from the ground floor

to fifth floor.

Interior Finishes

Floors: Tile floors, terrazzo and carpeting in classrooms

Walls: Painted sheetrock

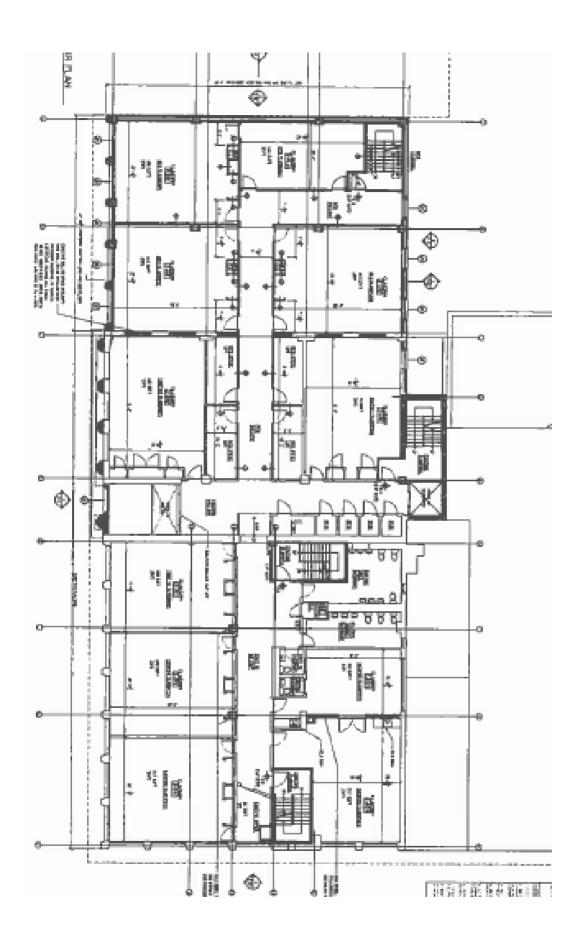
Ceilings: 2' x 4' and 2' x 2' suspended acoustical tile and painted sheetrock

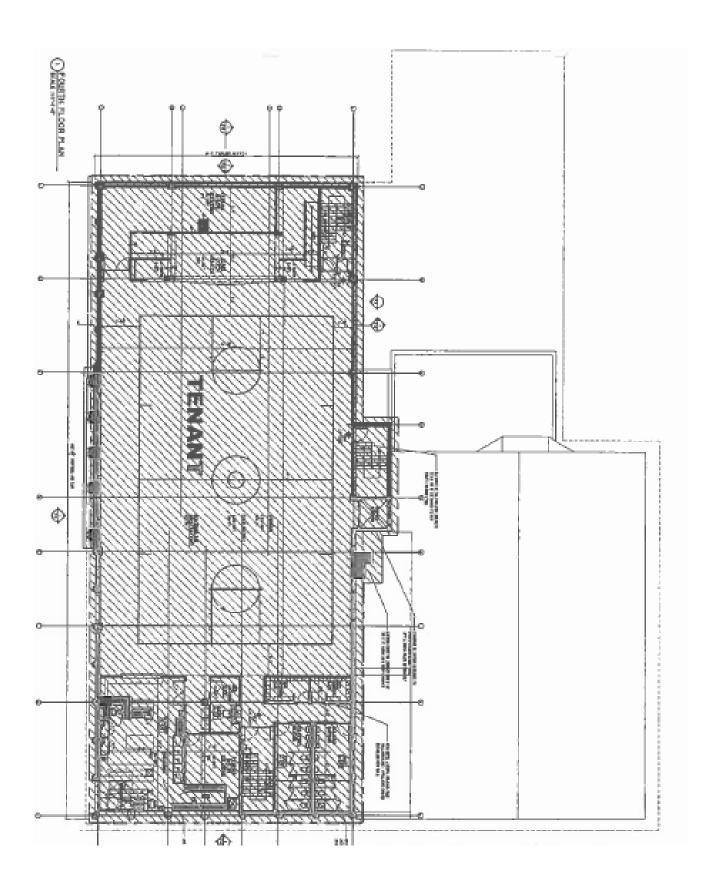
Lavatories: Ceramic tile floor and walls

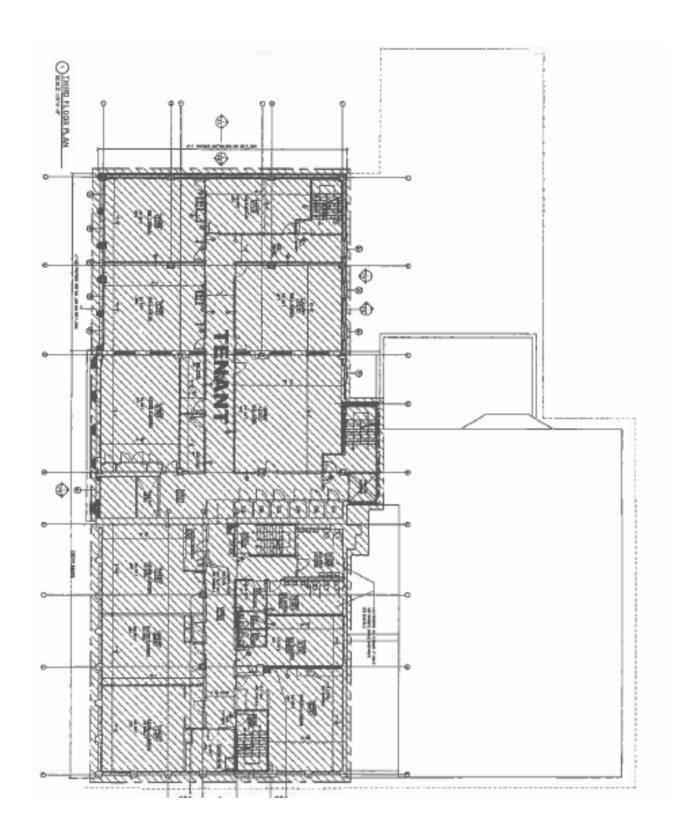
Summary

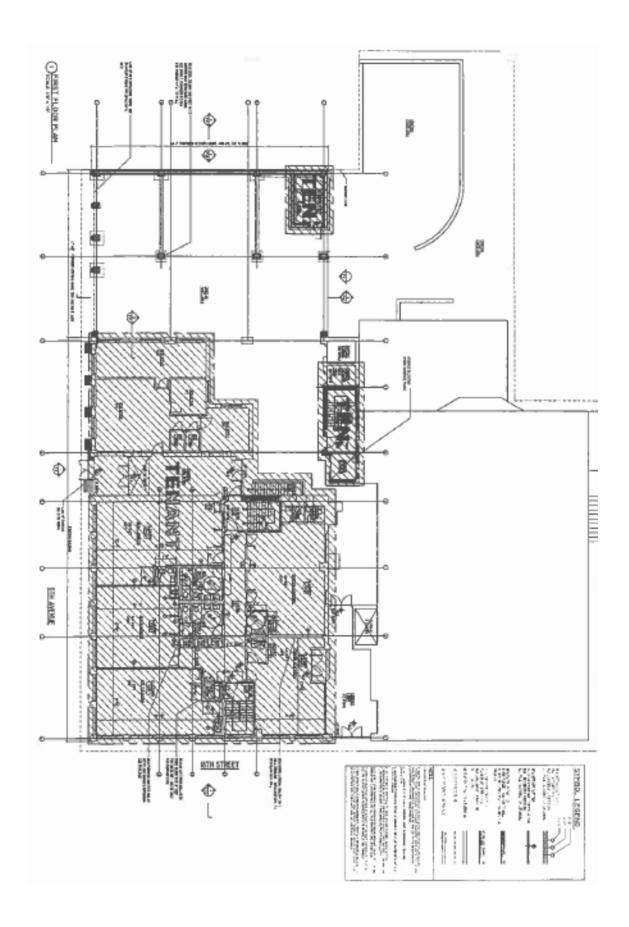
The subject building is maintained in average condition for the market in which it competes. The exterior and interior finishes are of average quality. Based on our analysis of competing properties (educational facilities), we estimate the subject building to have an effective age of 30 years and a remaining economic life of 35 years.











NYC Department of Buildings

Property Profile Overview

224 18 STREET		BROOKLYN 11215	BIN# 3397029
18 STREET	224 - 232	Health Area : 4300 Census Tract : 143 Community Board : 307 Buildings on Lot : 2	Tax Block : 634 Tax Lot : 34 Condo : NO Vacant : NO
View DCP Addresses E	Browse Block	<u> </u>	
View Zoning Documents	<u>View Challenge Results</u>	Pre - BIS PA	View Certificates of Occupancy
Cross Street(s):	4 AVENUE, 5 AVE	ENUE	
DOB Special Place Name:	CHURCH		
DOB Building Remarks:			
Landmark Status:		Special Status:	N/A
Local Law:	NO	Loft Law:	NO
SRO Restricted:	NO	TA Restricted:	NO
UB Restricted:	NO		
Environmental Restrictions	: N/A	Grandfathered Sign:	NO
Legal Adult Use:	NO	City Owned:	NO
Additional BINs for Building	: NONE		
Special District:	UNKNOWN		

This property is not located in an area that may be affected by Tidal Wetlands, Freshwater Wetlands, Coastal Erosion Hazard Area, or Special Flood Hazard Area. <u>Click here for more information</u>

Department of Finance Building Classification:

W3-EDUCATIONAL STRUC

Please Note: The Department of Finance's building classification information shows a building's tax status, which may not be the same as the legal use of the structure. To determine the legal use of a structure, research the records of the Department of Buildings.

	Total	Open	Elevator Records
Complaints	8	0	Electrical Applications
Violations-DOB	16	5	Permits In-Process / Issued
Violations-OATH/ECB	6	1	Illuminated Signs Annual Permits
Jobs/Filings	19		Plumbing Inspections
ARA / LAA Jobs	0		Open Plumbing Jobs / Work Types
Total Jobs	19		<u>Facades</u>
			Marquee Annual Permits
Actions	28		Boiler Records
OR Enter Action Type:			DEP Boiler Information
OR Select from List: Select		*	Crane Information
AND Show Actions			After Hours Variance Permits

POST APPROVAL AMENDMENT FOR DOC 01

Last Action: PLAN EXAM - APPROVED 12/12/2011 (P)
Application approved on: 10/05/2007

Pre-Filed: 12/08/2011 Building Type: Other Estimated Total Cost: \$0.00
Date Filed: 12/08/2011 Electronically Filed: No

Fee Structure: EXEMPT

Review is requested under Building Code: 1968

Job Description Comments 1 Location Information (Filed At) Street Name: 18 STREET House No(s): 224 CB No: 307 Borough: Brooklyn Block: 634 Lot: 34 BIN: 3397029 Work on Floor(s): CEL, BAS, MEZ, ROF, 001 Apt/Condo No(s): Zip Code: 11215 2 Applicant of Record Information Name: JOHN C HASKOPOULOS Business Name: STRANGE, HASKOPOULOS, VELLA ARCH Business Phone: 718-851-6663 Business Address: 6010 NEW UTRECHT AVENUE BROOKLYN NY 11219 **Business Fax:** E-Mail: Mobile Telephone: License Number: 023654 Applicant Type: ☐ P.E. XI R.A ☐ Sign Hanger ☐ R.L.A. ☐ Other Directive 14 Applicant Not Provided **Previous Applicant of Record** Not Applicable 3 Filing Representative Name: NAZARET/CONSTAN KOROGLU/CHAMBERS Business Name: STRANGE, HASKOPOULOS, VELLA, ARCH Business Phone: 718-851-6663 Business Address: 6010 NEW UTRECHT AVENUE BROOKLYN NY 11219 **Business Fax:** E-Mail: Mobile Telephone: Registration Number: 4 Filing Status Click Here to View

☐ Alteration Type 1 or Alteration Type 1 required to meet New Building requirements (28-101.4.5)

■ New Building

☐ Full Demolition

☐ Subdivision: Improved

5 Job Types

☐ Alteration Type 3

☐ Alteration Type 1, OT "No Work"

THE CITY OF NEW YORK



DEPARTMENT OF BUILDINGS CERTIFICATE OF OCCUPANCY

BOROUGH BROOKLYN

DATE: AUG 1 6 1996 NO. 3P0008958

This certificate supersedes C.O. NO

ZONING DISTRICT C1-3 in R6

THIS CERTIFIES that the IXXX-altered -XXXX-building--premises located at

Block 634

Lot 34

CONFORMS SUBSTANTIALLY TO THE APPROVED PLANS AND SPECIFICATIONS AND TO THE REQUIREMENTS OF ALL APPLICABLE LAWS, RULES, AND REGULATIONS FOR THE USES AND OCCITANCIES SPECIFIED HEREIN. 224 18th. Street

PERMISSIBLE USE AND OCCUPANCY

SIÔRY	LIVE LOAD LBS, PER SQ. FT	PERMITTED	ZONIMO DWELLING OR RODUING UNITS	BUILDING CODE HABITABLE ROOMS	ZONING USE GROUP	BUILDING CODE OCCUPANCY GROUP	DESCRIPTION OF USE
Cellar	0.G.						Boiler room and Open Cellar
Basm't	100	258	,		4		Offices, Toilets, Meeting Roof Food Preparation Area, Pre-Kindergarten.
First	100	365	,		4		Church
Mezz.	100	135			4		Church
							,
		-					
				.			
1		İ	1				

ASSESSMENT AND REAL ESTATE TAX DATA

Tax Map Identification

The subject is identified as Block 634, Lot 34 (portion of).

Under the provisions of the most recently enacted assessment practice legislation, Section 305 of the Real Property Tax Law, S7000 Assessment Practice Bill, local governments are permitted to assess real property at a uniform percentage of value and to tax real property on a classified basis. The primary purpose of this legislation is to shift a greater proportion of the tax burden from the homeowner to the commercial, multi-family and industrial sectors. New York City is permitted to classify real property by four categories.

- 1. One, two, and three family homes
- 3. Utilities
- 2. Apartments, co-ops, and condominiums
- 4. All other property

Each of these classes may be taxed at different rates, but for the purposes of this section, only the subject's tax rate will be discussed. According to this classification of property is identified as a Class 4 real property use with a 2020/2021 tax rate equal to \$10.694 per \$100 of assessed valuation. The building is classified as W3 which is "other private school".

Class 4 properties are assessed annually on an ad-valorem basis, at 45% of estimated market values, as ascribed by the assessor unless limited to a lesser amount by law. Tentative assessments are prepared as of January 5th, and finalized on July 1, the beginning of the tax fiscal year. Changes in assessment are phased in over five-year transitional periods. This program was instituted in the 1982/83 fiscal tax year to alleviate the burden of significant increases in assessed value.

Class 4 properties receive a transitional and actual assessment. The transitional assessment represents a five-year phase in period for changes in the assessed value. The variance between the actual assessed value and transitional assessment is divided by 5, with the result added to the base year to determine the new transitional assessment. In cases where the actual assessed value is less than the transitional assessment, the actual assessed value is applied by the Department of Finance. Transitional assessments are designed to limit the impact of significant changes in assessed value from year to year.

Actual Assessed Value: The assessed value before five-year phase-in requirements (for some tax class 2 and all tax class 4 properties) and/or exemptions are applied. The subject is a Class 4 property that is fully exempt.

Assessed Value: The formula for calculating Assessed Value is: Market Value x Level of Assessment = Assessed Value.

Level of Assessment: The % of market value used to calculate a property's assessed value.

- Tax Class 1 − 6%
- Tax Class 2, 3 and 4 45%

Tax Rate: The rate used to determine the taxes owed. The City Council and Mayor set an annual tax rate for each tax class by July 1 of each year when the new budget goes into effect.

Taxable Value: Actual or Transitional Assessed Value (whichever is less) minus any exemptions. This is used to calculate the annual tax bill.

Transitional Assessed Value: Increases to the Assessed Value are phased in at 20% per year (except for physical changes). Applicable to all Tax class 4 properties and Tax class 2 cooperatives, condominiums and rental buildings with more than 10 units.

Although the 2020/21 final assessment was released on July 1, 2020 and the new tax rates were released on July 19, 2020. Our analysis of the taxes is based upon current assessment and tax rate.

Assessment

The subject's assessment reflects an equalized market value estimate assigned by the New York City Assessor's Office of \$10,065,000. The equalized assessment is less than our market value conclusion, which is typical of the market.

Real Estate	Taxes	
Gross Building Area		45,793
Assessed Value:	Transitional	<u>Actual</u>
Land	\$612,900	\$612,900
Building	\$3,568,410	\$3,916,350
Total Assessed Value	\$4,181,310	\$4,529,250
Religious Exemption		\$3,955,687
Taxable Assessed Value		\$225,623
New York City Tax Rate (Class 4):		\$10.694
Annual Real Estate Taxes		\$24,128
Per Square Foot		\$0.53
NYC Department of Final	nce Market	Value
Department of Finance		
Market Value, per NYC		\$10,065,000
Assessed Value	\$4,529,250	
Effective Equalization Rate	45.00%	

The Subject property receives a Religious exemption which reduces the annual tax liability by \$423,021 per annum. This exemption is extended to the entire property which extends to the apportioned leased area.

Real Estate Taxes

The annual tax liability is \$24,128 or \$0.53 per square foot. The tenant pays for the real estate taxes directly.

The Department of Finance has the following information on record for your property. Please review this information and inform us of any errors by filing a "Request to Update" form, available at www.nyc.gov/nopv or by calling 311.

Owner(s): GREEK ORTHODOX COMMUNITY KIMISIS Building Class: W3 (Educational Structures)

THEOTOK

Borough: 3 (Brooklyn)

Block: 634 Lot: 34

Number of Buildings: 3 Gross Square Footage: 35,190

 Number of Stories:
 3.00
 Number of Residential Units:
 0

 Structure Type:
 School
 Gross Residential Square Footage:
 0

 Grade:
 C Grade
 Number of Commercial Units:
 1

Construction Type: Masonry Gross Commercial Square Footage: 35,190
Primary Zoning: R6A Year Built: 1931

WHAT'S CHANGED: COMPARING TAX YEARS 2019-20 AND 2020-21

	Current Year (2019-20)	Next Year (2020-21)	Change
Market Value	\$9,768,000	\$10,065,000	+\$297,000
Assessment Percentage	45%	45%	
Actual Assessed Value	\$4,395,600	\$4,529,250	+\$133,650
Transitional Assessed Value	\$3,991,408	\$4,181,310	+\$189,902
Exemption Value	\$3,777,791	\$3,955,687	+\$177,896
Taxable Value	\$213,617	\$225,623	+\$12,006

ZONING

The current zoning resolution was established in 1961. This ordinance was implemented to coordinate property use and bulk regulations and incorporate parking requirements. It introduced the concept of incentive zoning by offering a bonus of extra floor space to encourage developers of office buildings and apartment towers to include plazas in their projects. The resolution emphasized the creation of open space.

The subject is under the zoning jurisdiction of the City of New York and is located in a R6A Residential district with a C2-4 Commercial overlay.



R6A is a contextual district where the Quality Housing bulk regulations are mandatory. These regulations produce high lot coverage, six- to eight-story apartment buildings set at or near the street line. Designed to be compatible with older buildings found in medium-density neighborhoods, R6A districts are mapped in the Bronx, Brooklyn and Queens. Parts of Kingsbridge in the Bronx and Williamsburg in Brooklyn are typical R6A areas.

The floor area ratio (FAR) in R6A districts is 3.0. Above a minimum base height of 40 feet, the building must set back by at least 10 feet on a wide street and 15 feet on a narrow street before rising to its maximum height of 70 feet, or 75 feet if providing a qualifying ground floor. To preserve the traditional streetscape, the street wall of a new building can be no closer to the street

line than any adjacent street wall, but need not be farther than 10 feet. The area between a building's street wall and the street line must be planted. R6A buildings must have interior amenities for the residents pursuant to the Quality Housing Program.

Higher maximum FAR and heights are available for buildings participating in the Inclusionary Housing Program or that provide certain senior facilities.

Off-street parking is generally required for 50 percent of a building's dwelling units, but requirements are lower for income-restricted housing units (IRHU) and are further modified in certain areas, such as within the Transit Zone and the Manhattan Core, or for lots less than 10,000 square feet. Parking can be waived if five or fewer spaces are required. Off-street parking is not allowed in front of a building.

Medium-Density Contextual Residence District

R6A Lot Area min.	27755	Lot	Rear Yard	Lot Coverage		FAR	Base	Building	# of	DU	Required	
	X H		Corner Other Lot max.		max.	Height minmax. (w/QGF)	Height max_ (w/QGF)	Stories max. (w/QGF)	Factor	Basic m	IRHU in.	
Basic	1.700 sf	18 ft	30 ft	100%	CEN	3.00	40-60 (65) ft	70 (75) ft	n/a (7)	680	50% of	25% of
Inclusionary	1,700 Si	1010	3010	100%	65%	3.60	40-65 ft	80 (85) ft	8	660	DU	IRHU

C1-1 through C1-5 and C2-1 through C2-5 districts are mapped as commercial overlays within residence districts. They are mapped along streets that serve the local retail needs of the surrounding residential neighborhood and are found exclusively throughout the city's lower- and medium-density areas, and occasionally in higher-density areas.

Typical retail uses include grocery stores, restaurants and beauty parlors, catering to the immediate neighborhood. C2 districts permit a slightly wider range of uses--such as funeral homes and repair services--than C1 districts. In mixed residential/commercial buildings, commercial uses are limited to one or two floors and must always be located below the residential use.

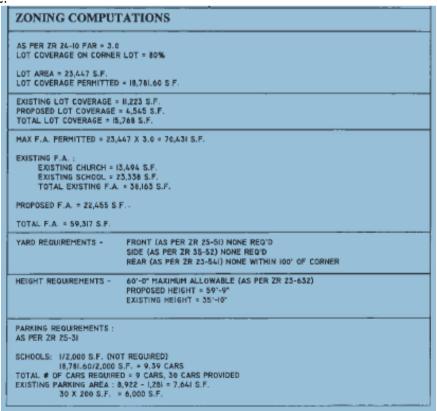
When commercial overlays are mapped in **R6 through R10 districts**, the maximum commercial FAR is 2.0. Unless otherwise indicated, the depth of overlay districts ranges from 100 to 200 feet.

Community facilities are permitted within this zoning district with a permitted FAR of 4.8.

	C1 & C2 Commercial Overlay Districts														
	C1-1	C1-2	C1-3	C1-4	C1-5	C2-1	C2-2	C2-3	C2-4	C2-5					
Commercial FAR within R1-R5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0					
Commercial FAR within R6–R10	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0					
Depth of Overlay District (in feet)	200	150	150	100	100	150	150	150	100	100					

Zoning Districts	USE GROUPS																	
	Residential Use Groups		Community Facility Use Groups		Retail & Commercial Use Groups									Gen. Ser- vice	Mfg. Use Groups			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
					60	eside	ential	Dist	ricts									
R1 R2 Single-family detached																		
R3A* R3X R4A R5A Single- & two-lamily detached																		
R3-1 R4-1* Single- & two-family detached & semi-detached																		
R4B* Single-& two-lamily detached, semi-detached & attached																		
R3-2 R4 R5 R5B* R6-R10 Detached, semi-detached & attached						i i												
					Co	mm	ercia	l Dist	tricts	1								
C1 Local Retail										V =								
C2 Local Service																		
C3 Waterfront & Recreation						00												
C4 General Commercial																		

The image below is taken from the master lease and relates to the approvals to expand the school facility in 2012.



Zoning Analysis

The subject site contains $45,793\pm$ square feet of building area (school) and $10,000\pm$ square feet (church) for a total building area of $55,793\pm$ square feet and is situated on $23,941\pm$ square feet lot. This translates to a FAR of 2.33. The permitted FAR is 3.6 as a community facility.

The subject's educational use conforms to C2-4 Commercial overlay and permitted uses. Based on current zoning regulations for an educational facility, there are no requirements for on-site parking.

There is a Certificate of Occupancy on file according to the Department of Buildings website. The subject improvements are considered to represent a legal and conforming use based on the zoning ordinance.

HIGHEST AND BEST USE ANALYSIS

"The analysis of highest and best use is at the heart of appraisals of the market value of real property. The essential components of the analysis of highest and best use are contained in the following definition of the term: "The reasonably probable use of property that results in the highest value."

To be reasonably probable, a use must meet certain conditions:

- The use must be legally permissible (or it is reasonably probable to render it so).
- The use must be physically possible (or it is reasonably probable to render it so).
- The use must be financially feasible.

Uses that meet the three criteria of reasonably probable uses are tested for economic productivity, and the reasonably probable use with the highest value is the highest and best use.

In addition to the four tests of highest and best use, the first cited definition of the term implicitly includes the idea that highest and best use analysis is viewed from two perspectives:

- The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements
- The use that should be made of a property as it exists (i.e., considering the current improvements)

The highest and best use of land as though vacant and the highest and best use of the property as improved are connected but distinctly different concepts."³⁵

AS THOUGH VACANT

Highest and Best use of land or a site as though vacant. Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.³⁶

Physically Possible

Size, topography, accessibility and adjoining infrastructure are average for the area, and do not restrict development. The site is level at street grade along 5th Avenue and is assumed capable of supporting construction based on surrounding development. All necessary utilities are available. The site could physically support several uses, including commercial and community use development.

Legally Permissible

Legally permitted uses are essentially those permitted by zoning. Permitted uses in the subject district include commercial use development and community use buildings. Building size is limited by the maximum FAR of 3.6 for a community facility. Such legal uses that can be considered are medical office use and school facilities.

³⁵ The Appraisal of Real Estate, 14th Edition, Appraisal Institute. Pg. 332 - 336.

³⁶ The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, pg. 93.

Economically Feasible

To determine economic feasibility, future gross income that can be generated from each potential highest and best use must be estimated. If the net revenue capable of being generated is enough to satisfy the required return on investment and provide a return on the land, the use is economically feasible within some price limit.

Based on the surrounding development and business uses, support for various residential uses with grade level retail uses offer the greatest economic return.

Maximally Productive

In the final analysis, a determination must be made as to which use would maximize value. The immediate area is largely developed with attached housing and mid-rise apartment buildings.

Considering the property's location, the current state of the local and regional economies and current and foreseeable conditions of the local market, it is our opinion that the highest and best use of the property, if it were vacant, would be for residential multi-family building with retail at grade.

As Improved

Physically Possible

The site and improvements allow for continued use, "As Is". The improvements are in good condition, functionally adequate and are well situated in an area primarily improved with multistory residential uses and community facilities.

Legally Permissible

The improvements meet the community facility requirements of the district and a certificate of occupancy exists for the subject in its current configuration. The certificate of occupancy indicates that a school facility use is legally permissible.

Economically Feasible and Maximally Productive

The building is in good condition. There are no legal, alternative uses that would result in a greater value. As such, the highest and best use is for continuation of the current use.

The highest and best use as improved is the current use as a commercial building operated as an educational facility.

INCOME CAPITALIZATION APPROACH

Introduction

The Income Capitalization Approach is based upon the premise that there is a direct relationship between the potential income generated by a property and the property's value. A typical investor values an income producing property by converting the anticipated benefits of ownership into a value estimate. Anticipated future income and the property reversion are discounted to a present worth figure through the capitalization process.

Direct Capitalization is the method used to convert a single year's estimate of income into a valuation estimate. A Discounted Cash Flow analysis is utilized when the future income is expected to be variable as a result of numerous leases or changes in income and expenses. The Discounted Cash Flow (DCF) analysis specifies the quantity, variability, timing and duration of the net operating income (NOI) and cash flows. We have employed the DCF analysis to establish the present value of leasehold position in the master lease.

SUBJECT INCOME AND OCCUPANCY

The master lease covers a portion of Lot 34 (11,098± square feet) and the improvements situated on this land area. This master lease commenced on July 1, 2012 with a lease term for 30 years with annual increases established every third year, ending on June 30, 2042. The subject is leased to a single tenant, the Hellenic Classical Charter School. There is one, 10-year renewal option and one, 9-year renewal option. Both options are based on set dollar amounts.

The current annual rent is \$578,813. This is a net lease.

The master lease has various provisions that allow for the lessee to sublease or assign (sell) its interest in the premises and require reimbursement (or sharing) of the variance in sublease rent versus the contract rent (or value of such income).

Page 16, paragraph 3. establishes the rent payment for the lease term.

Α.	Base Rent.	The rent shall	be paid in	monthly	installments	on the	first day	of each and
every month	as follows ("	Base Rent"):						

					Lease Per	riod		
	YEAR			PERIOD			ANNUAL RENT	MONTHLY RENT
1	to	2	7/1/2012	to	6/30/2014		\$500,000.00	\$41,666.67
3	to	5	7/1/2014	to	6/30/2017		\$525,000.00	\$43,750.00
7	to	9	7/1/2017	to	6/30/2020		\$551,250.00	\$45,937.50
10	to	12	7/1/2020	to	6/30/2023		\$578,812.50	\$48,234.38
13	to	15	7/1/2023	to	6/30/2026		\$607,753.13	\$50,646.09
16	to	18	7/1/2026	to	6/30/2029		\$638,140.78	\$53,178.40
19	to	21	7/1/2029	to	6/28/2032		\$670,047,82	\$55,837.32
22	to	24	7/1/2032	to	6/30/2035		\$703,550.21	\$58,629.18
25	to	27	7/1/2035	to	6/30/2038		\$738,727.72	\$61,560.64
28	to	30	7/1/2038	to	6/30/2042		\$775,664.11	\$64,638.68

4. "Option Period Base Level" shall mean the Index (as defined in Paragraph 3 above) for the month and year of the 30 year anniversary of the Lease Commencement date.

In the event that Tenant shall validly exercise the Initial Option ("Option Term") as defined above, then the rent for the applicable Option Term shall be calculated as follows; the rent for the first three years of the Option Term shall be the higher of (a) \$814,447.32 annually or (b) \$775,664.11 plus the product of \$775,664.11 multiplied by the Option Period Base Level (hereinafter referred to as "Option Base Rent"); and shall be paid in equal monthly installments on the first day of each and every month. Thereafter on the day of each three year anniversary from the first day of the Option term, the rent shall be increased, to be the higher of (a) the product of the Option Base Rent plus the product of the Option Base Rent multiplied by five (5 %) percent or (b) the Option Base Rent plus the product of the Option Base Rent multiplied by the Option Period Base Level; and shall be paid in equal monthly installments on the first day of each and every month. In determining the monthly installment to be paid, the annual amount of rent due in each rent year shall be divided by 12. In the event that Tenant shall validly exercise the Second Option ("Second Option Term") as defined above, then the rent for the Second Option Term shall be calculated as follows: The higher of (a) the product of the Option Base Rent at the conclusion of the Option Term plus the product of that Option Base Rent multiplied by five (5 %) percent or (b) that Option Base Rent plus the product of that Option Base Rent multiplied by the Option Period Base Level; and shall be paid in equal monthly installments on the first day of each and every month. In determining the monthly installment to be paid, the annual amount of rent due in each rent year shall be divided by 12. Thereafter, on the day of each three year anniversary from the first day of the Second Option, the rent shall be increased, to be the higher of (a) the product of the then applicable Option Base Rent plus the product of the then applicable Option Base Rent multiplied by five (5 %) percent or (b) the then applicable Option Base Rent plus the product of the then applicable Option Base Rent multiplied by the Option Period Base Level (Option Base Rent); and shall be paid in equal monthly installments on the first day of each and every month. In determining the monthly installment to be paid, the annual amount of rent due in each rent year shall be divided by 12.

On page 17, paragraph B establishes that a rent concession is granted for 15 years at \$260,004 per annum. This rent concession is called a credit against the lease payment and became effective once the construction and expanison of the school commenced. This concession appears to have been granted to assist the lessee during the construction period and subsquent 15 years. The effective contract rent was \$264,996 starting in July, 2012 extending to June 2024.

B. Base Rent Concession For the first fifteen (15) years, and in consideration of Lessee's work to and completion of the Improvements Lessee shall receive an annual rental concession of Two Hundred Sixty Thousand Four Dollars (\$260,004.00), to be credited to Lessee as a monthly credit of Twenty One Thousand Six Hundred Sixty Seven Dollars (\$21,667.00). The rental concession shall not commence until (i) Lessee secures and begins to pay for construction financing and (ii) the commencement of the construction. For purposes of this Lease, commencement of the construction shall be the date that (i) permits for the aforesaid construction are issued to Lessee or their representative(s) (ii) a Lessee has taken steps to effectuate the aforesaid construction.

Another provision in terms of subleasing the improvements provides for the Lessor to receive 50% of the variance between a sublease (assumed to be a market) and the contract rent, or its value assuming an assignment (sale) of the leasehold interest.

- C. <u>Proceeds from Assignment or Sublease</u>. The parties agree that the Lessor shall be entitled to receive as Additional Rent fifty percent (50%) of the "Net Proceeds on Assignment or Sublease" (as defined below);
- (1) For the purposes of this Lease, "Net Proceeds on Assignment or Sublease", means the proceeds received by or on behalf of the Lessee upon the Assignment or Sublease of this Lease as permitted by Paragraph 17.A or 17.B, net of (i) unaffiliated, bona fide third party expenses which in amount and category are customary and incident to such assignment or sublet and (ii) capital costs of the Improvements less \$3,900,060.00. Notwithstanding anything to the contrary set forth herein, Lessor shall in no event be liable for any loss, including without limitation Net Proceeds on Assignment or Sublease resulting in a loss as calculated herein.

The foregoing paragraph indicates that the rent concession granted in lieu of the tenant construction work (the \$260,004 annual concession multiplied by 15 years equals the \$3,900,060 figure cited) is not to be considered in calculating any "proceed for assignment or sublease". That is the 50% split of excess rent above contract rent will be calculated as that over and above the effective rent, after concession in the applicable years.

Estimate of Net Income – We developed the projected potential gross income (PGI) and estimate of vacancy and collection loss to derive at an effective gross income (EGI). We then deduct operating expenses (fixed, variable and reserves) to arrive at an estimate of net operating income (NOI). The net income is then capitalized.

Capital Recovery – The investor recovers the original investment through periodic payments and in the ultimate resale of the property. The capital recovery may be built into the ratio of annual income to value or, in discounting; it may be explicitly estimated as a resale value and considered.

Estimate of Rates – The capitalization (or discount) rate is built up by considering rates of interest in the marketplace competing equity investments. Consideration is also placed on national surveys from PwC and RERC investment surveys.

The table below represents the summary of the Contract Rent (Master Lease), Rent Concession and the Effective Contract Rent for the remaining term. The contract rent is \$13 per square foot with the Effective Rent at \$7 per square foot until 2028.

Lease Period	Lease Year	Contract Rent	PSF	Rent Concession	Effective Contract Rent	Effective Contract Rent PSF
1	2012	\$500,000	\$11	\$260,004	\$239,996	\$5
2	2013	\$500,000	\$11	\$260,004	\$239,996	\$5
3	2014	\$525,000	\$11	\$260,004	\$264,996	\$6
4	2015	\$525,000	\$11	\$260,004	\$264,996	\$6
5	2016	\$525,000	\$11	\$260,004	\$264,996	\$6
6	2017	\$551,250	\$12	\$260,004	\$291,246	\$6
7	2018	\$551,250	\$12	\$260,004	\$291,246	\$6
8	2019	\$551,250	\$12	\$260,004	\$291,246	\$6
9	2020	\$578,813	\$13	\$260,004	\$318,809	\$7
10	2021	\$578,813	\$13	\$260,004	\$318,809	\$7
11	2022	\$578,813	\$13	\$260,004	\$318,809	\$7
12	2023	\$607,753	\$13	\$260,004	\$347,749	\$8
13	2024	\$607,753	\$13	\$260,004	\$347,749	\$8
14	2025	\$607,753	\$13	\$260,004	\$347,749	\$8
15	2026	\$638,141	\$14	\$260,004	\$378,137	\$8
16	2027	\$638,141	\$14		\$638,141	\$14
17	2028	\$638,141	\$14		\$638,141	\$14
18	2029	\$670,048	\$15		\$670,048	\$15
19	2030	\$670,048	\$15		\$670,048	\$15
20	2031	\$670,048	\$15		\$670,048	\$15
21	2032	\$703,550	\$15		\$703,550	\$15
22	2033	\$703,550	\$15		\$703,550	\$15
23	2034	\$703,550	\$15		\$703,550	\$15
24	2035	\$738,728	\$16		\$738,728	\$16
25	2036	\$738,728	\$16		\$738,728	\$16
26	2037	\$738,728	\$16		\$738,728	\$16
27	2038	\$775,664	\$17		\$775,664	\$17
28	2039	\$775,664	\$17		\$775,664	\$17
29	2040	\$775,664	\$17		\$775,664	\$17
30	2041	\$775,664	\$17		\$775,664	\$17

The table on the following page represents the two option periods available via the master lease. The first option period is white row (Option Periods 1-10) and the second option period is the gray shaded rows (Option Period 1-9).

Lease Period	Lease Year	Contract Rent	PSF	Rent Concession	Effective Contract Rent	Effective Contract Rent PSF
1	2042	\$814,447	\$18		\$814,447	\$18
2	2043	\$855,170	\$19		\$855,170	\$19
3	2044	\$855,170	\$19		\$855,170	\$19
4	2045	\$855,170	\$19		\$855,170	\$19
5	2046	\$897,928	\$20		\$897,928	\$20
6	2047	\$897,928	\$20		\$897,928	\$20
7	2048	\$897,928	\$20		\$897,928	\$20
8	2049	\$942,825	\$21		\$942,825	\$21
9	2050	\$942,825	\$21		\$942,825	\$21
10	2051	\$942,825	\$21		\$942,825	\$21
1	2052	\$989,966	\$22		\$989,966	\$22
2	2053	\$989,966	\$22		\$989,966	\$22
3	2054	\$989,966	\$22		\$989,966	\$22
4	2055	\$1,039,464	\$23		\$1,039,464	\$23
5	2056	\$1,091,437	\$24		\$1,091,437	\$24
6	2057	\$1,146,009	\$25		\$1,146,009	\$25
7	2058	\$1,203,310	\$26		\$1,203,310	\$26
8	2059	\$1,263,475	\$28		\$1,263,475	\$28
9	2060	\$1,326,649	\$29		\$1,326,649	\$29

Estimate of Market Rent

We have reviewed leases of Charter Schools to establish a market rent. Consideration has been given to the following rental properties in order to estimate current market rental for the subject property.

				Ren	tal Surve	ey		•	
Rent		Lease	Lease	Annual	Annual	GLA	Rent		
No.	Location	Date	Term	Rent	Increase	(+/- SF)	PSF	Terms	Description & Comments
1	830 Hunts Point Avenue, Bronx	Jun-19	10 years plus renewals	\$1,400,000	3% Annual increases every 3 years	29,567	\$47.35	Net	Hyde Leadership Charter School. Tenant pays all expenses. Rent includes \$1,000,000 work letter which equates to \$3.38 psf over the 10-year lease term.
2	1164 Garrison Avenue, Bronx	Apr-19	22 years, plus renewals	\$1,350,000	3 years	25,224	\$53.52	Net	Freiends of Emblaze Academy Charter School Inc Tenant pays all expenses. Rent includes \$2,000,000 work letter which equates to \$3.60 psf over the 22- year lease term.
3	180 West 165th Street Bronx	Jan-18	10 years plus renewals	\$2,400,000	3% Annual increases every 3 years	51,171	\$46.90	Net	Metropolitan Lighthouse Charter School. Tenant Pays all Expenses.
4	3450 3rd Avenue, Bronx	Aug-17	20 Years	\$1,475,290	2.0%	47,590	\$31.00	Net	Real estate taxes above the base year. Tenant pays all other expenses.
5	118-35 Queens Blvd, Forest Hills	Apr-16	10 Years	\$828,704	3.0%	21,808	\$38.00	Semi-Net	School facility located on the ground floor of a 375,000 square foot commercial building. Tenant pays % of real estate taxes above the base year.
6	343 Sands Lane, Staten Island	Jan-16	10 Years	\$264,000	4.0%	10,184	\$25.92	Net	New lease, entire building is a school. Tenant pays utilities and there are no real estate taxes.
7	68-60 Austin Street, Forest Hills	Jul-15	10 Years	\$350,000	3.0%	10,000	\$35.00	Semi-Net	Second floor educational space in a 42,154 square foot office building. Tenant pays % of real estate taxes above the base year.

<u>Analysis of Market Rental Data</u>
The comparable rental data indicates a range from \$25.92 to \$53.52 per square foot of gross leasable area, averaging \$39.67 per square foot with a median of \$38.00 per square foot.

SUMMARY	PSF
Low	\$25.92
High	\$53.52
Mean	\$39.67
Median	\$38.00

The rentals represent a broad spectrum of the properties in the market with the newer leases having higher base rentals because of tenant improvements. We have established a market rent of \$38.00 per square foot net.

Contract rent (Master Lease): Represents the annual cost for the respective lease year.

Rent Concession: Represents the annual concession granted to the tenant.

Effective Contract rent: The actual rent paid by the tenant for the respective lease year.

Potential Leasehold Income: This represents market rent less actual (effective contract) rent. The variance is used to determine the reimbursement to the Lessor which is established at 50% as per the lease.

Revenue to the Lessor: This represents the 50% payment based on the variance in market rent versus actual rent.

The table below summarizes development of our estimate of the potential income that could be generated by the leasehold (including the option periods), assuming sublet at market rent, with the final column calculating the credit back to the landlord, based upon the stipulated excess rent sharing clause.

Lease Per	iod/Year	Market	Rent	E	xpense to Lease	hold	Leaseho	old Revenue
Period	Year	Market Rent	PSF	Contract Rent	Rent Concession	Effective Contract Rent	Potential Leasehold Income	50% revenue share to Lessor
9	2020	\$1,740,134	\$38	\$578,813	\$260,004	\$318,809	\$1,421,326	\$710,663
10	2021	\$1,774,937	\$39	\$578,813	\$260,004	\$318,809	\$1,456,128	\$728,064
11	2022	\$1,810,435	\$40	\$578,813	\$260,004	\$318,809	\$1,491,627	\$745,813
12	2023	\$1,846,644	\$40	\$607,753	\$260,004	\$347,749	\$1,498,895	\$749,447
13	2024	\$1,883,577	\$41	\$607,753	\$260,004	\$347,749	\$1,535,828	\$767,914
14	2025	\$1,921,249	\$42	\$607,753	\$260,004	\$347,749	\$1,573,499	\$786,750
15	2026	\$1,959,674	\$43	\$638,141	\$260,004	\$378,137	\$1,581,537	\$790,768
16	2027	\$1,998,867	\$44	\$638,141		\$638,141	\$1,360,726	\$680,363
17	2028	\$2,038,844	\$45	\$638,141		\$638,141	\$1,400,704	\$700,352
18	2029	\$2,079,621	\$45	\$670,048		\$670,048	\$1,409,573	\$704,787
19	2030	\$2,121,214	\$46	\$670,048		\$670,048	\$1,451,166	\$725,583
20	2031	\$2,163,638	\$47	\$670,048		\$670,048	\$1,493,590	\$746,795
21	2032	\$2,206,911	\$48	\$703,550		\$703,550	\$1,503,360	\$751,680
22	2033	\$2,251,049	\$49	\$703,550		\$703,550	\$1,547,499	\$773,749
23	2034	\$2,296,070	\$50	\$703,550		\$703,550	\$1,592,520	\$796,260
24	2035	\$2,341,991	\$51	\$738,728		\$738,728	\$1,603,264	\$801,632
25	2036	\$2,388,831	\$52	\$738,728		\$738,728	\$1,650,103	\$825,052
26	2037	\$2,436,608	\$53	\$738,728		\$738,728	\$1,697,880	\$848,940
27	2038	\$2,485,340	\$54	\$775,664		\$775,664	\$1,709,676	\$854,838
28	2039	\$2,535,047	\$55	\$775,664		\$775,664	\$1,759,383	\$879,691
29	2040	\$2,585,748	\$56	\$775,664		\$775,664	\$1,810,083	\$905,042
30	2041	\$2,637,463	\$58	\$775,664		\$775,664	\$1,861,798	\$930,899
1	2042	\$2,690,212	\$59	\$814,447		\$814,447	\$1,875,764	\$937,882
2	2043	\$2,744,016	\$60	\$855,170		\$855,170	\$1,888,846	\$944,423
3	2044	\$2,798,896	\$61	\$855,170		\$855,170	\$1,943,727	\$971,863
4	2045	\$2,854,874	\$62	\$855,170		\$855,170	\$1,999,705	\$999,852
5	2046	\$2,911,972	\$64	\$897,928		\$897,928	\$2,014,044	\$1,007,022
6	2047	\$2,970,211	\$65	\$897,928		\$897,928	\$2,072,283	\$1,036,142
7	2048	\$3,029,615	\$66	\$897,928		\$897,928	\$2,131,687	\$1,065,844
8	2049	\$3,090,208	\$67	\$942,825		\$942,825	\$2,147,383	\$1,073,692
9	2050	\$3,152,012	\$69	\$942,825		\$942,825	\$2,209,187	\$1,104,594
10	2051	\$3,215,052	\$70	\$942,825		\$942,825	\$2,272,228	\$1,136,114
1	2052	\$3,279,353	\$72	\$989,966		\$989,966	\$2,289,387	\$1,144,694
2	2053	\$3,344,940	\$73	\$989,966		\$989,966	\$2,354,974	\$1,177,487
3	2054	\$3,411,839	\$75	\$989,966		\$989,966	\$2,421,873	\$1,210,937
4	2055	\$3,480,076	\$76	\$1,039,464		\$1,039,464	\$2,440,612	\$1,220,306
5	2056	\$3,549,677	\$78	\$1,039,464		\$1,039,464	\$2,510,213	\$1,255,107
6	2057	\$3,620,671	\$79	\$1,039,464		\$1,039,464	\$2,581,207	\$1,290,603
7	2058	\$3,693,084	\$81	\$1,091,437		\$1,091,437	\$2,601,647	\$1,300,823
8	2059	\$3,766,946	\$82	\$1,091,437		\$1,091,437	\$2,675,509	\$1,337,754
9	2060	\$3,842,285	\$84	\$1,091,437		\$1,091,437	\$2,750,848	\$1,375,424

MARKET ASSUMPTIONS AND EXPENSES FOR THE DISCOUNTED CASH FLOW

Discounted cash flow analysis is the process by which future income streams and property reversion are discounted at an appropriate risk rate to provide an indication of the price the typical buyer would be willing to pay for a particular investment. The Discounted Cash Flow analysis specifies the quantity, variability, timing and duration of the net operating income (NOI) and cash flows. This technique considers the following:

Estimate of Net Income – The appraiser projects potential gross income (PGI), estimates a vacancy and collection loss to derive at an effective gross income (EGI), deducts operating expenses (fixed, variable and reserves) to arrive at an estimate of net operating income (NOI). It is the net income that is capitalized. The appraiser also considers the amount, quality and duration of the income stream.

Capital Recovery – The investor recovers the original investment through periodic payments over the specified lease term. The capital recovery may be built into the ratio of annual income to value.

HOLDING PERIOD

The holding period is established at 22-years (remaining term of master lease) plus the two option years for a total holding period of 41 years.

MARKET LEASE TERMS - RETAIL

Charter School leases in the subject market run for 10 to 30 years, with 15 years being the most typical. The longer lease terms provide for amortization of the tenant improvements over a longer term.

REIMBURSABLE INCOME

Our review of the master lease indicates that it is a net lease. If leased to another tenant (sublease), the sublessee would be responsible for reimbursement of real estate taxes, but the primary tenant is ultimately liable.

VACANCY AND COLLECTION ALLOWANCE

General Vacancy/Collection Losses - The typical investor would consider an allocation for vacancy and credit loss even though the master lease has a remaining term of 41 years inclusive of renewal options. Based on the demand for charter schools, the subjects' location and condition, we have selected a general 2% vacancy and collection loss provision.

EXPENSE ANALYSIS

Expenses are calculated based on the Gross Rentable Area (GRA) of 45,793 square feet.

Real Estate Taxes – The master lease has a real estate tax burden of \$24,128 or \$0.53 per square foot. The base year real estate taxes applied with an annual growth factor of 3% which accounts for both assessment and tax rate increases. This is a reimbursable expense.

Master Lease – There is a master lease payment of \$318,809³⁷ which is an expense to the leasehold owner. This expense increases annually based on fixed steps. The cash flow uses the rent schedule stated in the master lease.

STANDARD VALUATION SERVICES

955902

 $^{^{37}}$ Contract rent is \$578,813 less a rent concession of \$260,004 = \$318,809

MANAGEMENT – Professional management fees range from 1.0% to 3.5% of effective gross income. A reasonable allowance for professional management is reconciled at 2.5% of EGI which equates to \$43,224 per annum. We reference the PwC survey presented on the following page.

Exhibit 4
MANAGEMENT FEES AND LEASING COMMISSIONS

First Quarter 2020

	MANAGEMENT FEES (As a % of EGR)		LEASING COMMISSI NEW LEASE	ONS (a)	RENEWEL LEASE	
	Range	Average	Range	Average	Range	Average
National						
Los Angeles	1.50% - 4.00%	2.50%	4.50% – 7.50%	6.05%	1.50% - 6.00%	3.65%
Manhattan	1.00% - 3.50%	2.30%	3.00% - 7.50%	5.18%	1.50% - 4.50%	2.89%
Northern Virginia	1.50% - 4.00%	2.77%	4.00% - 7.50%	5.67%	2.00% - 6.00%	4.27%

RESERVES: PwC indicates that in the Manhattan Office Market replacement reserves range from \$0.10 to \$0.50 per square foot with an average of \$0.23 per square foot. The net lease market ranges from \$0.15 to \$0.30 per square foot, averaging \$0.23 per square foot. A prudent investor will reserve for the replacement and repair of structural and mechanical items (e.g. roof, HVAC, etc.). Based on the condition of the subject property, we have reconciled this item at **\$0.50 per square foot**, which equates to **\$22,897 per annum**.

Exhibit 3
REPLACEMENT RESERVES PER SQUARE FOOT

First Quarter 2020

	CURRENT QUART	TER	YEAR AGO	
	Range	Average	Range	Average
National				
Los Angeles	\$0.10 - \$0.50	\$0.24	\$0.10 - \$0.40	\$0.22
Manhattan	\$0.10 - \$0.50	\$0.23	\$0.15 - \$0.50	\$0.28
Northern Virginia	\$0.10 - \$0.70	\$0.25	\$0.10 - \$0.70	\$0.27

The tables on the following page represents the 41-year cash flow as it relates to a potential subtenant and master lease. The net cash flow is reported for each year.

646 5th Avenue - Discounted Cash Flow Analysis - Valuation of Leasehold Position	h Flow Analysis -	Valuation	of Leaseh	old Position									
Projection Period				1	2	3	4	5	9	7	8	6	10
Gross Leasable Area 45,793				6	10	11	12	13	14	15	16	17	18
GBA 45,793	Base	Base Year 7/2020		7/1/2020	7/2/2021	7/2/2022	7/2/2023	7/1/2024	7/2/2025	7/2/2026	7/2/2/02/7	7/1/2028	7/2/2029
	\$ Amount	Per S.F	% E.G.I.										
Market Rent	\$1,740,134	\$38.00		\$1,740,134	\$1,774,937	\$1,810,435	\$1,846,644	\$1,883,577	\$1,921,249	\$1,959,674	\$1,998,867	\$2,038,844	\$2,079,621
Reimbursable Income	\$24,128			\$24,128	\$24,852	\$25,597	\$26,365	\$27,156	\$27,971	\$28,810	\$29,674	\$30,565	\$31,482
Potential Gross Income	\$1,764,262	\$38.53		\$1,764,262	\$1,799,789	\$1,836,033	\$1,873,009	\$1,910,733	\$1,949,220	\$1,988,484	\$2,028,541	\$2,069,409	\$2,111,103
Vacancy And Credit Loss	(\$35,285)	(\$0.77)	2.0%	(\$35,285)	(\$35,996)	(\$36,721)	(\$37,460)	(\$38,215)	(\$38,984)	(\$39,770)	(\$40,571)	(\$41,388)	(\$42,222)
Effective Commercial Income	\$1,728,977	\$ 37.76		\$1,728,977	\$1,763,793	\$1,799,312	\$1,835,549	\$1,872,519	\$1,910,235	\$1,948,714	\$1,987,971	\$2,028,021	\$2,068,881
Expense Category Inflation %	%												
Real Estate Taxes 3%	\$24,128	\$0.53	1.4%	\$24,128	\$24,852	\$25,597	\$26,365	\$27,156	\$27,971	\$28,810	\$29,674	\$30,565	\$31,482
Contract Rent (Master Lease)	\$318,809	86.96	18.4%	\$318,809	\$318,809	\$318,809	\$347,749	\$347,749	\$347,749	\$378,137	\$638,141	\$638,141	\$670,048
Subtotal	\$342,937	\$7.49	19.8%	\$342,937	\$343,660	\$344,406	\$374,114	\$374,905	\$375,720	\$406,947	\$667,815	\$668,705	\$701,529
Administrative													
Management	\$43,224	\$0.94	2.5%	\$43,224	\$44,095	\$44,983	\$45,889	\$46,813	\$47,756	\$48,718	\$49,699	\$50,701	\$51,722
Reserves	\$22,897	\$0.50	1.3%	\$22,897	\$23,354	\$23,822	\$24,298	\$24,784	\$25,280	\$25,785	\$26,301	\$26,827	\$27,363
Total Expenses	\$409,057	\$8.93	23.7%	\$409,057	\$411,110	\$413,210	\$444,301	\$446,502	\$448,756	\$481,450	\$743,815	\$746,233	\$780,615
Per S.F. of GBA	\$8.93			\$8.93	88.98	\$9.02	89.70	\$9.75	89.80	\$10.51	\$16.24	\$16.30	\$17.05
	6	6											
Net Cash Flow	\$1,319,919	\$28.82	76.3%	\$1,319,919	\$1,352,683	\$1,386,102	\$1,391,248 \$1,426,016	\$1,426,016	\$1,461,480	\$1,467,264	\$1,244,155	\$1,281,788	\$1,288,266
Per S.F. of GBA				\$28.82	\$29.54	\$30.27	\$30.38	\$31.14	\$31.91	\$32.04	\$27.17	\$27.99	\$28.13
Projection Period				1	2	3	4	5	9	7	8	6	10
Annual Discount Rate	8.00%	Disco	Discount Factor:	0.9259	0.8573	0.7938	0.7350	9089.0	0.6302	0.5835	0.5403	0.5002	0.4632
Present Value of Cash Flows				\$1,222,148	\$1,159,708	\$1,100,332	\$1,022,609	\$970,523	\$920,980	\$856,134	\$672,178	\$641,213	\$596,716

646 5th Avenue - Discounted Cash Flow Analysis - Valuation of Leasehold Position	low Analysis - Valua	tion of Lea	sehold Pos	sition							
Projection Period		Π	12	13	14	15	16	17	18	19	20
Gross Leasable Area 45,793		19	20	21	22	23	24	25	26	27	28
GBA 45,793	Base Year 7/2020	7/2/2030	7/2/2031	7/1/2032	7/2/2033	7/2/2034	7/2/2035	7/1/2036	7/2/2037	7/2/2038	7/2/2039
	\$ Amount										
Market Rent	\$1,740,134	\$2,121,214	\$2,163,638	\$2,206,911	\$2,251,049	\$2,296,070	\$2,341,991	\$2,388,831	\$2,436,608	\$2,485,340	\$2,535,047
Reimbursable Income	\$24,128	\$32,426	\$33,399	\$34,401	\$35,433	\$36,496	\$37,591	\$38,718	\$39,880	\$41,076	\$42,309
Potential Gross Income	\$1,764,262	\$2,153,640	\$2,197,037	\$2,241,311	\$2,286,482	\$2,332,566	\$2,379,582	\$2,427,549	\$2,476,488	\$2,526,416	\$2,577,355
Vocano V V V V V V V V V V V V V V V V V V V	(\$35 785)	(\$12.072)	(6/12/0/11)	(900 110)	(6.45.720)	(159 913)	(607 500)	(6.19.551)	(640 530)	(965) 679)	(551 577)
Vacancy And Credit Loss	(\$52,282)	62 110 577		62 107 495		(346,031)		62 276 000		~	(140,104)
Епесиче Сомметска посоме	51,728,977	795,110,567	\$2,153,096	\$2,155,096 \$2,196,485	32,240,732	\$2,285,914	82,331,990	866,878,888	82,470,938	22,4 / 2,888	808,626,28
Expense Category Inflation %											
Real Estate Taxes 3%	\$24,128	\$32,426	\$33,399	\$34,401	\$35,433	\$36,496	\$37,591	\$38,718	\$39,880	\$41,076	\$42,309
Contract Rent (Master Lease)	\$318,809	\$670,048	\$670,048	\$703,550	\$703,550	\$703,550	\$738,728	\$738,728	\$738,728	\$775,664	\$775,664
Subtotal	\$342,937	\$702,474	\$703,447	\$737,951	\$738,983	\$740,046	\$776,318	\$777,446	\$778,608	\$816,740	\$817,973
Administrative											
Management	\$43,224	\$52,764	\$53,827	\$54,912	\$56,019	\$57,148	\$58,300	\$59,475	\$72,809	\$74,277	\$75,774
Reserves	\$22,897	\$27,911	\$28,469	\$29,038	\$29,619	\$30,211	\$30,816	\$31,432	\$32,061	\$32,702	\$33,356
Total Exnanses	\$409.057	\$783 140	\$785 743	\$821 901	\$824.621	\$827.405	8865 434	8868 353	5883 477	8923 719	\$927 103
Per S F of GBA	\$8.93	\$17.10	\$17.16	\$17.95		\$18.07	\$18.90		\$19.29	\$20.17	\$20.25
Net Cash Flow	\$1,319,919	\$1,327,418	\$1,367,353	\$1,374,584	\$1,416,131	\$1,458,509	\$1,466,556	\$1,510,645	\$1,543,481	\$1,552,169	\$1,598,705
Per S.F. of GBA		\$28.99	\$29.86	\$30.02	\$30.92	\$31.85	\$32.03	\$32.99	\$33.71	\$33.90	\$34.91
Projection Period		11	12	13	14	15	16	17	18	19	20
Annual Discount Rate	8.00%	0.4289	0.3971	0.3677	0.3405	0.3152	0.2919	0.2703	0.2502	0.2317	0.2145
Present Value of Cash Flows		\$569,307	\$542,995	\$505,432	\$482,137	\$459,783	\$428,074	\$408,281	\$386,255	\$359,656	\$342,999

646 5th Avenue - Discounted Cash Flow Analysis - Valuation of Leasehold Position	ı Flow Analysıs - Valuat	tion of Lea	sepold Pos	sition							
Projection Period		21	22	23	24	25	56	27	28	59	30
Gross Leasable Area 45,793		56	30	31	32	33	34	35	36	37	38
GBA 45,793	Base Year 7/2020	7/1/2040	7/2/2041	7/2/2042	7/2/2043	7/1/2044	7/2/2045	7/2/2046	7/2/2047	7/1/2048	7/2/2049
	\$ Amount										
Market Rent	\$1,740,134	\$2,585,748	\$2,637,463	\$2,690,212	\$2,744,016	\$2,798,896	\$2,854,874	\$2,911,972	\$2,970,211	\$3,029,615	\$3,090,208
Reimbursable Income	\$24,128	\$43,578	\$44,885	\$46,232	\$47,619	\$49,047	\$50,519	\$52,034	\$53,595	\$55,203	\$56,859
Potential Gross Income	\$1,764,262	\$2,629,325	\$2,682,348		\$2,736,444 \$2,791,635 \$2,847,944 \$2,905,393 \$2,964,006 \$3,023,806	\$2,847,944	\$2,905,393	\$2,964,006		\$3,084,819	\$3,147,067
Vacancy And Chadit Loss	(\$35,785)	(852 587)	(\$53,647)	(854 779)	(855 833)	(050 953)	(858 108)	(859.280)	(\$60.476)	(\$61,696)	(\$62 941)
Effective Commercial Income	\$1.728.977	\$2.576.739	\$2.628.701	\$2.681.715	\$2,735,802 \$2,790,985	\$2,790,985	\$2.847.285	\$2.904.726	è		\$3.084.126
				. (-)			, , , ,	, , , , , , ,			
Expense Category Inflation %	.0										
Real Estate Taxes 3%	\$24,128	\$43,578	\$44,885	\$46,232	\$47,619	\$49,047	\$50,519	\$52,034	\$53,595	\$55,203	\$56,859
Contract Rent (Master Lease)	\$318,809	\$775,664	\$775,664	\$814,447	\$855,170	\$855,170	\$855,170	\$897,928	\$897,928	\$897,928	\$942,825
Subtotal	\$342,937	\$819,242	\$820,549	\$860,679	\$902,788	\$904,217	\$905,688	\$949,962	\$951,523	\$953,131	\$999,684
Administrative											
Management	\$43,224	\$77,302	\$78,861	\$80,451	\$82,074	\$83,730	\$85,419	\$87,142	\$88,900	\$90,694	\$92,524
Reserves	\$22,897	\$34,023	\$34,703	\$35,398	\$36,105	\$36,828	\$37,564	\$38,315	\$39,082	\$39,863	\$40,661
	120 001 0	0000	777 7006	001 / 100	070 000	100	1000	007	1010	003 700	070 64 130
I otal Expenses	3409,037	195,066	\$934,114	\$76,076	\$1,020,908	\$1,074,174	31,070,368 31,074,7/4 31,078,671	31,0/5,420	505,6/0,18 024,6/0,18	\$1,083,088	\$1,132,808
Per S.F. of GBA	\$8.93	\$20.32	\$20.40	\$21.32	\$22.30	\$22.38	\$22.46	\$23.48	\$23.57	\$23.66	\$24.74
Net Cash Flow	\$1,319,919	\$1,646,172	\$1,694,587	\$1,705,187	\$1,714,834	\$1,766,211	\$1,818,614	\$1,829,306	\$1,883,825	\$1,939,434	\$1,951,257
Per S.F. of GBA		\$35.95	\$37.01	\$37.24	\$37.45	\$38.57	\$39.71	\$39.95	\$41.14	\$42.35	\$42.61
Projection Period		21	22	23	24	25	26	27	28	29	30
Annual Discount Rate	8.00%	0.1987	0.1839	0.1703	0.1577	0.1460	0.1352	0.1252	0.1159	0.1073	0.0994
Present Value of Cash Flows		\$327,021	\$311,703	\$290,419	\$270,428	\$257,898	\$245,880	\$229,005	\$218,361	\$208,155	\$193,911

646 5th Avenue - Discounted Cash Flow Analysis - Valuation of Leasehold Position	d Cash Fl	ow Analysis - Valua	tion of Lea	sehold Pos	sition								
Projection Period			31	32	33	34	35	36	37	38	39	40	41
Gross Leasable Area 4	45,793		39	40	41	42	43	44	45	46	47	48	49
GBA 4	45,793	Base Year 7/2020	7/2/2050	7/2/2051	7/1/2052	7/2/2053	7/2/2054	7/2/2055	7/1/2056	7/2/2057	7/2/2058	7/2/2059	7/1/2060
		\$ Amount											
Market Rent		\$1,740,134	\$3,152,012	\$3,215,052	\$3,279,353	\$3,344,940	\$3,411,839	\$3,480,076	\$3,549,677	\$3,620,671	\$3,693,084	\$3,766,946	\$3,842,285
Reimbursable Income		\$24,128	\$58,565	\$60,322	\$62,132	\$63,996	\$65,915	\$67,893	\$69,930	\$72,028	\$74,188	\$76,414	\$78,706
Potential Gross Income		\$1,764,262	\$3,210,577	\$3,210,577 \$3,275,374	\$3,341,485	\$3,341,485 \$3,408,936 \$3,477,754 \$3,547,969 \$3,619,607 \$3,692,698 \$3,767,273	\$3,477,754	\$3,547,969	\$3,619,607	\$3,692,698		\$3,843,360	\$3,920,991
Vocasias Van Cash 1		(835 305)	(010 173)	(202 593)	(020 990)	(669 170)	(\$25 093)	(050 050)	(677 202)	(672 954)	(\$72.954) (\$75.345)		(0.00 4.20)
Effective Commercial Income		\$1,728,977	\$3,146,365	\$3,209,867	\$3,274,655	\$3,200,867 \$3,274,655 \$3,340,757 \$3,408,199 \$3,477,009 \$3,547,215 \$3,618,844 \$3,691,927	\$3,408,199	\$3,477,009	\$3,547,215	\$3,618,844	\$3,691,927	3,766,493	\$3,842,572
Expense Category Infl	Inflation %												
Real Estate Taxes	3%	\$24,128	\$58,565	\$60,322	\$62,132	\$63,996	\$65,915	\$67,893	\$69,930	\$72,028	\$74,188	\$76,414	\$78,706
Contract Rent (Master Lease)		\$318,809	\$942,825	\$942,825	996,6868	996,6868	996,6868	\$1,039,464	\$1,039,464	\$1,039,464	\$1,091,437 \$1,091,437	\$1,091,437	\$1,091,437
Subtotal		\$342,937	\$1,001,390	\$1,003,147	\$1,052,097	\$1,053,961	\$1,055,881	\$1,107,357	\$1,109,394	\$1,111,492	\$1,165,626	\$1,167,851	\$1,170,144
Administrative													
Management		\$43,224	\$94,391	\$96,296	\$98,240	\$100,223	\$102,246	\$104,310	\$106,416	\$108,565	\$110,758	\$112,995	\$115,277
Reserves		\$22,897	\$41,474	\$42,303	\$43,149	\$44,012	\$44,893	\$45,790	\$46,706	\$47,640	\$48,593	\$49,565	\$50,556
Total Expenses		8409,057	\$1,137,254	\$1,141,746	\$1,193,486	\$1,198,196	\$1,203,020	\$1,257,458	\$1,262,516	\$1,267,697	\$1,137,254 \$1,141,746 \$1,193,486 \$1,198,196 \$1,203,020 \$1,257,458 \$1,262,516 \$1,267,697 \$1,324,977 \$1,330,411		\$1,335,977
Per S.F. of GBA		\$8.93	\$24.83	\$24.93	\$26.06	\$26.17	\$26.27	\$27.46	\$27.57	\$27.68	\$28.93	\$29.05	\$29.17
Net Cash Flow		\$1,319,919	\$2,009,111	\$2,068,121	\$2,081,169 \$2,142,561	\$2,142,561	\$2,205,180 \$2,219,552 \$2,284,698	\$2,219,552		\$2,351,147 \$2,366,951		\$2,436,082	\$2,506,594
Per S.F. of GBA			\$43.87	\$45.16	\$45.45	846.79	\$48.16	\$48.47	\$49.89	\$51.34	851.69	\$53.20	\$54.74
Projection Period			31	32	33	34	35	36	37	38	39	40	41
Annual Discount Rate		8.00%	0.0920	0.0852	0.0789	0.0730	0.0676	0.0626	0.0580	0.0537	0.0497	0.0460	0.0426
Present Value of Cash Flows			\$184,870	\$176,204	\$164,181	\$156,504	\$149,146	\$138,998	\$132,480	\$126,234	\$117,669	\$112,135	\$106,834

INCOME CAPITALIZATION

PUBLISHED INDICES

The primary investment surveys used are the PwC Real Estate Investor Survey and the Situs RERC Real Estate Report. These are used in addition to informal surveys of market participants routinely performed during this and prior assignments.

PWC REAL ESTATE INVESTOR SURVEY

Recent trends for discount rates (IRR's), residual and going-in capitalization rates are detailed as follows. Note that the rates are quoted on unleveraged, all-cash transactions. According to the 2nd Quarter 2020 PwC Survey, investors and investment advisors active in the National Net Lease Market reported the following trends:

Table 31

NATIONAL NET LEASE MARKET

Second Quarter 2020

Second Quarter 2020					
	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR) ^a					
Range	5.00% - 10.00%	5.00% - 10.00%	5.00% - 10.00%	6.00% - 10.00%	6.00% - 10.00%
Average	7.10%	7.10%	7.50%	8.00%	7.92%
Change (Basis Points)		0	- 40	- 90	- 82
OVERALL CAP RATE (OAR)					
Range	4.00% - 8.00%	4.00% - 8.00%	5.00% - 8.50%	5.25% - 9.00%	5.50% - 9.00%
Average	6.22%	6.16%	6.60%	6.88%	6.83%
Change (Basis Points)		+ 6	- 38	- 66	- 61
RESIDUAL CAP RATE					
Range	5.50% - 8.00%	5.50% - 8.00%	6.50% - 10.00%	6.00% - 9.00%	7.00% - 9.00%
Average	7.03%	6.98%	7.75%	7.60%	7.88%
Change (Basis Points)		+ 5	- 72	- 57	- 85
MARKET RENT CHANGE					
Range	(10.00%) - 2.00%	0.00% - 2.50%	0.00% - 3.00%	0.00% - 4.00%	0.00% - 3.00%
Average	(0.15%)	1.25%	1.58%	1.92%	1.80%
Change (Basis Points)		- 140	- 173	- 207	- 195
EXPENSE CHANGE®					
Range	0.00% - 2.00%	0.00% - 2.00%	0.00% - 3.00%	0.00% - 4.00%	0.00% - 3.00%
Average	1.00%	1.20%	1.80%	1.67%	1.70%
Change (Basis Points)		- 20	- 80	- 67	- 70
MARKETING TIME®					
Range	1 – 18	1 - 18	1 – 12	2 - 12	1 – 12
Average	5.4	5.2	5.1	5.4	4.3
Change (▼, ▲, =)		A		=	A

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

The national net lease market range has a range for the discount rate from 4% to 8%, averaging 6.22%. We focused on the National Net Lease Market, which has similar economic appeal to investors as the leasehold position of the master lease. There has been a marginal increase in the capitalization rate (OAR) from 6.16% to 6.22% which we attribute to investors realigning financial expectations because of the economic impact of Covid-19 shutdowns. The diminished level of sale transactions limits our ability to establish a specific shift in investor criteria, but we recognize that the market is factoring increased risk in various segments such as retail and office properties.

^{46 |} PwC Real Estate Investor Survey

The RERC Flash 2nd Quarter survey illustrates the following:

Required Return Expectations¹ by Property Type

	OFF	HCE		INDUSTRIAL			RETAIL		APT	STUDENT HOUSING	HOTEL
	CBD	SUB	WHSE	R&D	FLEX	RGNL MALL	PWR CNTR	NEIGH/ COMM			
Pre-Tax Yie	ld (IRR) (%)										
Range ²	6.0 - 8.1	7.0 - 9.0	5.8 - 7.2	7.0 - 8.7	7.3 - 8.9	7.0 - 9.0	7.5 - 9.0	6.5 - 7.5	6.0 - 7.4	7.0 - 8.5	9.0 - 12.0
Average	7.1	7.8	6.4	7.9	8.1	8.1	8.5	7.2	6.5	7.8	10.3
BPS Change ³	0	-20	10	-10	-20	10	30	0	-10	-10	10
Going-In G	ap Rate (%)										
Range ²	4.5 - 6.3	5.5 - 7.1	4.3 - 5.5	5.5 - 7.2	5.5 - 7.4	6.0 - 7.5	6.8 - 8.0	4.8 - 7.0	4.5 - 5.8	5.5 - 7.0	7.5 - 8.7
Average	5.5	6.4	4.8	6.4	6.8	6.8	7.3	6.1	5.0	5.9	8.1
BPS Change ³	-20	-20	0	-20	-20	10	20	10	10	10	-10
Terminal Ca	ap Rate (%)										
Range ²	5.3 - 6.8	6.0 - 7.6	5.0 - 6.0	6.0 - 7.7	6.8 - 7.9	6.5 - 8.0	7.3 - 8.5	6.5 - 8.0	5.0 - 6.3	6.0 - 7.5	8.0 - 9.4
Average	6.2	7.0	5.4	7.0	7.4	7.3	7.7	6.8	5.5	6.4	8.7
BPS Change ³	0	-10	-10	-10	-20	10	20	20	10	-10	-10

The RERC survey reflects market changes by the respective property type as impacted by the current economic crisis caused by Covid-19. The retail and hotel sectors are experiencing increases for equity, going-in and terminal cap rates which is consistent with the data reported under our regional economic survey.

Current Quarter Capitalization Techniques & Investment Conditions

		INVESTME	NT CONDITIONS		INCOME APPROACH ²	CAP RATE
	2Q 2020	1Q 2020	2Q 2019	2Q 2018		
Office – CBD	4.0	3.3	6.0	5.1	DCF	Before Reserves
Office – Suburban	4.1	2.7	5.5	5.0	DCF	Before Reserves
Industrial – Warehouse	7.1	5.8	7.8	6.5	DCF	Before Reserves
Industrial – R&D	5.2	4.6	5.6	5.6	DCF	Before Reserves
Industrial – Flex	4.8	4.2	5.4	5.7	DCF	Before Reserves
Retail – Regional Mall	2.3	2.5	3.0	3.7	DCF	Before Reserves
Retail – Power Center	2.8	2.7	4.6	4.4	DCF	Before Reserves
Retail – Neigh/Comm	4.5	4.3	5.8	5.6	DCF	Before Reserves
Apartment	6.0	4.6	7.0	5.5	DCF	After Reserves
Student Housing	3.4	3.4	5.1	5.3	DCF	After Reserves
Hotel	2.4	2.7	6.3	5.8	DCF	After Reserves

¹Investment Conditions rated on a scale of 1 = poor to 10 = excellent.

Source RERC Investment Survey (initial data), 2Q 2020.

²Reflects most relevant income approach among majority of respondents.

³Reflects when cap rate is applied by majority of respondents.

There is no specific class for school facilities, as such we reference the office, retail and student housing indexes because these are possible alternated uses for the Subject to establish an indication of risk that the investor that would require a property like the Subject. These three market segments indicate average yield requirements from 7.1% to 7.8% going-in capitalization rates averaging 6.1% to 6.4% with terminal capitalization rates 50 to 60 basis points higher.

As with any investment property, there is some risk to the leasehold owner, but it is mitigated by the 30-year lease term and two option periods that would extend the lease for an additional 19 years. Our analysis covers the initial lease term, plus the two option periods since the rent for the option period is stated in the master lease. We also consider that (1) there is substantial potential leasehold income, as contract rent is 31% of market in Year 1 and (2) the length of the lease term (40 Years) that approaches a fee position in the eyes of many investors, and offers owner-user potential in an undersupplied market.

Most leasehold positions offer less marketability to a potential investor, as compared to a rental arrangement (leased fee interest). Based the cash flow characteristics, as well as specific use and condition of the improvements, a discount rate of 8.0% has been used to develop the present value of the net cash flow for the leasehold interest.

In our final value calculation and reconciliation, we calculate the market value of the leasehold prior to the rental or sales proceeds that are due to the landlord, which was previously calculated as the present value of 50% the excess rent, less the rent concession, plus credit for the tenant's capital investment of \$12,000,000. The balance or residual reflects the market value of the tenant's interest in the leasehold. The table below summarizes our analysis.

Sum of Discounted Cash Flows	\$17,765,499
Prospective Leasehold Sale Proceeds	\$17,770,000
Present Value of Payments to Landlord	<u>-\$1,568,282</u>
Indicated Market Value of Leasehold Interest	\$16,201,718

INDICATED MARKET VALUE OF LEASEHOLD INTEREST (RD.):

\$16,200,000

SALES COMPARISON APPROACH

The Sales Comparison Approach relies upon an analysis of recent sales of similar types of properties and provides an indication, in theory, of what the subject property itself would sell for, as of the effective date of valuation. For analysis purposes sale comparisons are reduced to a common unit rate, such as the price per square foot of gross building area. Where an active market provides a sufficient quantity of comparable sales, this approach is considered a reliable indicator of market value.

This approach is based on the Principle of Substitution that states that when several commodities or services with substantially similar utility are available, the lower price attracts the greatest demand and the widest distribution. In other words, a prudent investor/purchaser would not pay more to acquire a given property in the market, if an equally desirable alternative property may be acquired for less.

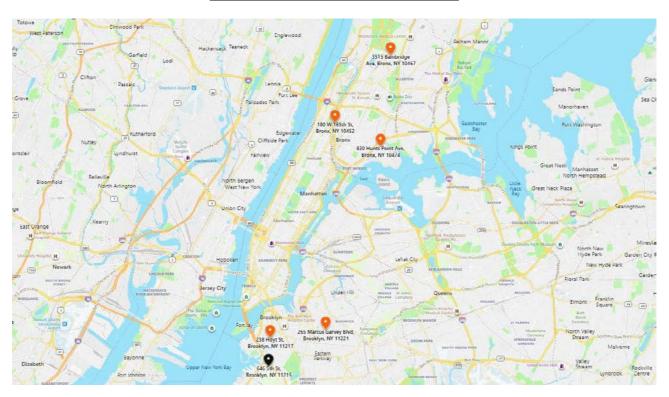
The New York City Rolling Sales online data files and Costar were used in our search for comparable buildings in the subject market. There have been a limited number of sales that are operated as schools in the past four years. Despite the limited number of sales, we were able to develop several sales of Charter School or Pre-K facilities with similar characteristics as the subject.

None of the comparable sales developed are exactly similar to the subject. Therefore, a detailed series of adjustments is applied to account for pertinent differences, including an adjustment for conditions of sale, financing terms, market conditions, location/exposure, and physical characteristics. After adjustment, the comparable sales provide a meaningful range of value indicators for the subject.

Below is a summary of the sales used in our analysis, followed by individual sale abstracts and photographs, the adjustment analysis and grid, and the Conclusion of Value.

Sale No.	Sale Date	Sale Price	GLA (SF±)	Unadjusted \$/SF
Subject	07/21/2020	N/A	45,793	N/A
1	07/10/2019	\$14,000,000	21,375	\$655
2	02/28/2019	\$14,000,000	24,240	\$578
3	11/05/2019	\$9,000,000	18,600	\$484
4	12/22/2017	\$24,012,708	51,771	\$464
5	12/15/2017	\$15,250,000	29,567	\$516

COMPARABLE SALES LOCATION MAP



Tax Map Identification: Block 3328, Lot 60

Location: 3515 Bainbridge Avenue

Norwood, Bronx, New York

Grantor: Roman Catholic Church of Saint Brendan and Saint Ann

Grantee: MMC Corporation

Date of Sale: July 10, 2019
Recording Date: July 19, 2019
Document ID: 2019071700512001

Plot Size: $21,150\pm$ square feet Building Size: $21,375\pm$ square feet Zoning: R7-1 Residential

Improvement Description: Four-story school building constructed circa 1923 and

renovated throughout the years.

Indicated Sale Price: \$14,000,000

Price per SF GBA: \$655

Real Estate Taxes: \$6.91 per square foot of GBA (currently exempt)

Remarks: The improvements are school facility and operated by Saint

Ann's Catholic School.



Tax Map Identification: Block 409, Lot 38

Location: 238 Hoyt Street

Carroll Gardens, Brooklyn, New York

Grantor: ULBERN Realty, LLC.
Grantee: New Dawn Charter Schools

Date of Sale: February 28, 2019
Recording Date: March 12, 2019
Document ID: 2019030401015001

Plot Size: $7,500\pm$ square feet Building Size: $24,240\pm$ square feet

Zoning: R6B Residential with a C2-2 Commercial Overlay

Improvements: The improvements were constructed as a Transient Hotel in 2015.

Indicated Sale Price: \$14,000,000

Price per SF GBA: \$578

Real Estate Taxes: \$7.57 per square foot of GBA

Remarks: The property operates as a Charter School, New Dawn which was

approved for operations in 2018.



Tax Map Identification: Block 1624, Lot 1

Location: 265 Marcus Garvey Boulevard

Bedford Stuyvesant, Brooklyn, New York

Grantor: 265 Marcus Garvey Blvd. LLC

Grantee: 265 Marcus LLC

Date of Sale: November 5, 2019
Recording Date: November 13, 2019
Document ID: 2019111000006001

Plot Size: $12,500\pm$ square feet Building Size: $18,600\pm$ square feet

Zoning: R6A Residential with a C2-4 Commercial Overlay

Improvements: The improvements consist of a 2-story school facility.

Indicated Sale Price: \$9,000,000 Price per SF GBA: \$484

Real Estate Taxes: \$3.72 per square foot of GBA

Remarks: The property operates as the Early Life Pre-school which was approved for

operations in 2016 under the Office of Head Start.



TAX MAP ID

Block 2523, Lot 133

LOCATION

180 West 165th Street Morris Heights, Bronx, New York

PLOT SIZE

 $11,618 \pm \text{ sq. ft.}$

BUILDING SIZE

 $51,171\pm$ square feet

ZONING

R7-1 Residential Residential FAR 3.44 Community Facility FAR 4.8



Grantor: CA New York City 180 W165S LLC

Grantee: 180 W. 165TH Street LLC

Date of Sale:

Recording Date:

December 22, 2017

January 11, 2018

Document ID #:

2018010301278001

Indicated Sale Price: \$24,012,078 Per Sq. Ft. of GBA: \$463.83

Real Estate Taxes: \$40,120 (\$554,120 in Abated taxes as a Charter School)

Improvement Description: Five-story building used as an educational facility. The

building was constructed as a new facility in 2013 and is in

good condition.

Remarks: Deed confirmed from ACRIS-NYC online documentation

system. The building is occupied by Metropolitan Lighthouse

Charter School. The property is net leased.

TAX MAP ID

Block 2762, Lot 7

LOCATION

830 Hunts Point Avenue Hunts Point, Bronx, New York

PLOT SIZE

13,388± square feet

BUILDING SIZE

 $29,567 \pm \text{ square feet}$

ZONING

R6 with a C1-4 Commercial Residential FAR 2.43 Commercial FAR 1.0 Community Facility FAR 4.8



Grantor: Civic Hunts Point Ave Charter Corp.
Grantee: Hyde Leadership Charter School

 Date of Sale:
 December 15, 2017

 Recording Date:
 January 10, 2018

 Document ID #:
 2017122700489006

Indicated Sale Price: \$15,250,000 Per Sq. Ft. of GBA: \$515.68

Real Estate Taxes: Exempt (\$539,529 in exempt taxes)

Improvement Description: Three-story building used as an educational facility. The

building was constructed as a new facility in 2010 and is in

good condition.

Remarks: Deed confirmed from ACRIS-NYC online documentation

system. The facility is occupied Hyde Leadership Charter

School.

MARKET DATA ADJUSTMENT ANALYSIS

Five (5) sales were selected for analysis in estimating the market value of the subject property. The sales used were adjusted for differences with the subject, such as property rights conveyed, conditions of sale, financing terms, market conditions (time), location, size, and physical features such as age/condition and utility.

TRANSACTION ADJUSTMENTS

Unit of Comparison

The unit of comparison used is the price-per square foot of gross building area (GBA) above grade.

Property Rights Conveyed

We are valuing the leasehold position of the Subject. An adjustment is required to account for the differences in the property rights conveyed, based upon identifiable differences between the subject and respective sales. These differences may include any form of encumbrance, restriction, easement, or covenant. Most often, the identification and comparison of a fee simple to a leased fee interest is addressed.

The sales are occupied by educational use tenants with existing leases. The distinct difference that must be accounted for in the adjustment process is the fact the leasehold is responsible for a substantial rent to maintain the leasehold, and by its very nature, a leasehold has a finite life owing to the lease length, which is not a major issue in and of itself. A single adjustment (to the concluded value at the conclusion of this approach) is applied to our valuation estimate to account for this variance, as opposed to applying adjustments to each sale which could be significant and render the adjustment less meaningful when compiled with the other adjustments that we have considered.

Conditions of Sale

An adjustment is required when a property sells subject to unique conditions that clearly influence sale price. No unusual conditions are known to have affected the sales. Therefore, no adjustments are made.

Financing

An adjustment must be made to sales that are subject to non-conventional financing (assumed mortgages, seller financing), when substantially different than market terms. Verification of financing terms for the sales revealed no differences that would warrant adjustment.

Market Conditions

The sales have occurred since December 2017. Our analysis indicates that the market had a positive time trend of 3% to 5% per annum through the 1st Quarter in 2020 prior to the Covid-19 pandemic impacting New York City. The market was showing signs of cooling down and that the pandemic's effect is likely to dampen sales activity and demand, but prices are not expected to retrench. We have considered the effect of COVID-19 and are of the opinion that any economic influence affecting school facilities will most likely be in terms of exposure and marketing time, versus a decline in property values. A market trend of 4% per annum was applied to the sales through March 1, 2020 and no time trend has been applied since March 2020.

PROPERTY ADJUSTMENTS

Location/Exposure

Location/exposure adjustments consider the characteristics of surrounding neighborhood development and demographics, as well as proximity to supporting facilities.

Sale Nos. 1 and 2 are in superior areas in terms of exposure and access to mass transit. These sales are adjusted downward.

Sale Nos. 3, 4 and 5 sales have similar access to mass transit but are in less desirable residential communities. Upward adjustments have been applied.

Building Size

Typically, smaller buildings appeal to a greater pool of buyers, and due to greater demand, frequently command a higher price per square foot. The gross rentable area of the Subject is $45,793\pm$ square feet.

Sale Nos. 1, 2, 3 and 5 are smaller than the Subject. We are of the opinion that a premium exists for acquiring a smaller facility, as such downward adjustments are applied.

Sale No. 4 is of similar in size to the Subject. We are of the opinion that there is no differential between the sale and the Subject. No adjustment is considered.

Condition

The Subject is recently constructed and in good condition. Our adjustment for condition is based on the current maintenance and appeal of the facility.

Sale Nos. 1, 4 and 5 are in similar condition to the Subject; however, there are some notable differences to the Subject in terms of use. We have not applied any adjustments to these sales.

Sale Nos. 2 and 3 are in inferior to the subject at the time of sale are adjusted upwards.

Economic Utility

The Subject is used as a Charter School and the sales are used as educational facilities.

	SALES	COMPARIS	ON ADJUS	SALES COMPARISON ADJUSTMENT GRID		
		646 S1	646 5th Avenue SVS 955260			
Sale No.	Subject	-1	2	હા	41	5
Address	646 5th Avenue	3515 Bainbridge Ave	238 Hoyt Street	265 Marcus Garvey Blvd	180 West 165th St	830 Hunts Point Ave
Community	Greenwood/South Slope	Norwood	Carroll Gardens	Bedford Stuyvesant	Morris Heights	Hunts Point
Date of Sale	7/21/2020	7/10/2019	2/28/2019	11/5/2019	12/22/2017	12/15/2017
Indicated Sales Price		\$14,000,000	\$14,000,000	\$9,000,000	\$24,012,708	\$15,250,000
DESCRIPTIVE INFORMATION	AATION					
Estimated GBA (SF)	45,793	21,375	24,240	18,600	51,771	29,567
Site Area:	11,098	21,150	7,500	12,500	11,618	13,388
Stories:	S	4	4	2	S	3
Year Built	1973/2012	1928	1971	1913	2013	2010
Use:	Charter School	Charter School	Charter School	Day Care	Charter School	Charter School
Condition	Good	Inferior	Inferior	Inferior	Similar	Similar
Property Rights Conveyed	Lease hold Interest	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Valuation Indicators Price per SF of GBA		\$655	8278	\$484	\$464	\$516
Food omio Indicatous						
Economic Indicators Real Estate Taxes	\$24,128	\$147,777	\$183,458	\$69,190	\$594,200	\$539,529
RET/ SF of GBA	\$0.53	\$6.91	\$7.57	\$3.72	\$11.48	\$18.25
TRANSACTIONAL ADJUSTMENTS	STMENTS					
Adjustment for Property Rights Conveyed	Rights Conveyed	%0	%0	%0	%0	%0
Adjusted Sale Price Per Sq. Ft.	Sq. Ft.	\$654.97	\$577.56	\$483.87	\$463.83	\$515.78
Adjustment for Conditions of Sale	s of Sale	%0	%0	%0	%0	%0
Adjusted Sale Price Per Sq. Ft.	Sq. Ft.	\$655	\$578	\$484	\$464	\$516
Financing Adjustment		%0	%0	%0	%0	%0
Adjusted Sale Price Per Sq. Ft.	Sq. Ft.	\$655	\$578	\$484	\$464	\$516
Adjustment for Market Conditions	onditions					
Time (Months)		13	17	6	31	32
Percent Adjustment		3.8%	5.1%	2.6%	9.4%	9.5%
Adjusted Sale Price Per Sq. Ft.	Ft.	8680	209\$	\$496	\$508	\$565
PROPERTY ADJUSTMENTS	SL					
Location		-5.0%	-5.0%	10.0%	5.0%	5.0%
Building Size		-5.0%	-5.0%	-5.0%	0.0%	-5.0%
Condition		0.0%	5.0%	10.0%	%0.0	0.0%
Utility		0.0%	0.0%	0.0%	0.0%	0.0%
Total Adjustment		-10.0%	-5.0%	15.0%	5.0%	0.0%
ADJUSTED PRICE PER SF OF G	SF OF GBA	\$612	8577	\$571	\$533	\$565

Price per Square Foot Indicator

Prior to adjustment, the comparable sales range from \$464 to \$655 per square foot. After applying appropriate adjustments, the comparable range from \$548 to \$610 per square foot with a mean and median of \$588 and median of \$598 per square foot.

Analysis:	Unadjusted	Adjusted
Low	\$464	\$533
High	\$655	\$612
Mean	\$539	\$571
Median	\$547	\$571

Based on our analysis of available market data, the existing land lease, the indicated value of the subject property via the sales comparison approach is estimated to be \$550.00 per square foot. Sale Nos. 4 and 5 are recently constructed Charter School facilities and are very similar to the Subject.

GLA(±SF)	×	Indicated Unit Value/SF		Indicated Value
45,793	×	\$550	Ш	\$25,186,150

FEE SIMPLE VALUE VIA SALES COMPARISON APPROACH (ROUNDED): \$25,200,000

DEDUCTION FOR MASTER LEASE

The property is encumbered by a master lease with 21 years remaining on the initial term plus two (2), ten-year options periods. The annual cost of the lease is \$318,809 which escalates to \$638,141 in 2028 once the rent concession burns off. We have calculated the present value of the master lease to be \$7,431,670 based on a 7.5% discount rate. The value of the master lease is deducted from the indicated fee value of the sales to establish the leasehold value (see table on following page).

Indicated Present Value of Land Lease (rounded):

Market Value of the Leasehold Position:

\$ 7,450,000 \text{ \$17,750,000}

"AS IS" MARKET VALUE VIA SALES COMPARISON APPROACH: \$17,750,000

Lease	Lease	Contract	Rent	Effective	Discount	Present Value of
Period	Year	Rent	Concession	Contract Rent	Factor	Effective Rent
9	2020	\$578,813	\$260,004	\$318,809	0.930	\$296,566
10	2021	\$578,813	\$260,004	\$318,809	0.865	\$275,875
11	2022	\$578,813	\$260,004	\$318,809	0.805	\$256,628
12	2023	\$607,753	\$260,004	\$347,749	0.749	\$260,395
13	2024	\$607,753	\$260,004	\$347,749	0.697	\$242,228
14	2025	\$607,753	\$260,004	\$347,749	0.648	\$225,328
15	2026	\$638,141	\$260,004	\$378,137	0.603	\$227,924
16	2027	\$638,141		\$638,141	0.561	\$357,807
17	2028	\$638,141		\$638,141	0.522	\$332,844
18	2029	\$670,048		\$670,048	0.485	\$325,103
19	2030	\$670,048		\$670,048	0.451	\$302,422
20	2031	\$670,048		\$670,048	0.420	\$281,322
21	2032	\$703,550		\$703,550	0.391	\$274,780
22	2033	\$703,550		\$703,550	0.363	\$255,609
23	2034	\$703,550		\$703,550	0.338	\$237,776
24	2035	\$738,728		\$738,728	0.314	\$232,246
25	2036	\$738,728		\$738,728	0.292	\$216,043
26	2037	\$738,728		\$738,728	0.272	\$200,970
27	2038	\$775,664		\$775,664	0.253	\$196,297
28	2039	\$775,664		\$775,664	0.235	\$182,602
29	2040	\$775,664		\$775,664	0.219	\$169,862
30	2041	\$775,664		\$775,664	0.204	\$158,011
1	2042	\$814,447		\$814,447	0.189	\$154,336
2	2043	\$855,170		\$855,170	0.176	\$150,747
3	2044	\$855,170		\$855,170	0.164	\$140,230
4	2045	\$855,170		\$855,170	0.153	\$130,446
5	2046	\$897,928		\$897,928	0.142	\$127,413
6	2047	\$897,928		\$897,928	0.132	\$118,524
7	2048	\$897,928		\$897,928	0.123	\$110,254
8	2049	\$942,825		\$942,825	0.114	\$107,690
9	2050	\$942,825		\$942,825	0.106	\$100,177
10	2051	\$942,825		\$942,825	0.099	\$93,188
1	2052	\$989,966		\$989,966	0.092	\$91,021
2	2053	\$989,966		\$989,966	0.086	\$84,671
3	2054	\$989,966		\$989,966	0.080	\$78,763
4	2055	\$1,039,464		\$1,039,464	0.074	\$76,932
5	2056	\$1,091,437		\$1,091,437	0.069	\$75,142
6	2057	\$1,146,009		\$1,146,009	0.064	\$73,395
7	2058	\$1,203,310		\$1,203,310	0.060	\$71,688
8	2059	\$1,263,475		\$1,263,475	0.055	\$70,021
9	2060	\$1,326,649		\$1,326,649	0.052	\$68,393
Total						\$7,431,670

CONCLUSION AND FINAL VALUE ESTIMATE

The leased premises are improved with a 5-story, commercial building used for educational purposes. The improvements are of good quality construction and in good condition. The structure contains a gross building area (GBA) of 45,793± square feet. The improvements are 100% fireproof with a wet sprinkler system and are handicap accessible. The structure consists of ground floor offices, cafeteria, classrooms, and utility areas; the 2nd to 4th floor consist of classrooms (9 per floor) and a 5th floor gymnasium.

The following value conclusions were derived in this analysis.

COST APPROACH:
INCOME CAPITALIZATION APPROACH:
SALES COMPARISON APPROACH:
\$16,200,000
\$17,750,000

Cost Approach

The Cost Approach was considered, but not used in this analysis. The age of the improvements and various stages of renovation would cause the estimation of accrued depreciation to be difficult and subjective. Additionally, the Leasehold Interest is difficult, if not impossible to evaluate via this valuation technique.

Income Capitalization Approach

A typical investor values an income producing property by converting the anticipated benefits of ownership into a value estimate. Anticipated future income and the property reversion are converted to a present worth estimate through the capitalization process. All components of the direct capitalization technique, including income, expenses, and rates of return, were supported by the market.

The master lease commenced on July 1, 2012 with a lease term of 30 years with annual increases established every third year, ending on June 30, 2042. There are two option periods of 10 years and 9 years. The Discounted Cash Flow (DCF) technique was used to convert the property's net income stream, over a specified holding period (41 years) into an estimate of value. The DCF technique accounts for changes in rent over time. In the case of the Subject, the changes related to the duration of the contract rent (master lease) and market rent.

The net cash flow for the holding period is converted to present dollars and the sum of these cash flows provides an indication of the Leasehold interest for the Subject. A typical investor values an income producing property by converting the anticipated benefits of ownership into a value estimate.

Sales Comparison Approach

The Sales Comparison Approach consists of the collection and analysis of data relevant to actual sales of properties deemed comparable to the subject property. Properties that have been sold are compared to the property under appraisal and adjustments to the sale prices are made based on differences between the subject property and the comparable sales.

The sales represent a fee interest versus the leasehold interest of the Subject. We applied a deduction for the master lease to develop the "As Is" Market Value estimate of the Leasehold. The sales comparison approach would not be relied upon by a purchaser given the lease constraints in place for the Subject.

Reconciliation

The typical buyer in this market is an owner-user / investor. We believe that the leasehold interest would be attractive to an owner-user, who would recognize the value of a defined cost of ownership and the relative certainty of a long-term (41-year) lease. Such a buyer would favor the Income Capitalization Approach as the best guide to value.

Based upon our analysis of the subject's physical, legal, and economic attributes and the market data enclosed, the Market Value of the Leasehold Interest in the subject property, as of July 21, 2020 is:

SIXTEEN MILLION TWO HUNDRED THOUSAND DOLLARS (\$16,200,000)

INSURABLE COST ESTIMATE

Introduction

The replacement cost new and insurable value estimates presented herein are intended only for the client's internal use and is not intended to substitute for the due diligence that must be conducted by an insurance company to determine the appropriate amount of insurance coverage.

We are not professionally qualified to determine sufficient coverage for hazardous losses and assume no responsibility for the accuracy of the requested estimates, instructed exclusions, or sufficiency of insurance coverage. Furthermore, we do not warranty that Marshall & Swift accurately or fully accounts for the high costs of construction in the subject's market area.

Insurable value is based on the replacement and/or reproduction costs of physical items that are subject to loss from hazards. Insurable value is the portion of value of an asset that is acknowledged or recognized under the provisions of an applicable insurance policy. Typically, it is replacement/reproduction cost of the property less non-insurable components, or exclusions.

Insurable value differs from replacement cost in that site improvements as well as certain exclusions are not included since they are not typically covered by an insurance policy. Insurance exclusions or additions are a matter of underwriting and not a matter of valuation. We have not been supplied with the type of coverage sought or maintained, nor are we privy to the insurance company's policies regarding underwriting and claims.

	INSURAE	BLE VALUE NEV	V	
Base Unit Cost New/SF				
	Educational	(Class B, Good, Section	18, Pg 11 - 2/2019)	\$149.00
	Sprinkler System			\$3.45
	Adjusted Base Cost			\$152.45
Cost Adjustment Multipliers				
Current Cost	(06/20)		1.03	\$157.02
Local Cost	(06/20)		<u>1.42</u>	<u>\$222.97</u>
	Total Base Cost			\$222.97
Gross Building Area (+/- SF)		45,793		
Insurable Cost New/SF Estimate		\$222.97		
Insurable Cost New Estimate				\$10,210,620
				, ,
Exclusions			Replacement Cost	
Basement			4.8%	(\$490,110)
Indicated Insurable	Value New Est	timate		\$9,720,510
			(Rounded)	\$9,725,000

LIMITING CONDITIONS AND GENERAL ASSUMPTIONS

- 1. No survey of the property has been made by the appraiser(s) and no responsibility is assumed in connection with such matters. Land and building area estimates used throughout this report are based upon information obtained from New York City Department of Finance and Planning tax maps.
- 2. No responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be insurable.
- 3. Information furnished by others is assumed to be true, correct and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraiser(s).
- 4. All mortgages, liens, encumbrances, leases and servitudes have been disregarded unless so specified within this report. The property is appraised as though under responsible ownership and competent management.
- 5. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for the engineering which may be required to discover them.
- 6. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless non-conformity has been stated, defined and considered in the appraisal report.
- 7. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been stated, defined and considered in the appraisal report.
- 8. It is assumed that all required licenses, consent or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been, or can be, obtained or renewed for any use on which the value estimate contained in this report is based.
- 9. It is assumed that the improvements are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.
- 10. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material contained in this report, it is recommended that the reader contact the undersigned.
- 11. It is assumed that a final approved survey will be submitted, conforming to the sketches and estimates as represented in this report.

- 12. This appraisal report represents a summary of the findings of the data gathering process and the appropriate appraisal analysis. All input data would have been too voluminous to include in this report. The exclusion of same does not preclude the appraiser(s) from referring to this data at a future date. If the occasion arises, the appraiser(s) reserves the right to refer to any of the source material used in the preparation of this appraisal to further clarify any item contained in this report.
- 13. The valuation techniques and data apply to this case only. They may or may not apply to other properties or situations. Unless Standard Valuation Services does a full appraisal analysis according to their standards, no such implication can be assumed or inferred.
- 14. This appraisal report is meant to be presented in its entirety. If this report is presented in any form other than its complete form, it becomes invalid.
- 15. Projections utilized in this report, are based upon analysis of past and current trends, business cycles and available market data. Future valuation estimates may be affected by events that cannot be reasonably foreseen at the effective date of the appraisal. These may be local, national or international in scope. It must be understood that actual results achieved during projection periods may vary from those indicated and the variations could be material.
- 16. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of urea-formaldehyde foam insulation, asbestos, and/or the existence of toxic waste, which may or may not be present on the property, was not observed by the appraiser(s); nor do we have any knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The existence of urea-formaldehyde foam insulation or other potentially hazardous waste material may have an effect on the value of the property. The appraiser(s) urge the client to retain an expert in this field if desired.
- 17. Unless otherwise specified in the body of this report, it is assumed that the subject property is in compliance with the Americans with Disability Act of 1990. The appraisers are not qualified to determine if the property is in compliance and urge the client to retain an expert in the field, if desired. If the property is not in compliance, the final value conclusion could be impacted by the cost of bringing the property to compliance.

CERTIFICATION

The undersigned do hereby certify that, except as otherwise noted in this appraisal report:

- 1. John M. Watch has inspected the subject property and has no contemplated future or present interest in the real estate that is the subject of this appraisal report.
- 2. Andrew W. Albro, MAI has reviewed the appraisal report and has no contemplated future or present interest in the real estate that is the subject of this appraisal report. Mr. Albro has not inspected the subject property.
- 3. That the undersigned have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
- 4. To the best of our knowledge and belief, the statements of fact contained in this appraisal report, upon which the analysis, opinions and conclusions expressed herein are based on fact and are true and correct.
- 5. This appraisal report sets forth all the limiting conditions affecting the analysis, opinions and conclusions contained in this report.
- 6. This appraisal report has been made in conformity with, and is subject to, the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute.
- 7. No one other than the undersigned prepared the analysis, conclusions, and opinions concerning real estate that are set forth in this appraisal report unless otherwise stated.
- 8. The use of this report is subject to the requirements of the Appraisal Institute relating to peer review by its duly authorized representatives.
- 9. That the employment of the appraiser was not based on a requested minimum valuation, a specific valuation, or an approval of a loan.
- 10. The Appraisal Institute conducts a voluntary program of continuing professional education for its designated members. MAI, SREA, SRPA, RM and SRA members who meet the minimum standards of this program are awarded periodic educational certification. Mr. Albro is currently certified under this program.
- 11. The State of New York, Department of State in conjunction with Federal Guidelines setforth by the appraisal sub-committee of the Federal Financial Institutions Examination Council or by the Appraiser Qualification Board of the Appraisal Foundation as referred to in Title XI of the Financial Institution Reform, Recovery and Enforcement Act of 1989, have set minimum standards to be achieved for qualification as a New York State Certified Real Estate Appraiser. Mr. Albro and Mr. Watch are currently certified as Real Estate Appraisers with the State of New York under this program.

- 12. The undersigned prepared an appraisal on January 21, 2020. Other than this appraisal, we have not provided any additional services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment, other than what has been stated.
- 13. The undersigned has extensive experience in the appraisal of properties similar to the subject property and meets the competency provision mandated by USPAP.

Andrew W. Albro, MAI
Certified General Real Estate Appraiser
State of New York - ID #46000002861

John M. Watch Certified General Real Estate Appraiser State of New York - ID #46000002984 **ADDENDA**

SUPREME COURT OF THE STATE OF NEW YORK COUNTY OF KINGS	
In the matter of the Application of	PETITION
GREEK ORTHODOX CHURCH OF KIMISIS THEOTOKOU, INC.	Index No.:
For Leave to Lease Its Real Property,	
X	
TO THE OWNER OF THE OWNER OWNE	

TO THE SUPREME COURT OF THE STATE OF NEW YORK:

Petitioner, by its President, Angelo Mallas, respectfully alleges:

- The petitioner corporation, GREEK ORTHODOX CHURCH OF KIMISIS
 THEOTOKOU, INC., is a religious corporation duly organized and existing under the
 Religious Corporations Law of the State of New York. The Certificate of Incorporation of
 the petitioner corporation is annexed hereto and made a part hereof and marked Exhibit
 "A".
- The names of the members of the Board of Directors of the Petitioner Corporation and their places of residence are:

Angelo Mallas, 259 Battery Avenue, Brooklyn, New York 11228
Paul Bregianos, 1151 83rd Street, Brooklyn, New York 11228
Kostantinos Mallas, 1130 78th Street, Brooklyn, New York 11228
John Haskopoulos, 21 80th Street, Brooklyn, New York 11209
Anthony K. Grigos, 8015 Colonial Road, Brooklyn, New York 11209
John Kafkis, 141 78th Street, Brooklyn, New York 11209
Anna Coundoulis, 332 Marine Avenue Brooklyn, NY 11209
Kyriakos Emmanouilidis, 337 95th Street, Brooklyn, New York 11209
Stavros Haviaras, 14 The Hollows West Court, Muttontown, New York 11732
Oreste Finale 8419 Fort Hamilton Parkway, Brooklyn, New York 11209
Christos Kalogerou, 1723 West 10th Street, Brooklyn, New York 11223
Mike Koulouroudis 8310 10th Avenue, Brooklyn, New York 11228
Angelo Kotropoulos, 272 91st Street, Brooklyn, New York 11209
George Leonardos, 265 74th Street, Brooklyn, New York 11209
Nikolaos Leonardos, 241 84th Street, Brooklyn, New York 11209

QUALIFICATIONS OF THE APPRAISER	

ANDREW W. ALBRO, MAI

State Certified General Real Estate Appraiser State of New York - ID # 46000002861



> Experience:

STANDARD VALUATION SERVICES

Executive Vice President, Principal

Director, Condemnation Valuation and Commercial Certiorari Valuation January 1996 to July 2005

Senior Commercial Appraiser January 1992 to December 1995

MACCRATE ASSOCIATES, INC. July 1986 to December 1991

Real Estate Appraisal and Consultation -

Dealing with commercial, industrial, residential and special-use properties for a variety of functions, including:

Tax certiorari; condemnation and damage analyses; right-of-way, utility, and conservation easements; urban renewal; financing, sale and lease negotiations; arbitration, investment decisions; asset management; foreclosure and asset recovery; market studies and feasibility analysis.

Properties appraised include vacant land, urban and suburban apartment complexes, restaurants, gas stations, large manufacturing plants, industrial lofts, subsidized housing projects, regional shopping malls, shopping centers, urban and suburban office buildings, leaseholds, partial interests, hotels, parking garages, daycare centers, assisted living facilities, marinas, theaters, recreational facilities, schools and campuses, communication tower sites, outdoor signage, streets and corridors, and other special-use properties.

Perform eminent domain appraisals for condemnees and condemnors, including New York State Department of Transportation, City of New York Law Department, City of Long Beach, Village of Westbury, Federal Aviation Administration, and Town of Hempstead Planning Department.

Perform tax certiorari appraisals for petitioners and municipalities, including Villages of Mineola, East Williston, Williston Park, Lynbrook, Massapequa Park, Roslyn; Nassau County; City of New York and City of Long Beach.

> Expert Testimony:

- New York State Court of Claims
- New York State Surrogate's Court, New York County
- New York County (Manhattan) Supreme Court
- Nassau County Supreme Court
- Suffolk County Supreme Court
- Kings County Supreme Court
- Queens County Supreme Court
- Town of North Hempstead Zoning Board of Appeals
- Village of Mineola Zoning Board of Appeals
- Village of Lawrence Zoning Board of Appeals
- American Arbitration Association

Education: St. John's University, Jamaica, New York

Bachelor of Science in Quantitative Analysis, 1986

Association Membership: MAI (#11882) Member, Appraisal Institute, Long Island Chapter

Designation, Royal Institute of Chartered Surveyors

CSA-G Designation, Columbia Society of Real Estate Appraisers

Member of New York State Condemnation Conference Member of International Right of Way Association Village of Mineola Community Planning Committee

Professional Affiliations:
Long Island Chapter, Appraisal Institute

- 2008: Chapter President, Regional Representative
- 2007: Chapter Senior Vice President, Regional Representative
- 2006: Chapter Vice President
- 2005: Chapter Secretary
- 2003–04: Chair, General Seminars Committee
 2001–2002: Chair, Chapter By-laws Committee
- 1998–2000: Chair, Associate Member/General Liaison Committee
- 1995–1999: Vice Chair, Course Coordinator, Education, General
- ➤ Instructor: Seminar, Nassau County Attorney's Office, June 2009

Capitalization Rates – Facts and Fiction

Seminar Developer: Seminar, New York State Bar Association, April – May 2010

Real Property Valuation in Changing Times

> Speaker: Metropolitan Mortgage Officers Society, October 2013

Attend frequent seminars and continued education courses sponsored by various organizations, including the following Appraisal Institute seminars:

"Appraisal of Nonconforming Uses"

- "Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets"
- "Appraising Environmentally Contaminated Properties: Understanding and Evaluating Stigma"
- "Rates and Ratios: Making Sense of GIMs, OARs and DCF"
- "Evaluating Commercial Construction"
- "Subdivision Analysis"
- "The Road Less Traveled: Special Purpose Properties"
- "Small Hotel/Motel Valuation"
- "Real Estate Value, Finance and Investment Performance"
- "Eminent Domain and Condemnation"
- "Easement Valuation"
- "The Law and Value: Communication Corridors, Tower Sites, and Property Rights"
- "Appraisal of Nursing Facilities"
- "Appraising Troubled Properties"
- "The Valuation of Real Estate Businesses"
- "Attacking and Defending an Appraisal in Litigation"
- •"Valuation and Evaluation of Proposed Projects"

46000002861	46000002861 Department of State No. DIVISION OF LICENSING SERVICES	Control 1520082 No. 1520082
	PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS.	EFFECTIVE DATE MO DAY YR. 11 19 19
	ALBRO ANDREW W C/O STANDARD VALUATION SERVICE 27 E JERICHO TNPKE MINEGLA, NY 11501	EXPIRATION DAT
H	HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A	
	in Witness Whereof The October 1988 of the State of the S	in Witness Whereof, The Department of State has caused its official seal to be hereunto affixed. ROSSANA ROSADO SECRETARY OF STATE



NEW YORK STATE CERTIFIED GENERAL REAL ESTATE APPRAISER STATE OF NEW YORK ID #46000002986

Mr. Watch as over thirty-four years of appraisal experience, he has appraised properties that ranged in value from \$1 million to \$2 billion dollars. Mr. Watch services several assessment jurisdictions in New York State, as well as private investors and law firms. Current client contracts relate to annual reassessment activity and the support of customized software called ARS (Assessment Review System). Additional consulting services provide investors and financial intuitions reliable Mass Appraisal Systems that can reasonably and accurately produce values on large groups of properties in various areas of the United States.

Recent projects include a 60,000 reassessment of eight towns in Dutchess County, and during the past five years close to 120,000 properties were reassessed with the use of ARS Software. The overall project performance exceeded less than 8% Grievances and less than 1% Small Claims and Commercial Certiorari Filings. Mr. Watch is very familiar with New York State Real Property Tax Law and Assessment Administration.

Until August of 1996, Mr. Watch was the Chief Appraiser for East New York Savings Bank (now known as M & T Bank). As Chief Appraiser, he managed a loan portfolio which held over \$2 Billion in real estate loans throughout the New York City Metropolitan Area. Over 70% of the portfolio comprise multi-family properties, with over 65% of the portfolio located in Manhattan. During his tenure at the bank, Mr. Watch developed several computer models used to expedite the appraisal process for completing full narrative reports. In addition, he completed several studies on the Manhattan Class B office market, Co-Operative Buildings, Parking Garage Facilities and retail strips along Broadway, Madison Avenue, 57th Street, and other major thoroughfares in the City.

Appraising since 1984, he has completed assignments on income producing properties and residential properties; including but not limited to office buildings, industrial buildings, regional shopping centers, strip shopping centers, service stations, vacant land, condominiums, apartment buildings, co-operative conversions, market rental analysis for office buildings and retail space, feasibility studies, highest and best use analysis, condemnation work and residential appraisals. These appraisals have been used for mortgage financing, investment analysis, condemnation hearings, divorce, and estate purposes. Several reports have been used in court testimony for the United States Federal Government, Department of Transportation for New York State, Suffolk County Department of Transportation, Queens County Surrogate Court and various attorneys for probate and divorce.

Education

Bachelor of Science, Business Administration 1982

New York State University at Fredonia- Majored in Marketing and Marketing Research.

State License

New York State Certified General Real Estate Appraiser

Effective November 18, 1991 46-2984 License Number 0422

Appointments

Mr. Watch was appointed to the position as Member of New York State Appraisal Advisory Board in 1995. In addition to this position, he was appointed Chairperson of the National Committee for Appraisal Reform (Appraisal Advisors Regulatory Officials) in 1996. Both appointments exposed Mr. Watch to appraisal issues on a National and State level. Efforts were made during these appointments to facilitate better communications and dialogue between State Appraisal Agencies and the individual appraiser. In 2007, Mr. Watch met with members for the Committee on open Government to discuss methods for streaming the real property tax system using more efficient software systems.

Real	Est	ate (Cou	rses

Contombou 1000
September 1988
September 1988
May 1988
April 1991
Ĵuly 1991
November 2001
November 1991
September 1986
May 1987
September 1987

Continuing Education

ARGUS Financial Software	July 1995
Attacking and Defending an Appraisal in Litigation	October 1999
Assessment Administration	September2000
The valuation of REITS	July 2003
Fundamentals of Mass Appraisal	October 2003
GIS Information Systems	August 2003
Appraising and Analyzing Office Buildings for Mortgage Underwriting	November 2011
Construction Details and Trends	November 2013
Appraising and Analyzing Retail Shopping Centers for Mortgage Underwriting	November 2013
Appraisal Applications of Regression Analysis	November 2013
SPSS Analysis and Training	October2013
Analysis of Vacant Land and Master leases	November 2015
Valuation of Fast Food Facilities	November 2015
Valuation of Self Storage Facilities	November 2015
Valuation of Self Storage Facilities	November 2017
2016 National USPAP Update	November 2019

Additional work-related educational courses include blueprint reading, architectural design, and residential design. With a background in construction, Mr. Watch can work closely with contractors and architect's in determining the cost of developing a new site and assesses the condition of a property and determines what levels of repairs, if any are required.

In the May of 2000, Mr. Watch was asked to be a participant in a New York State Program that addresses issues of reassessment and property tax equity. Mr. Watch was retained by the Office of Real Property for the State of New York to build and maintain databases on the power generation industry in New York.

46000002984 Department of State DIVISION OF LICENSING SERVICES	Control 1520081
PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.	EFFECTIVE DATE MO. DAY VR. 11 19 19
WATCH JOHN M C/O MJW CONSULTING INC 33 33 161ST ST FLUSHING, NY 11358	EXPIRATION DATE MO DAY 11 18 21
HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER	
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REAL PROPERTY APPRAISAL



PROPERTY TYPE

LEASEHOLD VALUATION
CHARTER SCHOOL/PROPOSED EXPANSION

LOCATED AT

1641 Richmond Avenue Staten Island, New York 10314

IDENTIFIED AS

Hellenic Classical Charter Schools (HCCS) Block 1560, Lot 15 (portion of) SVS File #955903

DATE OF VALUATION

"As Is" July 21, 2020 Prospective "As Completed per Plans and Specification" August 1, 2022

PREPARED FOR

Paul M. Clancy RBC Capital Markets, LLC 300 Four Falls Corporate Center, Ste. 760 300 Conshohocken State Road West Conshohocken, PA 19428

PREPARED BY



27 EAST JERICHO TURNPIKE MINEOLA, NEW YORK 11501



Corporate Headquarters

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Albert Babino, SRA[†] Ronald Camilleri, MAI⁺ Neal D. Peysner, SRA[†] Robert Reed, SRA* Matthew Holtz, MAI

Senior Associates

Matthew Busch' Kate Chapman Wayne Covington[†] Gregory D'Esposito[†] Timothy Morgenstern Patrick Smith

*NYS Certified General RE Appraiser *CT Certified General Real Estate Appraiser "NYS Certified Residential Appraisal "NJ Certified General RE Appraiser

November 3, 2020

Paul M. Clancy RBC Capital Markets, LLC 300 Four Falls Corporate Center, Ste. 760 300 Conshohocken State Road West Conshohocken, PA 19428

RE: **Real Property Appraisal**

Charter School/Proposed Expansion 1641 Richmond Avenue Staten Island, New York 10314 Block 1560, Lot 15 (portion of) SVS File #955903

Dear Mr. Clancy:

In accordance with your request, the undersigned have prepared an appraisal report on the above captioned real property. The purpose of this valuation analysis is to estimate 1) the "As Is" Market Value as of July 21, 2020 and 2) the prospective Market Value of the Leasehold Interest "As Completed per Plans and Specifications" as of August 1, 2022¹. The intended use of this appraisal is to enable the client to appropriately analyze the property for a mortgage financing decision. The intended users of this report are RBC Capital Markets, LLC, and their assigns.

The ability to sublease (when that lease or market rent exceeds contract rent) provides a marketable leasehold interest. The leasehold value appraised is created by the master lease (Hellenic Classical Charter School – tenant) covering a portion of Lot 15. The existing school improvements and proposed school facility are situated in this designated land area.

This master lease commenced on July 17, 2019 with a lease term of three (3) years. This master lease was modified on October 19, 2020 with an effective date of May 15, 2020. A final copy of the unsigned lease was provided. The following terms apply to the amended lease:

T 631.960.8802

¹ August 1, 2022 is the date that the project consultant, Paul O' Donohue represented as the target date for completion, which coincides with the date that rent increases as part of the master lease.

Mr. Paul M. Clancy November 3, 2020

- 1) The lease term is from August 1, 2022 to July 31, 2067, with annual increases established every fifth year. There are two option periods of 10 years. The annual rental for the option periods will be set at 95% of the fair market rent for the land,
- 2) There is a rent abatement covering the first ten (10) years of the lease and
- 3) The lease is structured on a "net" basis, with the tenant responsible for all expenses. The Lessor is Greek Orthodox Community of Holy Trinity Church of Staten Island.

The site is located on the east side of Richmond Avenue, 229± feet north of Victory Boulevard, in the Bulls Head section of Staten Island, City and State of New York. The irregular-shaped parcel contains 332± feet frontage along Richmond Avenue and 133± feet along Victory Boulevard. The total site area is estimated at 99,338± square feet with the apportioned leased area totaling 40,000± square feet². There will be on-site parking for 68 vehicles with street parking available. The site is zoned R3-2 Residential with a C1-2 Commercial Overlay (less than 5% of the site).

The leased facilities include a 25,665± square foot school (Building 1) and a proposed 48,562±³ square foot school (Building 2). Building 1 is of good quality construction and in good condition and Building 2 will be constructed of similar materials. The combined gross building area (GBA) will be 74,227± square feet. The improvements are 100% fireproof with a wet sprinkler system and are handicap accessible.

The existing structure consists of ground floor offices, gymnasium, cafeteria, and classrooms and the 2nd floor consists of classrooms and office areas. The basement level has a kitchen area, storage rooms and utilities area. We completed an interior inspection on July 21, 2020. Schematic drawings of the proposed school were provided by Gerakaris Design Studio. The new school will include a cafeteria, office and classrooms on four floors. There is an alternate plan for a gymnasium on the 4th floor. We have not been advised which plan will be the final.

There is an underground gas pipe easement along the south boundary of the site, but this area is not within the leased land area. Other than this easement, there are no apparent easements, encroachments or other adverse site conditions affecting the subject's marketability.

Our estimate of market value is subject to the Extraordinary Assumptions, Limiting Conditions, Certification and General Underlying Assumptions expressed herein and made a part hereof.

Based upon a careful analysis of the physical, legal and economic attributes of the property and the market data detailed herein, we estimate the market value of the leasehold interest in the subject property as follows:

"As Is" Leasehold Interest, July 21, 2020:

SEVEN MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$7,750,000)

955903

² The project consult Paul O' Donohue indicated that the land area would total approximately 40,000 ± square feet inclusive of the common elements such as parking, walkways and entrance. The footprint for the two buildings will total 23,903± square feet (12,832± square feet; Building 1 Existing School and 10,261± square feet; Building 2 Proposed School).

³ Includes the cellar level which has a cafeteria, storage and kitchen area.

Mr. Paul M. Clancy November 3, 2020

Prospective "As Completed per the Plans and Specifications" Leasehold Interest, August 1, 2022:

TWENTY-EIGHT MILLION FIVE HUNDRED THOUSAND DOLLARS (\$28,500,000)

The concluded market value opinion represents cash or equivalent terms and is consistent with an estimated "Reasonable Exposure Time" of twelve (12) months to eighteen (18) months. "Reasonable Marketing Time" is similarly estimated to be twelve (12) months to eighteen (18) months.

This report is in compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), Regulation P, Title V of the Gramm-Leach-Bliley Financial Modernization Act and the Uniform Standards of Professional Appraisal Practice (USPAP), as promulgated by the Appraisal Foundation and the 2010 Interagency Appraisal and Evaluation Guidelines. This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

On March 13, the President of the United States announced a national emergency in response to the coronavirus outbreak. This health crisis has lasted for over six (6) months with many states now in Phase 4 of re-opening business activity. In New York City Phase 4 re-openings are in full effect with indoor dining at 25% of capacity as of October 1, 2020. This was the last major threshold relating to Phase 4 in the City.

At the beginning of the crisis there was panic, fear and ensuing forecasts of pending economic crisis. With the passage of time (6-months) and return of most business activity the impact on the local economy and real estate market is beginning to formulate. New York City schools have re-opened with a hybrid system of in-class and remote instruction with children attending school. There has been a noted increase in enrollment for private schools as parents seek an environment where younger children will be attending classroom instruction.

We have considered the economic impact for private school facilities, which are at capacity with waiting lists based on demand for in-school teaching. Our valuation considers the "As Is" value which consists of the existing 25,665± square foot school and the proposed construction of a 48,562± square foot school. The current economic conditions, while severe for some segments of the real estate markets, does not appear to have a negative impact on the Subject. As the economy recovers in New York City we expect that demand for Charter Schools will increase.

Based on data released in budget reports from the City of New York and State of New York Comptroller offices specific segments of the real estate market are being impacted more than others. In the case of the Subject we have focused our analysis on the special use nature as a Charter School. Recent closures of 26 Catholic schools in Brooklyn and Queens will most likely result in parents seeking other private education facilities as schools reopen. Additionally, the recent US Supreme Court ruling regarding funding for religious schools is expected to have a positive economic benefit for the charter school operation.

Mr. Paul M. Clancy November 3, 2020

Following is a narrative appraisal report, which outlines the various methods and procedures of valuation. Should you have any questions concerning this report, please do not hesitate to contact the undersigned.

Respectfully submitted, STANDARD VALUATION SERVICES

Andrew W. Albro, MAI Certified General Real Estate Appraiser State of New York – ID #46-000002861 aalbro@standardvaluation.com John M. Watch Certified General Real Estate Appraiser State of New York – ID #46-000002984 jwatch@standardvaluation.com

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Subject Property Photographs Subject Frontage

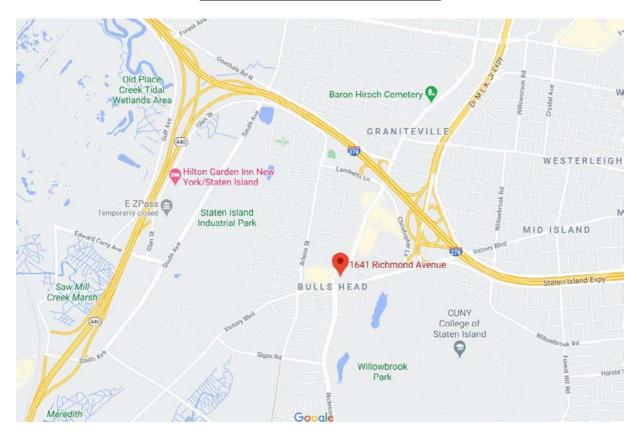


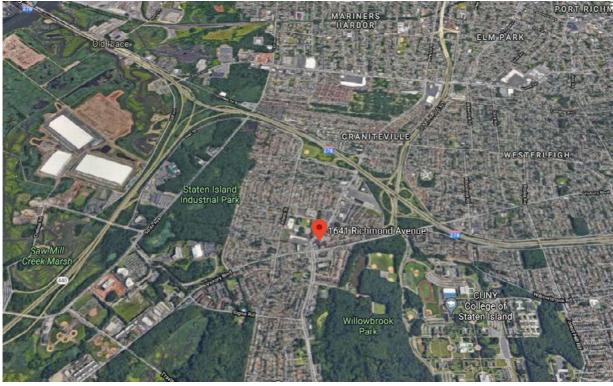
Schematic of New Building





LOCATION MAP AND AERIAL IMAGE





SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Location: 1641 Richmond Avenue

Staten Island, New York 10314

Owner of Record: Greek Orthodox Community of Holy Trinity Church of Staten Island

Lessee: Hellenic Classical Charter School

Legal Description: Block 1560, Lot 15 (portion of)

Census Tract: 143

Site Description: A single tax lot located on the east side of Richmond Avenue. 229±

feet north of Victory Boulevard, in the Bulls Head section of Staten Island, City and State of New York. The irregular-shaped parcel contains 332± feet frontage along Richmond Avenue and 133± feet along Victory Boulevard. The total site area is estimated at 99,338± square feet with the master lease covering 40,000± square feet⁴. There

is on-site parking and metered street parking.

Building Description: The leased facilities include a 25,665± square foot school (Building 1)

and a proposed 48,562±5 square foot school (Building 2). Building 1 is of good quality construction and in good condition and Building 2 will be constructed of similar materials. The combined gross building area (GBA) will be 74,227± square feet. The improvements are 100% fireproof with a wet sprinkler system and are handicap accessible.

The existing structure consists of ground floor offices, gymnasium, cafeteria, and classrooms and the

2nd floor consists of classrooms and office areas. The basement level has a kitchen area, storage rooms and utilities area. We completed an interior inspection on July 21, 2020. Schematic drawings of the proposed school were provided by Gerakaris Design Studio. The new school will include a cafeteria, office and classrooms on four floors. There is an alternate plan for a gymnasium on the 4th floor. We have

not been advised which plan will be the final.

Property Rights: There is a master lease (Hellenic Classical Charter School – tenant)

covering a portion of Lot 15. This master lease commenced on July 17, 2019 with a lease term of three (3) years. This lease was modified on October 19, 2020 with the following terms: 1) The lease term is from August 1, 2022 to July 31, 2067, with annual increases every fifth year. There are two option periods of 10 years. The annual rental for the option periods will be set at 95% of the fair market rent for the land, 2) There is a rent abatement covering the first ten (10) years of the lease and 3) The lease is structured on a "net" basis, with the tenant

responsible for all expenses.

⁴ The project consult Paul O' Donohue indicated that the land area would total approximately $40,000 \pm \text{square}$ feet inclusive of the common elements such as parking, walkways and entrance. The footprint for the two buildings will total $23,903 \pm \text{square}$ feet $(12,832 \pm \text{square})$ feet – Existing School-Building 1 and $10,261 \pm \text{square}$ feet – Proposed School.

⁵ Includes the cellar level which has a cafeteria, storage and kitchen area.

Occupancy: 100% - Leased to Hellenic Classical Charter School

Zoning Classification: R3-2 Residential District with a C1-2 Commercial Overlay (less than

5% of the site)

Total Real Estate Taxes: The property benefits from a religious exemption.

Property Rights Appraised: Leasehold Interest

Highest and Best Use: Continuation of current use and improvement

INDICATED VALUES

Valuation Premise	"As Is"	"As Complete "
Effective Date of Valuation	July 21, 2020	August 1, 2022
Real Property Rights	Leasehold	Leasehold
Cost Approach		\$29,800,000
Sales Comparison Approach		\$29,100,000
Income Capitalization Approach	\$7,750,000	\$28,500,000
Reconciled Market Value Estimate	\$7,750,000	\$28,500,000

Insurable Value: \$31,700,000

Inspection Date: July 21, 2020

Estimated Exposure Period: Twelve (12) months to eighteen (18) months Estimated Marketing Period: Twelve (12) months to eighteen (18) months

IDENTIFICATION OF THE PROPERTY

The site is located on the east side of Richmond Avenue, $229\pm$ feet north of Victory Boulevard, in the Bulls Head section of Staten Island, City and State of New York. The commonly known street address is 1641 Richmond Avenue. The property is identified on the tax records of Richmond County as Block 1560, Lot 15 (portion of).

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate Market Value.

INTENDED USE OF THE APPRAISAL

The intended use of this appraisal is for loan underwriting and-or credit decisions.

INTENDED USERS OF THE APPRAISAL

The only intended user(s) of this appraisal is the client, RBC Capital Markets, LLC, and their assigns.

No borrower or purchaser or seller of the property has been identified as an intended user of this appraisal. Although such parties may receive a copy of the appraisal, no borrower, purchaser or seller or any other party who is not identified as an intended user in the report should use or rely on this appraisal for any purpose. Such parties are advised to obtain an appraisal from an appraiser of their own choosing if they require an appraisal for their own use. This appraisal report should not serve as the basis for any appraisal contingency in a purchase agreement relating to the property.

PROPERTY RIGHTS APPRAISED

The property rights appraised consist of the Leasehold Interest.

EFFECTIVE DATE OF APPRAISAL

The effective date of this appraisal for the "As Is" value is July 21, 2020, the date of our on-site inspection. The effective date of this appraisal for the prospective "As Completed per Plans and Specifications" value is August 1, 2022. The effective date of the writing of this report is November 3, 2020.

PROPERTY HISTORY

A search of the public records indicates that the subject property has not transferred in the last five years, nor has the property been listed for sale. On May 15, 2019, with a lease term of three (3) years, a Memorandum of Lease between Greek Orthodox Community of Holy Trinity Church of Staten Island (lessor) and Hellenic Classical Charter School (lessee) executed. Details of the lease are presented on the following pages.

This lease was modified on October 19, 2020, referred to as the Second Amendment. An executed lease has not been filed with the Richmond County Clerk's office. The leased premises are established as the leased land area and existing improvements.

The following terms apply to the new lease amendment:

- 1) Additional land area will cover an additional $13,000\pm$ square feet, bringing the total land area to $40,000\pm$ square feet⁶,
- 2) The lease will run from August 1, 2022 to July 31, 2067, with annual increases established every fifth year. There are two option periods of 10 years. The annual rental for the option periods will be set at 95% of the fair market rent for the land.
- 3) There is a rent abatement covering the first ten (10) years of the lease and
- 4) The lease is structured on a "net" basis, with the tenant responsible for all expenses. The Lessor is Greek Orthodox Community of Holy Trinity Church of Staten Island.

4. <u>Fixed Rent</u>. Further supplementing Section 41A of the Lease, Tenant shall pay Fixed Rent for the Initial Premises and the Additional Premises, in accordance with the following schedule:

Lease Period	Annual Fixed Rent	Monthly Fixed Rent
8/1/2022-7/31/2027	822,000.00	68,500.00
8/1/2027-7/31/2032	925,500.00	77,125.00
8/1/2032-7/31/2037	1,056,000.00	88,000.00
8/1/2037-7/31/2042	1,159,500.00	96,625.00
8/1/2042-7/31/2047	1,292,700.00	107,725.00
8/1/2047-7/31-2052	1,396,200.00	116,350.00
8/1/2052-7/31/2057	1,532,370.00	127,697.50
8/1/2057-7/31/2062	1,635,870.00	136,322.50
8/1/2062-7/31/2067	1,775,307.00	147,942.25

There will be a 10-year rent abatement (concession) granted. The following is taken from the lease.

Notwithstanding anything to the contrary in the foregoing, and provided this Lease is in full force and effect and no default then exists beyond any applicable notice and cure periods, the monthly installments due from Tenant on account of Fixed Rent shall be reduced by subject to the following Rent Abatement schedule:

Rent Abatement Period	Monthly Abatement Rent	Monthly Abated Fixed Rent
8/1/2022-7/31/2024	12,500.00	56,000.00
8/1/2024-7/31/2026	7,500.00	69,625.00
8/1/2027-7/31/2032	4,000.00	84,000.00

A final one time Rent Abatement amount of \$13,000.00 shall be credited to the Tenant's Monthly Fixed Rent due \$/1/2032.

⁶ The project consult Paul O' Donohue indicated that the land area would total approximately 40,000 ± square feet inclusive of the common elements such as parking, walkways and entrance. The footprint for the two buildings will total 23,903± square feet (12,832± square feet; Building 1 Existing School and 10,261± square feet; Building 2 Proposed School).

H. References to "Land" shall be deemed to mean, as the context may require, either or both of (i) the land component of the Initial Premises and (ii) the land component of the Additional Premises.

I. the "Lease Effective Date" shall be (i) May 15, 2019 with respect to the Initial Premises and (ii) the Effective Date of this Second Amendment with respect the Additional Premises.

- J. The "Lease Commencement Date" shall mean (i) August 1, 2019 with respect to the Initial Premises and (ii) August 1, 2022 with respect to the Additional Premises.
- K. The "Term" shall mean the period of time commencing upon the Lease Effective Date and expiring upon the Revised Initial Term Expiration Date (defined below), as the same may be extended pursuant to <u>Section 7</u> below.
- L. With respect to the Additional Premises, the "Base Tax Amount" means the Taxes payable by Landlord for the Tax Year commencing July 1, 2020 and ending on June 30, 2020.

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

- 5. Real Estate Taxes. Nothing contained herein or in the Lease shall be deemed to prevent the structuring of this transaction such that the Initial Premises and Additional Premises remain and are exempt from real estate taxes. Landlord recognizes that any benefits received in connection with such exemption by reason of Tenant's status as a non-profit corporation are solely for the benefit of Tenant. Landlord shall cooperate with Tenant in such structuring and in any contest by Tenant in any manner permitted by law of the amount or validity of any real estate taxes or assessments payable by Tenant hereunder. Notwithstanding, any real estate taxes due during the Term with respect to the Additional Premises shall be the responsibility of Tenant.
- 6. <u>Brokers</u>. Each party hereby represents to the other that such party has dealt with no broker other than Avison Young, which represented Tenant ("<u>Broker</u>"), in connection with this Amendment or the Premises, and each party shall indemnify and hold the other harmless from and against all loss, cost, liability and expense (including, without limitation, reasonable attorneys' fees and disbursements) arising out of any claim for a commission or other compensation by any broker who alleges that it has dealt with the indemnifying party in connection with this Amendment or the Premises. Landlord shall have no liability for, and Tenant shall indemnify and hold Landlord harmless from and against, all loss, cost, liability and expense (including, without limitation, reasonable attorneys' fees and disbursements) arising out of any claim for a commission or other compensation by Broker pertaining to this Amendment. The provisions of this <u>Section 7</u> shall survive the expiration or earlier termination of the Lease.
- Renewal Option. Section 41H of the Lease (inclusive of all three paragraphs (i), (ii) and (iii)) is deleted in its entirety and replaced with the following:

Tenant shall have two (2) 10-year options (each, a "Renewal Option Period") to renew the Term of the lease for both the Initial Premises and Additional Premises by providing Landlord with not less than one (1) year's prior written notice. The Fixed Rent payable for both the initial Renewal Option Period and the second Renewal Option Period shall be equal to 95% of the Fair Market Rental Value ("FMRV") for the combined Premises, taking all relevant factors into consideration, including the then current use of the Premises. The parties agree that the FRMV shall be allocated based on the average price per square foot as set forth in an Opinion Letter between two independent, reputable and licensed commercial real estate brokers. Any disputes shall be resolved using baseball arbitration methodology.

EXHIBIT B

Ground Lease Provisions (Applicable to Additional Premises Only)

- 1. <u>Initial Construction.</u> Following the Effective Date, Tenant, at Tenant's sole cost and expense, shall commence and thereafter diligently prosecute to completion the construction of the building (the "New Building") on the Additional Premises, in accordance with Section 54 of the Lease and the plans and specifications outlined in <u>Exhibit C</u> attached hereto and made a part hereof (the "<u>Initial Construction</u>"). Supplementing Section 54 of the Lease, the Initial Construction shall be made in accordance with the following:
- (a) Tenant shall comply with all applicable laws, ordinances, rules and regulations (including, but not limited to, all safety rules and regulations) relating to or governing the Initial Construction and, without limitation on the generality of the foregoing, shall procure and maintain all permits and authorizations required to be obtained from any governmental authority in connection therewith.
- (b) The Initial Construction shall be performed diligently and in a good and workmanlike manner, free from defects of any kind and nature, and free from liens or claims of any kind and nature.
- (c) Prior to commencement of any portion of the Initial Construction, upon request, Tenant shall demonstrate to the reasonable satisfaction of Landlord that Tenant has the funds necessary to fully pay for such portion of the Initial Construction (it being agreed by Landlord that the same can be demonstrated by any financing incurred by Tenant for purposes of funding such construction work which shall constitute satisfactory compliance with the foregoing requirement), and the cost of all Tenant 's Work shall be paid promptly by Tenant.
- (d) The Initial Construction shall be completed in accordance with the plans and drawings set forth in <u>Exhibit C</u>. The Initial Construction shall be performed by a general contractor selected by Tenant and approved in writing by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed.
- (e) Tenant shall maintain a complete set of "as built" structural, mechanical and similar plans and specifications with respect to the Initial Construction and an "as built" survey showing the location of all improvements on the Premises and shall, upon written request of Landlord, deliver a copy thereof to Landlord, at no cost to Landlord. Tenant shall also deliver to Landlord, upon written request of Landlord and at no cost to Landlord, a copy of any and all other reports which Tenant may have related to the Premises, including, but not limited to, environmental surveys and assessments.
- (f) Landlord and its employees, representatives and agents shall have reasonable access upon reasonable notice to Tenant during construction and after completion to determine whether the work complies with the requirements of this Lease.

- (g) Prior to the commencement of the Initial Construction, Tenant shall furnish to the Landlord any copies of performance and payment bonds covering at least one-hundred (100%) percent of the hard costs (including but not limited to HVAC, electric, plumbing, steel, concrete, drywall and masonry) for each contract exceeding two hundred thousand (\$200,000.00) dollars to guarantee the faithful performance of the Initial Construction and the payment of the obligations arising therefrom. The form and contents of such bonds and the surety or sureties thereon shall be reasonably satisfactory to the Landlord. The surety shall be licensed to issue surety bonds in the State of New York. Notwithstanding, Tenant shall furnish the appropriate insurance certificates and indemnities to the Landlord pursuant to the requirements in Exhibit C.
- (h) The building to be constructed on the Additional Premises, which is expected to consist of four (4) stories, shall not exceed Forty-Eight Thousand Five Hundred (48,500) buildable square feet. For the avoidance of doubt, the Parties agree that the buildable square footage of the Additional Premises is close to or equal to Sixty Thousand (60,000) buildable square feet. It is the mutual understanding of the Parties that Tenant shall not use the remaining Eleven Thousand Five Hundred (11,500) buildable square feet.

Item H specifies that the premises will not exceed 48,500 square feet. The information provided indicates a gross building area of 48,562 square feet. This is a negligible difference of 62 square feet. The information that has been provided by the construction consultant Paul O' Donohue and architect Gerakaris Design Studio are used as the basis for our analysis.

EXTRAORDINARY ASSUMPTION

An extraordinary assumption is defined as "An assumption, directly related to a specific assignment, which if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- *It is required to property develop credible opinions and conclusions;*
- The appraiser has a reasonable basis for the extraordinary assumption;
- *Use the extraordinary assumption results in a credible analysis:*
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions."

The leased facilities include a 25,665± square foot school and a proposed 48,562± square foot school. The existing improvements are of good quality construction and in good condition. The proposed improvements are to be of similar quality construction and finishes as the existing school. The information that has been provided by the construction consultant Paul O' Donohue and architect Gerakaris Design Studio are used as the basis for our analysis.

We have made extraordinary assumption that the Subject will be completed based on the plans and specifications submitted by August 1, 2022.

The Second Amendment of the lease has been presented as the final document. This lease is not signed and has not been filed with the Richmond County Clerk's Office. We have made extraordinary assumption that the lease is executed and filed as presented.

The use of these extraordinary assumptions will affect the assignment results if the building is not developed based on the plans and specifications presented and the lease is modified.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as "That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions, or trends; or about the integrity of data used in an analysis."

No hypothetical conditions were incorporated into this analysis.

955903

⁷ Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition, 2015), p. 97.

REAL ESTATE APPRAISAL TERMINOLOGY

"Market Value: The most probable price which a property should bring in competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and each acting in what he considers his own best interest:
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e. The price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."8

"As Is Market Value: The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date."

"Excess Rent: The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. ¹⁰

"Exposure Time: 1) The time a property remains on the market.

2) [The] estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (USPAP, 2016-2017 ed.)"¹¹

Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (USPAP, 2018-2019 ed.)¹²

"Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat."¹³

⁸ Federal Register, Vol. 55, No. 161, page 33888, Rules and Regulations (FDIC) 12 CFR, Part 323 – Appraisals, August 20, 1990.

⁹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

¹⁰ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

¹¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

¹² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

¹³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

"Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires." ¹⁴

"Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease." 15

"Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal." ¹⁶

"Market Rent: The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs)."¹⁷

Master Lease: 1. A lease in which the fee owner leases a part or the entire property to a single entity (the master lessee) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. 2. The first lease in a sandwich lease. ¹⁸

"Real Property: 1) An interest or interests in real estate.

2) The interests, benefits and rights inherent in the ownership of real estate.

<u>Comment:</u> In some jurisdictions, the terms real estate and real property have the same legal meaning. The separate definitions recognize the traditional distinction between the two concepts in appraisal theory.

3) All rights, interests and benefits related to the ownership of real estate. 19

"Personal Property: 1) The interests, benefits and rights inherent in the ownership of tangible objects that are considered by the public as being personal; also called *tangible personal property*.

2) Identifiable tangible objects that are considered by the general public as being "personal" – for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate. (USPAP, 2016-2017 Ed.)²⁰

"Marketing Time Opinion: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Board of the Appraisal Foundation and Statement on the Appraisal Standards No. 6, "Reasonable Exposure Time in Real

¹⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

¹⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

¹⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

¹⁷ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

¹⁸ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

¹⁹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

²⁰ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

Property and Personal Property Market Value Opinions" address the determination of the reasonable exposure and marketing time.)²¹

"Replacement Cost: The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvement, using modern materials and current standards, design, and layout."²²

"Replacement Cost for Insurance Purposes: The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).²³

"Real Property Bundle of Rights²⁴ is a set of legal rights afforded to the real estate title holder. It can include the right of possession, the right of control, the right of exclusion, the right of enjoyment and the right of disposition. Real estate ownership carries with it a complex set of rights, and the bundle of rights concept has traditionally been the way in which those rights are assigned. When a person purchases a piece of property, he is not necessarily afforded all the rights in the bundle of rights. The rights can be broken up and given to different parties. This may apply to situations where the property is leased to another party, limiting the property owner's rights based on local landlord tenant laws and regulations."

"Sandwich Lease: A lease in which an intermediate, or sandwich, lease-holder is the lessee of one party and the lessor of another. The owner of the sandwich lease is neither the fee owner nor the user of the property; he or she may be a leaseholder in a chain of leases, excluding the ultimate sublessee."²⁵

"Sandwich Leasehold Estate: The interest held by the sandwich leaseholder when the property is subleased to an- other party; a type of leasehold estate." ²⁶

"Sandwich Leaseholder. The lessor under a sandwich lease". 27

"Sub Leasehold Estate. The right to occupy and use property that results when the lessee in a prior lease conveys (i.e., subleases) the right of use and occupancy to another, the sublessee; also known as a sub-leasehold interest."²⁸

"Sublessee. A tenant who enjoys the benefits, rights, and obligations of a lease from another lessee (the sandwich leaseholder) rather than from the fee owner."²⁹

²¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

²² Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

²³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

²⁴ Appraisal Institute, *The Appraisal of Real Estate, 14th Edition, Introduction to Appraisal Page 5.*

²⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

²⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

²⁷ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015.)

²⁸ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

²⁹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

SCOPE OF WORK

The purpose of this appraisal is to estimate the Market Value of the Leasehold Interest in the subject property, in accordance with the Highest and Best Use concept and Market Value definition as of the effective date of valuation.

The **SCOPE OF WORK** in this assignment included the following:

- An inspection of the subject property and its environs on July 21, 2020
- Conducted a drive-through inspection of the surrounding neighborhoods.
- Reviewed publicly available data pertaining to the property.
- Evaluated the real property rights to be appraised.
- Completed a zoning analysis to establish the potential buildable area for the site.
- Conducted a Highest and Best Use analysis of the property.
- Reviewed the schematic drawings and preliminary construction budget
- Referenced Marshall and Swift Valuation Services to establish the cost to build the proposed school.
- Review land sales on Staten Island to establish a cost for the land, which is correlated with the value of the Master Lease.
- Reviewed the master lease (1st and 2nd Amendments) that were provided.
- Reviewed market surveys and researched comparables rents to establish market rent.
- Reviewed investment surveys to establish the discount rate to be applied to the net cash flow of the master lease to determine the present value of the Leasehold position.
- Parameters of the sales data search were established based upon location, physical features and property rights conveyed.
- The sales that were identified represent either the Fee Simple or Leased Fee Interest. We determined that various unique conditions of the master lease frustrate the ability to reliably estimate the market value of the Leasehold Interest via the Sale Comparison Approach.
- Reconciled and reported Market Value estimate for the defined subject property in this narrative report.

APPRAISAL PROCESS

There are three traditional approaches applied in the appraisal of real estate in order to estimate Market Value: The Cost Approach, Sales Comparison Approach and Income Capitalization Approach. The applicability of each approach to the appraisal problem at hand is discussed below.

COST APPROACH

The cost approach is based on the current cost to replace the subject improvements as of the effective date of the appraisal. To direct and indirect costs, a market derived estimate of entrepreneurial profit is added. From this total Cost New estimate, a deduction for accrued depreciation is calculated. A market-derived estimate of land value is then added to the depreciated improvement value. The result is the total value of the property as derived by the cost approach.

The Cost Approach was developed and included in the Building Description section of this report. This valuation approach was only developed as validation for the values established via the Income Capitalization Approach. The Cost Approach is limited for the following reasons:

- 1. The subject is an income producing property and the Cost Approach cannot reliably consider the subject's operating potential in estimating Market Value.
- 2. The proposed improvements are at the preliminary stage of development with a construction budget and schematics provided. Representations by the architect and construction consultant are preliminary and contingent upon various factors that could affect the overall cost.
- 3. The under lying land value does not correspond to the inherent value of the real property rights (land and building) conferred to the leasehold based upon the master lease.
- 4. The typical purchaser of the subject property would place little to no emphasis on the results of this approach.

We considered this information but did not rely on this approach for the final value estimate.

INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach is based upon the premise that the value of a property is equivalent to the anticipated benefits to be derived from ownership. It involves measuring the extent of future benefits that might reasonably be expected in terms of income and translating these benefits into a total value estimate. In employing the Income Approach, careful consideration is given to the earning capacity of the property over an anticipated holding period.

There are two basic methods of estimating market value via the Income Approach. The **direct capitalization technique** utilizes an overall capitalization rate derived from market data. It is applied to a stabilized net operating income estimate.

The **discounted cash flow analysis** involves the analysis of a series of income streams over a specified investment holding period. Discounted cash flow analysis is typically employed in the valuation of investment grade properties, in the valuation of development properties, projects that require some absorption period, and properties with variable cash flows.

The subject (portion of Lot 15) is encumbered by a master lease. The master lease has the option for the lessee to sublease or assign (sell) its leasehold interest, which will indicate a positive and marketable leasehold interest when that lease or market rent exceeds contract rent. We have established a market rent for the Subject space and applied appropriate expenses to develop the potential Net Cash Flow for the leasehold (sandwich position) over the remaining term.

We have researched the rates of return for various classes of real estate investment assets to develop an appropriate discount rate that will be applied to the annual income stream that is unique to the subject's leasehold.

SALES COMPARISON APPROACH

The Sales Comparison Approach was used in this analysis to develop meaningful value units of comparison to be applied to the subject property. This approach is associated with the principles of substitution and contribution with emphasis placed on the interaction of a willing buyer and a willing seller in the open marketplace.

The Sales Comparison Approach is based upon the proposition that an informed purchaser would pay no more for a property than the cost of acquiring an existing property with the same utility. This approach is most applicable when an active market provides sufficient quantities of reliable data.

We have researched the sales market for Charter Schools and like-kind properties to assist us in arriving at a substantiated opinion of market value of the leasehold position. While far from as established fact that is applicable in all situations, it is a reasonable premise that the market value of the leasehold should closely approximate the market value of the fee simple interest, less the value of the leased fee interest created by the master lease, particularly with a remaining lease term in excess of 40 years.

In this instance the master lease has unique terms, including a substantial rent concession for a finite period that totals \$5,360,875. The present value of the master lease (the leased fee position) is deducted from the fee simple value estimate to establish the value of the leasehold under property rights conveyed to establish a value for the improvements.

RECONCILIATION

After the applicable valuation techniques have been employed, the results of each are reviewed, the availability and reliability of the underlying market data of each are evaluated, and the appropriateness or market recognition of the respective approaches is weighed.

These factors considered, a final value estimate is concluded and reported.

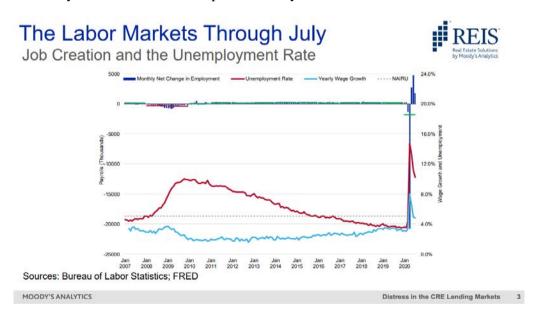
ECONOMIC MARKETS - REGIONAL AND LOCAL MARKET CONDITIONS AND COVID-19

The Federal Government created three stimulus packages to aid businesses and the general population, while the Federal Reserve has taken steps to maintain the low cost of borrowing and provide cash to financial institutions. As of April 15, 2020, approximately 90% of the United States population (~300 million people) was under shelter-in-place / stay-at-home guidelines. Since the beginning of the pandemic, ~56 million claims for unemployment have been filed with the current level of unemployment at ~11.4 million, which imputes an unemployment rate of ~10.8%.

Over 44 states issued workplace restrictions as part of their efforts to prevent the spread of the disease. Localities within each state have established "Shelter-in-place" or "stay-at-home" orders that vary in scope and duration, but generally require businesses not considered "essential" to close their physical offices and continue their operations remotely.

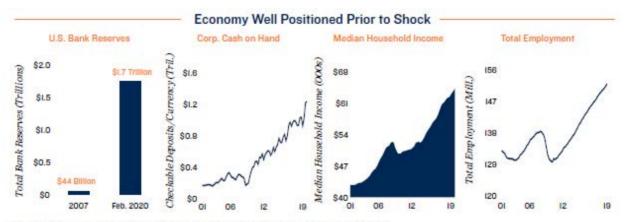
As of the Labor Day weekend, all the states reopened their respective economies at Phase 4. There are specific guidelines offered by the CDC, but each state maintains the power and authority to implement the recommendations from the Federal Government. The rate of death has also declined significantly from a high of 20% to under 1.0%. The number of new infections versus new tests has also dropped significantly from 32% to around 8% (several states have experienced an increase above 10% and reversed some reopening's) while testing rates are nearly double, triple in some states. The latest data shows epidemic peaked in early April in the Northeast with current rate of change 1% for new cases based on current levels of testing with approximately 9% of the population tested.

The full extent of the economic crisis remains uncertain and is dependent on the trajectory of the virus, the success in containing it, and the degree to which the Government and Federal Reserve actions successfully reached and were implemented by consumers and businesses.

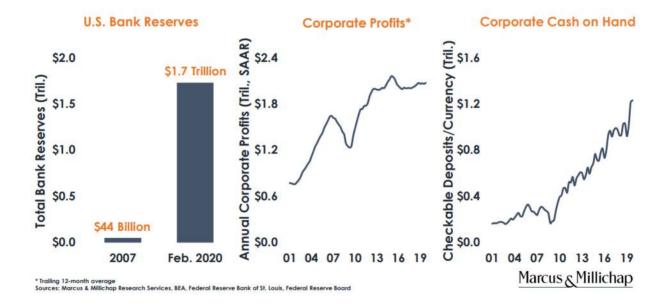


Before discussing observations in our local real estate market, we first opine on where the national economy was prior to CoVid-19.

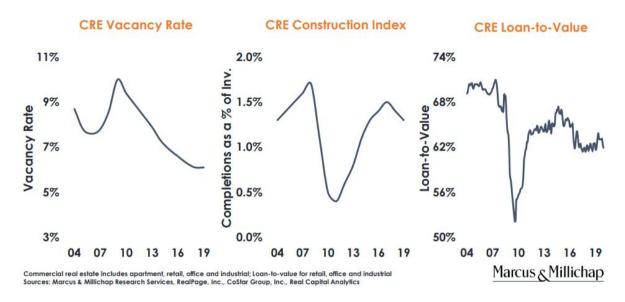
NATIONAL ECONOMY - The three most often cited measures of national economic health are Gross Domestic Product (GDP), unemployment (U3 Graph), and the stock market. Prior to the incidence of CoVid-19, GDP was at an all-time high of ~\$21.5T, unemployment was near a 50-year low (~3.5%), and the DJIA was approaching 30,000 (February 19, 2020). But by almost every conventional metric, the national economy was strong. The graphs on the following page illustrate.



^{*} Sources: Marcus & Millichap Research Services; REA; Pederal Beserve Bank of St. Louis; Federal Reserve Board; U.S. Census Bureau



COMMERCIAL REAL ESTATE - The commercial real estate market was on similar sound footing, depicted below.



Typically, a "bust" in the real estate market is precipitated by one of two triggers: over-building and/or over-leverage. As show above, neither of these triggers are present.

The image below provides some perspective as related to the impact on the US Economy during prior economic crisis that were considered worldwide events.

Historical, Post-War, Significant Shocks to U.S. Economy and Recoveries								
Economic Shock	Duratio (Month	S&P 500	GDP	Jobs	Unemployment Rate	Total Retail Sales		
1973 OPEC Oil Cris	is 16	-41.4%	-3.1%	-2.8%	4.6% - 9.0% (440bps)	-2.6%		
F	ollowing 12 Mont	hs: +32.0%	+6.2%	+3.7%	9.0% - 7.4% (-160bps)	+5.1%		
Iranian Revolution/ Energy Crisis	16	-19.4%	-2.5%	-3.1%	7.2% - 10.8% (360bps)	-2.6%		
F	ollowing 12 Mont	hs: +51.8%	+7.9%	+3.9%	10.8% - 8.5% (-230bps)	+6.5%		
Iraq Invades Kuwa Price Shock	it/ Oil 8	-15.8%	-1.4%	-1.5%	5.2% - 7.8% (260bps)	-3.3%		
F	ollowing 12 Mont	hs: +21.9%	+2.9%	+0.4%	7.8% - 7.0% (-80bps)	+5.6%		
Dot-Com Bust/ Sept. 11 th Attacks	8	-46.3%	+0.4%	-2.0%	3.9% - 6.3% (240bps)	-1.0%		
F	ollowing 12 Mont	hs: +22.2%	+2.1%	+1.4%	6.3% - 5.6% (-70bps)	+4.5%		
Global Financial C Great Recession	risis/ 18	-52.6%	-4.0%	-6.3%	4.4% - 10.0% (560bps)	-13.0%		
F	ollowing 12 Mont	hs: +50.3%	+2.8%	+1.0%	10.0% - 9.4% (-60bps)	+7.5%		

³⁰ Marcus and Millichap

We are now in the stage where all 50 states are reengaging economic activity which is considered a positive factor. Most states have advanced to Phase 3 opening, with some clawing back to Phase 2. All states are expected to be as Phase 2 or 3 by July 1, but because of recent increases several states are rolling back Phase 3 to Phase 2 levels. The pandemic has not completely passed, and economic activity is projected to take several months to start up with positive economic growth (GDP) not anticipated until early 2021. Because of so many variables and the time it takes for economic stimulus programs to become effective it is difficult to assess the extent to which the New York City real estate market will be impacted and for how long.

Like previous disasters that impacted New York City, history has shown that the market does recover. There will be short-term impacts affecting the real estate market such as a loss of rental payments for most property owners who lease to retail, office, and/or residential tenants. With all the economic factors presented in mind, the market value estimate contained herein is based on historical data and the insight from market participants relating to the current health crisis in terms of the real estate market which has created an unforeseen economic crisis affecting over 80% of the United State economy.

In our opinion there will be short-term increases in rent collections and legal costs associated with retail and office properties to restructure leases to account for business closures. Such negotiations will be difficult because ownership will have to navigate rent concessions and abatements, but what of the businesses that remained opened and paid rent.

In terms of the multi-family market an increase in non-collection is expected to increase as federal unemployment benefits expire. The main concern with unemployment is that lower paid workers are benefitting from the \$600 federal benefit and are not returning to work, which was reported in the Federal Reserve Beige Book on July 15. In terms of NYC, unemployment amongst hospitality workers remains extremely high even though restaurants have opened for outdoor dining. The significant decline in tourism has had a major impact on many retail and hospitality operations, which pre-Covid levels of 300,000 plus tourist daily in Manhattan.

Our short-term outlook relates to increasing specific costs relating to the operation of real estate such as management, legal fees and cleaning. In terms of market capitalization, the Federal Reserve lowering of interest rates, with 10-year treasury bills below 1% will spur refinancing efforts in both the commercial and residential markets, which will lead to reductions in monthly mortgage costs. These refinancing efforts will take time to evolve, lagging the start of the economy by 30 to 90 days. Financial institutions are well capitalized and are being backed by the Federal Reserve.

The increase in costs for operating the real property should be mitigated by lower financing costs within a 6 to 12-month period. During this time, some assets will not be able to meet financial obligations if the asset is over-leverage. Most leveraged commercial real estate is funded at a 75% or lower loan to value. As such properties at the greatest risk will be those assets with potentially higher rent losses which would result in higher vacancy and collection losses (a table is presented on the following page).

Stability in the markets should occur with 3 to 6 months of resumption of business activities. The financial markets have already bounced back from the March 27, 2020 sell-off and are down 14% for Year to Date, versus 40% down at the peak of the downturn. The two charts below indicate that more

money has followed into the NASDAQ versus the S & P and the DJIA. The DJIA appears to be the one segment impacted the most by Covid-19 with the current performance down 3.0% from being up over 7.74%. Market managers appear to be reallocating funds to the NASDAQ (Tech) and Gold (Inflation hedge).

MARKETS YTD PERFORMANCE

NASDAQ	11,579.94	+ 29.06%
S&P	3,477.13	+7.63%
DJIA	28,586.90	+ 0.17%
GOLD	1,936.30	+ 27.39%
10-YR	0.777%	- 114.30 bps
OIL	40.52	- 33.80%
	S&P DJIA GOLD 10-YR	S&P 3,477.13 DJIA 28,586.90 GOLD 1,936.30 10-YR 0.777%

*As of market close

31

MARKETS							
†	NASDAQ	8,634.52	+ 1.65%				
†	S&P	2,836.74	+ 1.39%				
†	DJIA	23,775.27	+ 1.11%				
+	GOLD	1,744.00	- 0.08%				
+	10-YR	0.606%	- 0.30 bps				
†	OIL	17.08	+ 3.52%				
*As of mar	ket close						

The 2008/09 Great Recession correction was a financial crisis (lack of liquidity) spurred by the housing bubble. The current correction is an economic shutdown spurred by a health crisis (loss of cash flow). The uncertainty of busines growth as disappeared and the focus is now on how long it will take for certain industries to recover, notably airlines and the hospitality sectors.

STANDARD VALUATION SERVICES

955903

 $^{^{\}rm 31}$ Morning Brew, October 5, 2020 and April 25, 2020

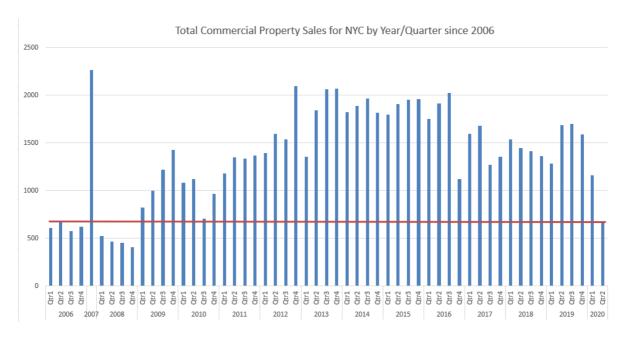
In the former correction revenue streams and vacancy rates experienced less volatility, but higher volatility was present with capitalization rates because of a lack of lack of liquidity and the ability for financial institution to lend. Also, the Great Recession was a crisis that impacted the residential markets at a far greater level than commercial real estate. We are of the opinion this relationship will invert, with more volatility relating to cash flow but more stability in terms of capitalization rates because of the extensive and robust actions taken by the Federal Reserve to ensure liquidity remain in this market.

Market participants are more concerned about tenants "ability to pay" and expected increases in absorption time, but everyone (banks and borrowers) are working from more sound financial footing. Said another way, the last correction people had cash but limited access to capital. This correction, capital is available and abundant, but the cash flow is the big question mark.

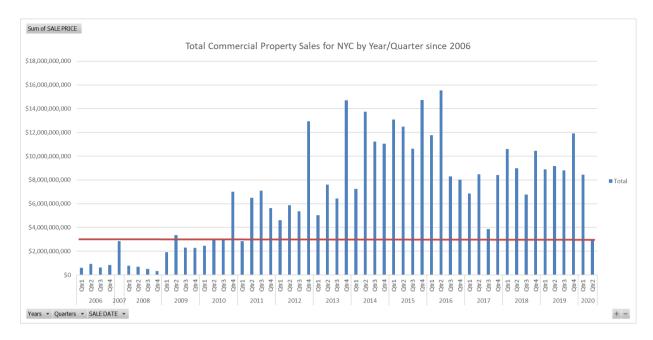
Where does this lead in terms of valuation? The three most often cited measures of national economic health - GDP, employment, and the stock market - all experienced significant shocks in March and April but are recovering. It would be hard to surmise that real estate valuations did not show negative growth in the 2nd Quarter, but growth in the 3rd Quarter has been positive. That said, real estate does not "mark to market" daily. There are no data points, or at least not enough, to discern any trend on valuation. If the base line case holds true for a "sharp but short" correction, there may never be enough data points for a conclusive judgment.

The Great Recession experienced a much higher percentage of "all cash" deals, which removed leverage from the equation (producing capitalization rates). Capital is available in the current cycle.

Through the 1st Quarter of 2020 commercial property sales in NYC were just under 1,000 sales but in the 2nd Quarter sale transaction have plummeted. The current number of transactions is almost as low as the beginning of the 2008/2009 financial crisis and the total dollar volume is at the 2009 level.



The table above represents total transactions and the table below reports the total dollar volume.

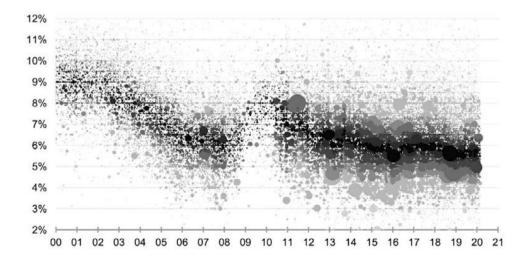


The entry into this recession had been the quickest in the history of economic downturns. Commercial real estate has proven a very sound investment over the past two decades and we expect no difference going forward. The financial footing of many (banks, property owners, borrowers) is superior to the last recession. If the virus is contained and "stimulus" packages are effective, projections of robust recovery are feasible.

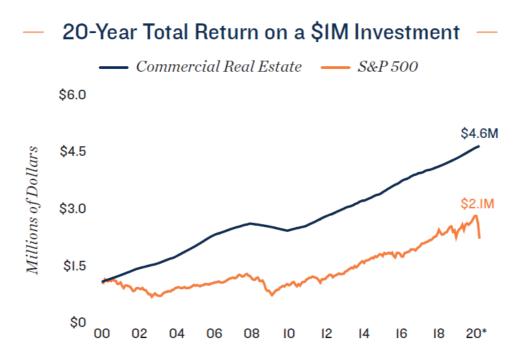
If "quicks deals" are done by property owners wishing a speedy exit from the market or seeking liquidity, they will be intertwined with deals that were negotiated prior to the heart of the outbreak, i.e., in different (superior) market conditions, and did not fall through.

On the following are CoStar graphs of capitalization rates for all property types over the entire United States since 2000. It is easy to discern when the Great Recession occurred.

Cap Rates



The recovery started in July and is exhibiting familiar patterns after the steep decline in GDP and reversal causing a V recovery with the V trailing off based on August economic reports. Investor behavior demonstrates a "flight to safety", entering only the best markets and pursuing the best assets with the NASDAQ experiencing a 20% gain versus the DJIA still showing a negative annual growth, albeit much improved over the bottom in late March. As the recovery grows and broadens, the money will flow downward and outward to secondary markets and secondary assets, but this will lag the initial level of recovery.



According to data released from the City of New York and State of New York Comptroller's offices specific segments of the real estate market are being impacted more than others. In the case of the Subject we have focused our analysis on multi-family housing. The economic impact from business closers from March through July will take several months to be measured in terms of the impact on property values.

OVERVIEW OF THE REGIONAL ECONOMY

The following regional analysis (Second District – New York) is derived from data compiled by the Federal Reserve Board and issued in the September 2, 2020 Beige Book.

NATIONAL SUMMARY

OVERALL ECONOMIC ACTIVITY

Economic activity increased among most Districts, but gains were generally modest, and activity remained well below levels prior to the COVID-19 pandemic. Manufacturing rose in most Districts, which coincided with increased activity at ports and among transportation and distribution firms. Consumer spending continued to pick up, sparked by strong vehicle sales and some improvements in tourism and retail sectors. But many Districts noted a slowing pace of growth in these areas, and total spending was still far below pre-pandemic levels. Commercial construction was down widely, and commercial real estate remained in contraction. Conversely, residential construction was a bright spot, showing growth and resilience in many Districts. Residential real estate sales were also notably higher, with prices continuing to rise along with demand and a shortage of inventory. In the banking sector, overall loan demand increased slightly, led by solid residential mortgage activity. Agricultural conditions continued to suffer from low prices, and energy activity was subdued at low levels, with little expectation of near-term improvement for either sector. While the overall outlook among contacts was modestly optimistic, a few Districts noted some pessimism. Continued uncertainty and volatility related to the pandemic, and its negative effect on consumer and business activity, was a theme echoed across the country.

EMPLOYMENT AND WAGES

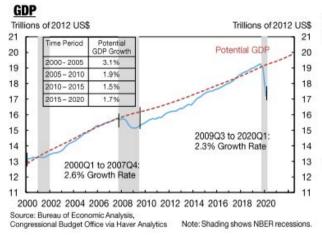
Employment increased overall among Districts, with gains in manufacturing cited most often. However, some Districts also reported slowing job growth and increased hiring volatility, particularly in-service industries, with rising instances of furloughed workers being laid off permanently as demand remained soft. Firms continued to experience difficulty finding necessary labor, a matter compounded by day care availability, as well as uncertainty over the coming school year and jobless benefits. Wages were flat to slightly higher in most Districts, with greater pressure cited among lower-paying positions. Some firms also rescinded previous pay cuts. Others, however, have looked to roll back hazard pay for high-exposure jobs, though some have chosen not to do so for staff morale and recruitment purposes.

PRICES

Price pressures increased since the last report but remained modest. While input prices generally rose faster than selling prices, they were moderate overall. Notable exceptions included inputs experiencing demand surges or supply-chain disruptions, such as structural lumber, for which prices spiked. Several Districts also reported that costs for personal protective equipment and inputs to it remained elevated. Freight transportation rates rose in several Districts due to a resurgence in demand. In contrast, contacts in multiple Districts cited weak demand or lack of pricing power as a factor behind slower growth in retail or other selling prices.

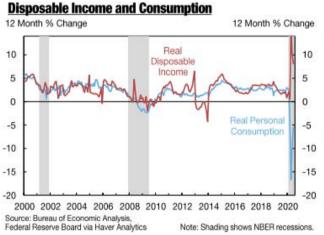
U.S. ECONOMY SNAPSHOT AUGUST 2020³²

The following graphics were taken from the Federal Reserve Bank of New York economic snapshot which is the basis for the narrative commentary on the following pages.



Output falls well below potential in 2020Q2

- The level of real GDP in 2020Q2 was about 10.4% below the estimate of real potential GDP from the Congressional Budget Office (CBO).
 - The 2020Q2 output gap was the largest negative output gap in the post-war era. The previous low was -7.3% in 1982Q4.
 - The 10.2% unemployment rate in July was well above the CBO's estimate of its longer-run natural rate (4.38%).
 - The CBO projects that real potential GDP will grow at a relatively slow rate of about 1.4% over the next year.
- Other measures also indicate that there is considerable resource slack in the U.S. economy.
 - Despite a rebound in June, capacity utilization rates continue to be at very low levels.



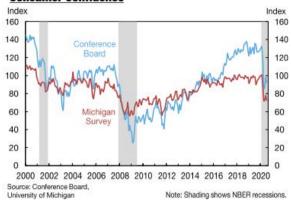
Consumer spending grows again in June

- Real personal consumption expenditures (PCE) increased
 5.2% in June, leaving them 6.6% below their February level.
 - Goods consumption expenditures rose 5.7%, with durables consumption up 8.8% and nondurables up 4.1%.
 Goods expenditures are back to their February level.
 - Expenditures on services increased 5%, and remain about 12% below their February level.
- Nominal personal income fell 1.1% in June.
 - The decline was driven by a fall in the Economic Impact Payments even as unemployment insurance payments rose.
- Disposable personal income fell 1.4% in June and the personal saving rate fell to 19.0% from 24.2% in May.

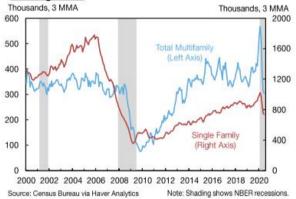
The chart above shows a decline in personal consumption and a significant increase in disposable income.

³²https://www.newyorkfed.org/medialibrary/media/aboutthefed/pdf/us-economy-snapshot-august-2020.pdf

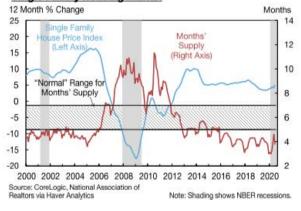
Consumer Confidence



Housing Starts



Single Family Housing Market



Consumer confidence deteriorates in July

- Consumer Confidence Indices declined in July.
 - The Conference Board Index fell from 98.3 to 92.6 in July.
 - The Michigan Index of Consumer Sentiment declined from 78.1 to 72.5.
- The decline in the Conference Board Index was driven by a 15-point decline in the Expectations Index.
 - In contrast, the Present Situations Index increased from 86.7 to 94.2 in July.
- Consumers' short-term outlook on employment and business conditions also deteriorated in July.

Housing starts bounce back in June

- Total housing starts rose 17.3% in June. Starts were down 4.0% in the 12 months ending in June.
 - The three-month moving average of starts was about 1.044 million units (annual rate) in June.
- Single-family starts were 831,000 (annual rate) in June, 17.2% above the May level and 3.9% below the June 2019 figure.
 - The 3-month average of single-family starts fell to 740,000.
- Multifamily starts rose to 355,000 (annual rate) in June, 17.5% above May, and 4% below the June 2019 level.
 - The 3-month average of multifamily starts fell to 304,000.

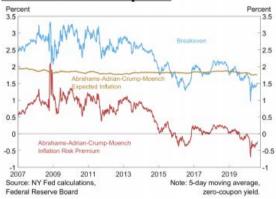
Home prices remain firm

- CoreLogic's single family home price index continues to register solid growth.
 - Prices were up 4.9% in the 12 months ending in June.
 - Home price appreciation has ticked up since late 2019.
 - Price growth over 2020Q2 exceeded that in 2020Q1.
- · The supply of housing units for sale tightened in June.
 - June's for-sale inventory was 3.8 months' worth of sales.
 - Inventories have been re-tightening as sales recover from their large drop in March and April.

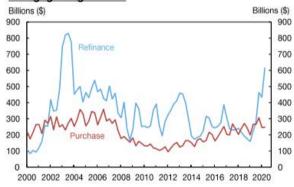
10-Year Treasury and Term Premium



5-10 Year Forward Decomposition



Mortgage Originations



Source: New York Fed Consumer Credit Panel / Equifax

Longer-term Treasury yields continue to decline

- Longer-term Treasury yields have decreased slightly since early July.
 - The 10-year yield decreased about 15 basis points between July 8 and August 7.
 - The 10-year yield is about 140 basis points lower than its level at the end of 2019.
- Estimates from the Adrian-Crump-Moench term structure model indicate that the term premium also decreased.
 - The 10-year term premium decreased by about 15 basis points between July 8 and August 7 as a five-day moving average.

Inflation breakevens increase

- Market-implied TIPS-based measures of long-term inflation compensation ("breakevens") increased slightly in recent weeks
 - The five-to-ten year breakeven inflation rate was 1.52% on August 7 increasing by about 10 basis points over the past month as a five-day moving average.
- According to the Abrahams-Adrian-Crump-Moench model, the inflation risk premium also increased.
 - The estimated five-to-ten year inflation risk premium has increased 5 basis points as a five-day moving average.

Mortgage refinances jump with low mortgage rates

- Mortgage originations, in total, reached \$856 billion in the second quarter.
- Splitting into the two components purchase originations and refinance originations – reveals very different trends.
 - Mortgage refinances jumped notably, as many homeowners sought to refinance their existing mortgages and take advantage of low mortgage interest rates.
 - Purchase originations were roughly stagnant.
- Due to this shift in the mix towards a larger share of refinances, the median credit score of newly originated mortgages increased to the highest level seen yet.

NEW YORK- SECOND DISTRICT³³

OVERALL ECONOMIC ACTIVITY - HIGHLIGHTS

The regional economy has begun to rebound, though activity is still well below pre-pandemic levels and many sectors remain depressed. Businesses have called back some furloughed workers and there have been scattered reports of new hiring, but the labor market remains weak. Prices and wages have been most steady, on balance.

EMPLOYMENT AND WAGES

The labor market has been generally flat since the last report, though retailers and wholesalers indicated that they had added staff as more restrictions have been lifted. A major upstate New York employment agency and a payroll processing firm both reported that hiring activity has picked up somewhat since midyear. However, a major New York City agency specializing in office jobs indicated that hiring has remained sluggish, as fewer people are leaving jobs and companies have been reluctant to on-board new workers remotely. These contacts noted a marked increase in job seekers.

Some businesses have noted less trouble bringing back furloughed workers and hiring new ones in recent weeks, as unemployment benefits were scaled back. However, several companies noted that concerns about childcare and the upcoming school year remain constraints on worker availability.

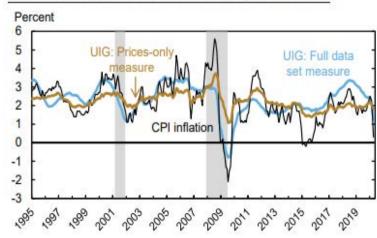
Business contacts have mixed expectations about their likely staffing levels in the months ahead. While more manufacturers said they anticipated staff increases than reductions, the reverse was true among service sector businesses—especially those in the information, transportation, and warehousing industries.

Wages have generally been mixed but mostly steady, on balance, with declines in leisure & hospitality, information, and wholesale trade, but increases in retail, real estate, and construction. Looking ahead, businesses generally expect wages to remain steady.

PRICES

Business contacts reported that input costs accelerated slightly, rising at a moderate pace, while selling prices were mixed but, on balance, little changed. While contacts in the finance and professional & business service sectors reported declines in selling prices, retailers noted some escalation in prices for the first time since the outbreak began in March, reflecting widespread increases in input costs. Notably, businesses in the leisure & hospitality and retail & wholesale trade sectors

UIG Measures and 12-Month Change in the CPI



were somewhat more inclined to raise prices in the months ahead.

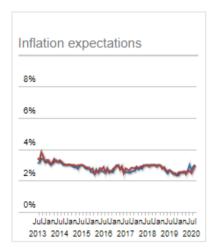
³³ Covers the state of **New York**; Fairfield County in Connecticut; and 12 counties in northern **New** Jersey, and serves the Commonwealth of Puerto Rico and the U.S. Virgin Islands

CONSUMER SPENDING

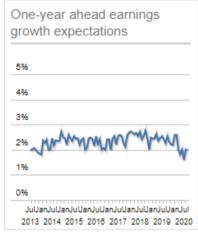
Retailers generally reported that sales, though still down substantially from a year ago, picked up in July and into August, as restrictions were lifted further. However, some reported softening in revenues in mid-August. Several retail contacts mentioned difficulties in getting supplies on time. Some have also noted that safety concerns and capacity restrictions have limited customer traffic.

New vehicle sales softened in the latest reporting period, following a fairly strong rebound in May and June, according to dealers in upstate New York. This recent pullback is partly attributed to low inventories and reduced incentives, though inventory levels are expected to improve in the fall. Sales of used vehicles have remained strong in recent weeks, with no significant inventory problems reported. Credit conditions were reported to be in good shape.34

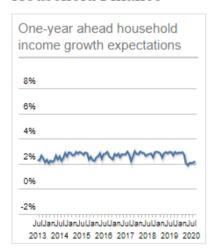
Inflation



Labor Market



Household Finance



Fielding the Survey

The SCE is a nationally representative, Internet-based survey of a rotating panel of approximately 1,300 household heads. Respondents participate in the panel for up to twelve months, with a roughly equal number rotating in and out of the panel each month. Unlike comparable surveys based on repeated cross-sections with a different set of respondents in each wave, our panel enables us to observe the changes in expectations and behavior of the same individuals over time.

MANUFACTURING AND DISTRIBUTION

Manufacturing growth has slowed to a crawl in the latest reporting period, while activity in the wholesale trade and transportation & warehousing sectors has contracted modestly. Several contacts in these sectors have noted difficulties and delays in getting a variety of inputs.

Looking ahead manufacturers projected moderate growth in activity, while wholesalers and transportation & warehousing contacts anticipated little change. Businesses' overall capital spending plans remain depressed, though there have been scattered reports of companies investing in air filtration systems and other such equipment to enhance safety.

³⁴ https://www.newyorkfed.org/microeconomics/sce

SERVICES

Service industry contacts generally reported that business activity has weakened since the last report and remains well below pre-pandemic levels. Information and professional & business services firms reported fairly widespread declines in activity, while those in leisure & hospitality and education & health reported flat to modestly declining activity. The falloff in economic activity in central business districts, most notably Manhattan, has distressed local businesses that provide services to offices and workers, as well as firms throughout the metro area that service them. Contacts at both business service and consumer service firms generally anticipated little change in business activity the months ahead.

Tourism has remained depressed, with New York City hotels still running at well under half capacity, though weekend occupancies have increased. Hotels have also seen some business as homeless shelter alternatives. Ongoing restrictions on capacity, as well as trepidation among customers, have restrained business at restaurants, hotels, and other providers of consumer leisure and recreation services. A large expansion in outdoor dining has helped mitigate New York City's ongoing ban on indoor dining, though many restaurants have still seen sizable reductions in overall capacity.

REAL ESTATE AND CONSTRUCTION

Housing markets across the District have continued to diverge, as New York City's sales and rental markets weakened further, while markets elsewhere—particularly for single-family homes—have generally continued to show strength.

New York City's rental market has been particularly weak, with vacancy rates reaching multi-year highs in Manhattan and rents down roughly 10 percent from a year ago with increased landlord concessions. Rents declined more moderately in Brooklyn and Queens and were little changed in the Bronx and across outlying portions of the metro area. The single-family rental market has been relatively strong across much of the District.

The residential sales market has been mixed. Sales of condos and co-ops in New York City have rebounded modestly from depressed spring levels, while prices have fallen, as the number of listings has swelled. Elsewhere across the District, though, home prices have risen, and bidding wars have been common, reflecting strong pent-up demand and a dearth of homes on the market, which has also restrained sales volume.

Commercial real estate markets have weakened further. Office availability rates continued to rise, while rents were flat or declining. Retail rents have also been flat to lower, as vacancy rates have risen to multi-year highs.

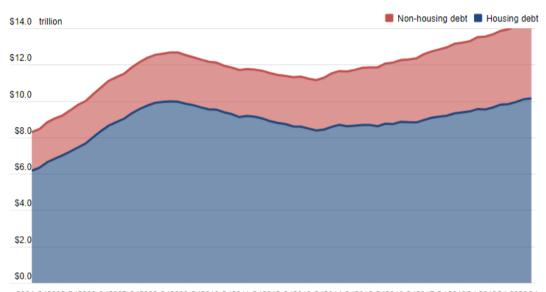
New construction activity has remained quite sluggish and well below year-earlier levels, though a few areas have seen a pickup in multifamily construction starts. Contacts in real estate and construction have become less optimistic, on balance, about the near-term outlook.

BANKING AND FINANCE

Finance sector contacts generally noted continued weak business and have grown more pessimistic about the near-term outlook. Small to medium-sized banks across the District reported higher demand for consumer loans, residential mortgages, and commercial mortgages, but flat demand for commercial and industrial loans and little change in refinancing activity.

Bankers reported tightened credit standards across all loan categories except consumer loans, where standards were unchanged. Banks reported narrowing spreads across all loan categories and lower average deposit rates. Delinquency rates rose across all categories—particularly on residential mortgages—though banks continued to report more lenient policies for delinquent accounts across all categories.

Total Debt Balance



 $2004: Q12005: Q12006: Q12007: Q12008: Q12009: Q12010: Q12011: Q12012: Q12013: Q12014: Q12015: Q12016: Q12017: Q12018Q1 \\ 2019Q1 \\ 2020Q1 \\ 2019Q1 \\ 2020Q1 \\ 2019Q1

Source: FRBNY Consumer Credit Panel/Equifax

Mortgage balances—shown on consumer credit reports on June 30 stood at \$9.78 trillion, a \$63 billion increase from 2020:Q1. Balances on home equity lines of credit (HELOC) saw an \$11 billion decline, its 14th consecutive decrease since 2016:Q4, bringing the outstanding balance to \$375 billion. Credit card balances declined sharply in the second quarter, by \$76 billion, the steepest decline in card balances seen in the history of the data and reflecting the sharp declines in consumer spending due to the COVID-19 pandemic and related social distancing orders. Auto loan balances were roughly flat in the second quarter. Student loan balances increased slightly by \$2 billion reflecting a wide application of forbearances on federal student loans and interest waiver. In total, non-housing balances (including credit card, auto loan, student loan, and other debts) saw the largest decline in the history of this report, with an \$86 billion decline.

³⁵ https://www.newyorkfed.org/microeconomics/hhdc

At a Glance: Findings from the June SCE Credit Access Survey

- The application rate for any type of credit over the past twelve months dropped sharply to a new series low of 39 percent. The decline was broad-based across demographic groups and was largest for credit card applications and credit card limit increase requests.
- On the other hand, mortgage refinance applications increased for the third consecutive time since June 2019.
- The average likelihood of applying for any type of credit over the next twelve months also fell sharply, driven by a decline in expected credit card applications.
- Rejection rates increased slightly from their previous readings in February.

Note: Results for the June Survey of Consumer Expectations Credit Access Survey were released on Friday, July 17, instead of Monday, July 20, as scheduled due to a premature release of some data.

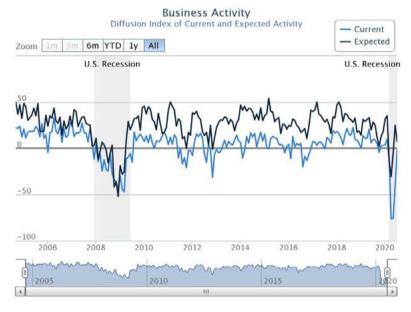


BUSINESS ACTIVITY

Activity in the region's service sector held steady, according to firms responding to the Federal Reserve Bank of New York's July 2020 *Business Leaders Survey*. The survey's headline business activity index climbed thirty-eight points to -1.8. The business climate index rose seven points, but at -75.4, it indicated that most firms still viewed the business climate as worse than normal. Employment levels continued to decline, though at a significantly slower pace than last month, and wages held steady. Input prices increased at the same pace as in June, while selling prices continued to fall. Capital spending declined. Firms were less optimistic about the six-month outlook than in June, and the business climate is expected to be worse than normal in the months ahead.

Business activity in the region's service sector held steady in July. The headline business activity index increased thirty-eight points to -1.8, its near zero reading is the index's highest level since February. Thirty-six percent of respondents reported that conditions improved over the month, and 37 percent said that conditions worsened. The business climate index rose seven points to -75.4, with 83 percent of respondents viewing the business climate as worse than normal.

The employment index increased for a second consecutive month, but the



index remained well below zero at -21.1, pointing to ongoing employment declines. The wages index climbed to 0.4, signaling that wages stabilized after declining for the prior three months. The prices paid index held steady at 20.4, indicating that input prices increased at the same pace as last month. The prices received index moved up seven points, but at -7.9, pointed to ongoing selling price declines. The capital spending index came in at -26.1, suggesting ongoing significant declines in capital spending.

Firms expected business activity to be higher over the next six months but expect the business climate to be worse than normal. The index for future business activity fell eighteen points to 7.1, and future business climate fell twenty-two points to -8.3. Firms expected some gains in employment and wages in the months ahead, though capital spending is expected to continue to decline.³⁶

EMPIRE STATE BUSINESS CONDITIONS

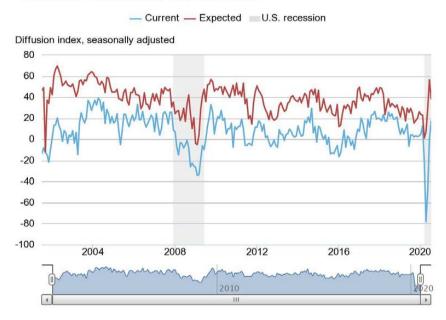
Business activity edged slightly higher in New York State, according to firms responding to the August 2020 *Empire State Manufacturing Survey*. The headline general business conditions index fell fourteen points to 3.7, signaling a slower pace of growth than in July. New orders were little changed, and shipments increased modestly. Unfilled orders were down, and inventories declined. Employment inched higher, while the average workweek declined. Input prices increased at about the same pace as last month, while selling prices increased for the first time in several months. Firms remained optimistic that conditions would improve over the next six months, though optimism fell for a second consecutive month.

After increasing significantly in July for the first time since the pandemic began, manufacturing activity in New York State grew only slightly in August. The general business conditions index fell fourteen points to 3.7. Thirty-four percent of respondents reported that conditions had improved over the month, while 30 percent reported that conditions had worsened. The new orders index fell sixteen points to -1.7, indicating that orders levelled off, and the shipments index fell twelve points to 6.7, pointing to a modest increase in shipments. Delivery times were steady. Unfilled orders and inventories declined.

The index for number of employees edged up to 2.4, indicating that employment levels inched slightly higher. The average workweek index fell four points to -6.8. pointing to a decline in hours worked. The prices paid index was little changed at 16.0, signaling that input prices increased at about the same pace as last month. The prices received index climbed above zero, indicating that selling prices increased for the first time since March.

The index for future business conditions moved down four

General Business Conditions



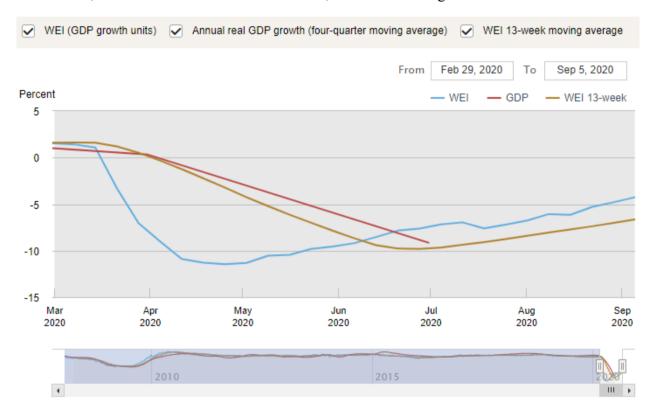
points to 34.3, suggesting that firms remained optimistic about future conditions, though less so than the prior two months. The indexes for future new orders and future shipments posted similar readings,

³⁶ https://www.newyorkfed.org/survey/business_leaders/bls_overview.html

and firms expect to increase employment in the months ahead. The capital expenditures index came in at 6.0, a sign that firms, on net, planned small increases in capital spending.³⁷

The WEI is an index of ten indicators of real economic activity, scaled to align with the four-quarter GDP growth rate. It represents the common component of series covering consumer behavior, the labor market, and production.

The WEI was developed by Daniel Lewis, an economist at the Federal Reserve Bank of New York; Karel Mertens, a senior economic policy advisor at the Federal Reserve Bank of Dallas; and Jim Stock, a professor of economics at Harvard University. Data are updated at the Federal Reserve Bank of New York, the Federal Reserve Bank of Dallas, and JimStock.org.³⁸



Source: Authors' calculations based on data from Haver Analytics, Redbook Research, Rasmussen Reports, the American Association of Railroads, and Booth Financial Consulting.

Notes: The shaded areas indicate periods designated as recessions by the National Bureau of Economic Research. Annual real GDP growth (four-quarter moving average) is based on the latest quarterly GDP data release from the U.S. Bureau of Economic Analysis. The 13-week moving average of the WEI offers an approximation of the four-quarter annual real GDP growth rate for a hypothetical guarter ending in a given week.

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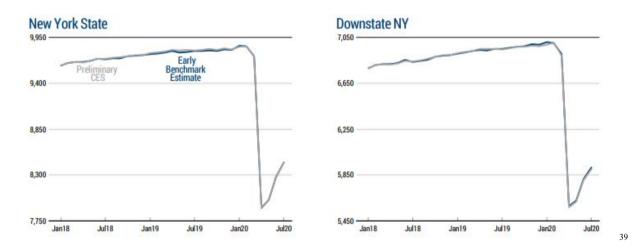
³⁷ https://www.newyorkfed.org/survey/empire/empiresurvey overview.html

³⁸ https://www.newyorkfed.org/research/policy/weekly-economic-index#/interactive

The Current Employment Statistics (CES), produced by the U.S. Bureau of Labor Statistics, is the timeliest regional employment data currently available. These monthly data are based on a sample of about one-third of the nation's nonfarm employers and its accuracy can vary, particularly for smaller geographic areas, and are typically released with about a one-month lag. However, these data are also subject to revisions which can sometimes be quite substantial.

Once per year in March, the CES employment data are benchmarked to the Quarterly Census of Employment and Wages (QCEW) data, a different employment series that captures nearly a full count of jobs but is released with a six-month lag. Rather than waiting until March for these revisions to be released, the Federal Reserve Bank of New York uses quarterly releases of the QCEW to 'early benchmark' the CES employment data more frequently, using a methodology similar to the approach used by the Bureau of Labor Statistics.

We are now releasing these early benchmarked regional data monthly for total employment in New York State, New Jersey, Puerto Rico, and the U.S. Virgin Islands, as well as the metropolitan areas in New York and Northern New Jersey.



SUMMARY OF ECONOMIC ACTIVITY – 2ND DISTRICT

Economic growth in the Second District economy has stalled in the latest reporting period, even as the spread of the virus has remained subdued and more businesses have gradually reopened. Employment overall has been little changed, though retailers and wholesalers have reported staff increases, as more restrictions have been lifted. Input prices accelerated somewhat, while selling prices have remained steady. Retail activity continued to expand, though it remains well below prepandemic levels, while tourism and travel have remained depressed. Home sales have been mixed, with the single-family sales market strengthening but other segments flat to weaker. Commercial real estate markets have softened further—particularly for office and retail space. Residential and commercial construction activity has remained weak. Finally, banks reported increased loan demand, tighter credit standards, and further widespread increases in delinquency rates. Overall, business contacts have become less optimistic about the near-term outlook.

STANDARD VALUATION SERVICES

³⁹ https://www.newyorkfed.org/medialibrary/media/research/regional_economy/charts/early-benchmarked-employment charts.pdf?la=en

NYS Employed (Data in thousands)⁴⁰

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2020	9,136.6	9,190.9	9,030.9	7,675.2	7,778.9	7,972.3	8,140.1	8,321.5					
2019	9,062.8	9,108.4	9,128.6	9,107.2	9,112.1	9,175.5	9,196.6	9,146.3	9,162.1	9,188.8	9,145.9	9,166.4	9,137.6
2018	8,965.3	9,044.0	9,089.3	9,097.7	9,143.4	9,211.4	9,251.4	9,132.5	9,139.5	9,184.8	9,155.6	9,177.4	9,127.7
2017	8,985.9	9,025.3	9,115.6	9,126.6	9,113.0	9,187.8	9,210.6	9,126.9	9,148.3	9,102.7	9,058.7	9,010.2	9,101.0
2016	9,045.4	9,077.1	9,117.6	9,093.9	9,108.3	9,151.7	9,164.1	9,107.5	9,067.5	9,074.1	9,046.0	9,006.0	9,088.3
2015	8,916.1	8,930.9	8,988.6	9,040.1	9,092.9	9,142.5	9,147.3	9,110.0	9,047.4	9,093.5	9,070.0	9,075.5	9,054.6
2014	8,805.4	8,816.4	8,878.9	8,887.0	8,924.3	9,009.1	9,016.1	8,961.9	8,926.8	9,000.2	8,949.3	8,932.9	8,925.7
2013	8,767.8	8,784.0	8,827.2	8,897.9	8,952.1	9,017.3	9,050.6	8,996.2	8,947.8	8,901.8	8,922.1	8,900.6	8,913.8
2012	8,635.7	8,673.7	8,717.1	8,743.9	8,802.5	8,858.8	8,855.0	8,820.9	8,836.7	8,901.1	8,848.2	8,827.0	8,793.4
2011	8,633.1	8,647.9	8,701.2	8,729.5	8,740.4	8,760.2	8,780.1	8,784.6	8,726.3	8,760.1	8,747.2	8,726.0	8,728.1

NYS Unemployed (Data in thousands)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2020	391.1	375.7	400.8	1,364.5	1,285.4	1,468.8	1,548.6	1,200.1					
2019	452.7	433.7	400.6	342.2	345.1	363.4	400.3	393.6	342.7	354.4	341.4	351.9	376.8
2018	477.0	486.7	437.6	385.3	350.9	294.7	401.4	388.4	346.3	348.8	337.9	375.0	394.2
2017	498.6	505.7	448.6	417.9	423.5	442.8	477.8	479.7	436.6	418.7	412.5	414.9	448.1
2016	503.0	507.4	485.1	438.8	411.3	453.2	489.2	485.5	470.3	461.0	426.1	433.1	463.7
2015	605.7	592.3	537.7	500.3	512.1	503.2	519.3	484.0	445.2	448.6	448.8	453.0	504.2
2014	703.3	720.2	675.6	571.1	590.0	595.4	631.1	605.0	548.7	539.0	545.2	520.4	603.7
2013	878.8	838.2	762.5	706.2	726.3	770.6	773.8	746.5	716.5	714.3	670.7	640.2	745.4
2012	879.8	896.7	849.6	781.7	810.1	847.3	869.3	819.9	770.9	775.9	744.4	780.5	818.8
2011	849.7	834.2	781.7	736.4	740.1	782.5	802.9	786.7	789.1	786.7	780.0	801.7	789.3

NYS Unemployment Rate

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann Avg
2020	4.1%	3.9%	4.2%	15.1%	14.2%	15.6%	16.0%	12.6%					
2019	4.8%	4.5%	4.2%	3.6%	3.6%	3.8%	4.2%	4.1%	3.6%	3.7%	3.6%	3.7%	4.0%
2018	5.1%	5.1%	4.6%	4.1%	3.7%	4.1%	4.2%	4.1%	3.7%	3.67%	3.6%	4.0%	4.1%
2017	5.3%	5.3%	4.7%	4.4%	4.4%	4.6%	4.9%	5.0%	4.6%	4.4%	4.4%	4.4%	4.7%
2016	5.3%	5.3%	5.1%	4.6%	4.3%	4.7%	5.1%	5.1%	4.9%	4.8%	4.5%	4.6%	4.9%
2015	6.4%	6.2%	5.6%	5.2%	5.3%	5.2%	5.4%	5.0%	4.7%	4.7%	4.7%	4.8%	5.3%
2014	7.4%	7.6%	7.1%	6.0%	6.2%	6.2%	6.5%	6.3%	5.8%	5.6%	5.7%	5.5%	6.3%
2013	9.1%	8.7%	8.0%	7.4%	7.5%	7.9%	7.9%	7.7%	7.4%	7.4%	7.0%	6.7%	7.7%
2012	9.2%	9.4%	8.9%	8.2%	8.4%	8.7%	8.9%	8.5%	8.0%	8.0%	7.8%	8.1%	8.5%
2011	9.0%	8.8%	8.2%	7.8%	7.8%	8.2%	8.4%	8.2%	8.3%	8.2%	8.2%	8.4%	8.3%

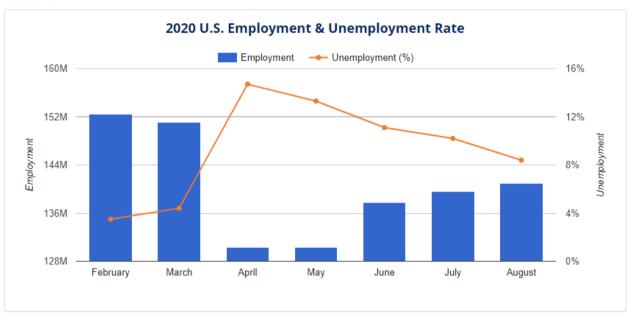
⁴⁰ https://labor.ny.gov/stats/laus.asp

NEW YORK WEEKLY ECONOMIC AND FISCAL OUTLOOK - COMPTROLLER NYC

NATIONAL INDICATORS

Initial claims for unemployment insurance fell to 880 thousand for the week ending September 3. Continuing claims fell 3.8% during the week ending June 13th, to 19.5 million – continuing a declining trend that began in the 1st week of May, when continuing claims peaked at 24.9 million.

Chart 1

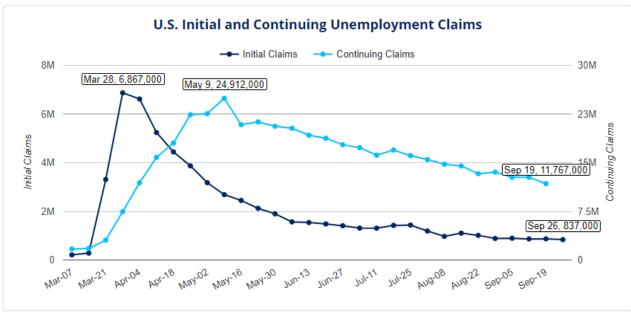


SOURCE: U.S. BLS

• Initial U.S. unemployment claims remained steady at 884,000 for the week of September 5th (Chart 2). Continuing claims rose 93,000 to 13,385,000 for the week of August 29th.

Pandemic Unemployment Assistance (PUA), enacted as part of the CARES Act, covers workers who are typically not eligible for state unemployment benefits, including the self-employed or those unable to work due to COVID-19. Continuing PUA claims increased by 1.672 million for the week ending June 6, 2020 (latest available). This resurgence in PUA set a new peak of more than 11 million continuing claims. Regular and PUA continuing claims together cover nearly 30 million unemployed Americans. Continuing unemployment claims showed another decrease to 11.7 million workers with the unemployment rate below 8%. The V-shaped recovery has occurred, but the upper swing of the V is tapering off as certain market struggle to fully recover.

Chart 2



SOURCE: U.S. DOL

NEW YORK CITY

Initial unemployment claims by New York City residents fell to 39,040 but is still higher than 28,477 on August 8.

Chart 4

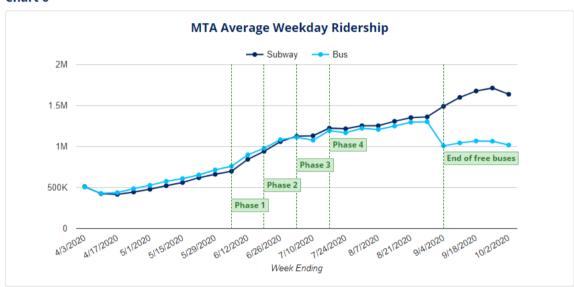


SOURCE: NY DOL

MTA RIDERSHIP

- Between Monday, September 28th and Wednesday, September 30th, subway ridership averaged 1.64 million, a decline from the prior week's average of 1.71 million (Chart 6). Ridership may have been impacted by the observance of Yom Kippur on September 28th.
- As of September 30th, subway ridership was 68% below last year and MTA bus ridership was 50% below.

Chart 6

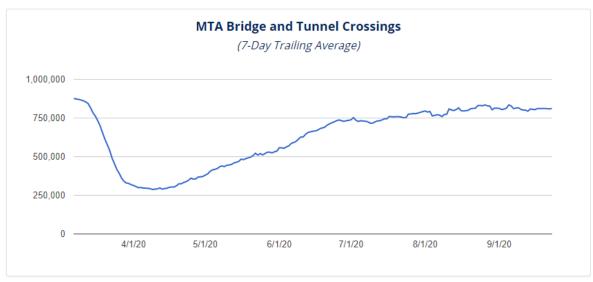


SOURCE: Metropolitan Transportation Authority, Day-by-Day Ridership Numbers.

 $NOTE: Excludes \ holidays. \ \ Figures \ for \ the \ week \ ending \ October \ 2 \ include \ data \ through \ Wednesday, \ September \ 30.$

- Traffic on MTA bridges and tunnels recovered earlier and faster than public transit. As of September 23rd, crossings were just 10% below last year (Chart 7).
- For the seven days ending on September 23rd, MTA bridges and tunnels had an average of 811,784 crossings per day, like levels reached in mid-August.

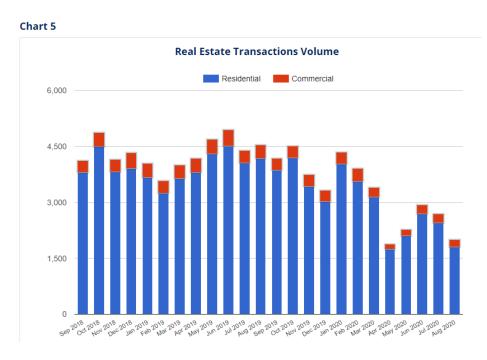
Chart 7



SOURCE: Metropolitan Transportation Authority, Day-by-Day Ridership Numbers.

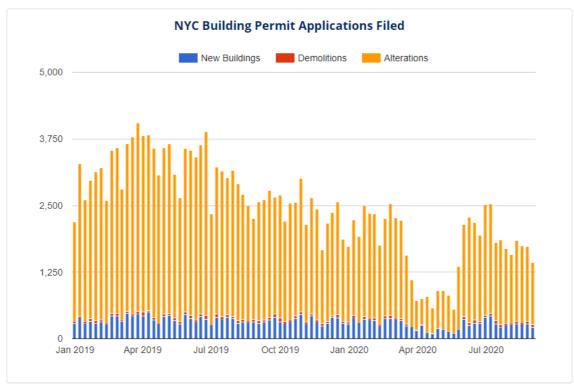
REAL ESTATE TRANSACTIONS

• Real estate transactions continue to be significantly below prior years (Chart 5). Year over year, residential real estate transactions declined by 40 percent in July and 57 percent in August. Commercial real estate transactions declined by 28 percent in July and 43 percent in August, compared to last year. With April showing the lowest activity since 2009, the market recovered in May, June and July but slowed again in August which is consistent with prior year trends.



Construction activity, measured by the number of permit applications for new buildings and alterations, has rebounded to its pre-lockdown levels since the beginning of June (Chart 6).

Chart 6



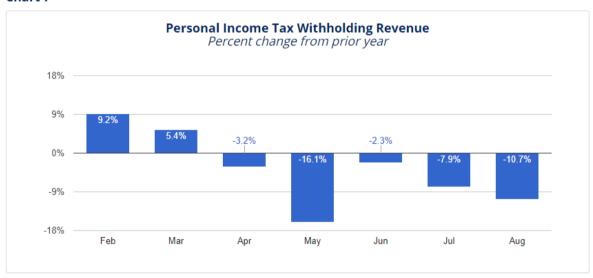
SOURCE: NYC DOB, via NYC OpenData

- After collapsing in April and May, and rebounding sharply in June, the number of building permit applications filed has resumed the downward trend in place before the pandemic (Chart 6). The first week of September saw 1,431 building permit applications filed, down from 1,735 the week prior and over 2,000 per week in June.
- Construction employment also increased substantially in May after a steep drop in April, but remains 35% below its March level.

City Finances

- City personal income tax revenue (PIT) withheld from wages and salaries of employees (withholding) continued its negative downward trend in August (Chart 7) for a fifth consecutive month.
- August's decline was 10.7 percent, a deterioration from July's 7.9 percent drop. Averaging the two months to adjust for varying payroll patterns within any given month shows a 9.2 percent average decline, a significant reversal from the pre-pandemic trends.

Chart 7



SOURCE: NYS Dept of Taxation & Finance

STATE DEVELOPMENTS

On May 15, the New York State Comptroller released data on the State's fiscal performance in the month of April. The combination of economic turmoil caused by COVID-19 and the 3-month filing extension for income taxes led to a \$7.9 billion drop in state tax collections in the month of April, a decline of 68 percent (Table 3). The drop was most pronounced in the personal income tax, which fell from \$9.2 billion last year to \$2.1 billion this April. Consumption and use taxes contracted by 24 percent, as all other taxes, such as the real estate transfer tax, fell by 20 percent.

Table 3. New York State All Funds Tax Receipts in April 2020

	April 2019	April 2020	Dollar Difference	Percent Difference
Personal Income Tax	\$9.215 B	\$2.066 B	(\$7.149 B)	-78%
Consumption/Use Taxes	1.375 B	1.045 B	(330 M)	-24%
Business Taxes	807 M	416 M	(391 M)	-48%
Other Taxes	164 M	131 M	(33 M)	-20%
Total Taxes	\$11.561 B	\$3.658 B	(\$7.903 B)	-68%

Source: New York State Comptroller, April 2020 Monthly Cash Basis Report.

Paycheck Protection Program Helps 72% of New York Small Businesses

Nearly three-quarters of New York State small businesses received assistance in recent months through the federal government's Paycheck Protection Program (PPP), according to Census Bureau survey data for the week ending June 27.

\$38.2 billion in PPP loans were approved for New York applicants through July 24, 2020, according to data from the U.S. Small Business Administration (SBA), which implements the program.

While the program has provided important support to many employers, a report by the SBA's Inspector General found the agency did not adequately address the needs of traditionally underserved businesses: "Because SBA did not provide guidance to lenders about prioritizing borrowers in underserved and rural markets, those borrowers, including rural, minority and women-owned businesses, may not have received the loans as intended." In addition, SBA has been criticized for publishing certain potentially inaccurate data on the program's outcomes.

Pandemic Drives Higher Need for SNAP, Medicaid, Cash Assistance

In the wake of the economic devastation of COVID-19, thousands more New Yorkers are relying on Medicaid, the Supplemental Nutrition Assistance Program (SNAP) and cash assistance programs than were doing so before the crisis.

Statewide Medicaid enrollment rose by more than 260,000 or 4.3 percent from February through May, according to State Department of Health data. In Nassau, Suffolk and Putnam counties, increases were over 6 percent, while Westchester, Queens, Dutchess, Ulster and Rockland counties saw jumps of more than 5 percent.

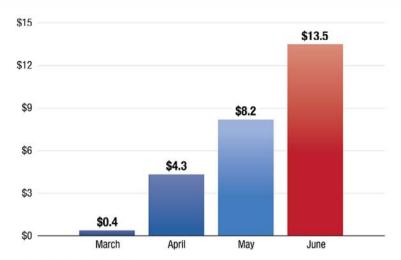
Unemployment Insurance Payments Balloon During COVID-19

Approved payments to New York recipients for Unemployment Insurance totaled \$32.1 billion from March 1 through July 17, with steep increases in payments following the onset of the pandemic. In the most recent weeks for which data are available, approved payments during the first half of July added \$5.7 billion to those in the preceding months shown in the nearby chart. By comparison, during all of calendar year 2019, approved Unemployment Insurance payments for New Yorkers totaled just \$2.1 billion.

Unemployment payments have been a financial lifeline for households across New York. But the flow of support to the unemployed is scheduled to slow significantly in coming days, as some supplemental benefits Congress enacted earlier this year are set to expire in late July.

Unemployment Insurance Payments Approved

(Billions of Dollars)



Source: Office of the State Comptroller

New Business Applications Drop in New York

Business applications for federal tax identification numbers, which provide an early look at business formation activity, fell in New York by 16.8 percent from the first quarter to the second quarter of 2020, according to new data from the Census Bureau. Nationally, applications rose by 4.8 percent.

On a seasonally adjusted basis, 45,890 business applications were filed from New York in April through June, compared to 55,144 during the first quarter. The nearby map shows New York's decline was among the largest in the nation.

Within the overall count of business applications, those considered by the Census Bureau to have a "high propensity" to develop into businesses with employees declined by 26.1 percent in New York, compared to a drop of 2.7 percent nationwide. Nationwide, "high propensity" applications represent about 34 percent of the total, while in New York they represent 41 percent of the State's total.

An even smaller sub-set of business applications consists of those that have indicated an expected first date for paying wages – which the Census Bureau considers "associated with a high likelihood of transitioning into a business with payroll." Such applications from New York totaled 4,223 in the second quarter, down 27.2 percent from the first quarter. Nationally, these applications declined by 3.5 percent.

SUMMARY

Since the peak in Late March/Early April, New York State and New York City continue to emerge from the Covid pandemic with the State the hardest hit of all the states in terms of severity, duration and deaths. The New York City economy is recovering with schools set to re-open in late September and indoor dining set to resume at the end of September. The economic impact on New York City has affected the rest of the state with significant budget cuts being considered absent any federal stimulus packages for local and the state government.

OVERVIEW OF NEW YORK CITY BOROUGHS

New York City is comprised of five boroughs. Throughout the boroughs there are hundreds of distinct neighborhoods, many with a definable history and character to call their own. If the boroughs were each independent; four of the boroughs (Brooklyn, Queens, Manhattan, and the Bronx) would be among the ten most populous cities in the United States.

Borough	Population 1990 Census	Population 2000 Census	Population 2010 Census	Population 2018 Estimate ⁴¹
Bronx	1,203,789	1,332,244	1,384,603	1,432,132
Brooklyn	2,300,664	2,465,689	2,504,717	2,582,830
Manhattan	1,487,536	1,538,096	1,586,360	1,628,701
Queens	1,951,598	2,229,394	2,230,578	2,278,906
Staten Island	378,977	443,762	468,730	476,179
Total	7,322,564	8,009,185	8,174,988	8,398,748

Source: U.S. Census Bureau (web).



 $^{^{41}\ \}underline{https://www.citypopulation.de/en/usa/newyorkcity/}$

- The Bronx is New York City's northernmost borough, the site of Yankee Stadium, and home to the largest cooperatively owned housing complex in the United States, Co-op City. Except for a small piece of Manhattan known as Marble Hill, the Bronx is the only section of the city that is part of the United States mainland. It is home to the Bronx Zoo, the largest metropolitan zoo in the United States, spanning 265 acres and with over 6,000 animals.
- Brooklyn is the city's most populous borough and was an independent city until 1898. Brooklyn is known for its cultural, social and ethnic diversity, an independent art scene, distinct neighborhoods and a unique architectural heritage. It is also the only borough outside of Manhattan with a distinct downtown area. The borough features a long beachfront and Coney Island, established in the 1870s as one of the earliest amusement grounds in the country.
- Manhattan is the most densely populated borough and home to most of the city's skyscrapers,
 as well as Central Park. The borough is the financial center of the city and contains the
 headquarters of many major corporations, the United Nations, as well as several important
 universities, and many cultural attractions (Broadway theatre district), Madison Square
 Garden and numerous museums. Manhattan is loosely divided into Lower, Midtown and
 Upper.
- Queens is geographically the largest borough and the most ethnically diverse county in the United States and may overtake Brooklyn as the city's most populous borough due to its growth. Historically a collection of small towns and villages founded by the Dutch, today the borough is largely residential and middle class. Queens is the site of Citi Field, the home of the New York Mets, and annually hosts the U.S. Open tennis tournament. Additionally, it is home to New York City's two major airports, LaGuardia Airport and John F. Kennedy International Airport.
- Staten Island is the most suburban in character of the five boroughs. Staten Island is connected to Brooklyn by the Verrazano-Narrows Bridge and to Manhattan via the free Staten Island Ferry. The Staten Island Ferry is one of the most popular tourist attractions in New York City as it provides unsurpassed views of the Statue of Liberty, Ellis Island, and lower Manhattan. Located in central Staten Island, the Greenbelt has some 35 miles of walking trails and one of the last undisturbed forests in the city. Designated in 1984 to protect the island's natural lands, the Greenbelt encompasses seven city parks. The F.D.R. Boardwalk along South Beach is two and one-half miles long, which is the fourth largest in the world.

New York is the most populous city in the United States, with an estimated 2018 population of 8,398,748 (up from 223,748 since 2010). This amounts to about 43% of New York State's population and a similar percentage of the metropolitan regional population.

New York's two key demographic features are its population density and cultural diversity. The city's population density of 26,403 people per square mile makes it the most densely populated American municipality with a population above 100,000. Manhattan's population density is 66,940 people per square mile, highest of any county in the United States.

The city's public-school system, managed by the New York City Department of Education, is the largest in the United States. About 1.1 million students are taught in more than 1,200 separate primary and secondary schools. There are approximately 900 additional privately run secular and religious schools in the city, including some of the most prestigious private schools in the United States. Though it is not often thought of as a college town, there are about 600,000 university students in New York City, the highest number of any city in the United States.

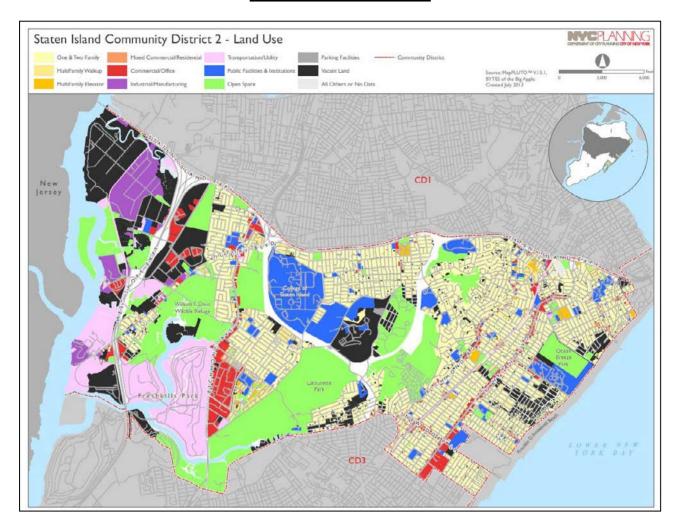
Public transit is overwhelmingly the dominant form of travel for New Yorkers. About one in every three users of mass transit in the United States and two-thirds of the nation's rail riders live in New York and its suburbs. New York is the only city in the United States where more than half of all households do not own a car (in Manhattan, more than 75% of residents do not own a car; nationally, the percentage is 8%). The New York City Subway is the largest rapid transit system in the world when measured by the number of stations in operation, with 468. It is the third largest when measured by annual ridership (1.757 billion passenger trips in 2017).

New York City's public bus fleet and commuter rail network are the largest in North America. The rail network, which connects the suburbs in the tri-state region to the city, has more than 250 stations and 20 rail lines. The commuter rail system converges at the two busiest rail stations in the United States, Grand Central Terminal and Pennsylvania Station.

New York City is the top international air passenger gateway to the United States. The area is served by three major airports, John F. Kennedy International, Newark Liberty International and LaGuardia. 124 million travelers used the three airports in 2016 and the city's airspace is the busiest in the nation. Outbound international travel from JFK and Newark accounted for about a quarter of all U.S. travelers who went overseas.

To complement New York's vast mass transit network, the city also has an extensive web of expressways and parkways, which link New York City to northern New Jersey, Westchester County, Long Island, and southwest Connecticut through various bridges and tunnels. The George Washington Bridge is considered one of the world's busiest bridges in terms of vehicle traffic.

NEIGHBORHOOD ANALYSIS



Location and Physical Features

The subject property is in the **Bulls Head/New Springville** neighborhood of the Borough of Staten Island (Richmond County), City and State of New York. Community District No. 1 encompasses the neighborhoods of Arrochar, Bloomfield, Bulls Head, Chelsea, Concord, Dongan Hills, Egbertville, Emerson Hill, Grant City, Grasmere, Heartland Village, Lighthouse Hill, Manor Heights, Midland Beach, New Dorp, New Dorp Beach, New Springville, Old Town, South Beach, Todt Hill, Travis and Willowbrook.

The community is set in the central portion of Staten Island and encompasses 20.8± square miles. The subject's district is bounded by the Staten Island Expressway to the north, Gateway National Recreation Area to the east, Arthur Kill to the west and Fresh Kills, Richmond Road, Tysens Lane and Ebbits Street to the south.

Staten Island Community District 2



Neighborhoods¹: Arrochar, Bloomfield, Bulls Head, Chelsea, Concord, Dongan Hills, Egbertville, Emerson Hill, Grant City, Grasmere, Heartland Village, Lighthouse Hill, Manor Heights, Midland Beach, New Dorp, New Dorp Beach, New Springville, Old Town, South Beach, Todt Hill, Travis, Willowbrook

AIIIOADIOOK						
POPUL	LATION &	DENSITY	F 30		[LAND U	SE MAR
2000²	2010 ³	2000-2010	/Cate	FAI	4.0	
127,071	132,003	+4%	J. J.	?	Charles &	
2011-2015 Est	imate*	133,508		X.		For
Square M	iles	21.3	J. J. Burner			Con
Population D	ensity	6,197/sq mi	2		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Victory Blvd
COMMUNIT	TY BOARD	PERSPECTIVES	Land Use Category # Lots	% Lot Area		-
		ntified by Staten	1 & 2 Family Bldgs 29,825			
land Commu	nity Board	2 in 2017:	Multifamily Walk-up 531			
. Street flood	ing		Multifamily Elevator 20 Mixed Use 309			
. Traffic		5.24	Commercial 790		- Comment	2
Transit (buse	es & subwa	iys)	Industrial 87		13 June 10 20 10 10 10 10 10 10 10 10 10 10 10 10 10	~
	6. 3. 3. 3. 3. 3. 3. 3. 3. 3.	d Staten Island	Transportation/Utility 127	7%		~
		nmunity District	Public/Institutional 186	10%	The state of the s	
		oard Budget	Open Space 219		Telegrand and the	Sanction
quests for F	iscal Year 2	018.	Parking 172			
ebsite: N/A	W.		Vacant 2,365			185
nail: cb2sidm@a	mos.los		S Other 54	<1%	Click here for a more detailed la	nd use map

A Snapshot of Key Community Indicators

COMMUNITY	ASSETS5	RENT BURG	DEN 4, 6	ACCESS TO F	ARKS"	
Public Schools	42	Staten Island CD 2	Staten Island	Staten Island CD 2	10 may 1 may 1	
Public Libraries	3	4E0/	46%	C00/	Citywide	
Hospitals and Clinics	22	45%	10000	68%	Target	
Parks	25	of households spend 35% or	NYC	of residents live within walking distance of a	85%	
Click to visit the NYC Fa	cilities Explorer	more of their income on rent	45%	park or open space		
MEAN COMMUTE	TO WORK4.8	LIMITED ENGLISH P	ROFICIENCY4	CRIME RA	TE ⁹	
Staten Island CD 2	Staten Island 43 minutes	Staten Island CD 2	Staten Island 10.9%	Staten Island CD 2	Staten Island 6.5	
minutes	NYC 40 minutes	of residents 5 years or older have limited English proficiency	NYC 23.1%	major felonies were reported per 1,000 residents in 2016	NYC 11.8	
EDUCATIONAL ATT	TAINMENT 4, 10	UNEMPLOYN	MENT4, 10	POVERTY ^{4, 10}		
Staten Island CD 2	3194		Staten Island 6.9%	Staten Island CD 2	Staten Island 13%	
of residents 25 years or older have earned a bachelor's degree or higher	NYC 36%	of the civilan labor force was unemployed on average from 2011 to 2015	NYC 9.5%	of residents had incomes below the poverty level	NYC 21%	

*Neighborhoods may be in multiple districts. Names and boundaries are not officially designated. *2000 US Census; *2010 US Census; *American Community Survey 2011-2015 5-Year Estimates, calculated for Public Use Microdata Areas (PUMAs). PUMAs are geographic approximations of community districts. *NYC Dept of City Planning Facilities Database (2017; *Offiences of Differences of Differences of Differences of Less than 6 acres, and 1/2 mile for larger parks and poots.
*Differences of less than 2 minutes are not statistically meaningful. *NYC Dept of Parks and Recreation (DPR) (2016). DPR considers walking distance to be 1/4 mile for parks less than 6 acres, and 1/2 mile for larger parks and poots.
*Differences of less than 2 minutes are not statistically meaningful. *NYPO CompStat, Historic Complaint Data (2017); **Differences of less than 2 percentage points are not statistically meaningful.

Demographics >> _

	1 mile	3 miles
Population	23,871	151,111
Households	8,591	51,978
Median Age	41.30	39.30
Median HH Income	\$92,346	\$82,923
Daytime Employees	9,921	46,760
Population Growth '20 - '25	∀ -0.54%	↑ 0.49%
Household Growth '20 - '25	▼ -0.62%	↑ 0.51%

Population

The community is densely populated with $132,003\pm$ persons (2010), indicating an increase of 3.9% since 2000 (127,071 \pm persons). This follows increases of 11.5% from 1990 to 2000. The indicated population density is 6,346 \pm persons per square mile.

More specifically, the following table details the population and household statistics for the subject's Census Tract. This information has been extracted from FFIEC Geocoding System.

2020 FFIEC Geocode Census Report

Address: 1641 RICHMOND AVE, STATEN ISLAND, NY, 10314 MSA: 35614 - NEW YORK-JERSEY CITY-WHITE PLAINS, NY-NJ

State: 36 - NEW YORK

County: 085 - RICHMOND COUNTY

Tract Code: 0291.04

Summary Census Demographic Information

Tract Income Level	Upper
Underserved or Distressed Tract	No
2020 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$81,800
2020 Estimated Tract Median Family Income	\$114,504
2010 Tract Median Family Income	\$94,572
Tract Median Family Income %	139.98
Tract Population	7273
Owner-Occupied Units	1946
1- to 4- Family Units	2391

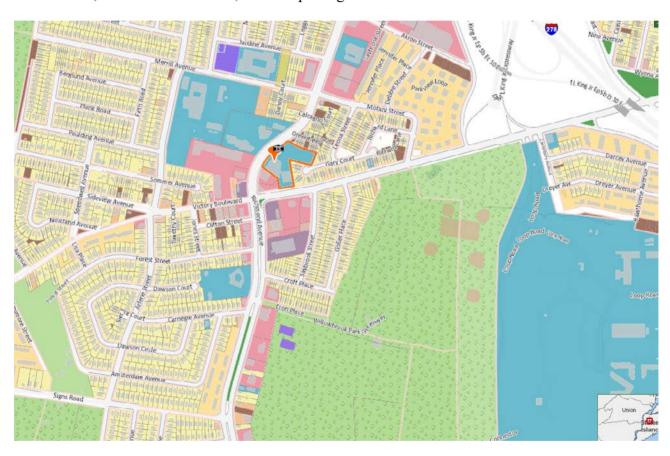
Census Income Information

Tract Income Level	Upper
2010 MSA/MD/statewide non-MSA/MD Median Family Income	\$67,560
2020 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$81,800
% below Poverty Line	7.18
Tract Median Family Income %	139.98
2010 Tract Median Family Income	\$94,572
2020 Estimated Tract Median Family Income	\$114,504
2010 Tract Median Household Income	\$89,511

Land Use/Housing

The subject's community is primarily residential in character consisting of 1-2-unit residential homes. A substantial portion of the community is open space/recreation and vacant land. This is largely due to the existence of William T. Davis Wildlife Refuge and other recreational parks and marsh land along the coast. Commercial uses are primarily located along major roadways including Richmond Avenue and Hylan Boulevard, which are improved with one-story retail strips, one- and two-story office and retail buildings, gas stations, restaurants and convenience stores.

Staten Island Mall is located within 2 miles of the subject along Richmond Avenue and is the only indoor shopping mall in the borough. It is the largest retail center on the island and is the site of the island's third largest public transit hub, with many bus routes that connect to the periphery of the mall area. Richmond Avenue is improved with other large national retail chains such as P.C. Richards, Trader Joe's, Pier 1 furniture store, Dick's Sporting Goods and DSW.



Access/ Transportation

The Staten Island Expressway is the primary transportation route in the community. This roadway generally runs east/west and is the main transportation route as it provides access to the Verrazano Narrows Bridge to the east, which provides access to Brooklyn (and the other boroughs) and Goethals Bridge to the west, which provides access to New Jersey. Manor Road is one of the primary transportation routes within the community and generally runs north / south connecting the Subject area to the Staten Island Expressway. Adequate bus service is also available in the immediate area.

Public Transportation

Commuter Rail	Drive	Distance	
Elizabeth Commuter Rail (Northeast Corridor, North Jersey Coast Lines)	12 min	6.0 mi	
Linden Commuter Rail (Northeast Corridor, North Jersey Coast Lines)	12 min	7.0 mi	
Airport	Drive	Distance	
Newark Liberty International Airport	27 min	12.0 mi	
La Guardia Airport	40 min	24.7 mi	
John F. Kennedy International Airport	39 min	27.2 mi	

IMMEDIATE NEIGHBORHOOD

The Subject is located on the easterly side of Richmond Avenue. Land uses along Richmond Avenue consists of mixed-use retail and office facilities, restaurants, one- and two-story office buildings, and food establishments. Richmond Avenue is a north / south two-way commercial roadway in the Subject's vicinity. Traffic along this roadway is moderate to heavy, depending on the time of day. Curbside parking is available.

According to CoStar, the average rental rate for retail space in the subject's vicinity is \$38.04 per square foot and the average office space is in the Subject area is leasing for \$28.44 per square foot gross versus \$27.18 per square foot for Staten Island as a whole. The overall vacancy rate has increased to above 4% over the past year.



Adjacent land uses consist of office facilities, strip retail centers and some apartment complexes. Other land uses to the east and west of Richmond Avenue are primarily improved with detached, single-family residences. The subject abuts Willbrook Park to the east. The immediate neighborhood is zoned residential with commercial overlays, which allow for retail, office and community facility uses.



The Staten Island Expressway (Route 278) is accessible from Richmond Avenue and is located approximately one and a half miles north of the subject. The Staten Island Expressway provides access to Brooklyn and Manhattan to the east and New Jersey to the west. Bus transportation is available along Hylan Boulevard and Richmond Avenue.

The table below provides a breakdown of the local demographics based on a 2, 5 and 10-mile radius. Additional tables provide a summary of the population based and projected growth in the population over the next several years.

Population

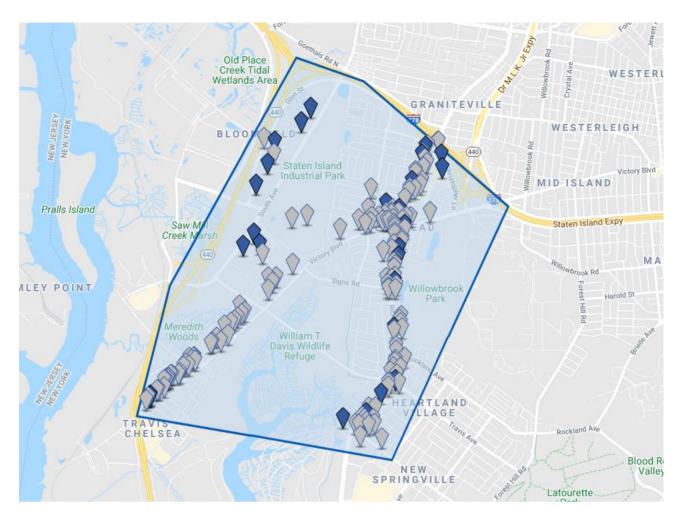
	2 mile	5 mile	10 mile
2010 Population	115,866	550,116	2,314,630
2020 Population	112,153	560,983	2,346,744
2025 Population Projection	112,248	567,442	2,356,406
Annual Growth 2010-2020	-0.3%	0.2%	0.1%
Annual Growth 2020-2025	0%	0.2%	0.1%
Median Age	39.3	38.6	37.1
Bachelor's Degree or Higher	27%	26%	28%
U.S. Armed Forces	9	187	957

COSTAR ANALYSIS

An analysis was performed using the CoStar Web Data Service. According to the on-line Analytics report for the Bulls Head submarket there are 12 spaces in 38 office use properties available for lease. The average vacancy rate is 4.4% and an average rental rate of \$27.94 per square foot including all utilities versus the overall Staten Island market at \$35.92 per square foot. We conducted a survey of office buildings primarily located along Richmond Avenue, as well as the subject's immediate vicinity, which is outlined on the map on the following page. The survey shows 38 buildings with 141,499± square feet of leased in the past year. These properties are leasing for \$29.80 to \$38.00 per square foot, with the average at \$27.94 per square foot.

Market Conditions »		
Vacancy Rates (?) Current Building Submarket 2-4 Star Market Overall	Current 0.0% 4.4% 9.1%	YOY Change
Gross Asking Rents Per SF Submarket 2-4 Star Market Overall	\$27.94 \$35.92	↑ 7.0% ↔ 0.0%
Submarket Leasing Activity (?) 12 Mo. Leased SF Months on Market	141,499 13.8	♥ 14.1% ♥ 7.3 mo
Submarket Sales Activity 12 Mo. Sales Volume (Mil.) 12 Mo. Price Per SF	Current \$48.4 \$129	Prev Year \$28.6 \$213

The level of vacant space has remained relatively stable; with a minor increase in the amount of available space (available space is generally considered to be occupied with the lease term set to expire). The number of months on the market has also increased. Our drive through of the area indicated that most facilities appear to be occupied.



The overall vacancy rate has begun to increase slightly over the past four quarters, increasing to above 4%. Staten Island is a self-contained market, with limited office development. Existing office facilities are located near established commercial centers. The subject is located between two commercial areas to the north and south. The historical (5 year) vacancy for the Subject has been below 3%. Essentially the Subject area is at full occupancy based on our review of relevant market data.

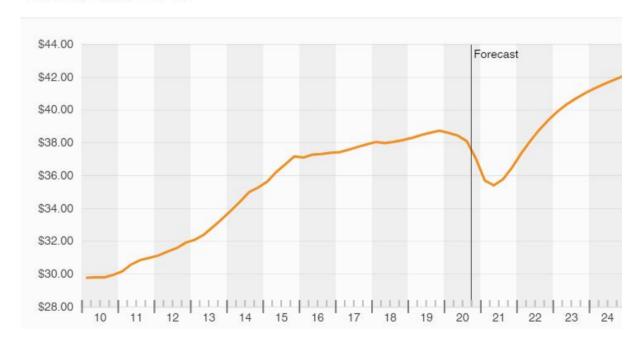
Traffic »				
Collection Street	Cross Street	Traffic Vol	Year	Distance
Richmond Ave	Amsterdam PI	50,430	2014	0.10 mi
Grissom Ave	Rockland Ave	2,180	2014	0.23 mi
Gadsen PI	Rockland Ave	2,170	2014	0.30 mi
Richmond Ave	Nome Ave	53,015	2011	0.42 mi
Richmond Ave	Klondike Ave	46,816	2014	0.42 mi

Traffic patterns in the Subject area are influenced by the Staten Island Mall which is located to the south of the immediate area.

Income

	2 mile	5 mile	10 mile
Avg Household Income	\$104,704	\$95,436	\$93,332
Median Household Income	\$84,909	\$73,768	\$68,395
< \$25,000	6,728	37,974	176,429
\$25,000 - 50,000	4,865	32,855	148,691
\$50,000 - 75,000	5,624	29,349	123,131
\$75,000 - 100,000	4,637	25,626	100,335
\$100,000 - 125,000	4,203	19,380	76,686
\$125,000 - 150,000	3,654	15,383	56,423
\$150,000 - 200,000	4,523	20,170	74,362
\$200,000+	3,876	16,921	77,680

Market Rent Per SF

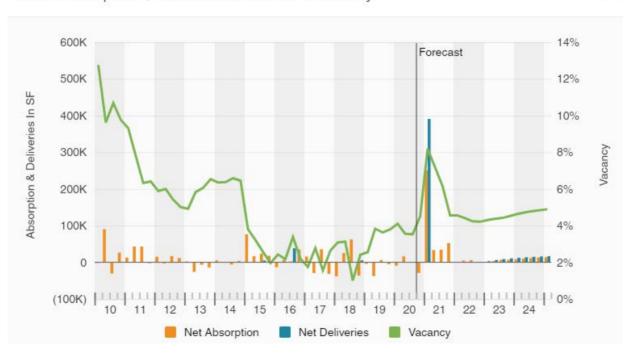


Average asking rents have been increasing since 2010, nearing \$38.00 per square foot at the end of 2019. The average rent in the Subject area has dipped below \$38.00 per square foot, semi-net which appears to be related to the Covid health crisis and business lockdowns in the 2nd quarter. The CoStar survey indicates that rents will continue to decline through 2021 before recovering in 2022. The proposed improvements will be completed in the summer of 2022.

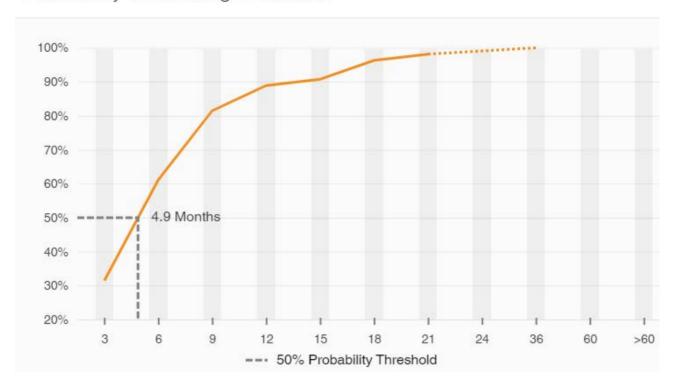
Availability & Vacancy Rate



Net Absorption, Net Deliveries & Vacancy



Probability Of Leasing In Months

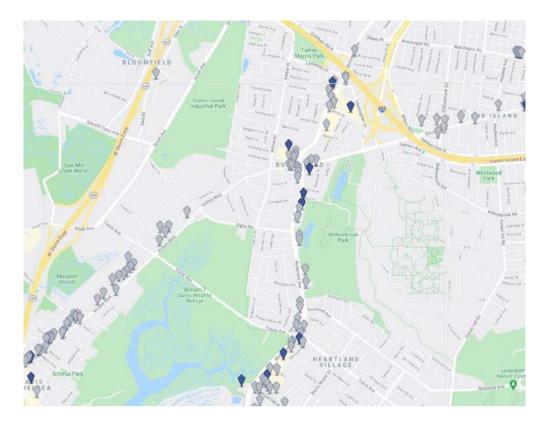


COSTAR RETAIL SURVEY

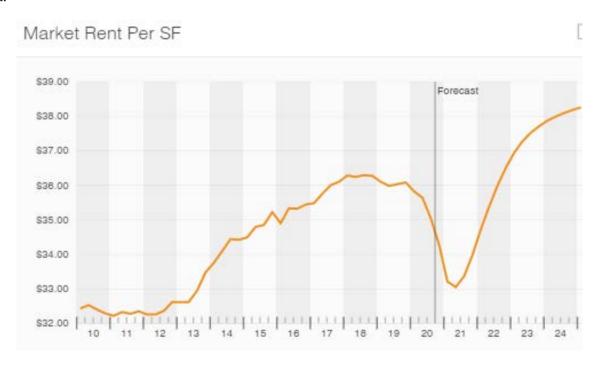
An analysis was performed using the CoStar Web Data Service. According to the on-line Analytics report for the Bulls Head submarket there are 10 spaces in 78 retail use properties available for lease. The average vacancy rate is 6.5% and an average rental rate of \$35.00 per square foot including all utilities versus the overall Staten Island market at \$35.92 per square foot. We conducted a survey of retail buildings located along Richmond Avenue and Victory Boulevard in the subject's immediate vicinity, which is outlined on the map on the following page. The survey shows 78 buildings with 54,900± square feet of vacant space. These properties are leasing for \$32.21 to \$36.26 per square foot, with the average at \$35.00 per square foot.

Market Conditions >>		
Vacancy Rates ①	Current	YOY Change
Subject Property	11.8%	↑ 11.8%
Submarket 1-3 Star	4.2%	↑ 0.9%
Market Overall	4.3%	↑ 0.6%
Market Rent Per Area ①		
Submarket 1-3 Star	\$32.56/SF	→ -1.8%
Market Overall	\$43.08/SF	↓ -1.8%
Submarket Leasing Activity ①		
12 Mo. Leased	165,865 SF	+ -45.3%
Months on Market	12.1	† 4.1 mo
Submarket Sales Activity ①	Current	Prev Year
12 Mo. Sales Volume	\$76.61M	\$89.46M
12 Mo. Price Per Area	\$335/SF	\$331/SF

The level of vacant space has remained relatively stable; with a minor increase in the amount of available space (available space is generally considered to be occupied with the lease term set to expire). The number of months on the market has also increased. Our drive through of the area indicated that most facilities appear to be occupied, noting that most facilities are neighborhood-based businesses.



The overall vacancy rate has begun to increase over the past four quarters, increasing to 6.5% from 6.1%. Staten Island is a self-contained market, with limited office development. Existing office facilities are located near established commercial centers. The subject is located between two commercial areas to the north and south. The historical (5 year) vacancy for the Subject has been below 3%. Essentially the Subject area is at full occupancy based on our review of relevant market data.



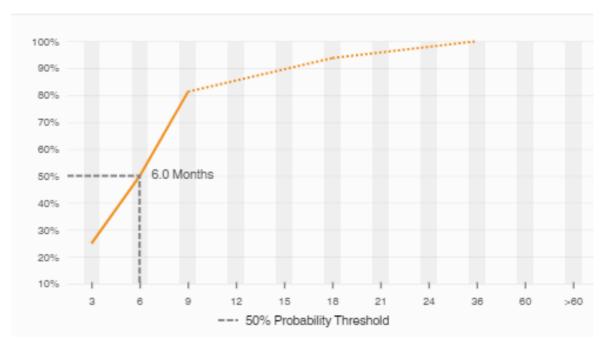
Average asking rents to have been increasing since 2012, nearing \$36.00 per square foot in mid-2018. The average rent in the Subject area has dipped below \$36.00 per square foot, semi-net which appears to be related to the Covid health crisis and business lockdowns in the 2nd quarter. The CoStar survey indicates that rents will continue to decline through 2021 before recovering in 2022. The proposed improvements will be completed in the summer of 2022.







Probability Of Leasing In Months



Summary

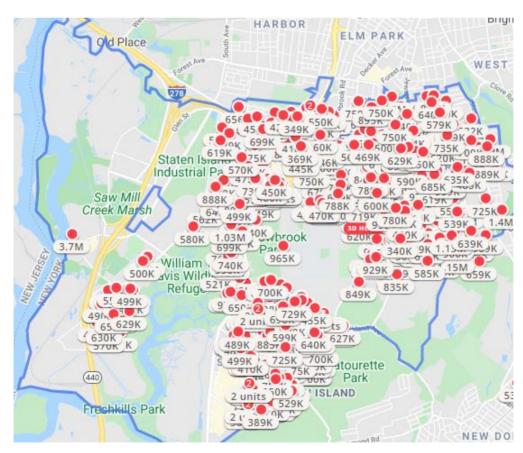
The office and retail market in the Subject area is vibrant with continued demand for available space despite the economic conditions caused by Covid-19 lockdowns and re-openings. The average office and retail rents support development in the area and the demand for such space is being provided by existing facilities.

Residential Single/Two-family housing market.

We researched property sales and listings on Zillow to establish what the typical residential home was selling for in the Subject area. The area is zoned for single and two-family development which is a potential alternate use for the Subject site if unencumbered by a master lease. For zip code 10314 Zillown indicates that 448 homes are available for sale with pricing ranging from \$260,000 to over \$1,500,000. In the immediate area of the Subject, pricing is from \$475,000 to \$1,000,000. There have been 660 sales over the past 24 months within the zip code.

According to the NYC Sales File there have been 138 sales in Bulls Head since January 1, 2019. The average sales price is \$347.61 per square foot with the average home being 1,731 square feet. The average for Zip Code 10314 is \$386.38 with the typical home consisting of 1,674 square feet. We also used the Department of Finance rolling sales system to research land sales. There have been a limited supply of land sales (2 sales) in Bulls Head that have sold for \$36 per square foot (254,912 square foot site) and \$62.50 per square foot (8,000 square foot site).

We reveiwed vacant land sales for all of Staten Island from January 1, 2020 to September 30, 2020. There were 190 land sales, of which 161 are classified as residential land with an average land size of 5,696 square feet and average price of \$114 per square foot. There were 29 sales of commercial land with an average land area of 130,913 square feet selling at \$74.16 per square foot. This sales activity indicates that Staten Island pricing is affordable for developers in communities with limited parcels of land available for development.



SCHOOL MARKET OVERVIEW

As an educational facility, the subject property is a special-purpose facility. There are published statistics for charter school buildings presented on the following pages. Statistical Forecasting LLC was retained by the New York City School Construction Authority to perform enrollment projections for the New York City Public Schools for the ten-year period beginning in 2015-16 and ending in 2025-26. The following is extracted from this study.

Demographically, school buildings are experiencing increased enrollment due to the parents of a large block of school age children. Local schools (public and private) all are operating at higher levels than they were several years ago, and this trend is also expected to continue for the immediately foreseeable future. The area is not considered to be "over-supplied" with educational facilities. Future development of educational facilities may be limited due to the lack of available sites.

Excluding D75, the special education district in New York City, total enrollment was 1,013,145 students as of October 2018 and is projected to be 975,207 in 2025-26, a loss of more than 38,000 students. Over the ten-year projection period, 20 of the 32 PK-8 community school districts are projected to have enrollment declines, including all six districts in the Bronx and six of seven districts in Queens.

Queens and Staten Island were the only boroughs to experience enrollment increases, with the largest occurring in Queens (+501). Brooklyn, the Bronx, and Manhattan each had declines in enrollment. Brooklyn had the largest decline of the five boroughs, losing more than 3,000 students.

The trends of the New York City school-age population do not exactly mirror those occurring within the New York City Public Schools as their universe of students are not identical. According to the 2018 ACS, 17% of the school-age population attends private school for grades K-12. In addition, nearly 100,000 students in the city attend charter schools for grades K-12. While there was a gain of nearly 38,475 school age persons in New York City from 2017 to 2018, there was a decline of nearly 4,200 students in grades K-12 in the New York City Public Schools.

The number of charter schools continues to increase in New York City, as there were 137 charter schools in operation during the 2017-18 school years, enrolling nearly 48,000 students. Brooklyn has 53 charters schools, which is the most of the five boroughs. Not unexpectedly, Brooklyn has the largest charter school enrollment of the five boroughs with 18,467 students. Twenty-four charter schools opened in the 2015-16 school year, raising the number of charter schools in New York City to 161. Twelve of the new charter schools are in Brooklyn, while seven new charter schools are in the Bronx.

The document below is from the New York City Charter School Center which addresses school funding. As indicated early the US Supreme Court ruling to provide funding for religious schools at the same level as Charter Schools should benefit the Subject.



It's about great public schools.

To: Charter School Leaders

From: New York City Charter School Center

Date: April 2019

Re: Legislative Changes in the 2019-20 New York State Budget Affecting Charter Schools

New York State's 2019-20 budget includes the following items affecting charter schools in New York City:

I. Increase in Per Pupil Funding

In addition to the statutory per-pupil funding*, the Governor and Legislature provided, as they have done over the last four years, a one-time supplemental appropriation for New York City charter school students; this year's \$24.9 million appropriation will translate to approximately \$193 per NYC charter student. Again, this amount is not included in the base amount of the formula and will be available for distribution only after April 1, 2020. With this additional \$193 in supplemental aid, we estimate that schools will receive approximately \$16,347 per student for the 2019-20 school year. This represents a 3.7% increase in charter school funding from the 2018-19 funding amount of approximately \$15,768 per-pupil (which is inclusive of the supplement granted last year).

*Pursuant to statutory changes passed in 2017, per-pupil funding for charter schools continues to increase each year as spending for district schools increases. For the 2019-20 school year, it is estimated that charters will receive \$16,154 per-pupil. For a detailed explanation on how this amount is calculated see the Charter Center's 2017 memo.

II. Security in Schools

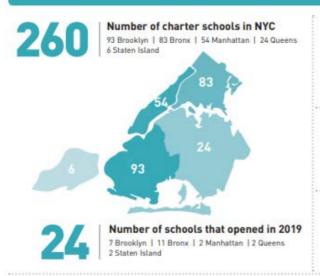
As of July 1, 2019 all district and charter schools will be required to define the roles and responsibilities of school security personnel in response to student misconduct. Specifically, schools that employ or contract with public or private security personnel (including law enforcement) must have a written contract or memorandum of understanding (MOU) that defines the roles and responsibilities of security personnel that is consistent with the school's code of conduct and defines the relationship between the school, school personnel, students, visitors, law enforcement and the security personnel. The contract must also clearly delegate the role of school discipline to the school administration. In preparing the contract or MOU, the school must consult with stakeholders such as parents, students, school administrators, teachers, collective bargaining units, parent and student organizations, and community members, as well as probation officers, prosecutors, defense counsel and courts that are familiar with school discipline. Schools will also be required to submit any contract or MOU with school personnel with their school's safety plan.

District	Sub-District	November 2018 Funded Need	Number of Seats Completed or In Process
District	Tribeca / Village	912	912
2	Chelsea/ Midtown West	1,242	766
_	Upper East Side	640	7.00
	Concourse	572	
7	Melrose	572	572
8	Soundview	572	372
	Highbridge South	476	
9	Highbridge North	572	572
	Mount Eden	572	
	Spuyten Duyvil / Riverdale / Fieldston / North Riverdale	572	
	Kingsbridge / Norwood / Bedford Park	1,464	
10	Fordham / Belmont	824	
	University Heights	476	476
	Van Nest / Pelham Parkway	1,648	
11	Woodlawn / Williamsbridge	476	
12	Tremont / West Farms	934	458
	Park Slope / Prospect Heights	640	640
13	DUMBO/ Navy Yard / Fort Greene	808	332
14	Williamsburg / Greenpoint *	991	332
	Sunset Park	640	
15	Park Slope	640	
	Carroll Gardens / Gowanus / Red Hook	1,028	1,028
19	Cypress Hills / East New York	476	1,028
13	Owls Head Park / Bay Ridge	1,940	
20	Dyker Heights	2,472	
20	Borough Park / Kensington, Bensonhurst	1,940	
	Coney Island	952	
21	Gravesend	952	
	Gravesend/Ocean Parkway	640	
	Flatlands / Midwood / East Flatbush	476	
22	Mill Basin	640	
	North Corona / South Corona / Lefrak City / Elmhurst	824	
24	Maspeth / South of Woodside	640	
	Beechhurst / College Point / Whitestone	2,534	410
25	Flushing / Murray Hill / Willets Point	1,756	410
-	Kew Gardens Hills	572	
	Oakland Gardens / Fresh Meadows	1,264	440
26	Bayside / Auburndale	476	440
20	Little Neck / Douglaston / Bellerose / Glen Oaks	640	
27	Seaside / Belle Harbor / Breezy Point Ozone Park / South Ozone Park / Richmond Hill / Woodhaven	476 1,280	
	South Jamaica / Rochdale / Kew Gardens	1,280 572	
28	Rego Park / Forest Hills / Kew Gardens / Jamaica		_
	Hollis	2,104 572	
29	Queens Village	476	
	East Elmhurst / Jackson Heights		
30		640	F3C
30	Long Island City / Ravenswood Astoria / Steinway *	1,012	536
		1,476	
	South Shore	476	
31	West Shore	476	
	New Dorp	952	400
	North Shore	1,776	132
Queens High	1 SCHOOL	8,164	3,079
Total		56,917	10,353

^{*} Districts with design-only projects

NYC Charter School Facts

2019 2020



126,400*

Students enrolled in NYC charter schools

*Estimation based on NYSED SY2019-20 Enrollment Projections.

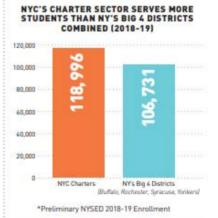
81,300° \rightarrow 33,000 charter school seats

*From NYC Charter School Center 2019 Enrollment Lottery Report.

11%

of NYC public school students attend charter schools

CHARTER SCHOOL STUDENT DEMOGRAPHICS (2018-19)* Black/African American Hispanic White Other White Other White Other 45 of SY2018-19 *Preliminary NYSED 2018-19 Enrollment



NYC Charter School Students Continue to Close the Proficiency Gap (2018-19)

OVE	RALL STUD	ENT PROFIC	CIENCY:	BL	ACK STUDE	NT PROFICI	ENCY:	HIS	PANIC STUD	ENT PROFIC	IENCY:
	Charters	District	Statewide		Charters	District	Statewide			District	Statewide
Math	63.2%	45.6%	46.7%	Math	63.9%	28.3%	32.1%	Math	59.9%	33.2%	34.6%
ELA	57.3%	47.4%	45.4%	ELA	58.2%	35.0%	35.3%	ELA	53.1%	36.5%	35.7%

NYC Charter School Facts

2019 2020

\$16,150

Per pupil funding [excludes approximately \$197 in grant aid to be provided on a per pupil basis in 2018, 19]

NYC Charter Schools By Authorizer:

SUNY	161
Board of Regents	59
NYC DOE	40

Charter school programs (2019-20):

- 38 schools have programs for students with autism or have more than 25% of students with IEPs for Special Education.
- 8 schools have dual language programs.
- 20 schools are offering pre-K.
- 9 schools serve high school students at risk of dropping out.
- 7 schools serve single-sex student populations.

Charter school affiliation:

- 84 independent
- 53 replicators1
- 119 affiliated with non-profit Charter Management Organizations (CMOs)
 - 4 affiliated with for-profit Educational Management Organizations (EMOs)²

NYC charter operating status:

- 113 schools operating for 10+ years.
- 64 schools still in their initial 5-year charter term.
- 20 schools have been closed.

Facilities:

- 119 charter schools are in buildings owned or leased by the NYC DOE.
- 121 charter schools are in private (non-DOE) space.
- 20 charter schools have some students in NYC DOE space and some in private space.

Collective bargaining agreements:

16 NYC charter schools (6%) have collective bargaining agreements with the United Federation of Teachers.

About the New York City Charter School Center:

The New York City Charter School Center is an independent non-profit committed to fostering an environment in which public charters can open and flourish, and, through their innovative approaches, provide models for improving all public schools. The Charter Center helps new charter schools get started, supports existing schools, and engages the charter school community around key issues.

About NYC's charter schools:

Charter schools are free, independently run public schools that are able to innovate in their classroom structures, curriculum, and teaching methods. In return, they're held to higher standards of accountability.

Last updated: August 2019

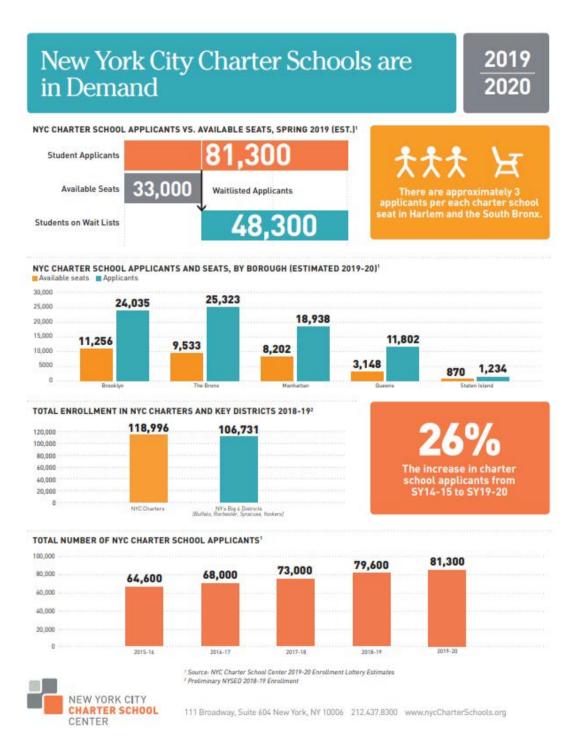
Not affiliated with a CMO

² State law prohibits EMOs from operating new charters.

FACTORS INFLUENCING FUTURE ENROLLMENT

Charter Schools - Definition - What is a charter school?

A charter school is an independently run public school granted greater flexibility in its operations, in return for greater accountability for performance. The "charter" establishing each school is a performance contract detailing the school's mission, program, students served, performance goals, and methods of assessment.



What is the difference between charter schools and other public schools?

Charter schools are public schools of choice, meaning that families choose them for their children. They operate with freedom from some of the regulations that are imposed upon district schools. Charter schools are accountable for academic results and for upholding the promises made in their charters. They must demonstrate performance in the areas of academic achievement, financial management, and organizational stability.

While the first charter school opened in New York City in 1999, there are now 137 charter schools in operation in New York City. In 2010, the New York State Legislature raised the maximum number of charter schools in the state from 200 to 460, with a ceiling of 214 charter schools in New York City.

The number of charter school students in New York City in 2017-18 was 95,234, which is a gain of more than 10,000 students from the year prior. Since 2011-12, charter school enrollments have approximately doubled in New York City

Access to Space: Co-Location & Rental Assistance

2017 2018

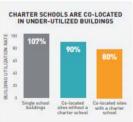
Public charter schools serve public school children. Some NYC charter schools are co-located in public school buildings by the NYC Department of Education (NYC DOE). If the NYC DOE cannot find public space for a charter school, then the school becomes eligible for rental assistance.

What is Co-Location?

Records show that housing, or co-locating, two or more public schools together in the same building dates back to the nineteenth century in New York City. This is done because NYC DOE buildings are much larger than most of NYC's public schools. Today, over 1,100 NYC public schools are co-located - that's 66% of all schools. Only 10% of those co-locations include charter schools.

Does co-location cause unfair disparities to district schools? No. City data show that charter schools tend to be located in the more crowded portions of a co-located building. In addition, if a co-located charter school makes building improvements of at least \$5,000 in value, a matching amount must be provided to every other school in the same building.







Source: 2015 Enrollment, Capacity, & Utilization Report, NYC Department of Education

What is Rental Assistance?

State law now grants some NYC charter schools a statutory right to facilities assistance. Charter schools that are newly opened or expanding grade levels after June 2014 go through a legally defined process that begins with schools requesting co-located space from the DOE. If the DOE does not have adequate space¹ to offer the school in a public building or private building at no cost, the charter school is entitled to rental assistance. On July 1, 2017, the amount of rental assistance for eligible schools was increased to a maximum amount of 30% of the per pupil [\$4,358.10] starting in the 2017-18 school year.

In the 2016-17 school year, 56 charter schools received rental assistance.

Adequate space = "reasonable, appropriate, and comparable and in the community school district to be served by the charter school and otherwise in reasonable proximity." Education Law Section 2853(3)[e][1].



111 Broadway, Suite 604 New York, NY 10006 212.437.8300 www.nycCharterSchools.org

The Bronx had the second-largest charter school enrollment of the five boroughs with 24,175 students in 2018-19. Charter school enrollment in the borough has more than doubled in the last five years, gaining more than 13,700 students over this period. District 7 had the largest charter school enrollment (7,774) in the borough, accounting for nearly one-third of the borough's charter enrollment. Brooklyn had the largest charter school enrollment of the five boroughs with 39,631 students in 2018-19, which is a gain of nearly 25,000 students in the last five years. Over this period, Brooklyn had the largest increase in charter school enrollment of the five boroughs.

In the last five years, there was a gain of more than 4,000 charter school students in the borough. District 30 had 3,022 charter school students, which is the most of any district in the borough, accounting for 43% of the borough's charter school enrollment. Queens has two community school districts without charter schools (Districts 25 and 26). Staten Island, which opened its first charter school in 2009-10, had the fewest number of charter school students of the five boroughs with 1,254 students in 2018-19. Charter school enrollment has more than tripled in the last five years, gaining more than 900 students.

Public charter schools would not exist, let alone grow and thrive, without demand from families seeking high-quality public school choices. Since New York City's first charter school opened in 1999, this educational option has grown to encompass 260 schools serving 126,400 students—with nearly 81,000 applicants for just 33,000 seats.

126,400

educating more students than Boston's entire public school district.

1 in 2

kindergarten students in Harlem attends a charter school.

1 in 10

students citywide attend a charter school in the 2018-19 school year.



2019-20 ENROLLMENT LOTTERY ESTIMATES

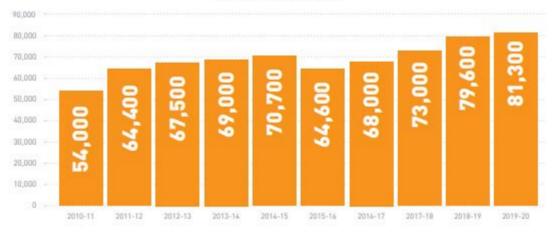
Based on survey data and data from the Common Online Charter School Application, the Charter Center estimates that NYC charter schools received a total of 296,093 applications for kindergarten through grade 12. Adjusting for students who apply to more than one charter school, this represents an estimated 81,300 applicants for nearly 33,000 available seats.

READ MORE

Since 2010, the New York City Charter School Center has conducted a survey of all NYC charter schools about their lottery application rates. This spring, out of 259 anticipated NYC charter schools currently enrolling students for the 2019-20, 234 (90%) responded to the Charter Center's survey. Based on survey data and data from the Common Online Charter School Application, the Charter Center estimates that NYC charter schools received a total of 296,093 applications for kindergarten through grade 12. Adjusting for students who apply to more than one charter school, this represents an estimated 81,300 applicants for nearly 33,000 available seats.

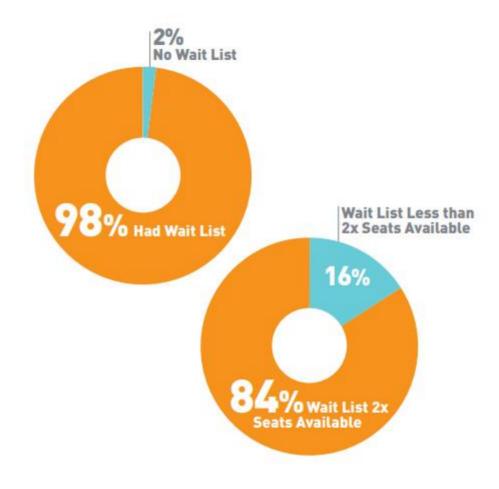
Demand for charter school seats remains strong with 2% increase in applicants...

TOTAL APPLICANTS TO NYC CHARTER SCHOOLS (Estimated, 2010-2019)



Nearly every charter school reported having a wait list following their lotteries... And, about 8 in 10 charter schools had wait lists that were at least twice the number of available seats

APPLICATIONS RECEIVED BY NYC CHARTER SCHOOLS RELATIVE TO AVAILABLE SEATS (Reporting charter schools n=234)²



NEW YORK CITY CHARTER SCHOOL CENTER

p. 2

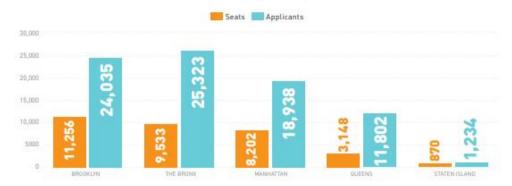
955903

³ Source: New York City Charter School Center survey: Self-reported individual charter school responses from the date of their lottery.

Applicants continue to Outnumber

available seats in every borough

NYC CHARTER SCHOOL APPLICANTS AND SEATS, BY BOROUGH (Estimated, 2019-20)³



More than half of applicants apply in Harlem,

the South Bronx, or Central Brooklyn neighborhoods

For each charter school seat in Harlem and the South Bronx, there are nearly three applicants

NYC CHARTER SCHOOL APPLICANTS AND SEATS, BY NEIGHBORHOOD [Estimated, 2019-20]⁴



Reporting Charter Schools n=234

NEW YORK CITY CHARTER SCHOOL CENTER

p. 3

Two recent events occurred in New York City and the nation that will most likely have a positive impact on private religious schools. The Archdiocese for Brooklyn and Queens announcement on July 10, 2020 that 26 Catholic Schools will not reopen in the wake of the Covid pandemic means that students from these schools will most likely seek enrollment at other private schools or the public-school system. The former situation will create additional demand for schools like the Subject. The second event was the US Supreme Court ruling that local governments must provide the same level of public funding to religious schools as it does for Charter Schools. This ruling is expected to result in increased aid to schools like the Subject.

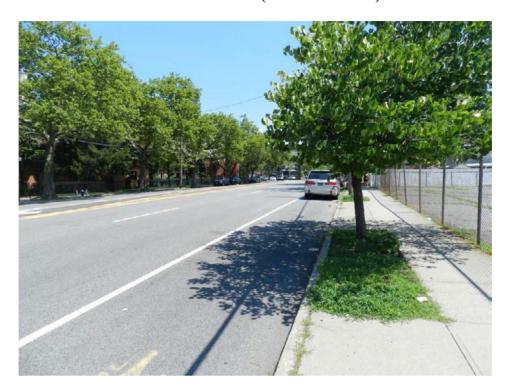
⁴ South Bronx is defined as CSD 7, 8, 9; Hartem as CSD 4, 5; Bed-Stuy & Downtown Brooklyn as CSD 13, 16; Canarsie, Crown Heights, & Flatbush as CSD 17, 18; East New York & Brownsville as CSD 19, 23.

SUBJECT PROPERTY PHOTOGRAPHS





SUBJECT PROPERTY PHOTOGRAPHS Richmond Avenue (north and south)

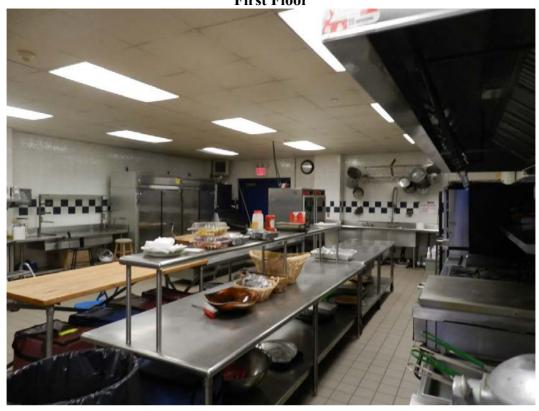




SUBJECT PROPERTY PHOTOGRAPHS Victory Boulevard and Richmond Avenue Intersection



SUBJECT PROPERTY PHOTOGRAPHS First Floor





SUBJECT PROPERTY PHOTOGRAPHS First Floor





SUBJECT PROPERTY PHOTOGRAPHS 2nd Floor



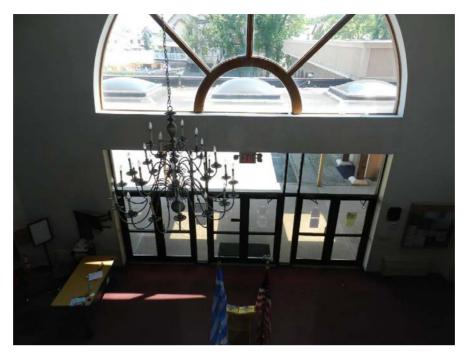


SUBJECT PROPERTY PHOTOGRAPHS 2nd Floor





$\frac{SUBJECT\ PROPERTY\ PHOTOGRAPHS}{2^{nd}\ Floor}$





SUBJECT PROPERTY PHOTOGRAPHS Fire Controls





SUBJECT PROPERTY PHOTOGRAPHS Restroom





SUBJECT PROPERTY PHOTOGRAPHS Utilities





PROPERTY DESCRIPTION

SITE DESCRIPTION

Data Sources – The following site and building descriptions and analyses are based upon data obtained from the sources listed below:

- Inspection on July 21, 2020
- New York City Department of Planning digital tax maps
- Architectural Plans and Construction Budget
- NYC Department of Buildings

Location – The site is located on the east side of Richmond Avenue, 229± feet north of Victory Boulevard, in the Bulls Head section of Staten Island, City and State of New York.

Size and Dimensions – The site is an irregular shaped tax lot totaling $99,338\pm^{42}$ square feet. The master lease includes a portion of this area covering $40,000\pm$ square feet⁴³. The irregular-shaped parcel contains $332\pm$ feet frontage along Richmond Avenue and $133\pm$ feet along Victory Boulevard.

Access – The main entrance is from Richmond Avenue. There are secondary access points along Victory Boulevard. Access and exposure are good with curbside parking at the Subject location.

Site Improvements – There is on-site parking for approximately 100 vehicles for the Subject that will be reduced to 68 vehicles upon completion of the new school.

Utilities – Public water, electric, gas, and sanitary sewers are available to the site.

Topography – The site is level at street grade.

Drainage and Flood Conditions – There are no evident drainage problems or flooding conditions in the area. The construction consultant indicated that soil testing and borings need to be completed to determine if there is an issue with the water table levels that may require pilings.

Geologic/Soils Conditions – There are no obvious or reported geologic or soil conditions that would impact site utility or development. We, however, are not professionally qualified to independently study and conclusively opine on such matters.

Easements and Encroachments –There are no apparent encroachments or adverse site conditions affecting the subject's marketability.

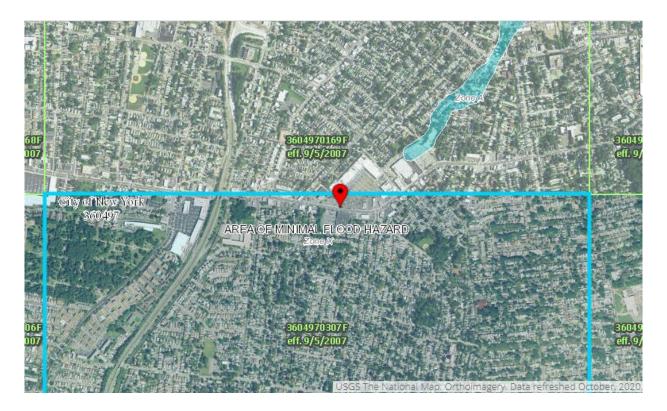
⁴² The New York City Department of Finance reports a land area of 102,149 square feet. The submitted plans indicate 99,338 which is similar to the actual square footage from the NYC GIS digital tax maps. We use the architect's square footage throughout this analysis.

⁴³ The project consult Paul O' Donohue indicated that the land area would total approximately 40,000 ± square feet inclusive of the common elements such as parking, walkways and entrance. The footprint for the two buildings will total 23,903± square feet (12,832± square feet; Building 1 Existing School and 10,261± square feet; Building 2 Proposed School).

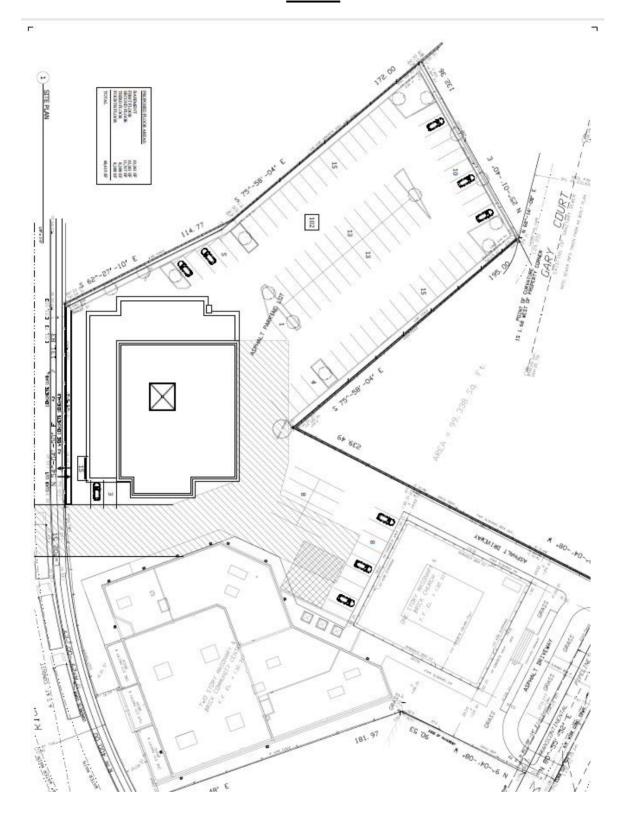
Flood Hazard Verification

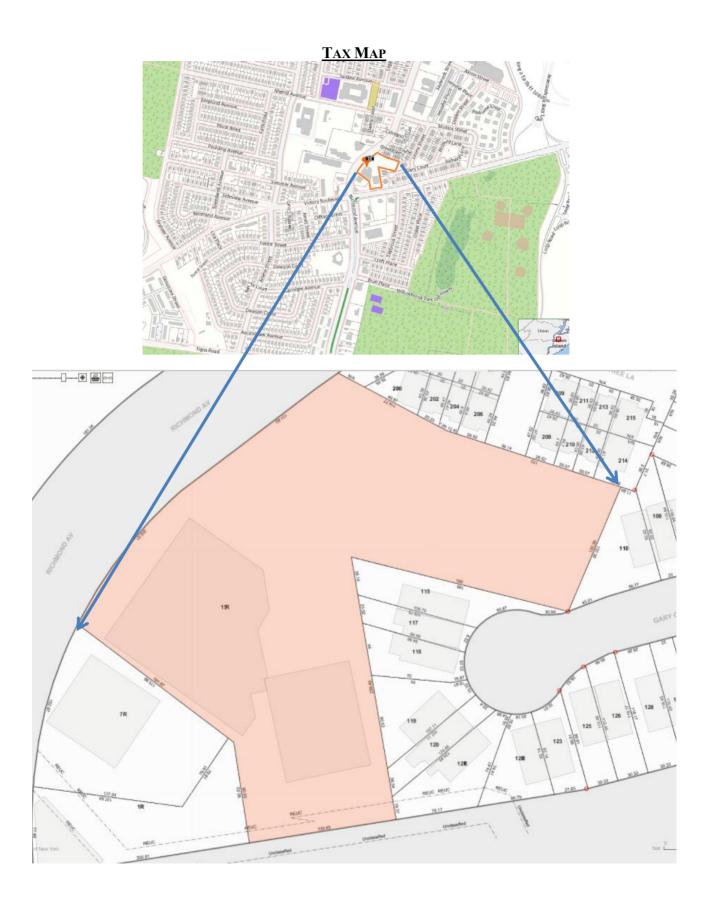
According to the National Flood Insurance program's flood insurance rate maps, the subject property is not located in a designated flood hazard area.

Community Panel No. 3604970306F
Map Last Revised September 5, 2007
Zone X



SURVEY





BUILDING DESCRIPTION

The following descriptions are based on the interior inspection completed on July 21, 2020. The leased facilities include an existing $25,665\pm$ square foot school (Building 1) and a proposed $48,562\pm^{44}$ square foot school. The existing improvements are of good quality construction and in good condition. The combined gross building area (GBA) will be $74,227\pm$ square feet and the proposed improvements will be of similar construction and finishes. The improvements are 100% fireproof with a wet sprinkler system and are handicap accessible.

The existing structure consists of ground floor offices, gymnasium, cafeteria, and classrooms and the 2nd floor consists of classrooms and office areas. The basement level has a kitchen area, storage rooms and utilities area. We completed an interior inspection on July 21, 2020. Schematic drawings of the proposed school were provided by Gerakaris Design Studio. The new school will include a cafeteria, office and classrooms on four floors. There is an alternate plan for a gymnasium on the 4th floor.

The following description relates to the existing $25,665\pm$ square foot school (Building 1). We present the proposed plans after this descriptive presentation. We were not provided with the architectural plans for the existing improvements.

Building 1: General Construction Characteristics

Foundation: Reinforced concrete footing.

Structural Frame: Steel frame and masonry block.

Exterior Walls: Brick over masonry block.

Windows: Metal framed casement, double pane fixed glass.

Building Height: Ground floor has clear 12-foot ceiling heights. The second floor has

10-foot clear ceiling heights.

Roof: Flat rubberiod system. The HVAC systems are located on steel

columns situated on top of the roof surface.

Main Entrance: The primary entrance is located off Richmond Avenue via a secure

lobby area which is accessed from the parking lot. The doors are glass,

set in metal framing.

Secondary (Emergency) Exit: There are three additional exits. The doors are metal, and glass set in

steel frames.

Fire Suppression: 100% wet sprinkler system.

Security: Access to the building is monitored by a security system.

STANDARD VALUATION SERVICES

⁴⁴ Includes the cellar level which has a cafeteria, storage and kitchen area.

Mechanical

HVAC: Carrier AC systems. The units inspected had air handlers located on

each floor, with the cooling units located on the roof. There are three

main cooling units.

Plumbing: Plumbing is copper for restrooms water lines and cast iron for sewage.

There are women's and men's restrooms are located on each floor.

Electric: Commercial service; 600-amp, 3-phase.

Interior Layout

First Floor: Entrance, lobby area, reception, 3 classrooms, 3 offices, 2 observation

rooms, lavatories (2) and kitchen area.

2nd Floor: Classrooms (12), lavatories (2), play area, storage rooms and offices

(2).

Stairwells: Two steel frame stairwells that lead from the ground floor to roof.

Elevator: A hydraulic elevator provides handicap access from the basement level

floor to second floor.

Interior Finishes

Floors: Tile floors, terrazzo and carpeting in classrooms

Walls: Painted sheetrock

Ceilings: 2' x 4' and 2' x 2' suspended acoustical tile and painted sheetrock

Lavatories: Ceramic tile floor and walls

Summary

Building 1 is maintained in good condition for the market in which it competes. The exterior and interior finishes are of good quality. We estimate the subject building to have an effective age of 8 years and a remaining economic life of 45 years based on Marshall and Swift Valuation Services, Section 97 Page 16.

1641 RICHMOND AVENU	E	STATEN ISLAND	10314	BIN# 5107219)
RICHMOND AVENUE	1641 - 1641	Health Area	: 100	Tax Block	: 1560
		Census Tract Community Board	: 291.04 : 502	Tax Lot Condo	: 15 : NO
		Buildings on Lot	: 3	Vacant	: NO

View DCP Addresses... Browse Block

<u>View Zoning Documents</u> <u>View Challenge Results</u> <u>Pre - BIS PA</u> <u>View Certificates of Occupancy</u>

Cross Street(s): VICTORY BOULEVARD

DOB Special Place Name:

DOB Building Remarks:

Landmark Status: Special Status: N/A Local Law: YES Loft Law: NO SRO Restricted: NO TA Restricted: NO UB Restricted: NO Grandfathered Sign: NO **Environmental Restrictions:** N/A Legal Adult Use: NO City Owned: NO LL 158/17 Pro Cert Restriction until: N/A

Additional BINs for Building: NONE
HPD Multiple Dwelling: No

Special District: UNKNOWN

This property is located in an area that may be affected by the following:

Tidal Wetlands Map Check: No
Freshwater Wetlands Map Check: Yes
Coastal Erosion Hazard Area Map Check: No

Special Flood Hazard Area Check: No

Department of Finance Building Classification: M1-CHURCH, SYNAGOGUE

Please Note: The Department of Finance's building classification information shows a building's tax status, which may not be the same as the legal use of the structure. To determine the legal use of a structure, research the records of the Department of Buildings.

Click here for more information

	Total	Open	Elevator Records
Complaints	15	0	Electrical Applications
Violations-DOB	33	3	Permits In-Process / Issued
Violations-OATH/ECB	3	0	Illuminated Signs Annual Permits
Jobs/Filings	33		Plumbing Inspections
ARA / LAA Jobs	1		Open Plumbing Jobs / Work Types
Total Jobs	34		<u>Facades</u>
Actions	21		Marquee Annual Permits
Actions	21		Boiler Records





Certificate of Occupancy

CO Number: 500214261T003

This certifies that the premises described herein conforms substantially to the approved plans and specifications and to the requirements of all applicable laws, rules and regulations for the uses and occupancies specified. No change of use or occupancy shall be made unless a new Certificate of Occupancy is issued. This document or a copy shall be available for inspection at the building at all reasonable times.

Α.	Borough: Staten Island	Block Number:	01560	Certificate Type:	Temporary
	Address: 1641 RICHMOND AVENUE	Lot Number(s):	15	Effective Date:	05/11/2012
	Building Identification Number (BIN): 5107219			Expiration Date:	07/10/2012
		Building Type:	Altered		
	For zoning lot metes & bounds, please see BISW	eb.			
В.	Construction classification: 1-C	(196	88 Code)		
	Building Occupancy Group classification: F-3	(196	88 Code)		
	Multiple Dwelling Law Classification: None				
	No. of stories: 2 Heigh	t in feet: 30		No. of dwelling unit	ts: 0
C.	Fire Protection Equipment: None associated with this filing.				
D.	Type and number of open spaces: Parking spaces (140), Parking (40000 square feet)				
E.	This Certificate is issued with the following legal None	l limitations:			
	Outstanding requirements for obtaining Final Cer	tificate of Occupancy:			
	There are 10 outstanding requirements. Please refer to	o BISWeb for further det	ail.		
	Borough Comments:				
	PROVIDED 5 FIRE GUARDS DURING THE OPERAT	TION HOURS.			



Certificate of Occupancy

CO Number: 500214261T003

	Permissible Use and Occupancy									
All Build	All Building Code occupancy group designations are 1968 designations, except RES, COM, or PUB which are 1938 Building Code occupancy group designations.									
Floor From To	Maximum persons permitted	lbs per	Building Code occupancy group	Dwelling or Rooming Units	Zoning use group	Description of use				
CEL		OG	B-2 D-2		4	ACCESSORY STORAGE, UTILITY ROOM				
OS P		OG			4	OFF STREET PARKING FOR 140 CARS				
001	83	100	G D-2		4	CLASSROOMS, ACCESSORY MEETING ROOM, ACCESSORY OFFICES, ACCESSORY KITCHEN				
001	400	OG	F-3		4	GYMNASIUM/ACCESSORY STORAGE				
001	450	OG	F-4		4	ACCESSORY BANQUET ROOM USE IN GYMNASIUM AREA FOR CHURCH FUNCTIONS				
002	175	100	G		4	CLASSROOMS				
TWO STOR	WO STORY MASONRY CHURCH COMMUNITY CENTER BUILDING									
	END OF SECTION									

Building 2

The following descriptive information is based on the existing improvements and submitted construction budget and schematic drawings. The exact finishes are unknown.

Foundation: Reinforced concrete footing.

Structural Frame: Steel frame and masonry block.

Exterior Walls: Brick over masonry block.

Windows: Metal framed casement, double pane fixed glass.

Building Height: Ground floor has clear 12-foot ceiling heights. The 2nd to 4th floor will

have 10-foot clear ceiling heights.

Roof: Flat rubberiod system. The HVAC systems will be located on steel

columns situated on top of the roof surface.

Main Entrance: The primary entrance is located will be off Richmond Avenue via a

secure lobby area which is accessed from the parking lot. The doors

are glass, set in metal framing.

Secondary (Emergency) Exit: There will be three additional exits. The doors are metal, and glass set

in steel frames.

Fire Suppression: 100% wet sprinkler system.

Security: Access to the building will be monitored by a security system.

Mechanical

HVAC: There will be four main cooling units.

Plumbing: Plumbing will be copper water lines and cast iron for sewage. There

will be women's and men's restrooms are located on each floor.

Electric: Commercial service; 600-amp, 3-phase.

Interior Layout

Cellar Level: Kitchen, Cafeteria, utility rooms and storage.

First Floor: Entrance, lobby area, reception, auditorium, library, office and nurse's

office.

2nd Floor: Classrooms (12), lavatories (2), storage rooms and offices (3).

3rd Floor: Classrooms (6), lavatories (2), play area, storage rooms and offices (6).

4th Floor: Classrooms (6), lavatories (2), storage rooms and offices (4). There is

an alternate plan to have a gymnasium on the 4th floor. We have not

been advised which plan will be the final.

Stairwells: Two steel frame stairwells that lead from the ground floor to roof.

Elevator: A hydraulic elevator provides handicap access from the basement level

floor to second floor.

Interior Finishes

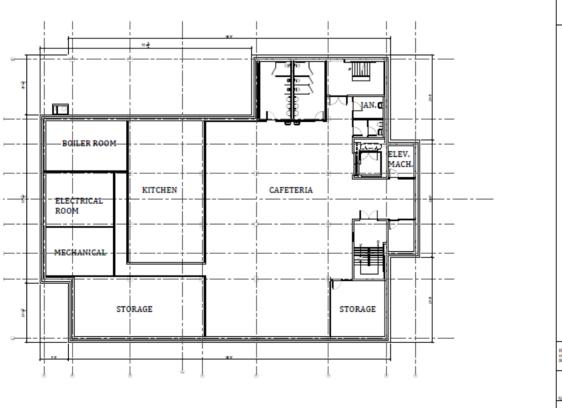
Floors: Tile floors and terrazzo

Walls: Painted sheetrock

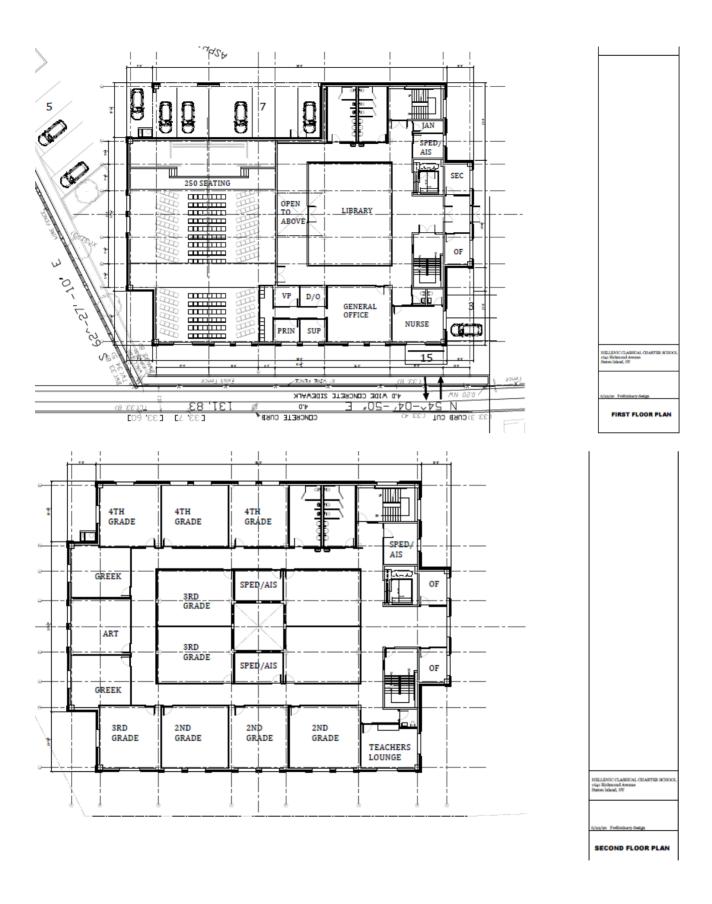
Ceilings: 2' x 4' and 2' x 2' suspended acoustical tile and painted sheetrock

Lavatories: Ceramic tile floor and walls

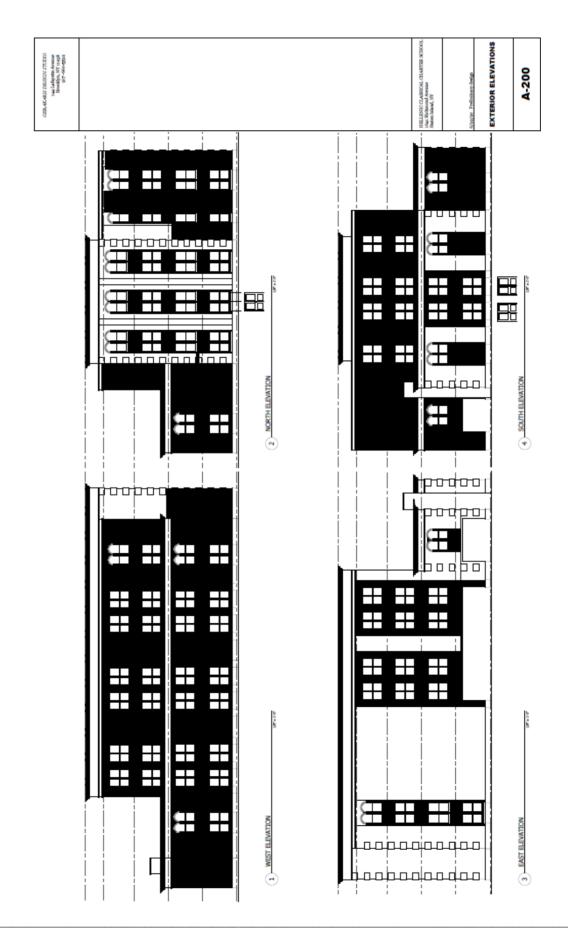
The following pages are schematics for the proposed school.



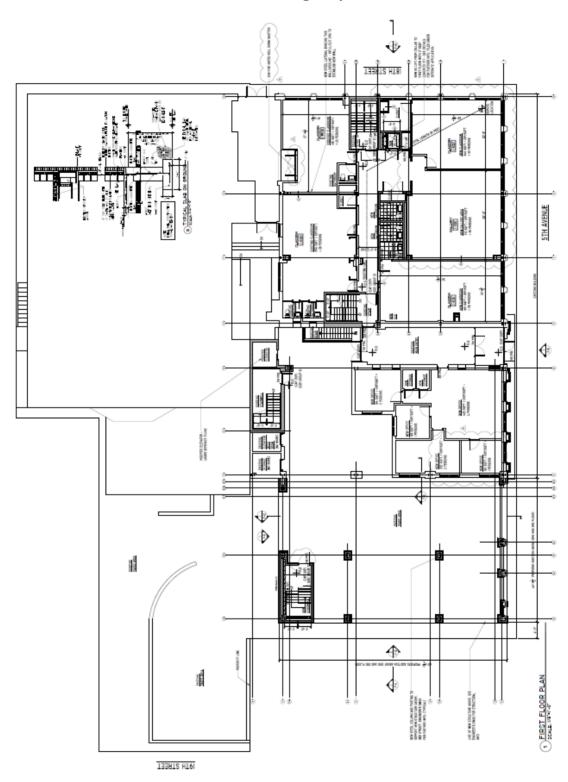


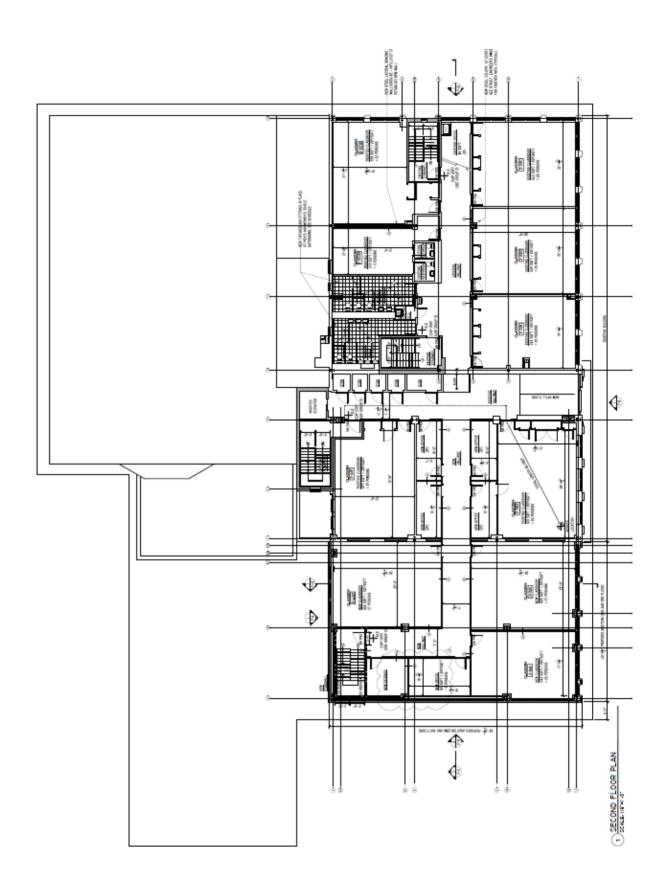


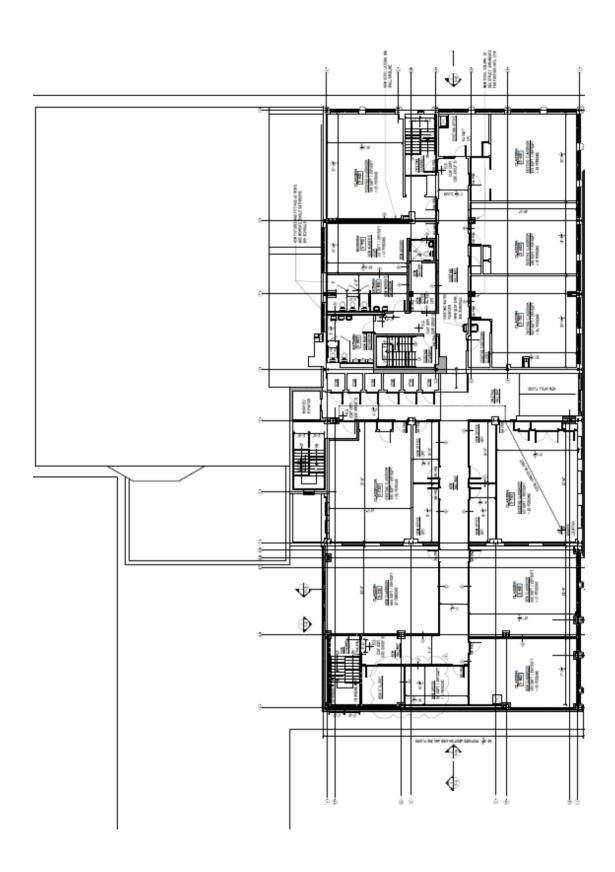


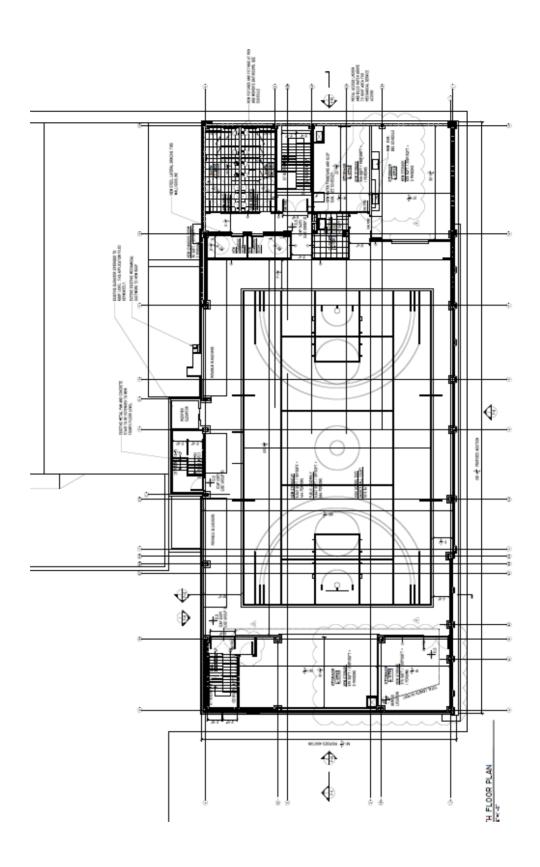


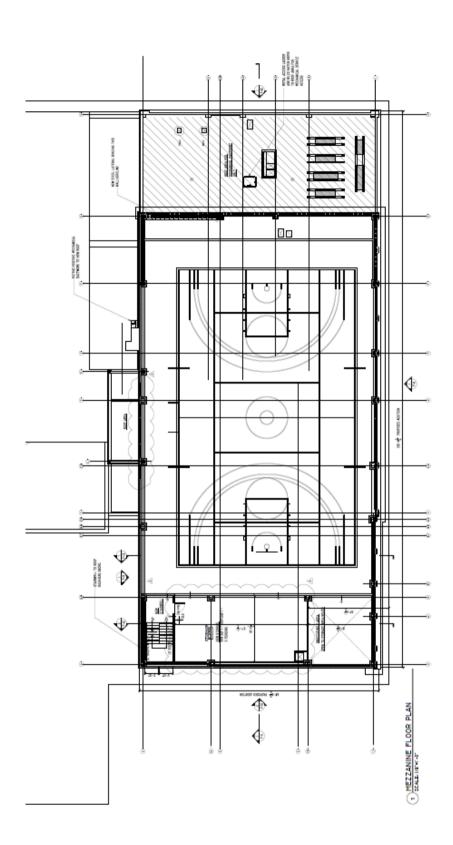
Alternate Plans including a Gymnasium











CONSTRUCTION COSTS

Introduction

The subject property consists of an existing school facility and proposed new school building construction. Based on data developed using Marshall and Swift Valuation Services, a nationally recognized cost estimating service and construction costs provided by the project consultant we established the cost of construction for Building 1 and Building 2. The cost approach validates the economic benefits for the development of a new school.

Construction Costs

We have been provided with preliminary cost estimates from the project consultant who is retained by the lessee, Hellenic Classical Charter School. The proposed school will be $48,562\pm$ square feet. As a check of reasonableness, we have compared the provided construction costs to the average per square foot costs contained in the Marshall & Swift Cost Manual, a widely recognized source for construction cost estimates.

The replacement cost of a building, according to the Marshall Valuation Service, is the total cost of construction required to replace the building with a substitute property of similar utility. These costs include labor, materials, supervision, contractor's profit and overhead, architect's plans and specifications, sales taxes, insurance, partial mortgage interest charges during the construction period and commitment fees.

Certain costs not included in the Marshall Valuation Service are legal and environmental costs, professional fees, leasing commissions, real estate taxes, recording taxes, performance bonds and entrepreneurial profit. These items are not included in the Marshall Valuation Service base costs because they are often specific to a project and/or sub-market.

The indicated preliminary construction costs submitted total \$23,583,614 or \$485.64 per square foot⁴⁵. This cost includes 5% contingency, construction management fees, construction bond and insurance that total \$2,672,132 or \$55.02 per square foot. Removing these soft costs results in an estimate of \$20,911,482⁴⁶ or \$430.61 per square foot.

Our cost estimate by Marshall and Swift Valuation Service has a base cost of \$462.78 per square foot or \$22,473,470 (Section 18, Page 11 - School). We have held conversations with two developers who specialize in the development of Charter Schools. These individuals indicate that new construction costs should be in the range of \$425 to \$475 per square foot depending on the type of facility and location. Paul O' Donohue, construction consultant, indicated that pilings could increase the costs of development if the soil conditions were inadequate to support a facility.

Marshall & Swift Valuation Service cost estimate was incorporated in our analysis. The cost estimates developed are in-line with the preliminary construction cost estimates and costs of other school facilities that have been constructed in New York City.

The basic square foot cost includes construction features and finish details typical within a specified construction class. The improvements best fit the description of a School, Class B of good quality in the Marshall Valuation Service manual.

.

⁴⁵ The gross building area for Building 2 is 48,562 square feet based on the submitted construction budget.

 $^{^{46}}$ \$23,583,614 - \$2,672,132 = \$20,911,482

We have compared the owner's detailed cost schedule against the Marshall Valuation Service to determine if the reported costs appear reasonable on a per square foot basis. Replacement cost new, based upon the architect's preliminary plans and a description of the improvements provided by the owner, is estimated below.

The proposed improvements total $48,562\pm$ square feet of gross building (including the cellar level which includes the kitchen, cafeteria and storage areas). We have developed an estimate of construction costs by using Marshall & Swift Valuation Services. The improvements will be of Class B construction with good quality materials.

Marshall & Swift Cost Estimate; Building 2										
Base Unit Cost New/SF										
	Schools	(Class B, Good, Section	18, Pg 11 - 1	\$277.00						
	Sprinkler System			\$3.45						
	Adjusted Base Cost			\$280.45						
Cost Adjustment Multipliers										
Current Cost	(09/20)		1.08	\$302.89						
Local Cost	(09/20)		<u>1.41</u>	<u>\$427.07</u>						
	Total Base Cost			\$427.07						
Gross Building Area (+/- SF)		48,562								
Insurable Cost New/SF Estimate		<u>\$427.07</u>								
Insurable Cost New Estimate				\$20,739,337						
Indicated Cost of Co	nstruction			\$20,739,337						
			(Round	\$20,750,000						

We have used the cost estimate from Marshall and Swift because the preliminary project cost lacks details and specifics that are usually available with a full set of architectural plans (schematics were provided). The indicated cost of the new facility is estimated at \$20,750,000.

Entrepreneurial Incentive

The appraiser must add to the direct and indirect costs (replacement cost) a figure that represents the entrepreneurial or developer's profit that is reflected in the market. Essentially, entrepreneurial profit is a market derived figure that reflects the amount the entrepreneur or developer expects to receive in addition to costs. This type of profit is typically measured as a percentage of direct and indirect (replacement) costs.

Although a developer is motivated by the anticipation of profit, his or her efforts may not always be rewarded. When external factors, such as a market imbalance affect the property, the loss in value is first experienced as a loss of profit.

The developer motivation is for the operation as a school, versus receiving a profit by constructing this facility to lease for a profit. We have not applied Entrepreneurial Profit.

Estimate of Accrued Depreciation

Physical Depreciation - The building is proposed construction of a school building, therefore there is no physical depreciation.

Functional Obsolescence - Impairment of functional capacity or efficiency. Functional obsolescence reflects the loss in value brought about by such factors as defects, deficiencies, or super adequacies, that affect the property item itself or its relationship with other items comprising a larger property.

The subject design and layout, as presented in the preliminary plans, is functional and does not exhibit obsolescence. We note that a complete set of plans has not been provided and assume that the final plans will not exhibit any functional obsolescence.

External Obsolescence - The diminished utility of a structure due to negative influences from outside the site is incurable on part of the owner, landlord, or tenant. This is sometimes referred to as locational or economic obsolescence. In the cost approach, the total loss in value due to external obsolescence is allocated between the land (reflected in the site valuation) and the improvements. No external or economic influences have been observed that would have a negative impact on the value of the improvements.

Conclusion

The owner's estimate of total construction costs at \$23,583,614 or \$485.64 per square foot. Excluding the soft costs of \$2,672,132, the hard costs for construction are \$20,911,482⁴⁷ or \$430.61 per square foot. This approximates the Marshall & Swift Valuation Service estimate of \$20,739,337. We use Marshall & Swift cost as our final Development Cost. We have concluded to a cost of \$20,750,000.

 $^{^{47}}$ \$23,583,614 - \$2,672,132 = \$20,911,482

Building 1 – Existing School

In addition to the proposed improvement, we recognize that the existing 25,665± square foot school contributes value as well. This facility was constructed in 2012 according to the Department of Buildings. We have not been provided with the architectural plans or construction costs for this facility. We have applied the same Marshall and Swift cost estimates to this property and have allocated for physical depreciation. We calculated that the depreciated cost of the improvement for the Building 1 (existing school) at \$9,012,158.

Mar	shall & Swift Co	ost Estima	te: Building 1	
Base Unit Cost New/SF				
	Schools	(Class B, Good	d, Section 18, Pg 11 - 1	\$277.00
	Sprinkler System			\$3.45
	Adjusted Base Cost			\$280.45
Cost Adjustment Multipliers				
Current Cost	(09/20)		1.08	\$302.89
Local Cost	(09/20)		<u>1.41</u>	<u>\$427.07</u>
	Total Base Cost			\$427.07
Gross Building Area (+/- SF)			25,665	
Insurable Cost New/SF Estima	te		<u>\$427.07</u>	
Insurable Cost New Estimate				\$10,960,733
<u>Depreciation</u>	Economic Life	45	Depreciation %	
	Actual Age	8	17.8%	(\$1,948,575)
Indicated Insurable	Value New Est	timate		\$9,012,158
			(Round	\$9,000,000

ASSESSMENT AND REAL ESTATE TAX DATA

Tax Map Identification

The subject is identified as Block 1560, Lot 15 (portion of).

Under the provisions of the most recently enacted assessment practice legislation, Section 305 of the Real Property Tax Law, S7000 Assessment Practice Bill, local governments are permitted to assess real property at a uniform percentage of value and to tax real property on a classified basis. The primary purpose of this legislation is to shift a greater proportion of the tax burden from the homeowner to the commercial, multi-family and industrial sectors. New York City is permitted to classify real property by four categories.

1. One, two, and three family homes

3. Utilities

2. Apartments, co-ops, and condominiums

4. All other property

Each of these classes may be taxed at different rates, but for the purposes of this section, only the subject's tax rate will be discussed. According to this classification of property is identified as a Class 4 real property use with a 2020/2021 tax rate equal to \$10.694 per \$100 of assessed valuation. The building is classified as W3, which is "other private school".

Class 4 properties are assessed annually on an ad-valorem basis, at 45% of estimated market values, as ascribed by the assessor unless limited to a lesser amount by law. Tentative assessments are prepared as of January 5th, and finalized on July 1, the beginning of the tax fiscal year. Changes in assessment are phased in over five-year transitional periods. This program was instituted in the 1982/83 fiscal tax year to alleviate the burden of significant increases in assessed value.

Class 4 properties receive a transitional and actual assessment. The transitional assessment represents a five-year phase in period for changes in the assessed value. The variance between the actual assessed value and transitional assessment is divided by 5, with the result added to the base year to determine the new transitional assessment. In cases where the actual assessed value is less than the transitional assessment, the actual assessed value is applied by the Department of Finance. Transitional assessments are designed to limit the impact of significant changes in assessed value from year to year.

Actual Assessed Value: The assessed value before five-year phase-in requirements (for some tax class 2 and all tax class 4 properties) and/or exemptions are applied. The subject is a Class 4 property that is fully exempt.

Assessed Value: The formula for calculating Assessed Value is: Market Value x Level of Assessment = Assessed Value.

Level of Assessment: The % of market value used to calculate a property's assessed value.

- Tax Class 1 − 6%
- Tax Class 2, 3 and 4 45%

Tax Rate: The rate used to determine the taxes owed. The City Council and Mayor set an annual tax rate for each tax class by July 1 of each year when the new budget goes into effect.

Taxable Value: Actual or Transitional Assessed Value (whichever is less) minus any exemptions. This is used to calculate the annual tax bill.

Transitional Assessed Value: Increases to the Assessed Value are phased in at 20% per year (except for physical changes). Applicable to all Tax class 4 properties and Tax class 2 cooperatives, condominiums and rental buildings with more than 10 units.

Although the 2020/21 final assessment was released on July 1, 2020 and the new tax rates were released on July 19, 2020. Our analysis of the taxes is based upon current assessment and tax rate.

Assessment

The subject's assessment reflects an equalized market value estimate assigned by the New York City Assessor's Office of \$7,956,000. The equalized assessment is less than our market value conclusion, which is typical of the market.

Real Estate	Taxes	
Gross Building Area		25,665
Assessed Value:	Transitional	<u>Actual</u>
Land	\$1,131,300	\$1,131,300
Building	\$2,173,680	\$2,448,900
Total Assessed Value	\$3,304,980	\$3,580,200
Religious Exemption		\$3,580,200
Taxable Assessed Value		\$0
New York City Tax Rate (Class 4):		\$10.694
Annual Real Estate Taxes		\$0
Per Square Foot		\$0
NYC Department of Fina	nce Market	Value
Department of Finance		
Market Value, per NYC		\$7,956,000
Assessed Value	\$3,580,200	
Effective Equalization Rate	45.00%	

The Subject property receives a Religious exemption. This exemption covers the entire property, including the apportioned leased area. There are no real estate taxes.

Real Estate Taxes

The Department of Finance has the following information on record for your property. Please review this information and inform us of any errors by filing a "Request to Update" form, available at www.nyc.gov/nopv or by calling 311.

Owner(s): HOLY TINITY ST. NICHO

Building Class: M1 (Religious property)

Borough: 5 (Staten Island)

Block: 1560 **Lot:** 15

Number of Buildings: 1 Gross Square Footage: 10,850

Number of Stories:2.00Number of Residential Units:0Structure Type:Church/SynGross Residential Square Footage:0Grade:NoneNumber of Commercial Units:1

Construction Type: N/A Gross Commercial Square Footage: 10,850

Primary Zoning: R3-2 Year Built: 1946

WHAT'S CHANGED: COMPARING TAX YEARS 2019-20 AND 2020-21

	Current Year (2019-20)	Next Year (2020-21)	Change
Market Value	\$7,721,000	\$7,956,000	+\$235,000
Assessment Percentage	45%	45%	-
Actual Assessed Value	\$3,474,450	\$3,580,200	+\$105,750
Transitional Assessed Value	\$3,153,420	\$3,304,980	+\$151,560
Exemption Value	\$3,474,450	\$3,580,200	+\$105,750
Taxable Value	\$0	\$0	+\$0

- . Market value is the Department of Finance's estimated value for your property.
- Assessment percentage is a fixed percentage of market value. For class 4 properties, it is 45%.
- . Actual assessed value is calculated by multiplying your market value by the assessment percentage.
- Changes to your assessed value are phased in over a five-year period. The <u>transitional assessed value</u> represents the changes being phased in for the coming tax year.
- Exemption value is the amount of the reduction in your assessed value as a result of any property tax exemptions you receive. The value shown above is your actual exemption value, but a transitional exemption value may be used to calculate your taxable value.
- Taxable value is the lower of the actual or transitional assessed value, minus the actual or transitional exemption value.

ZONING

The current zoning resolution was established in 1961. This ordinance was implemented to coordinate property use and bulk regulations and incorporate parking requirements. It introduced the concept of incentive zoning by offering a bonus of extra floor space to encourage developers of office buildings and apartment towers to include plazas in their projects. The resolution emphasized the creation of open space.

The subject is under the zoning jurisdiction of the City of New York and is in a R3-2 Residential district with a C1-2 Commercial overlay (less than 5% of the site).



R3-2 districts are general residence districts that allow a variety of housing types, including low-rise attached houses, small multifamily apartment houses, and detached and semi-detached one- and two-family residences. It is the lowest density zoning district in which multiple dwellings are permitted. Because of their flexibility, R3-2 districts are mapped widely in all boroughs except Manhattan.

The 0.5 floor area ratio (FAR) may be increased by an attic allowance of up to 20% for the inclusion of space beneath a pitched roof. The perimeter wall may rise to 21 feet before sloping or being set back to a maximum building height of 35 feet. Lots with detached homes must be at least 40 feet wide; if occupied by semi-detached and attached buildings, lots must be at least 18 feet wide. The maximum street wall length for a building on a zoning lot is 125 feet. The maximum lot coverage of any residence is 35%. Front yards must be at least 15 feet deep. Cars may park in the side or rear yard, in the garage or in the front yard within the side lot ribbon; parking is also allowed within the front yard when the lot is wider than 35 feet. One off-street parking space is required for each dwelling

unit. However, requirements are lower for income-restricted housing units (IRHU) and are further modified within the Transit Zone.

Off-street parking is generally required for 50 percent of a building's dwelling units, but requirements are lower for income-restricted housing units (IRHU) and are further modified in certain areas, such as within the Transit Zone and the Manhattan Core, or for lots less than 10,000 square feet. Parking can be waived if five or fewer spaces are required. Off-street parking is not allowed in front of a building.

Low-Density Non-Contextual Residence District

F	R3-2	Lot Area	Lot Width	Front Yard	Rear Yard			Lot Coverage	FAR	Perimeter Wall/ Building Height	DU Factor	Required Parking Standard IRHU		
-		min.	min.	min.	min.		min.	1	max.	max.	mex.		min.	
E7 5 50	Detached	3,800 sf	40 ft			2	5 ft	13 ft		35% 0.50	50 21/35 ft	625		
Single- and Two-Family	Semi-Detached			45.6	20.6	1	8 ft	8 ft					4 DII	50% of
IWO-Family	Attached	1,700 sf	18 ft	15 ft	30 ft		n/a	-	35%			870		IRHU
Multi-Family	All					2	8 ft	16 ft						

Less than 5% of the Subject site is zoned C1-2. We are of the opinion that this zoning does not benefit the Subject site. Typical retail uses include grocery stores, restaurants and beauty parlors, catering to the immediate neighborhood. C2 districts permit a slightly wider range of uses--such as funeral homes and repair services--than C1 districts. In mixed residential/commercial buildings, commercial uses are limited to one or two floors and must always be located below the residential use.

Community facilities are permitted within this zoning district with a permitted FAR of 1.0.

	C1 & C2 Commercial Overlay Districts									
	C1-1	C1-2	C1-3	C1-4	C1-5	C2-1	C2-2	C2-3	C2-4	C2-5
Commercial FAR within R1-R5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Commercial FAR within R6-R10	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Depth of Overlay District (in feet)	200	150	150	100	100	150	150	150	100	100

	USE GROUPS																	
Residential Use Groups Groups Community Facility Use Use Groups												U	fg. se sups					
	1	2	3	4	5	6	7	8	9	10 11 12 13 14 15						16	17	18
					- 80	eside	ntial	Dist	ricts									
R1 R2 Single-family detached																		
R3A* R3X R4A R5A Single- & two-lamily detached																		
R3-1 R4-1* Single- & two-family detached & semi-detached																		
R4B* Single-& two-lamily detached, semi-detached & attached																		
R3-2 R4 R5 R5B* R6-R10 Detached, semi-detached & attached						N.												
					C	mm	ercia	Dist	ricts	1								
C1 Local Retail										y =								
C2 Local Service																		
C3 Waterfront & Recreation						87												
C4 General Commercial																		

Zoning Analysis

The subject site is improved with a $25,665\pm$ square feet of building area (school) and $10,000\pm$ square feet (church) for a total building area of $35,665\pm$ square feet and is situated on $99,338\pm$ square feet lot. This translates to a FAR of 0.35. The permitted FAR is 1.0 as a community facility. The residential FAR is 0.50 which is not as desirable as the community facility FAR of 1.0.

With consideration given to the existing improvements $(35,665\pm \text{ square feet} - \text{ school and church})$ and the proposed improvements $(48,652\pm \text{ square feet})$ the total building area will be $84,227\pm \text{ square feet}$ with an indicated FAR of 0.85. This falls below the maximum community facility FAR of 1.0. There will be 68 parking spaces, which meets the zoning requirements.

The subject's educational use conforms to permitted uses under the existing zoning. Based on current zoning regulations for an educational facility, there are no requirements for on-site parking.

There is a Certificate of Occupancy on file for Building 1 according to the Department of Buildings website. The subject improvements are considered to represent a legal and conforming use based on the zoning ordinance.

HIGHEST AND BEST USE ANALYSIS

"The analysis of highest and best use is at the heart of appraisals of the market value of real property. The essential components of the analysis of highest and best use are contained in the following definition of the term: "The reasonably probable use of property that results in the highest value."

To be reasonably probable, a use must meet certain conditions:

- The use must be legally permissible (or it is reasonably probable to render it so).
- The use must be physically possible (or it is reasonably probable to render it so).
- The use must be financially feasible.

Uses that meet the three criteria of reasonably probable uses are tested for economic productivity, and the reasonably probable use with the highest value is the highest and best use.

In addition to the four tests of highest and best use, the first cited definition of the term implicitly includes the idea that highest and best use analysis is viewed from two perspectives:

- The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements
- The use that should be made of a property as it exists (i.e., considering the current improvements)

The highest and best use of land as though vacant and the highest and best use of the property as improved are connected but distinctly different concepts."⁴⁸

AS THOUGH VACANT

Highest and Best use of land or a site as though vacant. Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.⁴⁹

Physically Possible

Size, topography, accessibility and adjoining infrastructure are average for the area, and do not restrict development. The site is level at street grade along Richmond Avenue and is assumed capable of supporting construction based on surrounding development. All necessary utilities are available. The site could physically support several uses, including commercial and community use development.

Legally Permissible

Legally permitted uses are essentially those permitted by zoning. Permitted uses in the subject district include commercial use development and community use buildings. Building size is limited by the maximum FAR of 1.0 for a community facility. Such legal uses that can be considered are medical office use and school facilities.

The Appraisal of Real Estate, 14th Edition, Appraisal Institute. Pg. 332 - 336.

⁴⁹ The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, pg. 93.

Economically Feasible

To determine economic feasibility, future gross income that can be generated from each potential highest and best use must be estimated. If the net revenue capable of being generated is enough to satisfy the required return on investment and provide a return on the land, the use is economically feasible within some price limit. The designated master lease is part of a larger site totaling 99,338± square feet. The site has excess land that can be developed with additional uses.

Based on the surrounding residential development and the maximum FAR as a community facility, the development as a school offers the greatest economic return.

Maximally Productive

In the final analysis, a determination must be made as to which use would maximize value. The immediate area is largely developed with single family attached housing and some community facilities.

Considering the property's location, the current state of the local and regional economies and current and foreseeable conditions of the local market, it is our opinion that the highest and best use of the property, if it were vacant, would be for a community facility.

The value of the site as a community facility would enable the development of improvements based on an FAR of 1.0, which would enable for the development of a 99,338 square foot improvement which offers a higher yield to the land versus residential development. Community facility uses can include schools, medical facilities or other not-for profit commercial uses. The market rents for such facilities offer a return to a developer that would be greater than residential development.

As Improved

Physically Possible

The existing site and improvements allow for continued use, "As Is" and the planned school would be an extension of this existing facility. The existing improvements are in good condition, functionally adequate and are well situated in an area primarily improved with single-family residential uses, retail stores, offices and community facilities. The designated master lease is part of a larger site totaling 99,338± square feet. The site is partially developed and has excess land that can be developed with additional uses.

Legally Permissible

The improvements meet the community facility requirements of the district and a certificate of occupancy exists for the subject in its current configuration. The certificate of occupancy indicates that a school facility use is legally permissible. The proposed improvements would meet the same legal requirements.

Economically Feasible and Maximally Productive

The existing building is in good condition and the proposed improvements will be similar in material and condition as the existing improvements. There are no legal, alternative uses that would result in a greater value. As such, the highest and best use is for continuation of the current and proposed use.

The site is improved with two structures (35,665 square feet), as such the available excess land is approximately 63,673 square feet. (99,338-35,665=63,673). Because of parking requirements and access to the building, as well as the existing location of structures on the site, the actual excess building area is less than 63,673 square feet.

The highest and best use as improved is the current use as a community facility (church and school).

INCOME CAPITALIZATION APPROACH

Introduction

The Income Capitalization Approach is based upon the premise that there is a direct relationship between the potential income generated by a property and the property's value. A typical investor values an income producing property by converting the anticipated benefits of ownership into a value estimate. Anticipated future income and the property reversion are discounted to a present worth figure through the capitalization process.

Direct Capitalization is the method used to convert a single year's estimate of income into a valuation estimate. A Discounted Cash Flow analysis is utilized when the future income is expected to be variable as a result of numerous leases or changes in income and expenses. The Discounted Cash Flow (DCF) analysis specifies the quantity, variability, timing and duration of the net operating income (NOI) and cash flows. We have employed the DCF analysis to establish the value of leasehold position in the master lease.

SUBJECT INCOME AND OCCUPANCY

On May 15, 2019, a lease term of three (3) years was executed. This Memorandum of Lease is between Greek Orthodox Community of Holy Trinity Church of Staten Island (lessor) and Hellenic Classical Charter School (lessee). Details of the lease are presented below and on the following pages.

This lease was modified on October 19, 2020, referred to as the Second Amendment. An executed lease has not been filed with the Richmond County Clerk's office.

The following terms apply to the new lease amendment:

- 1) Additional land area will cover an additional $13,000\pm$ square feet, bringing the total land area to $40,000\pm$ square feet⁵⁰.
- 2) The lease terms is from August 1, 2022 to July 31, 2067, with annual increases established every fifth year. There are two option periods of 10 years. The annual rental for the option periods will be set at 95% of the fair market rent for the land,
- 3) There is a rent abatement covering the first ten (10) years of the lease and,
- 4) The lease is structured on a "net" basis, with the tenant responsible for all expenses. The Lessor is Greek Orthodox Community of Holy Trinity Church of Staten Island.

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⁵⁰ The project consult Paul O' Donohue indicated that the land area would total approximately 40,000 ± square feet inclusive of the common elements such as parking, walkways and entrance. The footprint for the two buildings will total 23,903± square feet (12,832± square feet; Building 1 Existing School and 10,261± square feet; Building 2 Proposed School).

4. <u>Fixed Rent</u>. Further supplementing Section 41A of the Lease, Tenant shall pay Fixed Rent for the Initial Premises and the Additional Premises, in accordance with the following schedule:

Lease Period	Annual Fixed Rent	Monthly Fixed Rent
8/1/2022-7/31/2027	822,000.00	68,500.00
8/1/2027-7/31/2032	925,500.00	77,125.00
8/1/2032-7/31/2037	1,056,000.00	88,000.00
8/1/2037-7/31/2042	1,159,500.00	96,625.00
8/1/2042-7/31/2047	1,292,700.00	107,725.00
8/1/2047-7/31-2052	1,396,200.00	116,350.00
8/1/2052-7/31/2057	1,532,370.00	127,697.50
8/1/2057-7/31/2062	1,635,870.00	136,322.50
8/1/2062-7/31/2067	1,775,307.00	147,942.25

There will be a 10-year rent abatement (concession) granted. The following is taken from the lease.

Notwithstanding anything to the contrary in the foregoing, and provided this Lease is in full force and effect and no default then exists beyond any applicable notice and cure periods, the monthly installments due from Tenant on account of Fixed Rent shall be reduced by subject to the following Rent Abatement schedule:

Rent Abatement Period	Monthly Abatement Rent	Monthly Abated Fixed Rent
8/1/2022-7/31/2024	12,500.00	56,000.00
8/1/2024-7/31/2026	7,500.00	69,625.00
8/1/2027-7/31/2032	4,000.00	84,000.00

A final one time Rent Abatement amount of \$13,000.00 shall be credited to the Tenant's Monthly Fixed Rent due \$1/2032.

H. References to "Land" shall be deemed to mean, as the context may require, either or both of (i) the land component of the Initial Premises and (ii) the land component of the Additional Premises.

I. the "Lease Effective Date" shall be (i) May 15, 2019 with respect to the Initial Premises and (ii) the Effective Date of this Second Amendment with respect the Additional Premises.

J. The "Lease Commencement Date" shall mean (i) August 1, 2019 with respect to the Initial Premises and (ii) August 1, 2022 with respect to the Additional Premises.

K. The "Term" shall mean the period of time commencing upon the Lease Effective Date and expiring upon the Revised Initial Term Expiration Date (defined below), as the same may be extended pursuant to <u>Section 7</u> below.

L. With respect to the Additional Premises, the "Base Tax Amount" means the Taxes payable by Landlord for the Tax Year commencing July 1, 2020 and ending on June 30, 2020

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Lease

- 5. <u>Real Estate Taxes</u>. Nothing contained herein or in the Lease shall be deemed to prevent the structuring of this transaction such that the Initial Premises and Additional Premises remain and are exempt from real estate taxes. Landlord recognizes that any benefits received in connection with such exemption by reason of Tenant's status as a non-profit corporation are solely for the benefit of Tenant. Landlord shall cooperate with Tenant in such structuring and in any contest by Tenant in any manner permitted by law of the amount or validity of any real estate taxes or assessments payable by Tenant hereunder. Notwithstanding, any real estate taxes due during the Term with respect to the Additional Premises shall be the responsibility of Tenant.
- 6. <u>Brokers</u>. Each party hereby represents to the other that such party has dealt with no broker other than Avison Young, which represented Tenant ("<u>Broker</u>"), in connection with this Amendment or the Premises, and each party shall indemnify and hold the other harmless from and against all loss, cost, liability and expense (including, without limitation, reasonable attorneys' fees and disbursements) arising out of any claim for a commission or other compensation by any broker who alleges that it has dealt with the indemnifying party in connection with this Amendment or the Premises. Landlord shall have no liability for, and Tenant shall indemnify and hold Landlord harmless from and against, all loss, cost, liability and expense (including, without limitation, reasonable attorneys' fees and disbursements) arising out of any claim for a commission or other compensation by Broker pertaining to this Amendment. The provisions of this <u>Section 7</u> shall survive the expiration or earlier termination of the Lease.
- Renewal Option. Section 41H of the Lease (inclusive of all three paragraphs (i), (ii) and (iii)) is deleted in its entirety and replaced with the following:

Tenant shall have two (2) 10-year options (each, a "Renewal Option Period") to renew the Term of the lease for both the Initial Premises and Additional Premises by providing Landlord with not less than one (1) year's prior written notice. The Fixed Rent payable for both the initial Renewal Option Period and the second Renewal Option Period shall be equal to 95% of the Fair Market Rental Value ("FMRV") for the combined Premises, taking all relevant factors into consideration, including the then current use of the Premises. The parties agree that the FRMV shall be allocated based on the average price per square foot as set forth in an Opinion Letter between two independent, reputable and licensed commercial real estate brokers. Any disputes shall be resolved using baseball arbitration methodology.

- (g) Prior to the commencement of the Initial Construction, Tenant shall furnish to the Landlord any copies of performance and payment bonds covering at least one-hundred (100%) percent of the hard costs (including but not limited to HVAC, electric, plumbing, steel, concrete, drywall and masonry) for each contract exceeding two hundred thousand (\$200,000.00) dollars to guarantee the faithful performance of the Initial Construction and the payment of the obligations arising therefrom. The form and contents of such bonds and the surety or sureties thereon shall be reasonably satisfactory to the Landlord. The surety shall be licensed to issue surety bonds in the State of New York. Notwithstanding, Tenant shall furnish the appropriate insurance certificates and indemnities to the Landlord pursuant to the requirements in Exhibit C.
- (h) The building to be constructed on the Additional Premises, which is expected to consist of four (4) stories, shall not exceed Forty-Eight Thousand Five Hundred (48,500) buildable square feet. For the avoidance of doubt, the Parties agree that the buildable square footage of the Additional Premises is close to or equal to Sixty Thousand (60,000) buildable square feet. It is the mutual understanding of the Parties that Tenant shall not use the remaining Eleven Thousand Five Hundred (11,500) buildable square feet.

Item H specifies that the premises will not exceed 48,500 square feet. The information provided indicates a gross building area of 48,562 square feet. This is a negligible difference of 62 square feet. The information that has been provided by the construction consultant Paul O' Donohue and architect Gerakaris Design Studio are used as the basis for our analysis.

Estimate of Net Income – We developed the projected potential gross income (PGI) and estimate of vacancy and collection loss to derive at an effective gross income (EGI). We then deduct operating expenses (fixed, variable and reserves) to arrive at an estimate of net operating income (NOI). The net income is then capitalized.

Capital Recovery – The investor recovers the original investment through periodic payments and in the ultimate resale of the property. The capital recovery may be built into the ratio of annual income to value or, in discounting; it may be explicitly estimated as a resale value and considered.

Estimate of Rates – The capitalization (or discount) rate is built up by considering rates of interest in the marketplace competing equity investments. Consideration is also placed on national surveys from PwC and RERC investment surveys.

The table below illustrates the rent concession which is built into the existing lease with the Contract Rent (Master Lease), Rent Concession and the Effective Contract Rent for ten-year (10) years (8/1/22 to 7/31/32) presented.

Periods 1 and 2 reflect the effective contract rent of the existing lease at \$22 per square foot in 2020 and \$25 per square foot in 2021 based on the rent for Building 1 (25,665 square feet). In 2022 (Period 3) the rent then drops to \$10 per square foot (total building area of 74,227 square feet) until 2026. Starting in 2026 the rent is reduced to \$1.00 psf until 2032. The Effective Contract Rent represents a total abatement of \$5,360,875, which is considered to be an offset to the development of the new school building.

Lease Per	iod/Year	Expense to Leasehold					
Period	Year	Contract Rent	Rent Concession	Effective Contract Rent	PSF		
1	2020	\$613,410		\$613,410	\$24		
2	2021	\$696,210		\$696,210	\$27		
3	2022	\$822,000	\$56,000	\$766,000	\$10		
4	2023	\$822,000	\$56,000	\$766,000	\$10		
5	2024	\$822,000	\$69,625	\$752,375	\$10		
6	2025	\$822,000	\$69,625	\$752,375	\$10		
7	2026	\$822,000	\$69,625	\$752,375	\$10		
8	2027	\$856,333	\$840,000	\$16,333	\$0		
9	2028	\$925,500	\$840,000	\$85,500	\$1		
10	2029	\$925,500	\$840,000	\$85,500	\$1		
11	2030	\$925,500	\$840,000	\$85,500	\$1		
12	2031	\$925,500	\$840,000	\$85,500	\$1		
13	2032	\$969,000	\$840,000	\$129,000	\$2		

Estimate of Market Rent

We have reviewed leases of Charter Schools to establish a market rent. Consideration has been given to the following rental properties in order to establish a market rental for the subject property.

	Rental Survey								
Rent		Lease	Lease	Annual	Annual	GLA	Rent		
No.	Location	Date	Term	Rent	Increase	(+/- SF)	PSF	Terms	Description & Comments
1	830 Hunts Point Avenue, Bronx	Jun-19	10 years plus renewals	\$1,400,000	3% Annual increases every 3 years	29,567	\$47.35	Net	Hyde Leadership Charter School. Tenant pays all expenses. Rent includes \$1,000,000 work letter which equates to \$3.38 psf over the 10-year lease term.
2	1164 Garrison Avenue, Bronx	Apr-19	22 years, plus renewals	\$1,350,000	3 years	25,224	\$53.52	Net	Freiends of Emblaze Academy Charter School Inc Tenant pays all expenses. Rent includes \$2,000,000 work letter which equates to \$3.60 psf over the 22- year lease term.
3	180 West 165th Street Bronx	Jan-18	10 years plus renewals	\$2,400,000	3% Annual increases every 3 years	51,171	\$46.90	Net	Metropolitan Lighthouse Charter School. Tenant Pays all Expenses.
4	3450 3rd Avenue, Bronx	Aug-17	20 Years	\$1,475,290	2.0%	47,590	\$31.00	Net	Real estate taxes above the base year. Tenant pays all other expenses.
5	118-35 Queens Blvd, Forest Hills	Apr-16	10 Years	\$828,704	3.0%	21,808	\$38.00	Semi-Net	School facility located on the ground floor of a 375,000 square foot commercial building. Tenant pays % of real estate taxes above the base year.
6	343 Sands Lane, Staten Island	Jan-16	10 Years	\$264,000	4.0%	10,184	\$25.92	Net	New lease, entire building is a school. Tenant pays utilities and there are no real estate taxes.
7	68-60 Austin Street, Forest Hills	Jul-15	10 Years	\$350,000	3.0%	10,000	\$35.00	Semi-Net	Second floor educational space in a 42,154 square foot office building. Tenant pays % of real estate taxes above the base year.

Analysis of Market Rental Data

The comparable rental data indicates a range from \$25.92 to \$53.52 per square foot of gross leasable area, averaging \$39.67 per square foot with a median of \$38.00 per square foot.

SUMMARY	PSF
Low	\$25.92
High	\$53.52
Mean	\$39.67
Median	\$38.00

The rentals represent a broad spectrum of the properties in the market with the newer leases having higher base rentals because of tenant improvements. We have established a market rent of \$38.00 per square foot net for the proposed school (which will not be completed until 2022). A market rent of \$35.00 per square foot is applied to the existing improvements. This lower rent is applied based on the age, layout and use of the existing improvements.

CASH FLOW VARIABLES AND DESCRIPTIONS

The following are descriptive commentary for each variable presented in the cash flow.

Period: This represents each year of the lease. The lease starts in August

and ends in July, creating one period.

Year: This represents the actual lease year in which the rent begins.

Contract Rent (Master Lease): Represents the cost for the respective lease year. In cases where

the rent increases in a given lease year, the rent is based on eight (8) months of the prior period rent and four (4) months for the

new period rent.

Rent Concession: Represents the concession granted to the tenant which begins in

2022. Period 1 and 2 are highlighted light gray because there is

no concession during this period.

Effective Contract rent: The actual rent paid by the tenant for the respective lease year

which is the difference between the contract rent less any rent

concession.

PSF (Per square foot): This reflects the cost per square foot based on the building area.

For Period 1 and 2 the price per square foot reflect only the existing improvements (25,665 square feet) and for the remaining period it reflects the combined building area (74,227

square feet).

Potential Leasehold Income: This represents market rent less actual (effective contract) rent.

The table on the following page summarizes development of our estimate of the potential income that could be generated by the leasehold (including the option periods), assuming sublet at market rent.

Lease Per	iod/Year	Ex	pense to Lease	ehold		Leasehold Revenue	
			Dont	Effective		Potential	
Period	Year	Contract Rent	Rent	Contract	PSF		PSF
			Concession	Rent		Leasehold Income	
1	2020	\$613,410		\$613,410	\$24	\$284,865	\$11
2	2021	\$696,210		\$696,210	\$27	\$220,031	\$9
3	2022	\$822,000	\$56,000	\$766,000	\$10	\$2,013,921	\$27
4	2023	\$822,000	\$56,000	\$766,000	\$10	\$2,069,520	\$28
5	2024	\$822,000	\$69,625	\$752,375	\$10	\$2,139,855	\$29
6	2025	\$822,000	\$69,625	\$752,375	\$10	\$2,197,700	\$30
7	2026	\$822,000	\$69,625	\$752,375	\$10	\$2,256,701	\$30
8	2027	\$856,333	\$840,000	\$16,333	\$0	\$3,052,924	\$41
9	2028	\$925,500	\$840,000	\$85,500	\$1	\$3,045,143	\$41
10	2029	\$925,500	\$840,000	\$85,500	\$1	\$3,107,756	\$42
11	2030	\$925,500	\$840,000	\$85,500	\$1	\$3,171,621	\$43
12	2031	\$925,500	\$840,000	\$85,500	\$1	\$3,236,763	\$44
13	2032	\$969,000	\$840,000	\$129,000	\$2	\$3,259,709	\$44
14	2033	\$1,056,000		\$1,056,000	\$14	\$2,400,483	\$32
15	2034	\$1,056,000		\$1,056,000	\$14	\$2,469,612	\$33
16	2035	\$1,056,000		\$1,056,000	\$14	\$2,540,125	\$34
17	2036	\$1,056,000		\$1,056,000	\$14	\$2,612,047	\$35
18	2037	\$1,090,500		\$1,090,500	\$15	\$2,650,908	\$36
19	2038	\$1,159,500		\$1,159,500	\$16	\$2,656,736	\$36
20	2039	\$1,159,500		\$1,159,500	\$16	\$2,733,061	\$37
21	2040	\$1,159,500		\$1,159,500	\$16	\$2,810,912	\$38
22	2041	\$1,159,500		\$1,159,500	\$16	\$2,890,320	\$39
23	2042	\$1,203,900		\$1,203,900	\$16	\$2,926,917	\$39
24	2043	\$1,292,700		\$1,292,700	\$17	\$2,920,733	\$39
25	2044	\$1,292,700		\$1,292,700	\$17	\$3,005,002	\$40
26	2045	\$1,292,700		\$1,292,700	\$17	\$3,090,956	\$42
27	2046	\$1,292,700		\$1,292,700	\$17	\$3,178,629	\$43
28	2047	\$1,327,200		\$1,327,200	\$18	\$3,233,556	\$44
29	2048	\$1,396,200		\$1,396,200	\$19	\$3,255,771	\$44
30	2049	\$1,396,200		\$1,396,200	\$19	\$3,348,810	\$45
31	2050	\$1,396,200		\$1,396,200	\$19	\$3,443,710	\$46
32	2051	\$1,396,200		\$1,396,200	\$19	\$3,540,508	\$48
33	2052	\$1,441,590		\$1,441,590	\$19	\$3,593,853	\$48
34	2053	\$1,532,370		\$1,532,370	\$21	\$3,603,782	\$49
35	2054	\$1,532,370		\$1,532,370	\$21	\$3,706,505	\$50
36	2055	\$1,532,370		\$1,532,370	\$21	\$3,811,282	\$51
37	2056	\$1,532,370		\$1,532,370	\$21	\$3,918,155	\$53
38	2057	\$1,566,870		\$1,566,870	\$21	\$3,992,666	\$54
39	2058	\$1,635,870		\$1,635,870	\$22	\$4,034,856	\$54
40	2059	\$1,635,870		\$1,635,870	\$22	\$4,148,271	\$56
41	2060	\$1,635,870		\$1,635,870	\$22	\$4,263,954	\$57
42	2061	\$1,635,870		\$1,635,870	\$22	\$4,381,950	\$59
43	2062	\$1,682,349		\$1,682,349	\$23	\$4,455,828	\$60
44	2063	\$1,775,307		\$1,775,307	\$24	\$4,485,633	\$60
45	2064	\$1,775,307		\$1,775,307	\$24	\$4,610,852	\$62
46	2065	\$1,775,307		\$1,775,307	\$24	\$4,738,575	\$64
47	2066	\$1,775,307		\$1,775,307	\$24	\$4,868,853	\$66

The table below represents the two option periods. As defined in the Second Amendment of the lease the renewal options will be based on 95% of the Fair Market Rent for the premises (defined in for the initial 47-year term as the land and initial existing improvements (Building 1). Over the lease term the annual contract rent has increased approximately 5.5% every five-year period. The projection of the potential rent 47 years in the future is difficult to estimate with any degree of reliability. We have set the first renewal period at \$1,900,000 which represents a 7% increase in the rent. The higher stepup change is used because the term will be for 10-years, not 5-years. The conservative estimate provides a weighted delta of 7% versus 5.5%.

Lease Period/Year		Ex	pense to Leaso	Leasehold Revenue			
Period	Year	Contract Rent	Rent Concession	Effective Contract Rent	PSF	Potential Leasehold Income	PSF
1	2067	\$1,900,000		\$1,900,000	\$26	\$4,877,043	\$66
2	2068	\$1,900,000		\$1,900,000	\$26	\$5,012,584	\$68
3	2069	\$1,900,000		\$1,900,000	\$26	\$5,150,835	\$69
4	2070	\$1,900,000		\$1,900,000	\$26	\$5,291,852	\$71
5	2071	\$1,900,000		\$1,900,000	\$26	\$5,435,689	\$73
6	2072	\$1,900,000		\$1,900,000	\$26	\$5,582,403	\$75
7	2073	\$1,900,000		\$1,900,000	\$26	\$5,732,051	\$77
8	2074	\$1,900,000		\$1,900,000	\$26	\$5,884,692	\$79
9	2075	\$1,900,000		\$1,900,000	\$26	\$6,040,386	\$81
10	2076	\$1,900,000		\$1,900,000	\$26	\$6,199,194	\$84
1	2077	\$2,137,500		\$2,137,500	\$29	\$6,123,677	\$82
2	2078	\$2,137,500		\$2,137,500	\$29	\$6,288,901	\$85
3	2079	\$2,137,500		\$2,137,500	\$29	\$6,457,429	\$87
4	2080	\$2,137,500		\$2,137,500	\$29	\$6,629,328	\$89
5	2081	\$2,137,500		\$2,137,500	\$29	\$6,804,664	\$92
6	2082	\$2,137,500		\$2,137,500	\$29	\$6,983,507	\$94
7	2083	\$2,137,500		\$2,137,500	\$29	\$7,165,928	\$97
8	2084	\$2,137,500		\$2,137,500	\$29	\$7,351,996	\$99
9	2085	\$2,137,500		\$2,137,500	\$29	\$7,541,786	\$102
10	2086	\$2,137,500		\$2,137,500	\$29	\$7,735,372	\$104

MARKET ASSUMPTIONS AND EXPENSES FOR THE DISCOUNTED CASH FLOW

Discounted cash flow analysis is the process by which future income streams and property reversion are discounted at an appropriate risk rate to provide an indication of the price the typical buyer would be willing to pay for a particular investment. The Discounted Cash Flow analysis specifies the quantity, variability, timing and duration of the net operating income (NOI) and cash flows. This technique considers the following:

Estimate of Net Income – The appraiser projects potential gross income (PGI), estimates a vacancy and collection loss to derive at an effective gross income (EGI), deducts operating expenses (fixed, variable and reserves) to arrive at an estimate of net operating income (NOI). It is the net income that is capitalized. The appraiser also considers the amount, quality and duration of the income stream.

Capital Recovery – The investor recovers the original investment through periodic payments over the specified lease term. The capital recovery may be built into the ratio of annual income to value.

HOLDING PERIOD

The holding period is established at 67 years (term of master lease plus the two option periods).

MARKET LEASE TERMS - SCHOOL

Charter School leases in the subject market run for 10 to 30 years, with 15 years being the most typical. The longer lease terms provide for amortization of the tenant improvements over a longer term.

REIMBURSABLE INCOME

Our review of the master lease indicates that it is a net lease. If leased to another tenant (sublease), the sublessee would be responsible for reimbursement of real estate taxes, but the primary tenant is ultimately liable.

VACANCY AND COLLECTION ALLOWANCE

General Vacancy/Collection Losses - The typical investor would consider an allocation for vacancy and credit loss even though the master lease has a remaining term of 67 years inclusive of renewal options. Based on the demand for charter schools, the subjects' location and condition, we have selected a general 2% vacancy and collection loss provision.

EXPENSE ANALYSIS

Expenses are calculated based on the Gross Rentable Area (GRA) of 74,227 square feet.

Real Estate Taxes – The master lease is net, with the tenant responsible for all expenses. The improvements are exempt from real estate taxes and there is no cost. If the property were not exempt this cost would be paid by the sub-lease tenant which is consistent with market leases

Master Lease – The master lease payment starts at \$613,410⁵¹ which is an expense to the leasehold owner. This expense increases annually based on fixed steps. The cash flow uses the rent schedule stated in the master lease.

MANAGEMENT – Professional management fees range from 1.0% to 3.5% of effective gross income. A reasonable allowance for professional management is reconciled at 2.5% of EGI which equates to \$43,224 per annum in Year 1. We reference the PwC survey presented below.

Exhibit 4
MANAGEMENT FEES AND LEASING COMMISSIONS

First	Qua	rter	20	20

Thot Guartor 2020						
	MANAGEMENT FEES (As a % of EGR)		LEASING COMMISSIONEW LEASE	ONS (a)	RENEWEL LEASE	
	Range	Average	Range	Average	Range	Average
National						
Net Lease	1.00% - 4.00%	2.31%	2.00% - 6.00%	3.75%	1.00% - 6.00%	2.50%
Medical Office Buildings	1.30% - 5.00%	3.33%	3.00% - 7.50%	5.55%	1.50% - 6.00%	3.75%
Secondary Office	1.50% - 5.00%	3.02%	4.00% - 7.50%	5.57%	2.00% - 4.00%	3.30%

RESERVES: PwC indicates that in the National Net Lease Market replacement reserves range from \$0.15 to \$0.23 per square foot with an average of \$0.23 per square foot in 2019. There was an insufficient response for 2020. A prudent investor will reserve for the replacement and repair of structural and mechanical items (e.g. roof, HVAC, etc.). Based on the condition of the subject property, we have reconciled this item at \$0.25 per square foot, which equates to \$18,557 per annum.

Exhibit 3
REPLACEMENT RESERVES PER SQUARE FOOT

First Quarter 2020

	CURRENT QUAR	TER	YEAR AGO	
	Range	Average	Range	Average
National				
Net Lease	(a)		\$0.15 - \$0.30	\$0.23
Medical Office Buildings	\$0.10 - \$1.00	\$0.35	\$0.10 - \$1.00	\$0.33
Secondary Office	\$0.10 - \$0.50	\$0.23	\$0.10 - \$0.25	\$0.18

955903

⁵¹ The master lease has a rent abatement totaling \$5,360,875 over an 11-year period.

The table below represents the Year 1 stabilized income. The projected Net Operating Income is \$1,934,494. Although our value estimate is based on the Discounted Cash Flow (DCF), the application of the first year NOI to the indicated value allows for the calculation of the going-in capitalization rate. The indicated value of the cash flow is \$28,500,000. The NOI \div Value = the Capitalization Rate (OAR). In this case $\$1,989,573 \div \$28,500,000 = 6.98\%$. This rate is within the range of capitalization rates (6.33% going-in and 7.03% terminal rate) as indicated in the 3rd Quarter 2020 PwC Survey of investors and investment advisors active in the National Net Lease Market

The following pages represents the 67-year cash flow as it relates to a potential subtenant and master lease. The net cash flow is reported for each year.

Stabilized 1	Income & Expe	ense Summary	
	·	Total GLA	74,227
Projected Income			Projected Annual Rent
Building 1	25,665 sq. ft	\$35.00	\$898,275
Building 2	48,562 sq. ft	\$38.00	\$1,845,356
Total Gross Income		\$36.96	\$2,743,631
Vacancy and Credit Loss @ 2%			(\$54,873)
Effective Gross Income			\$2,688,758
Operating Expenses Master Lease	% of EGI	PSF of GBA	\$613,410
Management	2.5%	\$0.91	\$67,219
Reserves for Replacement	0.7%	\$0.25	\$18,557
Total Operating Expenses	26.0%	\$9.42	\$699,186
Net Operating Income			\$1,989,573

1641 Richmond Avenue - Discounted C	Discounted (Cash Flow Analysis - Valuation of Leasehold Position	alysis - Valı	nation of Le	asehold Po	sition					
Projection Period		1	2	3	4	5	9	7	8	6	10
Lease Year		8	4	S	9	7	∞	6	10	11	12
GBA	74,227	7/21/2020	7/21/2021	7/21/2022	7/21/2023	7/21/2024	7/21/2025	7/21/2026	7/21/2027	7/21/2028	7/21/2029
Desirated Curee Income		376 9083	\$016 241	170 021	67 635 570	62 602 230	27 050 075	22 000 076	63 050 250	62 130 643	e2 102 256
Trojected Gross Income		617,0700	117,0170	176611670	076,650,70	067,470,40	610,000,00	0/0,000,00	007,000,00	C+0,0C1,C0	007,001,00
Reimbursable Income Potential Gross Income		$\frac{\$0}{\$898,275}$	\$916,241	\$2,779,921	\$2,835,520	$\frac{\$0}{\$2,892,230}$	\$2,950,075	<u>\$0</u> \$3,009,076	\$3,069,258	\$3,130,643	$\frac{\$0}{\$3,193,256}$
Vacancy And Credit Loss		(\$17,966)	(\$18,325)	(\$55,598)	(\$56,710)	(\$57,845)	(\$59,001)	(\$60,182)	(\$61,385)	(\$62,613)	(\$63,865)
Effective Commercial Income		\$880,310	\$897,916	\$2,724,323	\$2,778,809	\$2,834,386	\$2,891,073	\$2,948,895	\$3,007,873	\$3,068,030	\$3,129,391
Expense Category	Inflation %										
Real Estate Taxes	3%	80	80	80	80	80	80	80	80	80	\$0
Contract Rent (Master Lease)		\$613,410	\$696,210	\$766,000	\$766,000	\$752,375	\$752,375	\$752,375	\$16,333	\$85,500	\$85,500
Subtotal		\$613,410	\$696,210	\$766,000	\$766,000	\$752,375	\$752,375	\$752,375	\$16,333	\$85,500	\$85,500
Administrative											
Management		\$22,008	\$22,448	\$68,108	\$69,470	\$70,860	\$72,277	\$73,722	\$75,197	\$76,701	\$78,235
Reserves		\$18,557	\$18,928	\$19,306	\$19,693	\$20,086	\$20,488	\$20,898	\$21,316	\$21,742	\$22,177
Total Expenses		\$653,974	\$737,586	\$853,415	\$855,163	\$843,321	\$845,140	\$846,995	\$112,846	\$183,943	\$185,912
Per S.F. of GBA		\$8.81	\$9.94	\$11.50	\$11.52	\$11.36	\$11.39	\$11.41	\$1.52	\$2.48	\$2.50
Net Cash Flow		\$226,335	\$160,330	\$1,870,908	\$1,923,647	\$1,991,064	\$2,045,933	\$2,101,899	\$2,895,027	\$2,884,087	\$2,943,479
Per S.F. of GBA		\$3.05	\$2.16	\$25.21	\$25.92	\$26.82	\$27.56	\$28.32	\$39.00	\$38.85	\$39.66
Projection Period		1	2	3	4	5	9	7	8	6	10
Net Income to Leasehold		\$226,335	\$160,330	\$1,870,908	\$1,923,647	\$1,991,064	\$2,045,933	\$2,101,899	\$2,895,027	\$2,884,087	\$2,943,479
Annual Discount Rate		0.9259	0.8573	0.7938	0.7350	9089.0	0.6302	0.5835	0.5403	0.5002	0.4632
Present Value of Cash Flows		\$209,569	\$137,457	\$1,485,187	\$1,413,938	\$1,355,085	\$1,289,285	\$1,226,438	\$1,564,093	\$1,442,762	\$1,363,400

1641 Richmond Avenue - Discounted	\sim	Cash Flow Analysis - Valuation of Leasehold Position	Valuation	of Leaseho	old Position	u				
Projection Period	11	12	13	14	15	16	17	18	19	20
Lease Year	13	14	15	16	17	18	19	20	21	22
GBA 74,227	7/21/2030	7/21/2031	7/21/2032	7/21/2033	7/21/2034	7/21/2035	7/21/2036	7/21/2037	7/21/2038	7/21/2039
Projected Gross Income	\$3,257,121	\$3,322,263	\$3,388,709	\$3,456,483	\$3,525,612	\$3,596,125	\$3,668,047	\$3,741,408	\$3,816,236	\$3,892,561
Reimbursable Income	80	80	80	<u>\$0</u>	80	80	80	80	80	80
Potential Gross Income	\$3,257,121	\$3,322,263	\$3,388,709	\$3,456,483	\$3,525,612	\$3,596,125	\$3,668,047	\$3,741,408	\$3,816,236	\$3,892,561
Vacancy And Credit Loss	(\$65,142)	(\$66,445)	(\$67,774)	(\$69,130)	(\$70,512)	(\$71,922)	(\$73,361)	(\$74,828)	(\$76,325)	(\$77.851)
Effective Commercial Income	\$3,191,978	\$3,255,818	\$3,320,934	\$3,387,353	\$3,455,100	\$3,524,202	\$3,594,686	\$3,666,580	\$3,739,912	\$3,814,710
Expense Category Inflation %										
Real Estate Taxes 3%	80	80	80	80	80	80	80	80	80	80
Contract Rent (Master Lease)	\$85,500	\$85,500	\$85,500	\$1,056,000	\$1,056,000	\$1,056,000	\$1,056,000	\$1,090,500	\$1,159,500	\$1,159,500
Subtotal	\$85,500	\$85,500	\$85,500	\$1,056,000	\$1,056,000	\$1,056,000	\$1,056,000	\$1,090,500	\$1,159,500	\$1,159,500
Administrative										
Management	879,799	\$81,395	\$83,023	\$84,684	\$86,378	\$88,105	889,867	\$91,664	\$93,498	\$95,368
Reserves	\$22,621	\$23,073	\$23,534	\$24,005	\$24,485	\$24,975	\$25,474	\$25,984	\$26,504	\$27,034
Total Expenses	\$187,920	\$189,968	\$192,058	\$1,164,689	\$1,166,863	\$1,169,080	\$1,171,342	\$1,208,148	\$1,279,501	\$1,281,901
Per S.F. of GBA	\$2.53	\$2.56	\$2.59	\$15.69	\$15.72	\$15.75	\$15.78	\$16.28	\$17.24	\$17.27
Net Cash Flow	\$3,004,058	\$3,065,850	\$3,128,877	\$2,222,664	\$2,288,237	\$2,355,122	\$2,423,345	\$2,458,431	\$2,460,410	\$2,532,808
Per S.F. of GBA	\$40.47	\$41.30	\$42.15	\$29.94	\$30.83	\$31.73	\$32.65	\$33.12	\$33.15	\$34.12
Projection Period	11	12	13	14	15	16	17	18	19	20
Net Income to Leasehold	\$3,004,058	\$3,065,850	\$3,128,877	\$2,222,664	\$2,288,237	\$2,355,122	\$2,423,345	\$2,458,431	\$2,460,410	\$2,532,808
Annual Discount Rate	0.4289	0.3971	0.3677	0.3405	0.3152	0.2919	0.2703	0.2502	0.2317	0.2145
Present Value of Cash Flows	\$1,288,389	\$1,217,491	\$1,150,481	\$756,731	\$721,348	\$687,438	\$654,955	\$615,220	\$570,107	\$543,409

1641 Richmond Avenue - Discounted		Cash Flow	Analysis -	Cash Flow Analysis - Valuation of Leasehold Position	of Leaseho	old Position	u				
Projection Period		21	22	23	24	25	26	27	28	29	30
Lease Year		23	24	25	76	27	28	29	30	31	32
GBA	74,227	7/21/2040	7/21/2041	7/21/2042	7/21/2043	7/21/2044	7/21/2045	7/21/2046	7/21/2047	7/21/2048	7/21/2049
Projected Gross Income		\$3,970,412	\$4,049,820	84,130,817	\$4,213,433	\$4,297,702	\$4,383,656	84,471,329	\$4,560,756	\$4,651,971	\$4,745,010
Reimbursable Income		<u>\$0</u>	80	80	80	80	<u>\$0</u>	80	80	80	80
Potential Gross Income		\$3,970,412	\$4,049,820	\$4,130,817 \$4,213,433 \$4,297,702	\$4,213,433		\$4,383,656	\$4,471,329	\$4,383,656 \$4,471,329 \$4,560,756 \$4,651,971		\$4,745,010
Version And Constitution		(007)	(300 004)	(312,000)	(0)0 1000)	(0.50)	(60) 600)	(200	(315,102)	(000 000)	(000)
vacancy And Credit Loss		(3/9,408)	(380,990)	(387,010)	(384,209)	(\$65,934)	(\$/0'/00)	(724,47)	(\$17,176)	(460,664)	(324,900)
Effective Commercial Income		\$3,891,004	\$3,968,824	\$4,048,200	\$4,129,165	\$4,211,748	\$4,295,983	\$4,381,902	84,469,540	84,558,931	\$4,650,110
Expense Category	Inflation %										
Real Estate Taxes	3%	80	80	\$0	80	80	80	80	80	80	80
Contract Rent (Master Lease)		\$1,159,500	\$1,159,500	\$1,203,900	\$1,292,700	\$1,292,700	\$1,292,700	\$1,292,700	\$1,327,200	\$1,396,200	\$1,396,200
Subtotal		\$1,159,500	\$1,159,500	\$1,203,900	\$1,292,700	\$1,292,700	\$1,292,700	\$1,292,700	\$1,327,200	\$1,396,200	\$1,396,200
Administrative											
Management		\$97.275	\$99.221	\$101.205	\$103.229	\$105.294	\$107,400	\$109.548	\$111.739	\$113.973	\$116,253
Reserves		\$27,574	\$28,126	\$28,688	\$29,262	\$29,847	\$30,444	\$31,053	\$31,674	\$32,308	\$32,954
Total Expenses		\$1,284,349	\$1,286,846	\$1,333,793	\$1,425,191	\$1,425,191 \$1,427,841	\$1,430,544	\$1,433,301	\$1,470,613	\$1,542,481	\$1,545,407
Per S.F. of GBA		\$17.30	\$17.34	\$17.97	\$19.20	\$19.24	\$19.27	\$19.31	\$19.81	\$20.78	\$20.82
Net Cash Flow		\$2,606,654	\$2,681,978	\$2,714,407	\$2,703,973	\$2,783,907	\$2,865,439	\$2,948,602	\$2,998,928	\$3,016,450	\$3,104,703
Per S.F. of GBA		\$35.12	\$36.13	\$36.57	\$36.43	\$37.51	838.60	\$39.72	\$40.40	\$40.64	\$41.83
Projection Period		21	22	23	24	25	26	27	28	29	30
Net Income to Leasehold		\$2,606,654	\$2,681,978	\$2,714,407	\$2,703,973	\$2,783,907	\$2,865,439	\$2,948,602	\$2,998,928	\$3,016,450	\$3,104,703
Annual Discount Rate		0.1987	0.1839	0.1703	0.1577	0.1460	0.1352	0.1252	0.1159	0.1073	0.0994
Present Value of Cash Flows		\$517,827	\$493,324	\$462,305	\$426,415	\$406,500	\$387,412	\$369,126	\$347,617	\$323,748	\$308,537

1641 Richmond Avenue - Discounted		Cash Flow	Analysis -	Cash Flow Analysis - Valuation of Leasehold Position	of Leaseho	old Position	ı				
Projection Period		31	32	33	34	35	36	37	38	39	40
Lease Year		33	34	35	36	37	38	39	40	41	42
GBA	74,227	7/21/2050	7/21/2051	7/21/2052	7/21/2053	7/21/2054	7/21/2055	7/20/2056	7/21/2057	7/21/2058	7/21/2059
		070	001	100							77 7 7
Projected Gross Income		\$4,839,910	\$4,936,708	\$5,035,443	\$5,136,152	\$5,238,875	\$5,343,652	\$5,450,525	\$5,559,536	\$5,670,726	\$5,784,141
Reimbursable Income Potential Gross Income		\$4.839.910	$\frac{\$0}{\$4.936.708}$	$\frac{\$0}{\$5.035.443}$	$\frac{\$0}{\$5.136.152}$	\$5.238.875	\$5.343.652	$\frac{\$0}{\$5.450.525}$	$\frac{\$0}{\$5.450.525} \frac{\$0}{\$5.559.536}$	\$5.670.726	\$5.784.141
Vacancy And Credit Loss		(864 798)	(\$98 734)	(\$100,709)	(\$102.723)	(\$104.777)	(\$106.873)	(\$109 011)	(\$111.191)	(\$113415)	(\$115 683)
Effective Commercial Income		\$4,743,112	\$4,837,974	\$4,934,734	\$5,033,428	• ,	\$5,236,779	\$5,341,515	\$5,448,345		\$5,668,458
Expense Category	Inflation %	Ç	Ç	Ç	Ç	Ç	Ç	Ç	Ç	Ç	Ç
Real Estate Taxes	3%	20	80	20	20	20	20	20	20	20	20
Contract Rent (Master Lease)		\$1,396,200	\$1,396,200	\$1,441,590	\$1,532,370	\$1,532,370	\$1,532,370	\$1,532,370	\$1,566,870	\$1,635,870	\$1,635,870
Subtotal		\$1,396,200	\$1,396,200	\$1,441,590	\$1,532,370	\$1,532,370	\$1,532,370	\$1,532,370	\$1,566,870	\$1,635,870	\$1,635,870
Administrative											
Management		\$118,578	\$120,949	\$123,368	\$125,836	\$128,352	\$130,919	\$133,538	\$136,209	\$138,933	\$141,711
Reserves		\$33,613	\$34,285	\$34,971	\$35,670	\$36,384	\$37,111	\$37,854	\$38,611	\$39,383	\$40,171
Total Expenses		\$1,548,391	\$1,551,435	\$1,599,929	\$1,693,876	\$1,697,106 \$1,700,401	\$1,700,401	\$1,703,762	\$1,741,689	\$1,814,186	\$1,817,752
Per S.F. of GBA		\$20.86	\$20.90	\$21.55	\$22.82	\$22.86	\$22.91	\$22.95	\$23.46	\$24.44	\$24.49
Net Cash Flow		\$3,194,721	\$3,286,540	\$3,334,805	\$3,339,552	\$3,436,991	\$3,536,378	\$3,637,753	\$3,706,655	\$3,743,126	\$3,850,706
Per S.F. of GBA		\$43.04	\$44.28	\$44.93	\$44.99	\$46.30	\$47.64	\$49.01	\$49.94	\$50.43	\$51.88
Projection Period		31	32	33	34	35	36	37	38	39	40
Net Income to Leasehold		\$3,194,721	\$3,286,540	\$3,334,805	\$3,339,552	\$3,436,991	\$3,536,378	\$3,637,753	\$3,706,655	\$3,743,126	\$3,850,706
Annual Discount Rate		0.0920	0.0852	0.0789	0.0730	0.0676	0.0626	0.0580	0.0537	0.0497	0.0460
Present Value of Cash Flows		\$293,966	\$280,013	\$263,079	\$243,939	\$232,459	\$221,464	\$210,938	\$199,012	\$186,084	\$177,252

1641 Richmond Avenue - Discount	- Discounted	Cash Flow	Analysis -	ted Cash Flow Analysis - Valuation of Leasehold Position	ofLeaseho	old Position	u				
Projection Period		41	42	43	44	45	46	47	48	49	50
Lease Year		43	44	45	46	47	48	49	50	51	52
GBA	74,227	7/20/2060	7/20/2061	7/20/2062	7/20/2063	7/20/2064	7/20/2065	7/20/2066	7/20/2067	7/19/2068	7/20/2069
Projected Gross Income		\$5,899,824	26,017,820	26,138,177	\$6,260,940	\$6,386,139	288,515,08	\$6,644,160	\$6,777,043	\$6,912,584	\$7,050,835
Reimbursable Income Potential Gross Income		\$5,899,824		$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	$\frac{\$0}{\$6,260,940}$	$\frac{\$0}{\$6,386,159}$	$\frac{\$0}{\$6,513,882}$	$\frac{\$0}{\$6,644,160}$	$\frac{\$0}{\$6,644,160} \frac{\$0}{\$6,777,043} \frac{\$0}{\$6,912,584}$		\$7,050,835
Vacancy And Credit Loss		(\$117,996)	(\$120,356)	(\$122,764)	(\$125,219)	(\$127,723)	(\$130,278)	(\$132,883)	(\$135,541)	(\$138,252)	(\$141,017)
Effective Commercial Income		\$5,781,827	\$5,897,464	\$6,015,413	\$6,135,721	\$6,258,436 \$6,383,604	\$6,383,604	\$6,511,276	\$6,641,502	\$6,774,332	\$6,909,819
Expense Category Real Estate Taxes	Inflation % 3%	80	80	80	80	80	80	80	80	80	80
Contract Rent (Master Lease)		\$1,635,870	\$1,635,870	\$1,682,349	\$1,775,307	\$1,775,307	\$1,775,307	\$1,775,307	\$1,900,000	\$1,900,000	\$1,900,000
Subtotal		\$1,635,870	\$1,635,870	\$1,682,349	\$1,775,307	\$1,775,307	\$1,775,307	\$1,775,307	\$1,900,000	\$1,900,000	\$1,900,000
Administrative											
Management		\$144,546	\$147,437	\$150,385	\$153,393	\$156,461	\$159,590	\$162,782	\$166,038	\$169,358	\$172,745
Reserves		\$40,974	\$41,794	\$42,629	\$43,482	\$44,352	\$45,239	\$46,143	\$47,066	\$48,008	\$48,968
Total Expenses		\$1,821,390	\$1,825,100	\$1,875,364	\$1,972,182	\$1,976,120	\$1,980,136	\$1,980,136 \$1,984,232	\$2,113,104	\$2,117,366	\$2,121,713
Per S.F. ofGBA		\$24.54	\$24.59	\$25.27	\$26.57	\$26.62	\$26.68	\$26.73	\$28.47	\$28.53	\$28.58
Net Cash Flow		\$3,960,437	\$4,072,364	\$4,140,049	\$4,163,539	\$4,282,316	\$4,403,469	\$4,527,044	\$4,528,398	\$4,656,966	\$4,788,105
Per S.F. ofGBA		\$53.36	\$54.86	\$55.78	\$56.09	857.69	\$59.32	860.99	\$61.01	\$62.74	\$64.51
Projection Period		41	42	43	44	45	46	47	48	49	50
Net Income to Leasehold		\$3,960,437	\$4,072,364	\$4,140,049	\$4,163,539	\$4,282,316	\$4,403,469 \$4,527,044	\$4,527,044	\$4,528,398	\$4,656,966	\$4,788,105
Annual Discount Rate		0.0426	0.0395	0.0365	0.0338	0.0313	0.0290	0.0269	0.0249	0.0230	0.0213
Present Value of Cash Flows		\$168,799	\$160,712	\$151,281	\$140,870	\$134,156	\$127,733	\$121,590	\$112,617	\$107,236	\$102,088

1641 Richmond Avenue - Discount	Discounted (Cash Flow	Analysis -	ted Cash Flow Analysis - Valuation of Leasehold Position	ofLeaseho	old Position					
Projection Period		51	52	53	54	55	99	57	58	59	09
Lease Year		53	54	55	56	57	28	59	09	61	62
GBA	74,227	7/20/2070	7/20/2071	7/20/2072	7/20/2073	7/20/2074	7/20/2075	7/20/2076	7/20/2077	7/20/2078	7/20/2079
\$		0						6		9	6
Projected Gross Income		87,191,852	\$7,335,689	\$7,482,403	\$7,632,051	\$7,784,692	\$7,940,386	\$8,099,194	\$8,261,177	\$8,426,401	\$8,594,929
Reimbursable Income		<u>\$0</u>	80	<u>\$0</u>	80	80	80	80			80
Potential Gross Income		\$7,191,852	\$7,335,689	\$7,482,403 \$7,632,051 \$7,784,692 \$7,940,386 \$8,099,194	\$7,632,051	\$7,784,692	\$7,940,386	\$8,099,194	\$8,261,177 \$8,426,401		\$8,594,929
Vy		(614) 027)	(6146 714)	(0140,640)	(15) (41)	(0155 604)	(0160 000)	(\$161,004)	(400 3019)	(0150510)	(000 121 000)
vacancy And Credit Loss		(3143,837)	(3140, /14)		(\$157,041)	(\$155,094)		(3101,984)		(\$108,328)	(31/1,899)
Effective Commercial Income		\$7,048,015	\$7,188,975	\$7,332,755	\$7,479,410	\$7,628,998	\$7,781,578	\$7,937,210	\$8,095,954	\$8,257,873	\$8,423,030
Expense Category	Inflation %										
Real Estate Taxes	3%	80	80	80	80	80	80	80	80	80	80
Contract Rent (Master Lease)		\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000	\$2,137,500	\$2,137,500	\$2,137,500
Subtotal		\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000	\$2,137,500	\$2,137,500	\$2,137,500
Administrative											
Management		\$176,200	\$179,724	\$183,319	\$186,985	\$190,725	\$194,539	\$198,430	\$202,399	\$206,447	\$210,576
Reserves		\$49,947	\$50,946	\$51,965	\$53,004	\$54,064	\$55,146	\$56,249	\$57,374	\$58,521	\$59,691
Total Expenses		\$2,126,148	\$2,130,670	\$2,135,284	\$2,139,990	\$2,139,990 \$2,144,789	\$2,149,685	\$2,154,679	\$2,397,272	\$2,402,468	\$2,407,767
Per S.F. of GBA		\$28.64	\$28.70	\$28.77	\$28.83	\$28.90	\$28.96	\$29.03	\$32.30	\$32.37	\$32.44
Net Cash Flow		\$4,921,868	\$5,058,305	\$5,197,471	\$5,339,420	\$5,484,209	\$5,631,893	\$5,782,531	\$5,698,681	\$5,855,405	\$6,015,263
Per S.F. of GBA		\$66.31	\$68.15	\$70.02	\$71.93	\$73.88	\$75.87	877.90	876.77	818.89	\$81.04
Projection Period		51	52	53	54	22	99	57	28	29	09
Net Income to Leasehold		\$4,921,868	\$5,058,305	\$5,197,471	\$5,339,420 \$5,484,209	\$5,484,209	\$5,631,893	\$5,782,531	\$5,698,681	\$5,855,405	\$6,015,263
Annual Discount Rate		0.0197	0.0183	0.0169	0.0157	0.0145	0.0134	0.0124	0.0115	0.0107	0.0099
Present Value of Cash Flows		\$97,167	\$92,463	\$87,970	\$83,678	\$79,581	\$75,670	\$71,939	\$65,644	\$62,453	\$59,406

1641 Richmond Avenue - Discounted Cash Flow Analysis - Valuation of Leasehold Position	Discounted (Cash Flow	Analysis -	Valuation	of Leaseho	old Position	u	
Projection Period		61	62	63	64	9	99	<i>L</i> 9
Lease Year		63	64	65	99	29	89	69
GBA	74,227	7/20/2080	7/20/2081	7/20/2082	7/20/2083	7/20/2084	7/20/2085	7/20/2086
Projected Gross Income		\$8,766,828	\$8,942,164	\$9,121,007	\$9,303,428	\$9,489,496	\$9,679,286	\$9,872,872
Reimbursable Income		<u>\$0</u>		<u>\$0</u>		<u>\$0</u>	\$0 \(\frac{\sigma 0}{20}\)	<u>\$0</u>
Potential Gross Income		38,766,828	\$8,942,164	\$9,121,007	\$9,505,428	39,489,490	39,679,780	59,8/2,8/2
Vacancy And Credit Loss		(\$175,337)	(\$178,843)	(\$182,420)	(\$186,069)	(\$189,790)	(\$193,586) (\$197,457)	(\$197,457)
Effective Commercial Income		\$8,591,491	\$8,763,321	\$8,938,587	\$9,117,359	89,299,706	\$9,485,700	\$9,675,414
Ş	Inflation %							
Real Estate Taxes	3%	80	80	80	80	80	80	80
Contract Rent (Master Lease)		\$2,137,500	\$2,137,500	\$2,137,500	\$2,137,500	\$2,137,500	\$2,137,500	\$2,137,500
Subtotal		\$2,137,500	\$2,137,500	\$2,137,500	\$2,137,500	\$2,137,500	\$2,137,500	\$2,137,500
Administrative								
Management		\$214,787	\$219,083	\$223,465	\$227,934	\$232,493	\$237,143	\$241,885
Reserves		\$60,885	\$62,103	\$63,345	\$64,612	\$65,904	\$67,222	\$68,567
Total Expenses		\$2,413,173	\$2,418,686	\$2,424,310	\$2,430,046 \$2,435,897	\$2,435,897	\$2,441,865	\$2,447,952
Per S.F. of GBA		\$32.51	\$32.58	\$32.66	\$32.74	\$32.82	\$32.90	\$32.98
Net Cash Flow		\$6,178,318	\$6,344,635	\$6,514,278	\$6,687,313	\$6,863,809	\$7,043,836	\$7,227,462
Per S.F. of GBA		\$83.24	\$85.48	\$87.76	890.09	\$92.47	\$94.90	\$97.37
Projection Period		19	62	63	64	99	99	29
Net Income to Leasehold		\$6,178,318	\$6,344,635	\$6,514,278	\$6,687,313	\$6,863,809	\$7,043,836	\$7,227,462
Annual Discount Rate		0.0091	0.0085	0.0078	0.0073	0.0067	0.0062	0.0058
Present Value of Cash Flows		\$56,496	\$53,720	\$51,070	\$48,544	\$46,134	\$43,837	\$41,648

INCOME CAPITALIZATION

PUBLISHED INDICES

The primary investment surveys used are the PwC Real Estate Investor Survey and the Situs RERC Real Estate Report. These are used in addition to informal surveys of market participants routinely performed during this and prior assignments.

PWC REAL ESTATE INVESTOR SURVEY

Recent trends for discount rates (IRR's), residual and going-in capitalization rates are detailed as follows. Note that the rates are quoted on unleveraged, all-cash transactions. According to the 3rd Quarter 2020 PwC Survey, investors and investment advisors active in the National Net Lease Market reported the following trends:

Table 31

NATIONAL NET LEASE MARKET

Third Quarter 2020

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR) ^a	COMMENT	LAST GOATTEN	I IEAN AGO	o ILANO AGO	o ILANO AGO
Range Average Change (Basis Points)	5.00% - 10.00% 7.05%	5.00% - 10.00% 7.10% - 5	5.00% - 10.00% 7.38% - 33	6.00% - 10.00% 7.81% - 76	6.00% - 10.00% 8.00% - 95
OVERALL CAP RATE (OAR) ^a					
Range Average Change (Basis Points)	4.00% – 8.00% 6.22%	4.00% – 8.00% 6.22% 0	5.00% - 8.50% 6.75% - 28	5.25% - 8.50% 6.71% - 49	5.50% - 9.00% 6.83% - 61
RESIDUAL CAP RATE					
Range Average Change (Basis Points)	5.50% – 8.50% 7.03%	5.50% – 8.00% 7.03% 0	6.50% - 10.00% 7.45% - 42	6.00% - 9.00% 7.40% - 37	7.00% – 9.00% 7.81% – 78
MARKET RENT CHANGE ^b					
Range Average Change (Basis Points)	(10.00%) – 2.00% (0.60%)	(10.00%) – 2.00% (0.15%) – 45	0.00% - 3.00% 1.29% - 189	0.00% - 4.00% 1.88% - 248	0.00% - 3.00% 1.80% - 240
EXPENSE CHANGE ^b					
Range Average Change (Basis Points)	0.00% – 2.00% 1.00%	0.00% – 2.00% 1.00% 0	0.00% - 2.00% 1.50% - 50	0.00% - 4.00% 1.67% - 67	0.00% - 3.00% 1.70% - 70
MARKETING TIME®					
Range	1 – 18	1 – 18	1 – 12	2 – 12	1 – 12
Average	5.8	5.4	5.2	5.3	4.3
Change (▼. ▲. =)		A	A	A	A

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

The national net lease market discount rate ranges from 5% to 10%, averaging 7.05%. We focused on the National Net Lease Market, which has similar economic appeal to investors as the leasehold position of the master lease. There has been no increase in the capitalization rate (OAR) at 6.22% from the prior period, but it is 53 basis point lower than 1-year ago. We attribute this to the lower cost of funds and investors realigning financial expectations because of the economic impact of Covid-19 shutdowns.

The RERC 2nd Quarter survey illustrates the following:

RERC Required Return Expectations by Property Type¹

	Off	ice		Industrial			Retail		Apt	Student Housing	Hotel	Average All Types	RERC Port Index					
	CBD	SUB	WHSE	R&D	FLEX	RGNL MALL	PWR CNTR	NEIGH/ COMM										
Pre-Tax Yie	ld Rate (IRF) (%)																
Range ²	6.0 - 8.1	7.0 - 9.0	5.8 - 7.2	7.0 - 8.7	73-90	7.0 - 9.0	7.5 - 9.0	6.5 - 7.5	6.0 - 7.4	7.0 - 8.5	9.0 - 12.0	5.8 - 12.0	5.8 - 12.0					
Average	7.0	7.9	6.4	7.8	8.1	8.2	8.5	7.1										
Weighted Average ¹	7.	4		6.5			7.9		6.5	7.8	10.2	7.8	7.0					
BPS	-10	-10	10	-20	-20	20	30	10	10	10 10	10	-10	0	0	0		0	***
Change ⁴	-1	0		10			20		-10	-10	0	0	-10					
Going-In C	ap Rate (%)																	
Range ²	4.5 - 6.5	5.5 - 7.1	4.3 - 5.5	5.5 - 7.2	55-74	5.8 - 7.5	6.8 - 8.0	4.8 - 7.0	4.5 - 5.8	5.5 - 7.0	7.5 - 9.0	4.3 - 9.0	4.3 - 9.0					
Average	5.5	6.5	4.8	6.4	6.8	6.7	7.3	6.1										
Weighted Average ³	5.	9		4.9			6.6		5.0	6.0	8.2	6.3	5.6					
BPS	-20	-10	0	-20	-20	0	20	10	10	20	0	-10	0					
Change ⁴	-2	0.0		0			10		-10	20	0	-10	0					
Terminal C	p Rate (%)																	
Range ²	5.3 - 7.0	6.0 - 7.8	5.0 - 6.0	6.0 - 7.8	6.8 - 7.9	6.3 - 8.0	6.8 - 8.5	6.0 - 8.0	5.0 - 5.8	6.0 - 7.5	8.0 - 9.5	5.0 - 9.5	5.0 - 9.5					
Average	6.2	7.0	5.4	7.0	7.4	7.2	7.7	6.7										
Weighted Average ³	6.	5		5.5			7,1		5.4	6.4	8.7	6.8	6.2					
BPS	0	-10	-10	-10	-20	0	20	10		10	- 10							
Change ⁴	-1	0		-10			0		0	-10	-10	-10	0					

The RERC survey reflects market changes by the respective property type as impacted by the current economic crisis caused by Covid-19. All sectors show a diminished level of investor confidence from 2019. However, the 2nd Quarter shows a notable increase in the suburban office and warehouse markets, with the retail and hotel markets continuing to experience further declines.

Current Quarter Investment Conditions & Capitalization Techniques

			100			
	Investment Conditions'				Income Approach ²	Cap Rate ¹
	2Q 2020	1Q 2020	2Q 2019	2Q 2018		
Office - CBD	3.8	3.3	6.0	5.1	DCF	Before Reserves
Office - Suburban	4.2	2.7	5.5	5.0	DCF	Before Reserves
Industrial - Whse	7.4	5.8	7.8	6.5	DCF	Before Reserves
Industrial - R&D	5.2	4.6	5.6	5.6	DCF	Before Reserves
Industrial - Flex	4.9	4.2	5.4	5.7	DCF	Before Reserves
Retail - Regional Mall	2.2	2.5	3.0	3.7	DCF	Before Reserves
Retail - Power Center	2.7	2.7	4.6	4,4	DCF	Before Reserves
Retail - Neigh/Comm	4.5	43	5.8	5.6	DCF	Before Reserves
Apartment	6.2	4.6	7.0	5.5	DCF	After Reserves
Student Housing	3.4	3.4	5.1	5.3	DCF	After Reserves
Hotel	2.2	2.7	6.3	5.8	DCF	After Reserves

¹ Investment Conditions rated on a scale of 1 = poor to 10 = excellent.

There is no specific class for school facilities, as such we reference the suburban office indexes because this is a possible alternate use (medical use as a community facility) for the Subject. This market segment indicates average yield requirements from 7.9% to 9.0%; with the going-in capitalization rates from 5.5% to 7.1% and the terminal capitalization rate 50 to 60 basis points higher.

As with any investment property, there is some risk to the leasehold owner, but it is mitigated by the 47-year lease term and two option periods that would extend the lease for an additional 20 years. Our analysis covers the initial lease term, plus the two option periods. We also consider that there is substantial potential leasehold income, as contract rent is 29% of market. The length of the lease term (67 Years with all options) approaches a fee position in Year 40 in the eyes of many investors and offers owner-user potential in an undersupplied market.

Most leasehold positions offer less marketability to a potential investor, as compared to a rental arrangement (leased fee interest). Based the cash flow characteristics, as well as specific use and condition of the improvements, a discount rate of 8.0% has been used to develop the present value of the net cash flow for the leasehold interest.

The table on the following pages represent the sum of the present value of the leasehold position.

Income Approach rated on a scale of 1 = least relevant to 10 = most relevant.

¹ Percentage of respondents who apply the cap rate before or after reserves. See RERC Scope and Methodology for more information.

Prigoriting P. Printing	hane balance tessenal	Amual Discount Face	The second secon
	//	,	<i>/</i>
1	\$226,335.01	0.926	\$209,569
2 3	\$160,329.91 \$1,870,908.37	0.857 0.794	\$137,457
4	\$1,923,646.54	0.735	\$1,485,187
5	\$1,923,040.34	0.733	\$1,413,938 \$1,355,085
6	\$2,045,933.26	0.630	\$1,289,285
7	\$2,101,899.42	0.583	\$1,226,438
8	\$2,895,026.58	0.540	\$1,564,093
9	\$2,893,020.38	0.540	\$1,442,762
10	\$2,943,478.85	0.300	· · ·
11	\$3,004,058.43	0.403	\$1,363,400 \$1,288,389
12	\$3,065,849.60	0.429	\$1,217,491
13	\$3,003,849.00	0.368	\$1,150,481
14	\$2,222,664.12	0.340	\$756,731
15	\$2,288,237.40	0.340	\$730,731
16	\$2,355,122.15	0.313	\$687,438
17	\$2,333,122.13	0.232	\$654,955
18	\$2,423,344.39	0.270	\$615,220
19	\$2,460,410.11	0.230	\$570,107
20	\$2,532,808.32	0.232	\$543,409
21	\$2,606,654.48	0.213	\$517,827
22	\$2,681,977.57	0.199	\$493,324
23	\$2,714,407.12	0.170	\$462,305
24	\$2,703,973.27	0.170	\$426,415
25	\$2,783,906.73	0.146	\$406,500
26	\$2,865,438.87	0.146	\$387,412
27	\$2,948,601.64	0.135	\$369,126
28	\$2,998,927.68	0.125	\$347,617
29	\$3,016,450.23	0.117	\$323,748
30	\$3,104,703.24	0.107	\$308,537
31	\$3,194,721.30	0.092	\$293,966
32	\$3,286,539.73	0.085	\$280,013
33	\$3,334,804.52	0.079	\$263,079
34	\$3,339,552.41	0.073	\$243,939

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Projection	Lessengel	Discount Party Par	
	/	/	/ ' -
35	\$3,436,990.86	0.094	\$232,459
36		0.088	\$221,464
37		$0.082 \\ 0.076$	\$210,938
38 39		0.078	\$199,012 \$186,084
40		0.071	· · · · · · · · · · · · · · · · · · ·
41	\$3,850,705.93 \$3,960,437.45	0.067	\$177,252 \$168,700
41 42		0.062	\$168,799 \$160,712
43		0.058	\$160,712 \$151,281
43		0.053	\$140,870
45		0.031	\$140,870
45		0.048	\$134,130
47		0.044	· · · · · · · · · · · · · · · · · · ·
48		0.042	\$121,590 \$112,617
49		0.039	\$107,236
50	\$4,788,105.44	0.030	\$107,230
51	\$4,921,867.55	0.034	\$97,167
52	·	0.032	\$92,463
53		0.030	\$87,970
54		0.028	\$83,678
55		0.020	\$79,581
56		0.024	\$75,670
57		0.023	\$73,870
58		0.021	\$65,644
59	\$5,855,405.11	0.020	\$62,453
60	\$6,015,263.21	0.013	\$59,406
61	\$6,178,318.48	0.017	\$56,496
62	\$6,344,634.85	0.016	\$53,720
63	\$6,514,277.54	0.013	\$51,070
64	\$6,687,313.10	0.014	\$48,544
65	\$6,863,809.36	0.013	\$46,134
66	\$7,043,835.54	0.012	\$43,837
67	\$7,227,462.26	0.011	\$41,648
Total	\$253,842,166		\$28,488,302

Sum of Discounted Cash Flows:

\$28,488,302

INDICATED MARKET VALUE OF LEASEHOLD INTEREST (RD.):

\$28,500,000

"AS IS" MARKET VALUE OF LEASEHOLD

The indicated value of the Leasehold as "Completed per Plans and Specifications" is \$28,500,000. In order to establish the "As Is" Market Value of the Leasehold, a deduction is required to account for the cost of construction for the proposed improvements.

Leasehold Value "As Completed per Plans and Specifications"	\$28,500,000
Deduction for Cost of Construction (developed on page 107:	\$20,750,000
Indicated "As Is" Leasehold Value	\$ 7,750,000

"AS IS" LEASEHOLD MARKET VALUE ESTIMATE AS OF JULY 21, 2020, VIA THE INCOME APPROACH (RD):

\$7,750,000

SALES COMPARISON APPROACH

The Sales Comparison Approach relies upon an analysis of recent sales of similar types of properties and provides an indication, in theory, of what the subject property itself would sell for, as of the effective date of valuation. For analysis purposes sale comparisons are reduced to a common unit rate, such as the price per square foot of gross building area. Where an active market provides a sufficient quantity of comparable sales, this approach is considered a reliable indicator of market value.

This approach is based on the Principle of Substitution that states that when several commodities or services with substantially similar utility are available, the lower price attracts the greatest demand and the widest distribution. In other words, a prudent investor/purchaser would not pay more to acquire a given property in the market, if an equally desirable alternative property may be acquired for less.

The New York City Rolling Sales online data files and Costar were used in our search for comparable buildings in the subject market. There have been a limited number of sales that are operated as schools in the past four years. Despite the limited number of sales, we were able to develop several sales of Charter School or Pre-K facilities with similar characteristics as the subject.

None of the comparable sales developed are exactly similar to the subject. Therefore, a detailed series of adjustments is applied to account for pertinent differences, including an adjustment for conditions of sale, financing terms, market conditions, location/exposure, and physical characteristics. After adjustment, the comparable sales provide a meaningful range of value indicators for the subject.

Below is a summary of the sales used in our analysis, followed by individual sale abstracts and photographs, the adjustment analysis and grid, and the Conclusion of Value.

Sale No.	Sale Date	Sale Price	GLA (SF±)	Unadjusted \$/SF
Subject	07/21/2020	N/A	74,227	N/A
1	07/10/2019	\$14,000,000	21,375	\$655
2	02/28/2019	\$14,000,000	24,240	\$578
3	11/05/2019	\$9,000,000	18,600	\$484
4	12/22/2017	\$24,012,708	51,771	\$464
5	12/15/2017	\$15,250,000	29,567	\$516

COMPARABLE SALES LOCATION MAP



SALE COMPARABLE NO. 1

Tax Map Identification: Block 3328, Lot 60

Location: 3515 Bainbridge Avenue

Norwood, Bronx, New York

Grantor: Roman Catholic Church of Saint Brendan and Saint Ann

Grantee: MMC Corporation

Date of Sale: July 10, 2019
Recording Date: July 19, 2019
Document ID: 2019071700512001

Plot Size: $21,133\pm$ square feet Building Size: $21,375\pm$ square feet Zoning: R7-1 Residential

Improvement Description: Four-story school building constructed circa 1923 and

renovated throughout the years.

Indicated Sale Price: \$14,000,000

Price per SF GBA: \$655

Real Estate Taxes: \$6.91 per square foot of GBA (currently exempt)

Remarks: The improvements are a school facility formerly operated by

Saint Ann's Catholic School. The new entity will continue to

operate the facility as a charter school.



SALE COMPARABLE No. 2

Tax Map Identification: Block 409, Lot 38

Location: 238 Hoyt Street

Carroll Gardens, Brooklyn, New York

Grantor: ULBERN Realty, LLC.
Grantee: New Dawn Charter Schools

Date of Sale: February 28, 2019
Recording Date: March 12, 2019
Document ID: 2019030401015001

Plot Size: $7,500\pm$ square feet Building Size: $24,240\pm$ square feet

Zoning: R6B Residential with a C2-2 Commercial Overlay

Improvements: The improvements were constructed as a Transient Hotel in 2015.

Indicated Sale Price: \$14,000,000

Price per SF GBA: \$578

Real Estate Taxes: \$7.57 per square foot of GBA

Remarks: The property operates as a Charter School, New Dawn which was approved

for operations in 2018.



SALE COMPARABLE NO. 3

Tax Map Identification: Block 1624, Lot 1

Location: 265 Marcus Garvey Boulevard

Bedford Stuyvesant, Brooklyn, New York

Grantor: 265 Marcus Garvey Blvd. LLC

Grantee: 265 Marcus LLC

Date of Sale: November 5, 2019
Recording Date: November 13, 2019
Document ID: 2019111000006001

Plot Size: $12,500\pm$ square feet Building Size: $18,600\pm$ square feet

Zoning: R3-2 Residential with a C1-2 Commercial Overlay

Improvements: The improvements consist of a 2-story school facility.

Indicated Sale Price: \$9,000,000 Price per SF GBA: \$484

Real Estate Taxes: \$3.72 per square foot of GBA

Remarks: The property operates as the Early Life Pre-school which was approved for

operations in 2016 under the Office of Head Start.



SALE COMPARABLE NO. 4

TAX MAP ID

Block 2523, Lot 133

LOCATION

180 West 165th Street

Morris Heights, Bronx, New York

PLOT SIZE

 $11,618 \pm \text{sq. ft.}$

BUILDING SIZE

 $51,171\pm$ square feet

ZONING

R7-1 Residential



Grantor: CA New York City 180 W165S LLC

Grantee: 180 W. 165TH Street LLC

Date of Sale:

Recording Date:

Document ID #:

December 22, 2017

January 11, 2018

2018010301278001

Indicated Sale Price: \$24,012,078 Per Sq. Ft. of GBA: \$463.83

Real Estate Taxes: \$40,120 (\$554,120 in Abated taxes as a Charter School)

Improvement Description: Five-story building used as an educational facility. The

building was constructed as a new facility in 2013 and is in good

condition.

Remarks: Deed confirmed from ACRIS-NYC online documentation

system. The building is occupied by Metropolitan Lighthouse

Charter School. The property is net leased.

SALE COMPARABLE No. 5

TAX MAP ID

Block 2762, Lot 7

LOCATION

830 Hunts Point Avenue Hunts Point, Bronx, New York

PLOT SIZE

13,388± square feet

BUILDING SIZE

 $29,567 \pm \text{ square feet}$

ZONING

R6 with a C1-4 Commercial



Grantor: Civic Hunts Point Ave Charter Corp.
Grantee: Hyde Leadership Charter School

Date of Sale:

Recording Date:

December 15, 2017

January 10, 2018

Document ID #:

2017122700489006

Indicated Sale Price: \$15,250,000 Per Sq. Ft. of GBA: \$515.68

Real Estate Taxes: Exempt (\$539,529 in exempt taxes)

Improvement Description: Three-story building used as an educational facility. The

building was constructed as a new facility in 2010 and is in good

condition.

Remarks: Deed confirmed from ACRIS-NYC online documentation

system. The facility is occupied Hyde Leadership Charter

School.

MARKET DATA ADJUSTMENT ANALYSIS

Five (5) sales were selected for analysis in estimating the market value of the subject property. The sales used were adjusted for differences with the subject, such as property rights conveyed, conditions of sale, financing terms, market conditions (time), location, size, and physical features such as age/condition and utility.

TRANSACTION ADJUSTMENTS

Unit of Comparison

The unit of comparison used is the price-per square foot of gross building area (GBA).

Property Rights Conveyed

We are valuing the leasehold position of the Subject. An adjustment is required to account for the differences in the property rights conveyed, based upon identifiable differences between the subject and respective sales. These differences may include any form of encumbrance, restriction, easement, or covenant. Most often, the identification and comparison of a fee simple to a leased fee interest is addressed.

The sales are occupied by educational use tenants. The distinct difference that must be accounted for in the adjustment process is the fact the leasehold is responsible for a substantial rent to maintain the leasehold, and by its very nature, a leasehold has a finite life owing to the lease length, which is not a major issue in and of itself. A single adjustment (to the concluded value at the conclusion of this approach) is applied to our valuation estimate to account for this variance, as opposed to applying adjustments to each sale which could be significant and render the adjustment less meaningful when compiled with the other adjustments that we have considered.

Conditions of Sale

An adjustment is required when a property sells subject to unique conditions that clearly influence sale price. No unusual conditions are known to have affected the sales. Therefore, no adjustments are made.

Financing

An adjustment must be made to sales that are subject to non-conventional financing (assumed mortgages, seller financing), when substantially different than market terms. Verification of financing terms for the sales revealed no differences that would warrant adjustment.

Market Conditions

The sales have occurred since December 2017. Our analysis indicates that the market had a positive time trend of 3% to 5% per annum through the 1st Quarter in 2020 prior to the Covid-19 pandemic impacting New York City. The market was showing signs of cooling down and that the pandemic's effect is likely to dampen sales activity and demand, but prices are not expected to retrench. We have considered the effect of COVID-19 and are of the opinion that any economic influence affecting school facilities will most likely be in terms of exposure and marketing time, versus a decline in property values. A market trend of 4% per annum was applied to the sales through March 1, 2020 and no time trend has been applied since March 2020.

PROPERTY ADJUSTMENTS

Location/Exposure

Location/exposure adjustments consider the characteristics of surrounding neighborhood development and demographics, as well as proximity to supporting facilities.

Sale Nos. 1 and 2 are in superior areas in terms of exposure and access to mass transit. These sales are adjusted downward.

Sale Nos. 3, 4 and 5 sales have similar access to mass transit but are in less desirable residential communities. Upward adjustments have been applied.

Building Size

Typically, smaller buildings appeal to a greater pool of buyers, and due to greater demand, frequently command a higher price per square foot. The gross rentable area of the Subject is 74,227± square feet (Building 1 is 25,665 square feet and Building 2 is 48,562 square feet).

Sale Nos. 1, 2, 3 and 5 are smaller than the Subject. We are of the opinion that a premium exists for acquiring a smaller facility, as such downward adjustments are applied.

Sale No. 4 is of similar in size to the Subject. We are of the opinion that there is no differential between the sale and the Subject. No adjustment is considered.

Condition

The Subject represents an existing structure (Building 1) and a proposed structure. The current facility is in good condition. Our adjustment for condition is based on the current maintenance and appeal of the facility.

Sale Nos. 1, 2 and 3 are older building and judged to be inferior to the subject in terms of condition. We adjusted these sales upwards.

Sale Nos. 4 and 5 are of similar quality and in similar condition to the Subject. We have not applied any adjustments to these sales.

Economic Utility

The Subject is used as a Charter School and the sales are used as educational facilities.

	CALEC	COMPARIS	SILI UV NO	CALES COMPARISON AN HISTMENT CRIN		
		1641 R S	1641 Richmond Avenue SVS 955903			
Sale No.	Subject	1	2	3	4	જા
Address	1641 Richmond Avenue	3515 Bainbridge Ave	238 Hoyt Street	265 Marcus Garvey Blvd	180 West 165th St	830 Hunts Point Ave
Community	Bulls Head, Staten Island	Norwood	Carroll Gardens	Bedford Stuyvesant	Morris Heights	Hunts Point
Date of Sale	7/21/2020	7/10/2019	2/28/2019	11/5/2019	12/22/2017	12/15/2017
Indicated Sales Price		\$14,000,000	\$14,000,000	\$9,000,000	\$24,012,708	\$15,250,000
DESCRIPTIVE INFORMATION	MATION					
Estimated GBA (SF)	74,227	21,375	24,240	18,600	51,771	29,567
Site Area:	40,000	21,150	7,500	12,500	11,618	13,388
Stories:	2 and 4	4	4	2	5	3
Year Built	2012/Proposed	1928	1971	1913	2013	2010
Use:	Charter School	Charter School	Charter School	Day Care	Charter School	Charter School
Condition	Good	Inferior	Inferior	Inferior	Similar	Simlar
Property Rights Conveyed	Leasehold Interest	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
		Valu	Valuation Indicators			
Price per SF of GBA		\$655	\$578	\$484	\$464	\$516
		Econ	Economic Indicators			
Real Estate Taxes	0\$	\$147,777	\$183,458	\$69,190	\$594,200	\$539,529
RET/ SF of GBA	\$0.00	\$6.91	\$7.57	\$3.72	\$11.48	\$18.25
		TRANSACTIO	TRANSACTIONAL ADJUSTMENTS	SLA		
Adjustment for Property Rights Conveyed	Rights Conveyed	%0	%0	%0	%0	%0
Adjusted Sale Price Per Sq. Ft.	Sq. Ft.	\$654.97	\$577.56	\$483.87	\$463.83	\$515.78
Adjustment for Conditions of Sale	s of Sale	%0	%0	%0	%0	%0
Adjusted Sale Price Per Sq. Ft.	Sq. Ft.	\$655	\$578	\$484	\$464	\$516
Financing Adjustment		%0	%0	%0	%0	%0
Adjusted Sale Price Per Sq. Ft.	Sq. Ft.	\$655	\$578	\$484	\$464	\$516
Adjustment for Market Conditions	onditions					
Time (Months)		13	17	6	31	32
Percent Adjustment		3.8%	5.1%	2.6%	9.4%	9.5%
Adjusted Sale Price Per Sq. Ft.	. Ft.	\$680	209\$	\$496	\$508	\$565
		PROPERTY	TY ADJUSTMENTS	S		
Location		-5.0%	-5.0%	10.0%	5.0%	5.0%
Building Size		-10.0%	-10.0%	-10.0%	0.0%	-10.0%
Condition		5.0%	5.0%	10.0%	0.0%	0.0%
Utility		0.0%	0.0%	0.0%	0.0%	0.0%
Total Adjustment		-10.0%	-10.0%	10.0%	2.0%	-5.0%
ADJUSTED PRICE PER	PER SF OF GBA	\$612	\$546	\$546	\$533	\$536

Price per Square Foot Indicator

Prior to adjustment, the comparable sales range from \$464 to \$655 per square foot. After applying appropriate adjustments, the comparable range from \$548 to \$610 per square foot with a mean and median of \$588 and median of \$598 per square foot.

Analysis:	Unadjusted	Adjusted
Low	\$464	\$533
High	\$655	\$612
Mean	\$539	\$555
Median	\$547	\$546

Based on our analysis of available market data the indicated value of the subject property via the sales comparison approach is estimated to be \$550.00 per square foot. Sale Nos. 4 and 5 are recently constructed Charter School facilities and are very similar to the Subject.

GLA(±SF)	×	Indicated Unit Value/SF		Indicated Value
74,227	×	\$550	=	\$40,824,850

FEE SIMPLE VALUE VIA SALES COMPARISON APPROACH (ROUNDED): \$40,800,000

DEDUCTION FOR MASTER LEASE

The property is encumbered by a master lease with 47 years remaining on the initial term plus two (2), ten-year options periods. The annual cost of the lease is \$613,410 which escalates to \$1,056,000 in 2032 once the rent concession burns off.

We have calculated the present value of the master lease to be \$11,700,000 (rd.) based on an 7.0% discount rate. A lower rate, as compared to the leasehold cash flow, is appropriate, as the leased fee cash flow is subject to less risk. The value of the master lease is deducted from the indicated fee value of the sales to establish the leasehold value. We presented the discounted value of the land with the cash flow summaries in the Income Capitalization Approach. The following pages provide the tables that summarize the present value of the cash flows for the master lease.

Indicated Value via the Sales Comparison Approach (rounded):

\$40,800,000
Indicated Present Value of Land Lease (rounded):

\$11,700,000

Market Value of the Leasehold Position: \$29,100,000

"AS COMPLETED PER PLANS AND SPECIFICATIONS" MARKET VALUE
AS OF AUGUST 1, 2022, VIA SALES COMPARISON APPROACH: \$29,100,000

Projection Projection	True Act Leavestone	Aminal Discount Facto	The second of th
1	\$226,335.01	0.935	\$573,280
2	\$160,329.91	0.873	\$608,097
3	\$1,870,908.37	0.816	\$625,284
4	\$1,923,646.54	0.763	\$584,378
5	\$1,991,064.47	0.713	\$536,433
6	\$2,045,933.26	0.666	\$501,339
7	\$2,101,899.42	0.623	\$468,541
8	\$2,895,026.58	0.582	\$9,506
9	\$2,884,087.11	0.544	\$46,506
10	\$2,943,478.85	0.508	\$43,464
11	\$3,004,058.43	0.475	\$40,620
12	\$3,065,849.60	0.444	\$37,963
13	\$3,128,876.59	0.415	\$35,479
14	\$2,222,664.12	0.388	\$409,535
15	\$2,288,237.40	0.362	\$382,743
16	\$2,355,122.15	0.339	\$357,704
17	\$2,423,344.59	0.317	\$334,303
18	\$2,458,431.48	0.296	\$322,640
19	\$2,460,410.11	0.277	\$320,611
20	\$2,532,808.32	0.258	\$299,637
21	\$2,606,654.48	0.242	\$280,034
22	\$2,681,977.57	0.226	\$261,714
23	\$2,714,407.12	0.211	\$253,959
24	\$2,703,973.27	0.197	\$254,851
25	\$2,783,906.73	0.184	\$238,179
26	\$2,865,438.87	0.172	\$222,597
27	\$2,948,601.64	0.161	\$208,035
28	\$2,998,927.68	0.150	\$199,614
29	\$3,016,450.23	0.141	\$196,254
30	\$3,104,703.24	0.131	\$183,415
31	\$3,194,721.30	0.123	\$171,416
32	\$3,286,539.73	0.115	\$160,202
33	\$3,334,804.52	0.107	\$154,588
34	\$3,339,552.41	0.100	\$153,573

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Projection P. P. P	Cried Lessenber	Amual Discount	Maisaca Value of Casebad Meres
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35	\$3,436,990.86	0.094	\$143,526
36	\$3,536,378.08	0.088	\$134,137
37	\$3,637,753.04	0.082	\$125,361
38	\$3,706,655.50	0.076	\$119,798
39	\$3,743,126.01	0.071	\$116,891
40	\$3,850,705.93	0.067	\$109,244
41	\$3,960,437.45	0.062	\$102,097
42	\$4,072,363.60	0.058	\$95,418
43	\$4,140,049.27	0.055	\$91,709
44	\$4,163,539.23	0.051	\$90,446
45	\$4,282,316.16	0.048	\$84,529
46	\$4,403,468.62	0.044	\$78,999
47	\$4,527,044.13	0.042	\$73,831
48	\$4,528,398.16	0.039	\$73,847
49	\$4,656,966.12	0.036	\$69,016
50	\$4,788,105.44	0.034	\$64,501
51	\$4,921,867.55	0.032	\$60,281
52	\$5,058,304.90	0.030	\$56,337
53	\$5,197,471.00	0.028	\$52,652
54	\$5,339,420.42	0.026	\$49,207
55	\$5,484,208.83	0.024	\$45,988
56	\$5,631,893.00	0.023	\$42,980
57	\$5,782,530.86	0.021	\$40,168
58	\$5,698,681.48	0.020	\$42,233
59	\$5,855,405.11	0.018	\$39,470
60	\$6,015,263.21	0.017	\$36,888
61	\$6,178,318.48	0.016	\$34,474
62	\$6,344,634.85	0.015	\$32,219
63	\$6,514,277.54	0.014	\$30,111
64	\$6,687,313.10	0.013	\$28,141
65	\$6,863,809.36	0.012	\$26,300
66	\$7,043,835.54	0.011	\$24,580
67	\$7,227,462.26	0.011	\$22,972
Total	\$253,842,166		\$11,714,844

CONCLUSION AND FINAL VALUE ESTIMATE

The leased facilities include a 25,665± square foot school (Building 1) and a proposed 48,562± square foot school (Building 2). Building 1 is of good quality construction and in good condition and Building 2 will be constructed of similar materials. The combined gross building area (GBA) will be 74,227± square feet. The improvements are 100% fireproof with a wet sprinkler system and are handicap accessible.

The existing structure consists of ground floor offices, gymnasium, cafeteria, and classrooms and the 2nd floor consists of classrooms and office areas. The basement level has a kitchen area, storage rooms and utilities area. We completed an interior inspection on July 21, 2020. Schematic drawings of the proposed school were provided by Gerakaris Design Studio. The new school will include a cafeteria, office and classrooms on four floors. There is an alternate plan for a gymnasium on the 4th floor.

The following value conclusions were derived in this analysis.

Valuation Premise	"As Is"	"As Complete "
Effective Date of Valuation		August 1, 2022
Real Property Rights	Leasehold	Leasehold
Cost Approach		\$29,800,000
Sales Comparison Approach		\$29,100,000
Income Capitalization Approach	\$7,750,000	\$28,500,000
Reconciled Market Value Estimate	\$7,750,000	\$28,500,000

Cost Approach

The Cost Approach was developed and included in the Building Description section of this report. This valuation approach was only developed as validation for the values established via the Income Capitalization Approach. The Cost Approach is limited for the following reasons:

- 1. The subject is an income producing property and the Cost Approach cannot reliably consider the subject's operating potential in estimating Market Value.
- 2. The proposed improvements are at the preliminary stage of development with a construction budget and schematics provided. Representations by the architect and construction consultant are preliminary and contingent upon various factors that could affect the overall cost.
- 3. The under lying land value does not correspond to the inherent value of the real property rights (land and building) conferred to the leasehold based upon the master lease.
- 4. The typical purchaser of the subject property would place little to no emphasis on the results of this approach.

Income Capitalization Approach

A typical investor values an income producing property by converting the anticipated benefits of ownership into a value estimate. Anticipated future income and the property reversion are converted to a present worth estimate through the capitalization process. All components of the direct capitalization technique, including income, expenses, and rates of return, were supported by the market.

The ability to sublease (when that lease or market rent exceeds contract rent) provides a marketable leasehold interest. The leasehold value appraised is created by the master lease (Hellenic Classical Charter School – tenant) covering a portion of Lot 15. The existing school improvements and proposed school facility are situated in this designated land area.

This master lease commenced on July 17, 2019 with a lease term of three (3) years. This master lease was modified on October 19, 2020 with an effective date of May 15, 2020. A final copy of the unsigned lease was provided.

The net cash flow for the holding period is converted to present dollars and the sum of these cash flows provides an indication of the Leasehold interest for the Subject. A typical investor values an income producing property by converting the anticipated benefits of ownership into a value estimate.

We also apply the Year 1 Stabilized Net Operating Income (Lease Year 2022) to the value established via the Discounted Cash Flow to calculate the implied going-in capitalization rate. The calculated rate is in the range of two national surveys and is deemed to provide support to the DCF.

Sales Comparison Approach

The Sales Comparison Approach consists of the collection and analysis of data relevant to actual sales of properties deemed comparable to the subject property. Properties that have been sold are compared to the property under appraisal and adjustments to the sale prices are made based on differences between the subject property and the comparable sales.

The sales represent a fee interest versus the leasehold interest of the Subject. We applied a deduction for the master lease to develop the "As Is" Market Value estimate of the Leasehold. The sales comparison approach would not be relied upon by a purchaser given the lease constraints in place for the Subject.

Reconciliation

The typical buyer in this market is an owner-user / investor. We believe that the leasehold interest would be attractive to an owner-user, who would recognize the value of a defined cost of ownership and the relative certainty of a long-term (67-year) lease. Such a buyer would favor the Income Capitalization Approach as the best guide to value.

Based upon our analysis of the subject's physical, legal, and economic attributes and the market data enclosed, the "As Is" Market Value of the Leasehold Interest in the subject property, as of July 21, 2020 is:

SEVEN MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$7,750,000)

Prospective "As Completed per the Plans and Specifications" Leasehold Interest, August 1, 2022:

TWENTY-EIGHT MILLION FIVE HUNDRED THOUSAND DOLLARS (\$28,500,000)

INSURABLE COST ESTIMATE

Introduction

The replacement cost new and insurable value estimates presented herein are intended only for the client's internal use and is not intended to substitute for the due diligence that must be conducted by an insurance company to determine the appropriate amount of insurance coverage.

We are not professionally qualified to determine sufficient coverage for hazardous losses and assume no responsibility for the accuracy of the requested estimates, instructed exclusions, or sufficiency of insurance coverage. Furthermore, we do not warranty that Marshall & Swift accurately or fully accounts for the high costs of construction in the subject's market area.

Insurable value is based on the replacement and/or reproduction costs of physical items that are subject to loss from hazards. Insurable value is the portion of value of an asset that is acknowledged or recognized under the provisions of an applicable insurance policy. Typically, it is replacement/reproduction cost of the property less non-insurable components, or exclusions.

Insurable value differs from replacement cost in that site improvements as well as certain exclusions are not included since they are not typically covered by an insurance policy. Insurance exclusions or additions are a matter of underwriting and not a matter of valuation. We have not been supplied with the type of coverage sought or maintained, nor are we privy to the insurance company's policies regarding underwriting and claims.

INSURABLE VALUE NEW BUILDING 1									
Base Unit Cost New/SF									
	Schools	(Class B, Good,	Section 18, Pg 11 -	2/2019)	\$277.00				
	Sprinkler System				\$3.45				
	Adjusted Base Cost				\$280.45				
Cost Adjustment Multipliers									
Current Cost	(09/20)		1.	08	\$302.89				
Local Cost	(09/20)		<u>1.</u>	<u>41</u>	<u>\$427.07</u>				
	Total Base Cost				\$427.07				
Gross Building Area (+/- SF)			25,665						
Insurable Cost New/SF Estimate			\$427.07						
Insurable Cost New Estimate			<u>9427.07</u>		\$10,960,733				
Indicated Insurable	Value New Est	imate (F	Rounded)		\$10,950,000				
		(Rounded)							

INSURABLE VALUE NEW BUILDING 2									
Base Unit Cost New/SF									
	Schools	(Class B, Good,	Section 1	18, Pg 11 - 2/2019)	\$277.00				
	Sprinkler System				\$3.45				
	Adjusted Base Cost				\$280.45				
Cost Adjustment Multipliers									
Current Cost	(09/20)			1.08	\$302.89				
Local Cost	(09/20)			<u>1.41</u>	<u>\$427.07</u>				
	Total Base Cost				\$427.07				
Gross Building Area (+/- SF)			48,562						
Insurable Cost New/SF Estimate	e		\$427.07						
Insurable Cost New Estimate					\$20,739,337				
Indicated Insurable	Value New Est	timate		(Rounded)	\$20,750,000				

LIMITING CONDITIONS AND GENERAL ASSUMPTIONS

- 1. No survey of the property has been made by the appraiser(s) and no responsibility is assumed in connection with such matters. Land and building area estimates used throughout this report are based upon information obtained from New York City Department of Finance and Planning tax maps and the architectural planning provided by Gerakaris Design Studio.
- 2. No responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be insurable.
- 3. Information furnished by others is assumed to be true, correct and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraiser(s).
- 4. All mortgages, liens, encumbrances, leases and servitudes have been disregarded unless so specified within this report. The property is appraised as though under responsible ownership and competent management.
- 5. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for the engineering which may be required to discover them.
- 6. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless non-conformity has been stated, defined and considered in the appraisal report.
- 7. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been stated, defined and considered in the appraisal report.
- 8. It is assumed that all required licenses, consent or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been, or can be, obtained or renewed for any use on which the value estimate contained in this report is based.
- 9. It is assumed that the improvements are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.
- 10. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material contained in this report, it is recommended that the reader contact the undersigned.
- 11. It is assumed that a final approved survey will be submitted, conforming to the sketches and estimates as represented in this report.

- 12. This appraisal report represents a summary of the findings of the data gathering process and the appropriate appraisal analysis. All input data would have been too voluminous to include in this report. The exclusion of same does not preclude the appraiser(s) from referring to this data at a future date. If the occasion arises, the appraiser(s) reserves the right to refer to any of the source material used in the preparation of this appraisal to further clarify any item contained in this report.
- 13. The valuation techniques and data apply to this case only. They may or may not apply to other properties or situations. Unless Standard Valuation Services does a full appraisal analysis according to their standards, no such implication can be assumed or inferred.
- 14. This appraisal report is meant to be presented in its entirety. If this report is presented in any form other than its complete form, it becomes invalid.
- 15. Projections utilized in this report, are based upon analysis of past and current trends, business cycles and available market data. Future valuation estimates may be affected by events that cannot be reasonably foreseen at the effective date of the appraisal. These may be local, national or international in scope. It must be understood that actual results achieved during projection periods may vary from those indicated and the variations could be material.
- 16. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of urea-formaldehyde foam insulation, asbestos, and/or the existence of toxic waste, which may or may not be present on the property, was not observed by the appraiser(s); nor do we have any knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The existence of urea-formaldehyde foam insulation or other potentially hazardous waste material may have an effect on the value of the property. The appraiser(s) urge the client to retain an expert in this field if desired.
- 17. Unless otherwise specified in the body of this report, it is assumed that the subject property is in compliance with the Americans with Disability Act of 1990. The appraisers are not qualified to determine if the property is in compliance and urge the client to retain an expert in the field, if desired. If the property is not in compliance, the final value conclusion could be impacted by the cost of bringing the property to compliance.

CERTIFICATION

The undersigned do hereby certify that, except as otherwise noted in this appraisal report:

- 1. John M. Watch has inspected the subject property and has no contemplated future or present interest in the real estate that is the subject of this appraisal report.
- 2. Andrew W. Albro, MAI has reviewed the appraisal report and has no contemplated future or present interest in the real estate that is the subject of this appraisal report. Mr. Albro has not inspected the subject property.
- 3. That the undersigned have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
- 4. To the best of our knowledge and belief, the statements of fact contained in this appraisal report, upon which the analysis, opinions and conclusions expressed herein are based on fact and are true and correct.
- 5. This appraisal report sets forth all the limiting conditions affecting the analysis, opinions and conclusions contained in this report.
- 6. This appraisal report has been made in conformity with, and is subject to, the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute.
- 7. No one other than the undersigned prepared the analysis, conclusions, and opinions concerning real estate that are set forth in this appraisal report unless otherwise stated.
- 8. The use of this report is subject to the requirements of the Appraisal Institute relating to peer review by its duly authorized representatives.
- 9. That the employment of the appraiser was not based on a requested minimum valuation, a specific valuation, or an approval of a loan.
- 10. The Appraisal Institute conducts a voluntary program of continuing professional education for its designated members. MAI, SREA, SRPA, RM and SRA members who meet the minimum standards of this program are awarded periodic educational certification. Mr. Albro is currently certified under this program.
- 11. The State of New York, Department of State in conjunction with Federal Guidelines set-forth by the appraisal sub-committee of the Federal Financial Institutions Examination Council or by the Appraiser Qualification Board of the Appraisal Foundation as referred to in Title XI of the Financial Institution Reform, Recovery and Enforcement Act of 1989, have set minimum standards to be achieved for qualification as a New York State Certified Real Estate Appraiser. Mr. Albro and Mr. Watch are currently certified as Real Estate Appraisers with the State of New York under this program.

- 12. The undersigned have not provided any additional services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment, other than what has been stated.
- 13. The undersigned has extensive experience in the appraisal of properties similar to the subject property and meets the competency provision mandated by USPAP.

Andrew W. Albro, MAI Certified General Real Estate Appraiser State of New York - ID #46000002861 John M. Watch Certified General Real Estate Appraiser State of New York - ID #46000002984



Submitted Budgets

Uses	To	tal Amount	Percent of Total Financing
Land and Building Acquisition and Improvements	\$	10,050,000	25.18%
Construction Hard Costs (i.e. site excavation, building materials, labor, landscaping, construction materials, etc.)	\$	19,525,000	48.91%
CM - Kel-Mar	\$	17,500,000	89.63%
Landscape Contractor	\$	250,000	1.28%
Contingency hard costs (10%)	\$	1,775,000	9.09%
Construction Soft Costs (i.e. pre-planning, legal, financing, design, etc.)	\$	2,831,724	7%
Brokerage - Avison Young	\$	733,815	26%
Cabling	\$	315,000	11%
Architect - Gerakaris Design Studio (\$787,500 cap)	\$	612,500	22%
Structural Engineering - David Keane PE, PC	\$	52,000	2%
Mechanical and Civil Engineering - Gabor Szakal Consulting Experience, PC	\$	240,000	8%
Phase I - Langan Engineering	\$	6,000	0%
SOE Engineer	\$	30,000	1%
Environmental & Geotech Engineeing	\$	75,000	3%
Fire Alarm/AV/Security Consultant	\$	150,000	5%
Kitchen Consultant	\$	30,000	1%
Auditorium Consultant	\$	75,000	3%
Expediting	\$	55,000	2%
Controlled Inspections	\$	85,000	3%
Site Surveying	\$	15,000	1%
Construction Clean Up	\$	25,000	1%
Reimbursables A, E, CON, EXP (3%)	\$	74,979	3%
Contingency soft costs (10%)	\$	257,429	9%
Furnishings, Fixtures, & Equipment (FF&E) and Machinery & Equipment (M&E) (i.e. generators, desks, chairs, electronic equipment, specialized manufacturing equipment, assembly equipment, etc.)	\$	810,000	2.0%
FF&E purchased in NYC M&E purchased in NYC	\$	810,000 -	
Closing Fees (costs associated the execution of deal, i.e debt service reserve fund, financing fees, loan	\$	1,352,437	3.39%
origination fees, attorney fees, pre-payment penalties, etc.) Other (describe): capitalized interest during construction & Debt Service Reserve Fund	\$	5,347,563	13.40%
Total	\$	39,916,724	

Hellenic Classical Charter School - 1641 Richmond Avenue, Staten Island, NY

Gross Building Area (sf) 48562 Site Area (sf) 40000

Cost	Sub-Total		
Division 1 - General Requirements / General Conditions		PSF of CEA	
Per-Construction Services	\$110,000		\$2.27
Project Management, On-Site Supervision	\$635,000		\$13.08
General Laborers	\$345,000		\$7.10
Field Office, Consumables	\$30,000		\$0.62
Misc Printing, Photos, First Aid, Rodent Control, Tolls/Parking	000°6\$		\$0.19
Trash Containers & Carting	\$70,000		\$1.44
Temporary Utilities	\$21,000		\$0.43
Sidewalk Shed	\$75,000		\$1.54
Scaffolding	\$160,000		\$3.29
Total		\$1,455,000	\$29.96
Division 2 -Existing Conditions & Sitework		PSF of Site	
Site Demolition (including paving)	\$125,000		\$3.13
Storm System Modifications	\$75,000		\$1.88
Utilities - Water, Gas, Electric, Sewer	\$135,000		\$3.38
Support of Excavation Systems - assume sloped at 3-sides	\$250,000		\$6.25
Cellar Out / Haul / Limited Backfill	\$500,000		\$12.50
Pile Foundation Support	\$0 (assumed mat slab below)		\$0.00
SSDS System Under Slab	\$125,000		\$3.13
New Site/Street Asphalt, Sidewalks, Curbs	\$100,000		\$2.50
Repave Entire Parking Lot (approx 35,000sf)	\$213,889		\$5.35
Replace Fence along Richmond Ave	\$35,000		\$0.88
Landscape Perimeter of Parking Lot with Curbing	\$75,000		\$1.88
Total		\$1,633,889	\$40.85
Division 3 - Concrete		PSF of GBA	
Mat Slab (allow 2' thick)	\$545,000		\$11.22
Foundation Walls	\$600,000		\$12.36
Additional Footings / Piers - Cellar	\$150,000		\$3.09
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Metal Doors, Frames & Hardware	\$283,500		\$5.84
Rolling Grilles	\$15,000		\$0.31
Access Doors	\$15,000		\$0.31
Aluminum Entrances	\$60,000		\$1.24
Aluminum Windows (approx 3,000sf exterior & 2,000sf at interior lightwell)	\$680,000		\$14.00
Skylight / Lightwell (approx 320sf)	\$48,000		\$0.99
Total		\$1,101,500	\$22.68
11: da w		r and a man	
Division 9 - Finishes		PSF of GBA	
Ceramic Tile - Floors & Walls	\$300,000		\$6.18
Carpet, Resilient, & Wood Flooring - Including Base	\$336,000		\$6.92
Interior Partitions - Metal Framing, Drywall	\$1,620,000		\$33.36
Ceilings & Soffits	\$576,000		\$11.86
Prinning & Painting	\$216,000		\$4.45
Ceramic Tile - Cornidor Walls to 4TH (2500H of wall tile)	\$170,000		\$3.50
Total		\$3,218,000	\$66.27
Division 10 - Specialties		PSF of GBA	
Toilet & Bath Accessories; Toilet Partitions	\$60,000		\$1.24
Visual Display Boards - Marker, tack	by Others not included		\$0.00
Lockers - Allow minimal	by Others not included		\$0.00
Signage - Building Mounted Only, no Interior	\$20,000		\$0.41
Wall Protection	\$40,000		\$0.82
Projection Screens	by Others not included		\$0.00
Fire Extinguishers / Cabinets	\$7,500		\$0.15
Total		\$127,500	\$2.63
Thirting 11 Dominous		ACT of CEA	
Stage Rigging / Oursins	\$75,000		\$1.54
Kirchen Equipment	\$250,000		\$5.15
Auditorium Sesting	\$100,000		\$2.06
Total		\$425,000	\$8.75
Division 12 - Munishings		PSF of GBA	

\$0.82	\$0.41	\$60,000 \$1.24	DSP of CE3.4	\$4.12	\$200,000 \$4.12	PSF of CEA	27.00	\$339,934 \$7.00	PSF of GBA	\$12.97	\$0.41	\$1.54	\$1.75	\$0.72	\$1.24	\$905,000 \$18.64	PSF of GBA		\$23.10	\$5.15	\$22.65	\$0.82	\$5.15	\$2,761,782 \$56.87	PSF of GBA	\$5.15	\$0.00	\$9.27
\$40,000	\$20,000	ø.		\$200,000	125		\$339,934	Z		\$630,000	\$20,000	\$75,000	\$85,000	\$35,000	\$60,000	105			\$1,121,782	\$250,000	\$1,100,000	\$40,000	\$250,000	52,77		\$250,000	\$0 assume not required	\$450,000
Window Shades	Entrance Mats	Total	Division 14 - Contentins	Elevator - 5-stop	Total	Division 15 - Sprinkler	Fire Protection Mains, Branch Piping & Heads	Total	Division 15 - Plumbing	Fixtures - Including Waste, Vent & Water Piping	RPZ's	Roof Drains - Piping & Fixtures	Gas Piping	Kitchen Equipment Phunbing	Hot Water Heaters / Pumps / Equipment	Total	Division 15 - Heating, Ventilation & Air Conditioning	Air Distribution - Ductwork, Insulation,	Onlies/Diffusers, Louvers, Dampers, Acoustic Lining	Piping & Insulation	Equipment - RTU's, Boilers, Radiators, Faus, etc.	Test & Balance	Controls	Total	Division 16 - Electrical	Distribution - Service, MDP	Emergency Generator	Light Fixtures, Courtols & Installation

Devices	\$100,000		\$2.06
Wiring & Conduit for Lights/Devices	\$275,000		\$5.66
Panelboards, Transformers, Sub-Feeders	\$225,000		\$4.63
HVAC Line Voltage & Misc Power	\$150,000		\$3.09
Total		\$1,450,000	\$29.86
Division 16 - Electronic Safety & Security, Low Voltage Rough-In		PSF of GBA	
Fire Alarm System - Wiring, Devices, Panels	\$169,967		\$3.50
Low Voltage Rough-in - Back Boxes, Stubs, Pull Strings	\$250,000		\$5.15
Low Voltage Devices	\$0 assume by others		\$0.00
Low Voltage Cabling & Data Closet	\$242,810		\$5.00
Security System	\$65,000		\$1.34
Total		\$127,777	\$14.99
SUB-TOTAL COST		\$20,911,482	\$430.61
Fee, Insurance, Bond, Contingency		PSF of GBA	
Construction Contingency (5%)	\$1,040,074		\$21.42
CM Fee	\$655,247		\$13.49
CM Insurance	\$629,910		\$12.97
CM Bond	\$346,901		\$7.14
Total		\$2,672,132	\$55.03
TOTAL COST		\$23,583,614	\$485.64

- Budget Charifications & Exclusions:

 This budget has been prepared by Kel-Mar at the request of the appraiser, utilizing their provided worksheet and line items. This is not a detailed estimate of the project.

 It is assumed that NOW-PRENALIM WAGES are to be used for all construction costs.

 It is assumed that NOW-PRENALIM WAGES are to be used for all construction costs.

 It is assumed that allow the stoped excavations for most of the building.

 It is assumed that allow the stoped excavations for most of the building.

 It is assumed that allow that all wisual display boards (marker, task), lockers, interior signage and projection screens will be furnished and installed by others.

 It is assumed that allow the provided as part of this project, however all final terminations and device installation will be by others.

 It is assumed that utilities can be in on Rehmond Avenue.

 No costs are included for an emergency generator.

 No costs are included for budgetary purposes/allowances until the design is further developed.

 A contingency is included to cover unforseen conditions that arise through construction. An Owner's contigency for added scope / enhancements has not been included.

QUALIFICATIONS OF THE APPRAISE	<u>R</u>

ANDREW W. ALBRO, MAI

State Certified General Real Estate Appraiser State of New York - ID # 46000002861



Experience:

STANDARD VALUATION SERVICES

Executive Vice President, Principal

Director, Condemnation Valuation and Commercial Certiorari Valuation January 1996 to July 2005

Senior Commercial Appraiser January 1992 to December 1995

MACCRATE ASSOCIATES, INC. July 1986 to December 1991

Real Estate Appraisal and Consultation -

Dealing with commercial, industrial, residential and special-use properties for a variety of functions, including:

Tax certiorari; condemnation and damage analyses; right-of-way, utility, and conservation easements; urban renewal; financing, sale and lease negotiations; arbitration, investment decisions; asset management; foreclosure and asset recovery; market studies and feasibility analysis.

Properties appraised include vacant land, urban and suburban apartment complexes, restaurants, gas stations, large manufacturing plants, industrial lofts, subsidized housing projects, regional shopping malls, shopping centers, urban and suburban office buildings, leaseholds, partial interests, hotels, parking garages, daycare centers, assisted living facilities, marinas, theaters, recreational facilities, schools and campuses, communication tower sites, outdoor signage, streets and corridors, and other special-use properties.

Perform eminent domain appraisals for condemnees and condemnors, including New York State Department of Transportation, City of New York Law Department, City of Long Beach, Village of Westbury, Federal Aviation Administration, and Town of Hempstead Planning Department.

Perform tax certiorari appraisals for petitioners and municipalities, including Villages of Mineola, East Williston, Williston Park, Lynbrook, Massapequa Park, Roslyn; Nassau County; City of New York and City of Long Beach.

> Expert Testimony:

- New York State Court of Claims
- New York State Surrogate's Court, New York County
- New York County (Manhattan) Supreme Court
- Nassau County Supreme Court
- Suffolk County Supreme Court
- Kings County Supreme Court
- Queens County Supreme Court
- Town of North Hempstead Zoning Board of Appeals
- Village of Mineola Zoning Board of Appeals
- Village of Lawrence Zoning Board of Appeals
- American Arbitration Association

Education: St. John's University, Jamaica, New York

Bachelor of Science in Quantitative Analysis, 1986

Association Membership: MAI (#11882) Member, Appraisal Institute, Long Island Chapter

Designation, Royal Institute of Chartered Surveyors

CSA-G Designation, Columbia Society of Real Estate Appraisers

Member of New York State Condemnation Conference Member of International Right of Way Association Village of Mineola Community Planning Committee

Professional Affiliations: Long Island Chapter, Appraisal Institute

- 2008: Chapter President, Regional Representative
- 2007: Chapter Senior Vice President, Regional Representative
- 2006: Chapter Vice President
- 2005: Chapter Secretary
- 2003–04: Chair, General Seminars Committee
- 2001–2002: Chair, Chapter By-laws Committee
- 1998–2000: Chair, Associate Member/General Liaison Committee
- 1995–1999: Vice Chair, Course Coordinator, Education, General
- ➤ Instructor: Seminar, Nassau County Attorney's Office, June 2009

Capitalization Rates – Facts and Fiction

Seminar Developer: Seminar, New York State Bar Association, April – May 2010

Real Property Valuation in Changing Times

> Speaker: Metropolitan Mortgage Officers Society, October 2013

Attend frequent seminars and continued education courses sponsored by various organizations, including the following Appraisal Institute seminars:

"Appraisal of Nonconforming Uses"

- "Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets"
- "Appraising Environmentally Contaminated Properties: Understanding and Evaluating Stigma"
- "Rates and Ratios: Making Sense of GIMs, OARs and DCF"
- "Evaluating Commercial Construction"
- "Subdivision Analysis"
- "The Road Less Traveled: Special Purpose Properties"
- "Small Hotel/Motel Valuation"
- "Real Estate Value, Finance and Investment Performance"
- "Eminent Domain and Condemnation"
- "Easement Valuation"
- "The Law and Value: Communication Corridors, Tower Sites, and Property Rights"
- "Appraisal of Nursing Facilities"
- "Appraising Troubled Properties"
- "The Valuation of Real Estate Businesses"
- "Attacking and Defending an Appraisal in Litigation"
- •"Valuation and Evaluation of Proposed Projects"

	Department of State DIVISION OF LICENSING SERVICES	Control 1520082
EXECUTIVE LAW AS IT RELATES	THE PROVISIONS OF ARTICLE 6E OF THE W AS IT RELATES TO R. E. APPRAISERS.	MO DAY YR.
ALBRO ANDREW C/O STANDARD 27 E JERICHO MINEOLA. NY	ANDREW W TANDARD VALUATION SERVICE JERICHO TNPKE LA. NY 11501	EXPIRATION DATE NO DAY YR. 11 18 21
EEN DULY CERTIFIED	TO TRANSACT BUSINESS AS A	= = = =
R. E. GENERAL APPRAISER	In Witness Whereof, The Dor	in Witness Whereof, The Department of State has caused its official seal to be hereunto affixed. ROSSANA ROSADO



NEW YORK STATE CERTIFIED GENERAL REAL ESTATE APPRAISER STATE OF NEW YORK ID #46000002986

Mr. Watch as over thirty-four years of appraisal experience, he has appraised properties that ranged in value from \$1 million to \$2 billion dollars. Mr. Watch services several assessment jurisdictions in New York State, as well as private investors and law firms. Current client contracts relate to annual reassessment activity and the support of customized software called ARS (Assessment Review System). Additional consulting services provide investors and financial intuitions reliable Mass Appraisal Systems that can reasonably and accurately produce values on large groups of properties in various areas of the United States.

Recent projects include a 60,000 reassessment of eight towns in Dutchess County, and during the past five years close to 120,000 properties were reassessed with the use of ARS Software. The overall project performance exceeded less than 8% Grievances and less than 1% Small Claims and Commercial Certiorari Filings. Mr. Watch is very familiar with New York State Real Property Tax Law and Assessment Administration.

Until August of 1996, Mr. Watch was the Chief Appraiser for East New York Savings Bank (now known as M & T Bank). As Chief Appraiser, he managed a loan portfolio which held over \$2 Billion in real estate loans throughout the New York City Metropolitan Area. Over 70% of the portfolio comprise multi-family properties, with over 65% of the portfolio located in Manhattan. During his tenure at the bank, Mr. Watch developed several computer models used to expedite the appraisal process for completing full narrative reports. In addition, he completed several studies on the Manhattan Class B office market, Co-Operative Buildings, Parking Garage Facilities and retail strips along Broadway, Madison Avenue, 57th Street, and other major thoroughfares in the City.

Appraising since 1984, he has completed assignments on income producing properties and residential properties; including but not limited to office buildings, industrial buildings, regional shopping centers, strip shopping centers, service stations, vacant land, condominiums, school buildings, co-operative conversions, market rental analysis for office buildings and retail space, feasibility studies, highest and best use analysis, condemnation work and residential appraisals. These appraisals have been used for mortgage financing, investment analysis, condemnation hearings, divorce, and estate purposes. Several reports have been used in court testimony for the United States Federal Government, Department of Transportation for New York State, Suffolk County Department of Transportation, Queens County Surrogate Court and various attorneys for probate and divorce.

Education

Bachelor of Science, Business Administration 1982

New York State University at Fredonia- Majored in Marketing and Marketing Research.

State License

New York State Certified General Real Estate Appraiser

Effective November 18, 1991 46-2984 License Number 0422

Appointments

Mr. Watch was appointed to the position as Member of New York State Appraisal Advisory Board in 1995. In addition to this position, he was appointed Chairperson of the National Committee for Appraisal Reform (Appraisal Advisors Regulatory Officials) in 1996. Both appointments exposed Mr. Watch to appraisal issues on a National and State level. Efforts were made during these appointments to facilitate better communications and dialogue between State Appraisal Agencies and the individual appraiser. In 2007, Mr. Watch met with members for the Committee on open Government to discuss methods for streaming the real property tax system using more efficient software systems.

Real	Es	tate	Co	urses

1A1 Real Estate Principles	September 1988
1A2 Residential Valuation	September 1988
1BA Capitalization Techniques Part A	May 1988
1BB Capitalization Techniques Part B	April 1991
2-1 Cases Studies in Real Estate	July 1991
SPP Standards of Professional Practice	November 2001
Report Writing and Valuation Analysis	November 1991
101-Introduction to Real Estate Appraisal	September 1986
102-Applications of Residential Real Estate	May 1987
201-Evaluation of Income Producing Properties	September 1987

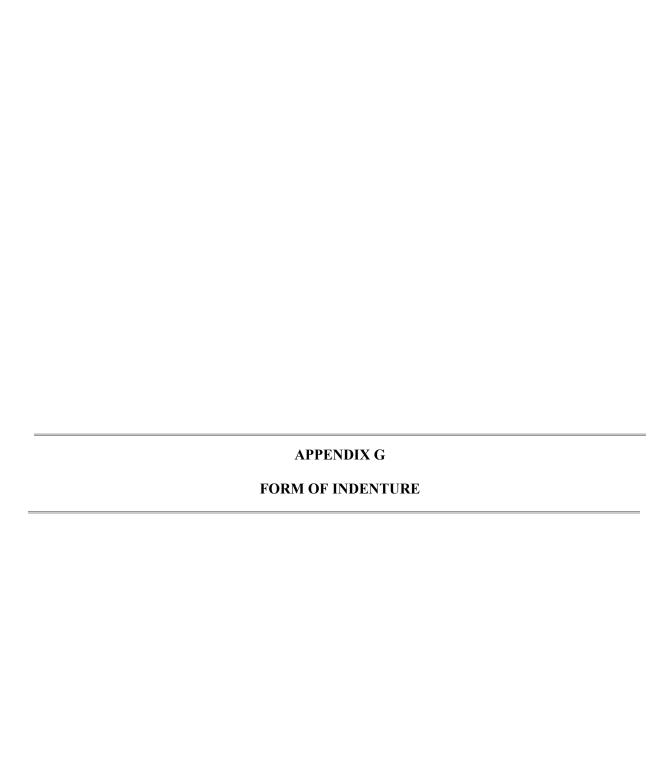
Continuing Education

Continuing Education	
ARGUS Financial Software	July 1995
Attacking and Defending an Appraisal in Litigation	October1999
Assessment Administration	September2000
The valuation of REITS	July 2003
Fundamentals of Mass Appraisal	October 2003
GIS Information Systems	August 2003
Appraising and Analyzing Office Buildings for Mortgage Underwriting	November 2011
Construction Details and Trends	November 2013
Appraising and Analyzing Retail Shopping Centers for Mortgage Underwriting	November 2013
Appraisal Applications of Regression Analysis	November 2013
SPSS Analysis and Training	October2013
Analysis of Vacant Land and Master leases	November 2015
Valuation of Fast Food Facilities	November 2015
Valuation of Self Storage Facilities	November 2015
Valuation of Self Storage Facilities	November 2017
2016 National USPAP Update	November 2019

Additional work-related educational courses include blueprint reading, architectural design, and residential design. With a background in construction, Mr. Watch can work closely with contractors and architect's in determining the cost of developing a new site and assesses the condition of a property and determines what levels of repairs, if any are required.

In the May of 2000, Mr. Watch was asked to be a participant in a New York State Program that addresses issues of reassessment and property tax equity. Mr. Watch was retained by the Office of Real Property for the State of New York to build and maintain databases on the power generation industry in New York.

46000002984 Department of State Aboto 0002984	Control 1520081
PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.	MG DAY NR. 11 19 19
WATCH JOHN M C/O MJW CONSULTING INC 33 33 161ST ST FLUSHING, NY 11358	EXPIRATION DATE WG DAY IR 11 18 21
HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER	
8038.	Numers Whereof The Department of State has caused as offices seen to be incounted placed. RUSSANA RUSADO SECRETARY OF STATE





BUILD NYC RESOURCE CORPORATION,

a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at One Liberty Plaza, New York, New York 10006, as "Issuer",

TO

THE BANK OF NEW YORK MELLON,

a banking corporation organized and existing under the laws of the State of New York, having a corporate trust office at 240 Greenwich Street, New York, New York 10286, together with any successor trustee at the time serving as such under this Indenture of Trust, as "Trustee"

INDENTURE OF TRUST

Dated as of January 1, 2021

\$40,970,000

Build NYC Resource Corporation

Tax-Exempt Revenue Bonds

(Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A

\$835,000

Build NYC Resource Corporation

Taxable Revenue Bonds

(Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021B

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated as of the date set forth on the cover page hereof (as the same may be amended and supplemented in accordance with its terms, this "Indenture"), by and between BUILD NYC RESOURCE CORPORATION, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at One Liberty Plaza, New York, New York 10006, party of the first part, to THE BANK OF NEW YORK MELLON, a banking corporation organized and existing under the laws of the State of New York, together with any successor trustee at the time serving as such under this Indenture of Trust, having a corporate trust office at 240 Greenwich Street, New York, New York 10286, party of the second part (capitalized terms used herein shall have the respective meanings assigned to such terms throughout this Indenture),

WITNESSETH:

WHEREAS, the Issuer is authorized pursuant to Section 1411(a) of the Not-for-Profit Corporation Law of the State of New York, as amended, and its Certificate of Incorporation and By-Laws (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of The City of New York (the "City") by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their eligible projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other eligible projects that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to the City or by encouraging the development of or retention of an industry in the City, and lessening the burdens of government and acting in the public interest; and

WHEREAS, the Certificate of Incorporation of the Issuer further provides that the lessening of the burdens of government and the exercise of the powers conferred on the Issuer are the performance of an essential governmental function, which activities will assist the City in reducing unemployment and promoting additional job growth and economic development; and

WHEREAS, the Institution has entered into negotiations with officials of the Issuer for the Issuer's assistance with a bond transaction, the proceeds of which, together with other funds of the Institution, will be used by the Institution for the Project; and

WHEREAS, the Issuer has determined that the providing of financial assistance to the Institution for the Project will promote and is authorized by and will be in furtherance of the corporate purposes of the Issuer; and

WHEREAS, as a result of such negotiations, the Institution has requested the Issuer to issue its bonds to finance a portion of the costs of the Project; and

WHEREAS, the Issuer adopted the Approving and Bond Resolution authorizing the Project and the issuance of its revenue bonds to finance a portion of the costs of the Project; and

WHEREAS, to facilitate the Project and the issuance by the Issuer of its revenue bonds to finance a portion of the costs of the Project, the Issuer and the Institution have entered into negotiations pursuant to which (i) the Issuer will make the Loan of the proceeds of the Initial Bonds, in the original aggregate principal amount of the Initial Bonds, to the Institution pursuant to the Loan Agreement, and (ii) the Institution will execute the Promissory Note in favor of the Issuer to evidence the Institution's obligation under the Loan Agreement to repay the Loan, and the Issuer will endorse the Promissory Note to the Trustee; and

WHEREAS, to provide funds for a portion of the costs of the Project and for incidental and related costs and to provide funds to pay the costs and expenses of the issuance of the Initial Bonds, the Issuer has authorized the issuance of the Initial Bonds in the Authorized Principal Amount pursuant to the Approving and Bond Resolution and this Indenture; and

WHEREAS, concurrently with the execution hereof, in order to further secure the Initial Bonds, the Institution will grant mortgage liens on and security interests in its leasehold interest in the Mortgaged Property to the Issuer and the Trustee pursuant to the Mortgage, and the Issuer will assign its right, title and interest under the Mortgage to the Trustee pursuant to the Assignment of Mortgage; and

WHEREAS, in connection with the issuance of the Initial Bonds, The Bank of New York Mellon, as depositary bank (the "Depositary Bank"), the Trustee and the Institution will execute and deliver an account control agreement dated as of January 1, 2021 (the "Account Control Agreement"). Pursuant to the Account Control Agreement, the Institution will grant a security interest in the Institution's operating account to the Trustee and also authorize the Trustee to transfer the amounts required under this Indenture and the Loan Agreement to the Revenue Fund; and

WHEREAS, additional moneys may be necessary to finance the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, or providing extensions, additions or improvements to the Facility or refunding outstanding Bonds and provision should therefore be made for the issuance from time to time of additional bonds; and

WHEREAS, the Initial Bonds and the Trustee's Certificate to be endorsed thereon are all to be in substantially the form set forth in <u>Exhibit C</u>, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, all things necessary to make the Bonds when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal special limited revenue obligations of the Issuer according to the import thereof, and to constitute this Indenture

a valid pledge and assignment of the loan payments, revenues and receipts herein made to the payment of the principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS INDENTURE WITNESSETH:

That the Issuer in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Holders and owners thereof, and of the sum of One Dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal, Purchase Price or Redemption Price of, and Sinking Fund Installments for, the Bonds and the indebtedness represented thereby and the interest on the Bonds according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, convey, transfer, grant a security interest in, pledge and assign unto the Trustee, and unto its respective successors in trust, and to their respective assigns, for the benefit of the Bondholders, forever for the securing of the performance of the obligations of the Issuer hereinafter set forth, the following:

GRANTING CLAUSES

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All right, title and interest of the Issuer in and to the Loan Agreement, including all loan payments, revenues and receipts payable or receivable thereunder, excluding, however, the Issuer's Reserved Rights, which Issuer's Reserved Rights may be enforced by the Issuer and the Trustee, jointly or severally.

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All right, title and interest of the Issuer in and to the Promissory Note.

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All moneys and securities from time to time held by the Trustee under the terms of this Indenture including amounts set apart and transferred to the Revenue Fund, the Earnings Fund, the Project Fund, the Renewal Fund, the Bond Fund, the Repair and Replacement Fund, the Debt Service Reserve Fund or any special fund, and all investment earnings of any of the foregoing, subject to disbursements from the Revenue Fund, the Earnings Fund, the Repair and Replacement 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 this 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.

Any and all other property of every kind and nature from time to time which was heretofore or hereafter is by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the Issuer or by any other Person, with or without the consent of the Issuer, to the Trustee which is hereby authorized to receive any and all such property at any time and at all times to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said Trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Holders and owners of the Bonds issued under and secured by this Indenture, without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any of the others of the Bonds, except as otherwise expressly provided in this Indenture, provided, however, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal and any applicable redemption premium, of the Bonds and the interest due or to become due thereon, at the times and in the manner provided in the Bonds according to the true intent and meaning thereof and shall make the payments into the Bond Fund as required under this Indenture or shall provide, as permitted hereby, for the payment thereof by depositing or causing to be deposited with the Trustee sufficient amounts, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared that, all the Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said loan payments, revenues and receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective Holders and owners, from time to time of the Bonds or any part thereof, as follows, that is to say:

ARTICLE I

DEFINITIONS

Section 1.01. <u>Definitions.</u> Unless otherwise herein defined, the following capitalized terms shall have the respective meanings specified in this Section 1.01 for purposes of this Indenture:

Account Control Agreement means the initial Account Control Agreement, dated as of January 1, 2021, between the Depositary Bank, the Trustee, and the Institution, as the same may be amended or supplemented from time to time or any successor Account Control Agreement entered into by a successor Depositary Bank, the Trustee, and the Institution.

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

Affiliate shall mean, with respect to a given Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such given Person.

Approved Facility shall mean the Facility as leased by the Institution and occupied, used and operated by the School substantially for the Approved Project Operations, including such other activities as may be substantially related to or substantially in support of such operations, all to be effected in accordance with the Loan Agreement.

Approved Project Operations shall mean the Park Slope Facility and the Staten Island Facility, each for use by the Institution and the School as a public charter school.

Approving and Bond Resolution shall mean the resolution of the Issuer adopted on September 22, 2020 authorizing the Project and the issuance of the Initial Bonds to finance the Project.

Architect shall mean Gerakaris Design Studio, and its successors and assigns.

Assignment of Contracts shall mean the Assignment of Contracts and Interest in Licenses, Permits and Agreements, dated as of even date herewith, from the Institution to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture.

Assignment shall mean collectively, the Park Slope Assignment and the Staten Island Assignment.

Assignment of Mortgage shall mean collectively, the Park Slope Assignment of Mortgage and the Staten Island Assignment of Mortgage.

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, \$41,805,000.

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.

Bond Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

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

Bond Purchase Agreement shall mean the Bond Purchase Agreement, dated January 14, 2021, between the Issuer, the Institution, the School and the Underwriter.

Bond Registrar shall mean the Trustee acting as registrar as provided in Section 3.10.

Bonds shall mean the Initial Bonds and any Additional Bonds.

Building Loan Agreement shall mean, collectively, the Park Slope Building Loan Agreement and the Staten Island Building Loan Agreement.

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.

Capitalized Interest Account shall mean the Series 2021A Bonds Capitalized Interest Account, the Series 2021B Bonds Capitalized Interest Account or any Capitalized Interest Account established in connection with a Series of Additional Bonds, as applicable.

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

Closing Date shall mean January 27, 2021, the date of the initial issuance and delivery of the Initial Bonds, and for any Additional Bonds, the date of the initial issuance and delivery of the Additional Bonds.

Code shall mean the Internal Revenue Code of 1986, as amended, including the regulations thereunder. All references to Sections of the Code or regulations thereunder shall be deemed to include any such Sections or regulations as they may hereafter be renumbered in any subsequent amendments to the Code or such regulations.

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

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

Conduct Representation shall mean any representation by the Institution under Section 2.2(u) of the Loan Agreement, or by any other Person in any Required Disclosure Statement delivered to the Issuer.

Continuing Disclosure Undertaking shall mean, with respect to the Initial Bonds, the Continuing Disclosure Agreement, dated the Closing Date, among the Institution, the School, the Trustee and Digital Assurance Certification, L.L.C., as disclosure dissemination agent, pursuant to Section 8.27 of the Loan Agreement and, as to any Series of Additional Bonds, the continuing disclosure undertaking executed by the Institution and the School.

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, Underwriter's counsel, 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.

Costs of Issuance Subaccount shall mean the special trust subaccount in the Tax-Exempt Bonds Account of the Project Fund so designated, established pursuant to Section 5.01 of this Indenture.

Covenant Agreement shall mean the Covenant Agreement dated as of January 1, 2021, between the School and the Trustee and acknowledged by the Institution.

Debt Service Reserve Account shall mean the Series 2021A Bonds Debt Service Reserve Account, the Series 2021B Bonds Debt Service Reserve Account or any Debt Service Reserve Account established in connection with a Series of Additional Bonds, as applicable.

Debt Service Reserve Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of this Indenture.

Debt Service Reserve Fund Requirement shall mean, (A) with respect to the Series 2021A Bonds (1) \$2,686,900, which is the lesser of (i) the Maximum Annual Debt Service on the Outstanding Series 2021A Bonds, (ii), 125% of average annual debt service on the Outstanding Series 2021A Bonds or (iii) 10% of the amount of the Outstanding Series 2021A Bonds, (B) with respect to the Series 2021B Bonds (1) \$83,500, which is the lesser of (1) the Maximum Annual Debt Service on the Outstanding Series 2021B Bonds, (ii), 125% of average annual debt service on the Outstanding Series 2021B Bonds or (iii) 10% of the amount of the Outstanding Series 2021B Bonds, and (C) with respect to each Series of Additional Bonds, shall mean the lesser of (1) the Maximum Annual Debt Service on each such Series of Additional Bonds, (2), 125% of average annual debt service on each such Series of Additional Bonds or (3) 10% of the amount of each such Series of Additional Bonds.

Defaulted Interest shall have the meaning specified in Section 2.02(f).

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

Depositary Agreement means the Depositary Agreement, dated as of January 27, 2021, between the Institution and the Depositary Bank, as the same may be amended or supplemented from time to time.

Depositary Bank shall mean The Bank of New York Mellon, as depositary bank for the Institution, or any successor depositary bank for the Institution.

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 and or the School have participated or have been given the opportunity to participate, and which ruling or memorandum the Institution and or the School, in their 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 or the School have participated or have been a party, or has been given the opportunity to participate or be a party; or
 - (D) the admission in writing by the Institution or the School;

in any case, to the effect that the interest payable on the Tax-Exempt Bond of a Holder or a former Holder thereof is includable in gross income for federal income tax purposes; or

(ii) the receipt by the Trustee of a written opinion of Nationally Recognized Bond Counsel to the effect that the interest payable on the Tax-Exempt Bonds is includable in gross income for federal income tax purposes or the refusal of any such counsel to render a written opinion that the interest on the Tax-Exempt Bonds is not so includable when required pursuant to a request by a Bondholder in accordance with the procedures set forth in this Indenture;

provided, however, that no such Determination of Taxability described in clauses (i)(B) or (i)(C) of this definition shall be considered to exist unless (1) the Holder or former Holder of the Tax-Exempt Bond involved in such proceeding (a) gives the 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 Tax-Exempt 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 Tax-Exempt 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 Section 5.01.

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 Section 8.01(a).

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

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 part of the Project pursuant to Section 3.2 of the Loan Agreement and described in Exhibit B - "Description of the Facility Personalty", together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Personalty shall, in accordance with the provisions of Sections 3.5 and 6.4 of the Loan Agreement, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so substituted for or replaced, and further exclude all items of Facility Personalty removed as provided in Section 3.5 of the Loan Agreement.

Facility Realty shall mean, collectively, the Land and the Improvements.

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.

Fund Valuation Date shall mean June 1 and December 1 of each year commencing June 1, 2021.

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.

Ground Lease shall mean collectively, the Park Slope Ground Lease and the Staten Island Ground Lease.

Improvements shall mean:

- (i) all buildings, structures, foundations, related facilities, fixtures and other improvements of every nature whatsoever existing on the Closing Date and hereafter erected or situated on the Land;
- (ii) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land (including any improvements or demolitions made as part of the Project Work pursuant to Section 3.2 of the Loan Agreement); and
- (iii) all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

Indebtedness shall have the meaning set forth in the Loan Agreement.

Indenture shall mean this Indenture of Trust, dated as of January 1, 2021, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XI.

Independent Engineer shall mean a Person (not an employee of any of the Issuer, the School or the Institution or any Affiliate of any of the foregoing) 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 \$40,970,000 Tax-Exempt Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A and \$835,000 Taxable Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021B, authorized, issued, executed, authenticated and delivered on the Closing Date under this Indenture.

Institution shall mean Friends of Hellenic Classical Charter Schools, 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 Section 8.9 or 8.20 of the Loan Agreement.

Interest Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Interest Payment Date shall mean, with respect to the Initial Bonds, June 1 and December 1 of each year, commencing June 1, 2021 (or, if any such day is not a Business Day, the immediately succeeding Business Day), and with respect to any Series of Additional Bonds, the dates set forth therefor in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

Issuer shall mean Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State at the direction of the Mayor of the City, and its successors and assigns.

Issuer's Reserved Rights shall mean, collectively,

- (i) the right of the Issuer in its own behalf to receive all Opinions of Counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Issuer under the Loan Agreement;
- (ii) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under the Loan Agreement;
- (iii) the right of the Issuer to enforce in its own behalf the obligation of the 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 provisions of Section 5.1 of the Loan Agreement 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 following Articles and Sections of the Loan Agreement: Article III (except for Section 3.1), Sections 4.4, 4.5 and 4.6, Article V, Article VI, Article VIII (except for Section 8.29), Article IX, Article X, Sections 11.1, 11.3 and 11.5 and Article XII (except Section 12.2); 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 Section 9.2(b) of the Loan Agreement.

Land shall mean, collectively, (i) with respect to the Park Slope Facility, that certain lot, piece or parcel of land in the Borough of Brooklyn, Block 634 and Lot 34, generally known by the street address 646 Fifth Avenue, Brooklyn, New York, all as more particularly described in Exhibit A— "Description of the Land", together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 8.10(c) of the Loan Agreement and (ii) with respect to the Staten Island Facility, that certain lot, piece or parcel of land in the Borough of Staten Island, Block 1560 and Lot 15, generally known by the street address 1641 Richmond Avenue, Staten Island, New York, all as more particularly described in Exhibit A— "Description of the Land", together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 8.10(c) of the Loan Agreement.

Legal Requirements shall mean the Constitutions of the United States and the State of New York and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, certificates of occupancy, directions and requirements (including zoning, land use, planning, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wage, living wage, prevailing wage, sick leave, healthcare, benefits and employment practices) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, including those of the City, foreseen or unforeseen, ordinary or extraordinary, that are applicable now or may be applicable at any time hereafter to (i) the Institution, (ii) the School, (iii) the Facility or any part thereof, or (iv) any use or condition of the Facility or any part thereof.

Letter from the School Relating to the Loan Agreement shall mean the Letter from the School Relating to the Loan Agreement, dated the Closing Date, from the School to the Issuer and the Trustee.

Letter of Representation and Indemnification of the Institution shall mean the Letter of Representation and Indemnification, dated the Closing Date, from the Institution to the Issuer, the Trustee and the Underwriter of the Initial Bonds.

Letter of Representation and Indemnification of the School shall mean the Letter of Representation and Indemnification, dated the Closing Date, from the School 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 Section 4.1 thereof.

Loan Agreement shall mean the Loan Agreement, dated as of even date herewith, between the Issuer and the Institution, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture.

Loan Payment Date shall mean the first (1st) day of each month (or, if the first (1st) day shall not be a Business Day, the immediately preceding Business Day) commencing on March 1, 2021.

Loss Event shall have the meaning specified in Section 6.1 of the Loan Agreement.

Majority Holders shall mean the Beneficial Owners of at least a majority in aggregate principal amount of the Bonds Outstanding, or, if the Bonds shall cease to be in bookentry form, the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding.

Maximum Annual Debt Service shall mean for any Series of Bonds, as of any date of calculation, the highest principal and interest payment requirements (net of any Debt Service Reserve Fund balance to be applied against such Series of Bonds in the final year) for the then current or any succeeding Fiscal Year.

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 Park Slope Mortgage and the Staten Island Mortgage.

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 paid with respect to the Facility, 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 School, the Bond Registrar, the Paying Agents and the Trustee.

Opinion of Counsel shall mean a written opinion of counsel for the Institution or any other Person (which counsel shall be reasonably acceptable to the Issuer and the Trustee) with respect to such matters as required under any Project Document or as the Issuer or the Trustee may otherwise reasonably require, and which shall be in form and substance reasonably acceptable to the Issuer and the Trustee.

Organizational Documents shall mean, (i) in the case of an Entity constituting a limited liability company, the articles of organization or certificate of formation, and the operating agreement of such Entity, (ii) in the case of an Entity constituting a corporation, the charter, articles of incorporation or certificate of incorporation, and the bylaws of such Entity, and (iii) in the case of an Entity constituting a general or limited partnership, the partnership agreement of such Entity.

Outstanding, when used with reference to a Bond or Bonds, as of any particular date, shall mean all Bonds which have been issued, executed, authenticated and delivered under this Indenture, except:

- (i) Bonds cancelled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee under this Indenture for cancellation;
- (ii) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with Article X, there has been separately set aside and held in the Redemption Account of the Bond Fund either:
 - (A) moneys, and/or
 - (B) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys,

in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or Redemption Date, which payment or Redemption Date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in this Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article III,

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any other Security Document, Bonds owned by the 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.

Park Slope Assignment shall mean that certain Assignment of Lease and Lease Amendment dated as of the Closing Date between the School, as assignor, and the Institution, as assignee, whereby the School's leasehold interest under the Park Slope Ground Lease is transferred to the Institution, as the same may be amended or modified.

Park Slope Assignment of Mortgage shall mean, collectively, the Assignment of Mortgage and Security Agreement (Building Loan), the Assignment of Mortgage and Security Agreement (Indirect Loan) and the Assignment of Mortgage and Security Agreement (Refinancing Loan) each relating to the Park Slope 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 this Indenture.

Park Slope Building Loan Agreement shall mean the Building Loan Agreement, dated as of even date herewith, among the Issuer, the Institution and the Trustee, relating to the Park Slope Facility, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture.

Park Slope Church shall mean Greek Orthodox Community of Kimisis Theotokou, Inc.

Park Slope Facility shall mean the facility located at 646 Fifth Avenue, Brooklyn, New York 11215.

Park Slope Ground Lease shall mean that certain Ground Lease dated as of March 6, 2012 from the Park Slope Church to the School, as amended by that certain Rider to Ground Lease, dated as of October 30, 2013, between the Park Slope Church and the School, as the same may be further amended or modified.

Park Slope Project shall mean (i) refinancing a loan incurred by the School to finance leasehold improvements to a four-story, approximately 46,000 square foot building located on the Land, which includes or will include approximately 21 classrooms, 14 private rooms for offices or specialized learning, locker areas, a cafeteria, gymnasium, library, administrative offices and serves students from kindergarten through grade eight, (ii) paying all or a portion of the cost of the construction, furnishing, and equipping of additional leasehold improvements to the Park Slope Facility and (iii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Bonds.

Park Slope Mortgage shall mean, collectively, the Mortgage and Security Agreement (Building Loan), the Mortgage and Security Agreement (Indirect Loan) and the Mortgage and Security Agreement (Refinancing Loan), each relating to the Park Slope Facility, each dated as of even date herewith, 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 this Indenture.

Park Slope Sublease shall mean that certain Sublease Agreement dated as of the Closing Date between the Institution, as sublessor, and the School, as subtenant, whereby the Institution's leasehold interests in the Park Slope Facility are being leased to the School, as the same may be amended or modified.

Participants shall mean those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

Paying Agent shall mean any paying agent for the Bonds appointed pursuant to this Indenture (and may include the Trustee) and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to this Indenture.

Permitted Encumbrances shall mean:

- (i) the Mortgage (as assigned by the Assignment of Mortgage), the Ground Lease, the Assignment, the Sublease, the Building Loan Agreement and any other Project Document;
- (ii) liens for real estate taxes, assessments, levies and other governmental charges or similar charges, the payment of which is not yet due and payable or which are being contested by the Institution in accordance with Section 8.11 and 8.17;
- (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 or other like liens arising in the ordinary course of business, placed on or with respect to the Facility or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to Section 8.11(b);
- (iv) utility, access and other easements and rights of way, servitudes, restrictions, oil, gas, or other mineral reservations and other minor defects, encumbrances 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 ordinary course use and enjoyment of the Facility as provided in this 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 Section 3.7 insuring the Trustee's mortgagee interest in the Mortgaged Property, a copy of which is on file at the offices of the Issuer and at the designated corporate trust office of the Trustee;
- (vii) liens arising by reason of good faith deposits with the 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;
- (xiv) any rights reserved to or vested in any municipality or public authority to control or regulate the Facility;
- (xv) any lien, security interest, encumbrance, pledge, mortgage, collateral assignment, other restriction or charge permitted under the terms of the Project Documents;
- (xvi) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law affecting the Facility to terminate such right, power, franchise, grant, license or permit; provided, that the exercise of any such right would not materially impair the use of the

Facility in the ordinary course by the Institution for its intended purpose or materially and adversely affect the value thereof; and

(xvii) any other lease, license or other use or occupancy agreement entered into in accordance with Section 8.9 of the Loan Agreement.

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 Section 5.01.

Project shall mean, collectively, the Park Slope Project and the Staten Island Project.

Project Completion Date shall have the meaning set forth in the Loan Agreement.

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) the interest on the Bonds during the construction, renovation and equipping of the Project;
- (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 Section 3.7 of the Loan Agreement;
- (vii) the payment of the Costs of Issuance with respect to the Initial Bonds;
- (viii) the payment of the fees and expenses of the Trustee during the period of construction, renovation and equipping 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 (unless such expenses are funded with the proceeds of Taxable Bonds), or (iii) operational costs.

Project Documents shall mean the Bond Purchase Agreement, the Continuing Disclosure Undertaking, the Ground Lease and the Security Documents.

Project Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

Project Work shall mean (i) the design, construction and/or renovation of the Improvements, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Promissory 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 this Indenture.

Purchase Price shall mean an amount equal to the Redemption Price that would be applicable to the Initial Bonds being purchased pursuant to Section 2.03(g) if such Initial Bonds were being optionally redeemed pursuant to Section 2.03(a) 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) Commercial paper, rated at least P-1 by Moody's or at least A-1 by S&P, issued by a corporation or banking institution organized under the laws of the United States of America or any state thereof;

- (iii) Direct and general long term obligations of any state of the United States of America to which the full faith and credit of the state is pledged and that are rated in either of the two highest rating categories by Moody's and S&P;
- (iv) Direct and general short term obligations of any state of the United States to which the full faith and credit of the state is pledged and that are rated in the highest rating category by Moody's and S&P;
- (v) Interest-bearing demand or time deposits with or certificates of deposit issued by a national banking association or a state bank or trust company that is a member of the Federal Deposit Insurance Corporation ("FDIC") and that are (a) continuously and fully insured by the FDIC, or (b) with a bank that has outstanding debt, or which is a subsidiary of a holding company which has outstanding debt, rated in either of the two highest rating categories by Moody's and S&P, or (c) continuously and fully secured by obligations of the type described in (i) and (ii) above that have a market value at all times at least equal to the principal amount of the deposit and are held by the Trustee or its agent or, in the case of uncertificated securities, are registered in the name of the Trustee as pledgee;
- (vi) Repurchase agreements, the maturity of which are less than thirty (30) days, entered into (a) with a bank or trust company rated at least P-1 by Moody's and A-1 by S&P and organized under the laws of the United States, (b) with a national banking association, insurance company, or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York and which is a member of the Security Investors Protection Corporation, in each case rated at least P-1 by Moody's and A-1 by S&P, or (c) with a dealer which is rated at least P-1 by Moody's and A-1 by S&P. The repurchase agreement must be continuously and fully secured by obligations of the type described in (i), (ii), (iii), (iv) or (v) above which have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreement and which are held by the Trustee or its agent or, in the case of uncertificated securities, are registered in the name of the Trustee as pledgee;
- (vii) Money market mutual funds with assets in excess of \$2,000,000,000 investing in obligations of the type specified in (i), (ii), (iii), (iv), (v) or (vi) above, including funds for which the Trustee or an affiliate of the Trustee serves as investment advisor, administrator, shareholder, servicing agent and/or custodian or sub-custodian, notwithstanding that (a) the Trustee charges and collects fees and expenses from such funds for services rendered, (b) the Trustee charges and collects fees and expenses for services rendered pursuant to this Indenture and (c) services performed for such funds and pursuant to this Indenture may converge at any time; and
- (viii) An investment agreement or other investment arrangement with any bank, trust company, national banking association or bank holding company in the United States, with any domestic branch of a foreign bank, or with any surety or insurance company, provided, that, (i) such investment agreement or other investment arrangement shall permit the full principal amount of the moneys so placed together with the investment income agreed to be paid to be available for use as and when required under the Indenture, and (ii) the Person with whom such investment agreement or other investment arrangement is made must be a Person whose

unsecured or uncollateralized short term debt obligations are assigned a rating by S&P of SP 1+ or better or a Person assigned a financial strength rating of AAA by S&P, and whose domestic assets shall be in excess of \$10,000,000,000.

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 Section 5.01.

Record Date shall mean, with respect to any Interest Payment Date for the Initial Bonds, the close of business on the fifteenth (15th) day of the month next preceding such Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day.

Redemption Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Redemption Date shall mean the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of this Indenture.

Redemption Price shall mean, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Indenture.

Refunding Bonds shall have the meaning assigned to that term in Section 2.07(c).

Reimbursement Resolution shall mean the resolution adopted by the Issuer on September 22, 2020 with respect to the Project and the debt financing thereof.

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

Renewal Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

Repair and Replacement Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

Repair and Replacement Fund Requirement shall mean an amount equal to \$400,000.

Representations Letter shall mean the Blanket Issuer Letter of Representations from the Issuer to DTC with respect to the Initial Bonds.

Responsible Officer shall mean, with respect to the Trustee, any officer within the corporate trust office of the Trustee, including any vice-president, any assistant vice-president, any secretary, any assistant secretary, the treasurer, any assistant treasurer or other

officer of the corporate trust office of the Trustee customarily performing functions similar to those performed by any of the above designated officers, who has direct responsibility for the administration of the trust granted in this Indenture, and shall also mean, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

Revenue Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

S&P shall mean S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, a Delaware limited liability company, its successors and assigns, and if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

School shall mean Hellenic Classical Charter Schools, a not-for-profit education corporation created and existing under the laws of the State of New York, and its successors and assigns.

Securities Depository shall mean any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a bookentry 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, this Indenture, the Letter of Representation and Indemnification of the Institution, the Letter of Representation and Indemnification of the School, the Letter from the School Relating to the Loan Agreement, the Tax Certificate, the Assignment of Contracts, the Building Loan Agreement, the Mortgage, the Assignment of Mortgage, the Account Control Agreement, the Covenant Agreement, the Depositary Agreement, the Subordination, Non-Disturbance and Attornment Agreement, the Assignment and the Sublease.

Series shall mean all of the Bonds designated as being of the same series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to this Indenture.

Series 2021A Bonds shall mean the Issuer's \$40,970,000 Tax-Exempt Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A.

Series 2021A Bonds Capitalized Interest Account shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of this Indenture.

Series 2021A Bonds Debt Service Reserve Account shall mean the special trust account of the Debt Service Reserve Fund so designated, established pursuant to Section 5.01 of this Indenture.

Series 2021B Bonds shall mean the Issuer's \$835,000 Taxable Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021B.

Series 2021B Bonds Capitalized Interest Account shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of this Indenture

Series 2021B Bonds Debt Service Reserve Account shall mean the special trust account of the Debt Service Reserve Fund so designated, established pursuant to Section 5.01 of this 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 this Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to this Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

Sinking Fund Installment Account shall mean the special trust account of the Bond Fund so designated, which is established pursuant to Section 5.01.

Special Record Date shall have the meaning specified in Section 2.02(f).

State shall mean the State of New York.

Staten Island Assignment shall mean that certain Assignment and Assumption of Lease Agreement dated as of the Closing Date between the School, as Assignor, and the Institution, as assignee, whereby the School's leasehold interest under the Staten Island Ground Lease is transferred to the Institution, as the same may be amended or modified.

Staten Island Assignment of Mortgage shall mean, collectively, the Assignment of Mortgage and Security Agreement (Building Loan) and the Assignment of Mortgage and Security Agreement (Indirect Loan), each relating to the Staten Island 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 this Indenture.

Staten Island Building Loan Agreement shall mean the Building Loan Agreement, dated as of even date herewith, among the Issuer, the Institution and the Trustee, relating to the Staten Island Facility, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture.

Staten Island Church shall mean Greek Orthodox Community Holy Trinity Church of Staten Island.

Staten Island Facility shall mean the facility located at 1641 Richmond Avenue, Staten Island, New York 10314.

Staten Island Ground Lease shall mean that certain Agreement of Lease dated as of July 17, 2019 between the Staten Island Church, as landlord, and the School, as tenant, as modified by that certain Rider Annexed to Agreement of Lease dated as of June 29, 2019 by and between the Staten Island Church, as landlord, and the School, as tenant, as further modified by that certain First Amendment of Lease dated July 17, 2019 by and between the Staten Island Church, as landlord, and the School, as tenant, as further amended by that Second Amendment of Lease dated as of September..., 2020, by and between the Staten Island Church, as landlord, and the School, as tenant, as the same may be further amended or modified.

Staten Island Project shall mean (i) financing the construction, furnishing, and equipping of a four-story, approximately 48,000 square foot building located on the Land, which is expected to include 24 classrooms, 17 private rooms for offices or specialized learning, locker areas, a cafeteria, auditorium, library, and administrative offices and serve students from kindergarten through grade eight and (ii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Bonds.

Staten Island Mortgage shall mean, collectively, the Mortgage and Security Agreement (Building Loan) and the Mortgage and Security Agreement (Indirect Loan), each relating to the Staten Island Facility, each dated as of even date herewith, 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 this Indenture.

Staten Island Sublease shall mean that certain Sublease Agreement dated as of the Closing Date between the Institution, as sublessor, and the School, as subtenant, whereby the Institution's leasehold interest in the Staten Island Facility are being leased to the School, as the same may be amended or modified.

Sublease shall mean, collectively, the Park Slope Sublease and the Staten Island Sublease.

Subordination, Non-Disturbance and Attornment Agreement shall mean the Subordination, Non-Disturbance and Attornment Agreement, dated as of even date herewith, among the School, the Institution and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture.

Supplemental Indenture shall mean any indenture supplemental to or amendatory of this Indenture, executed and delivered by the Issuer and the Trustee in accordance with Article XI.

Tax Certificate shall mean the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, dated the Closing Date, of the Issuer, the Institution and the School, together with all exhibits and schedules attached thereto, including, but not limited to, the Certificate of the Institution as to 501(c)(3) Status and as to Representations and Information Regarding Tax-Exempt Financing Matters and the Certificate of the School as to 501(c)(3) Status and as to Representations and Information Regarding Tax-Exempt Financing Matters.

Tax-Exempt Bonds shall mean the Series 2021A Bonds and one or more Series of additional bonds (i) issued, executed, authenticated and delivered under this Indenture and (ii) the interest on which is not included in gross income, for federal income tax purposes, pursuant to Section 103(a) of the Code.

Tax-Exempt Bonds Account shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of this Indenture.

Taxable Bonds shall mean the Series 2021B Bonds and one or more taxable Series of additional bonds (i) issued, executed, authenticated and delivered under this Indenture and (ii) the interest on which is included in gross income for federal income tax purposes.

Taxable Bonds Account shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of this Indenture.

Trustee shall mean The Bank of New York Mellon, New York, New York, in its capacity as trustee under this Indenture, and its successors in such capacity and their assigns hereafter appointed in the manner provided in this Indenture.

Trust Estate shall mean all property, interests, revenues, funds, contracts, rights and other security granted to the Trustee under the Security Documents.

Underwriter shall mean RBC Capital Markets, as underwriter of the Initial Bonds.

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

Section 1.02. Construction.

- (a) The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms, as used in this Indenture, refer to this Indenture, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the Closing Date.
- (b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.
- (c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.
- (d) Any headings preceding the texts of the several Articles and Sections of this Indenture, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.
- (e) Unless the context indicates otherwise, references to designated "Exhibits", "Articles", "Sections", "Subsections", "clauses" and other subdivisions are to the

designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Indenture.

- (f) The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".
- (g) The word "will" shall be construed to have the same meaning and effect as the word "shall".
- (h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein or herein).
- (i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person's successors and permitted assigns or such Person's successors in such capacity, as the case may be.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.01. <u>Authorized Amount of Bonds; Pledge Effected by this Indenture</u>. (a) No Bond may be authenticated and delivered under the provisions of this Indenture except in accordance with this Article. Except as provided in Sections 2.07 and 3.07, the total aggregate principal amount of Bonds that may be authenticated and delivered hereunder is limited to the Authorized Principal Amount.

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 and transferred to the Revenue Fund, to the Earnings Fund, to the Bond Fund, to the Debt Service Reserve Fund, to the Repair and Replacement 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 this Indenture) are pledged by this Indenture for the payment of the principal, Purchase Price or Redemption Price (if any) of, Sinking Fund Installments for, and interest on, the Bonds. All such Funds shall be held by the Trustee in trust for the benefit of the Bondholders, and while held by the Trustee constitute part of the Trust Estate and are subject to the lien hereof. 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). Pursuant to the terms of the Sublease, the Institution has directed the School to make the School's rent payments directly to Institution's bank account that is subject to the Account Control Agreement. Pursuant to the terms of the Account Control Agreement, the Institution will grant a security interest in the Institution's operating account to the Trustee and also authorize the Trustee to transfer the amounts required under this Indenture and the Loan Agreement to the Revenue Fund. In addition, the Institution has granted mortgage liens on and security interests in its leasehold 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 this 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 this Indenture.

Section 2.02. <u>Issuance and Terms of the Initial Bonds</u>. (a) The Initial Bonds in the Authorized Principal Amount shall be issued as two separate Series, the Series 2021A Bonds and the Series 2021B Bonds, under and secured by this Indenture. The Series 2021A Bonds and the Series 2021B Bonds shall each be issuable in fully registered forms without coupons substantially in the form set forth in <u>Exhibit C-1</u> and <u>Exhibit C-2</u>, respectively, and shall be dated as provided in Section 3.01.

(b) The Initial Bonds shall mature on the dates and in the principal amounts and bear interest at the annual rates, as set forth below:

Series 2021A Bonds

Maturity Date	Principal Amount	Interest Rate
December 1, 2031	\$3,470,000	4.000%
December 1, 2041	10,485,000	5.000
December 1, 2051	17,290,000	5.000
December 1, 2055	9,725,000	5.000

Series 2021B Bonds

Maturity Date	Principal Amount	Interest Rate	
December 1, 2027	\$835,000	5.375%	

Interest shall be payable on each Interest Payment Date and shall be computed on the basis of a 360-day year of twelve 30-day months. Notwithstanding anything herein to the contrary, the interest rate borne by the Initial Bonds shall not exceed the maximum permitted by, or enforceable under, applicable law.

- (c) Reserved.
- (d) Reserved.
- (e) The Initial Bonds shall be numbered from R-[A/B]-1 upward in consecutive numerical order. Initial Bonds issued upon any exchange or transfer hereunder shall be numbered in such manner as the Trustee in its discretion shall determine.
- (f) The principal, Purchase Price or Redemption Price of, and Sinking Fund Installments for, all Initial Bonds shall be payable by check or draft or wire transfer of immediately available funds at maturity or upon earlier purchase or redemption to the Persons in whose names such Initial Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or Redemption Date thereof, provided, however, that the payment in full of any Initial Bond either at final maturity or upon purchase or upon redemption in whole shall only be payable upon presentation and surrender of such Initial Bonds at the designated corporate trust office of the Trustee or of any Paying Agent.

The interest payable on each Initial Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Initial Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Record Date for such interest, (1) by check or draft mailed to such registered owner at his address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Initial Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Initial Bonds in the aggregate principal amount of at least \$1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Record Date for any interest payment.

Interest on any Initial Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Initial Bond on the relevant Record Date and shall be payable to the owner in whose name such Initial Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. It is provided in the Loan Agreement that the Institution shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment. Money deposited with the Trustee on account of Defaulted Interest shall be held in trust for the benefit of the owners of the Initial Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt of such funds by the Trustee. The Trustee shall promptly notify the 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 an Initial Bond entitled to such notice at the address of such owner as it appears on the bond registration books not less than ten (10) days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Initial Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Initial Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Initial Bond and each such Initial Bond shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

- (g) The Initial Bonds are issuable in the form of fully registered bonds in the Authorized Denominations.
- (h) Anything in the Initial Bonds or in this Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Initial Bonds shall be subject to the limitation that payments of interest or other amounts on the Initial Bonds shall not

be required to the extent that receipt of any such payment by a Holder of an Initial Bond would be contrary to the provisions of law applicable to such Holder which would limit the maximum rate of interest which may be charged or collected by such Holder of an Initial Bond.

Section 2.03. Redemption of Initial Bonds. (a) General Optional Redemption. The Series 2021A Bonds maturing after December 1, 2029 shall be subject to redemption, on or after December 1, 2029, in whole or in part on any Business Day (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 pursuant to Section 4.3(c) thereof) at a Redemption Price of one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the Redemption Date. The Series 2021B Bonds shall not be subject to optional redemption.

- (b) Extraordinary Redemption. The Initial Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the 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 Section 4.3(c) thereof), as a whole on any date, upon notice or waiver of notice as provided in this Indenture, at a Redemption Price of one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the Redemption Date, if one or more of the following events shall have occurred:
 - (i) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of two (2) years from the date of such damage or destruction to the condition thereof immediately preceding 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 two (2) years 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 two (2) years 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.

If the Initial Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall 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.

(c) <u>Mandatory Sinking Fund Installment Redemption</u>. The Series 2021A Bonds maturing on December 1, 2031 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.05(d) and (f):

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2027	\$475,000	2030	\$760,000
2028	705,000	2031*	795,000
2029	735,000		

^{*}Final Maturity

The Series 2021A Bonds maturing on December 1, 2041 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.05(d) and (f):

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2032	\$830,000	2037	\$1,065,000
2033	875,000	2038	1,115,000
2034	915,000	2039	1,175,000
2035	960,000	2040	1,235,000
2036	1,015,000	2041*	1,300,000

^{*}Final Maturity

The Series 2021A Bonds maturing on December 1, 2051 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.05(d) and (f):

Sinking Fund Installment Payment		Sinking Fund Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2042	\$1,365,000	2047	\$1,755,000
2043	1,440,000	2048	1,845,000
2044	1,505,000	2049	1,940,000
2045	1,585,000	2050	2,040,000
2046	1,670,000	2051*	2,145,000

^{*}Final Maturity

The Series 2021A Bonds maturing on December 1, 2055 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.05(d) and (f):

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2052	\$2,250,000	2054	\$2,490,000
2053	2,370,000	2055*	2,615,000

^{*}Final Maturity

The Series 2021B Bonds maturing on December 1, 2027 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.05(d) and (f):

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2026	\$640,000	2027*	\$195,000

^{*}Final Maturity

- (d) <u>Mandatory Redemption from Excess Proceeds and Certain Other</u> <u>Amounts</u>. The Initial Bonds shall be redeemed, at any time, in whole or in part by lot prior to maturity in the event and to the extent:
 - (i) excess Bond proceeds shall remain in the Project Fund 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 this Indenture,
 - (iii) excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personalty, or

The Tax-Exempt Bonds shall be redeemed, at any time, in whole or in part by lot prior to maturity in the event and to the extent 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 as provided in Section 11.4 of the Loan Agreement,

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

(e) <u>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</u>. The Initial Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (w) the 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 this Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Initial Bonds, together with interest accrued thereon to the Redemption Date.

- (f) <u>Mandatory Taxability Redemption</u>. Upon the occurrence of a Determination of Taxability, the Tax-Exempt Bonds shall be redeemed prior to maturity on any date within one hundred eighty (180) days following such Determination of Taxability, at a Redemption Price equal to the principal amount thereof, together with accrued interest to the Redemption Date. The Tax-Exempt Bonds shall be redeemed in whole unless redemption of a portion of the Tax-Exempt Bonds Outstanding would have the result that interest payable on the Tax-Exempt Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Tax-Exempt Bond. In such event, the Tax-Exempt Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.
- Bonds for optional redemption, the Initial 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 Initial Bonds as provided in Section 2.03(a), plus accrued interest to the purchase date. Purchases of tendered Initial Bonds may be made without regard to any provision of this Indenture relating to the selection of Initial Bonds in a partial optional redemption. The Initial Bonds purchased pursuant to any mandatory tender(s) are not required to be cancelled, and if not so cancelled (subject to Section 11.6 of 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 Initial Bonds in a partial redemption.

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

- (h) Redemption of Initial Bonds permitted or required by this Article II shall be made as follows, and the Trustee shall give the notice of redemption required by Section 6.03 in respect of each such redemption:
 - (1) Redemption shall be made pursuant to the general optional redemption or extraordinary redemption provisions of Section 2.03(a) or (b) at such times as are permitted under such Section and, in the case of Section 2.03(a), in such principal amounts, as the Institution shall request in a written notice to the Trustee in accordance with Section 4.3(c) of the Loan Agreement.
 - (2) Redemption shall be made pursuant to the mandatory Sinking Fund Installment redemption provisions of Section 2.03(c) as and when required by this Section without the necessity of any request by, or notification from the Issuer or from the Institution, but subject to the provisions of Section 5.05(d) and (f).
 - (3) Redemption shall be made pursuant to the mandatory redemption provisions of Section 2.03(d) at the earliest possible date set forth therein following the deposit of the excess proceeds or other amounts in the Redemption Account of the Bond Fund, without the necessity of any instructions or further act of the Issuer or the Institution.
 - (4) Redemption shall be made pursuant to the mandatory redemption provisions of Section 2.03(e) on the date specified therein in the event redemption is required under such circumstances, without the necessity of any instructions or further act of the Institution.
 - (5) Redemption shall be made pursuant to the mandatory taxability redemption provisions of Section 2.03(f) at the earliest possible date, but no later than one hundred eighty (180) days following the Determination of Taxability, without the necessity of any instructions or further act of the Issuer or the Institution.
- Section 2.04. <u>Delivery of Initial Bonds</u>. The Initial Bonds shall be executed in the form and manner set forth in this Indenture and shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of the Initial Bonds including the interest, if any, accrued on the Initial Bonds to the Closing Date, the Initial Bonds shall be delivered by the Trustee on behalf of the Issuer to or upon the order of the purchaser(s) thereof, but only upon receipt by the Trustee of:
- (a) a copy, duly certified by the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel of the Issuer, of the Approving and Bond Resolution:
- (b) an original executed counterpart of all Security Documents and a copy of each other executed Project Document;
- (c) a written opinion by Nationally Recognized Bond Counsel to the effect that the issuance of the Initial Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled; and

(d) the written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and deliver the Initial Bonds to the purchaser(s) therein identified upon payment to the Trustee for the account of the Issuer of the purchase price therein specified, plus accrued interest, if any.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel of the Issuer, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the manual or facsimile signature of the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel of the Issuer. Any facsimile signatures shall have the same force and effect as if the appropriate officers had personally signed each of said Bonds. In case one or any of the officers who shall have signed or attested the Bonds or whose reproduced facsimile signature appears thereon shall cease to be such officer or officers before the Bonds so signed and attested shall have been actually issued and delivered, the Bonds may be issued and delivered as though the person who signed or attested or whose reproduced facsimile signature appears on the Bonds had not ceased to be such officer. Neither the members, directors, officers or agents of the Issuer nor any person executing the Bonds shall be liable personally or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 2.06. <u>Authentication</u>. Only such Series 2021A Bonds and Series 2021B Bonds as shall have endorsed thereon a certificate of authentication, in substantially the form set forth in <u>Exhibit C-1</u> and <u>Exhibit C-2</u>, respectively, duly executed by the Trustee, shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until such certificate of authentication on such Bond shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture. The Trustee shall note, with respect to each Bond to be authenticated under this Indenture in the space provided in the certificate of authentication for such Bond, the date of the authentication and delivery of such Bond. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds.

Section 2.07. Additional Bonds. (a) So long as the Promissory Note, the Loan Agreement and the other Security Documents are each in effect and upon receipt by the Trustee of a certificate from the School showing satisfaction of the requirements of Section 3(E) of the Covenant Agreement, one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of (i) completing the Project, (ii) providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (iii) providing extensions, additions or improvements to the Facility, the purpose of which shall be for the Approved Project Operations, or (iv) refunding Outstanding Bonds. Such Additional Bonds shall be payable from the loan payments, receipts and revenues of the Facility including such extensions, additions and improvements thereto. Prior to the issuance of a Series of Additional Bonds and the execution of a Supplemental Indenture in connection therewith, the Issuer and the Institution shall enter into an amendment to the Loan Agreement, and the Institution shall execute a new Promissory Note,

which shall provide, among other things, that the loan payments payable by the Institution under the Loan Agreement and the aggregate amount to be paid under all Promissory Notes shall be increased and computed so as to amortize in full the principal of and interest on such Additional Bonds and any other costs in connection therewith. In addition, the Institution and the Issuer shall enter into an amendment to each Security Document with the Trustee which shall provide that the amounts guaranteed or otherwise secured thereunder be increased accordingly.

- (b) Each such Series of Additional Bonds shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of such Series of Additional Bonds, they shall be made available by the Trustee for pick-up by the order of the purchaser or purchasers thereof, but only upon receipt by the Trustee of:
 - (1) a copy of the resolution, duly certified by the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel of the Issuer, authorizing, issuing and awarding the Series of Additional Bonds to the purchaser or purchasers thereof and providing the terms thereof and authorizing the execution of any Supplemental Indenture and any amendments of or supplements to the Loan Agreement and any other Security Document to which the Issuer shall be a party;
 - (2) original executed counterparts of the Supplemental Indenture and an amendment of or supplement to the Loan Agreement expressly providing that, to the extent applicable, for all purposes of the Supplemental Indenture, the Promissory Note, and all other Security Documents, the Facility referred to therein and the premises related or subject thereto shall include the buildings, structures, improvements, machinery, equipment or other facilities being financed, and the Bonds referred to therein shall mean and include the Series of Additional Bonds being issued as well as the Initial Bonds and any Series of Additional Bonds theretofore issued;
 - (3) a written opinion by Nationally Recognized Bond Counsel, to the effect that the issuance of the Series of Additional Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled and that the issuance of the Series of Additional Bonds will not cause the interest on any Series of Tax-Exempt Bonds Outstanding to become includable in gross income for federal income tax purposes;
 - (4) except in the case of a Series of Refunding Bonds (defined below) refunding all Outstanding Bonds, a certificate of an Authorized Representative of the Institution to the effect that each Security Document to which it is a party continues in full force and effect and that there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default;
 - (5) written evidence from each rating agency by which any Series of Outstanding Bonds are then rated, if any, to the effect that it has reviewed the documentation pertaining to the issuance of the Series of Additional Bonds, and that the issuance of such Series of Additional Bonds will not result in a withdrawal, a suspension

or a reduction of the long and short-term ratings, if applicable, then assigned to any Series of Outstanding Bonds by such rating agency;

- (6) an amount of money for deposit in the applicable Debt Service Reserve Account established for such Additional Bonds, equal to the Debt Service Reserve Requirement for such Additional Bonds after giving effect to the issuance of such Series of Additional Bonds;
- (7) an original, executed counterpart of the new Promissory Note and the amendment to each Security Document;
- (8) a written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and make available for pick-up the Series of Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price therein specified, plus accrued interest, if any; and
- (9) evidence that the requirements of Section 3(E) of the Covenant Agreement are satisfied.
- (c) (1) Upon the request of the Institution, one or more Series of Additional Bonds may be authenticated and made available for pick-up upon original issuance to refund ("**Refunding Bonds**") all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds. Bonds of a Series of Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of this Indenture and of the resolution authorizing said Series of Refunding Bonds. In the case of the refunding under this Section 2.07 of less than all Bonds Outstanding of any Series or of any maturity within such Series, the Trustee shall proceed to select such Bonds in accordance with Section 6.02.
- (2) A Series of Refunding Bonds may be authenticated and made available for pick-up only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 2.07(b), as may be applicable) of:
 - (A) Irrevocable instructions from the Issuer to the Trustee, satisfactory to it, to give due notice of redemption pursuant to Section 6.03 to the Holders of all the Outstanding Bonds to be refunded prior to maturity on the Redemption Date specified in such instructions; and

(B) Either:

(i) moneys in an amount sufficient to effect payment at maturity or upon redemption at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or Redemption Date, which moneys shall be held by the Trustee or any Paying Agent in a separate account irrevocably in trust for and assigned to the respective Holders of the Outstanding Bonds being refunded, or

- (ii) Defeasance Obligations in such principal amounts, having such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of Article X, and any moneys required pursuant to said Section (with respect to all Outstanding Bonds or any part of one or more Series of Outstanding Bonds being refunded), which Defeasance Obligations and moneys shall be held in trust and used only as provided in Article X.
- (3) The Institution shall furnish to the Trustee and the Issuer at the time of delivery of the Series of Refunding Bonds a certificate of an independent certified public accountant stating that the Trustee and/or the Paying Agent (and/or any escrow agent as shall be appointed in connection therewith) hold in trust the moneys or such Defeasance Obligations and moneys required to effect such payment at maturity or earlier redemption.
- (d) Each Series of Additional Bonds issued pursuant to this Section shall be equally and ratably secured under this Indenture with the Initial Bonds and all other Series of Additional Bonds, if any, issued pursuant to this Section, without preference, priority or distinction of any Bond over any other Bonds except as expressly provided in or permitted by this Indenture.
- (e) No Series of Additional Bonds shall be issued unless the Promissory 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.

Section 2.08. <u>CUSIP Numbers</u>. The Issuer in issuing the Bonds may use CUSIP numbers (if then generally in use), and, if so, the Trustee shall use such CUSIP numbers in notices of redemption as a convenience to registered owners; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee of any change in the CUSIP numbers of which it has actual knowledge.

Section 2.09. <u>Book Entry Bonds</u>. (a) Except as provided in Section 2.09(c), the Holder of all of the Initial Bonds shall be DTC (the "Securities Depository") and the Initial Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest for any Initial Bond registered in the name of Cede & Co. shall be made by wire transfer of New York Clearing House or equivalent same day funds to the account of Cede & Co. on the Interest Payment Date for the Initial Bonds at the address indicated for Cede & Co. in the registration books of the Issuer kept by the Trustee. It is anticipated that during the term of the Initial Bonds, the Securities Depository will make book entry transfers among its Participants and receive and transmit payment of principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds to the Participants until and unless the Trustee authenticates and delivers replacement bonds to the Beneficial Owners as described in Section 2.09(c).

- The Initial Bonds shall be initially issued in the form of a separate single authenticated fully registered certificate for each maturity thereof. Upon initial issuance, the ownership of such Initial Bonds shall be registered in the registration books of the Issuer kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee, the Bond Registrar, the Paying Agent and the Issuer shall treat DTC (or its nominee) as the sole and exclusive Holder of the Initial Bonds registered in its name for the purposes of payment of the principal, Sinking Fund Installments, Redemption Price of or interest on the Initial Bonds, selecting the Initial Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Indenture, registering the transfer of Initial Bonds, obtaining any consent or other action to be taken by Holders of the Initial Bonds and for all other purposes whatsoever; and neither the Trustee, the Bond Registrar, the Paying Agent, the Institution nor the Issuer shall be affected by any notice to the contrary. All notices with respect to such Initial Bond shall be made and given, respectively, to DTC as provided in the Representations Letter. Neither the Trustee, the Bond Registrar, the Paying Agent nor the Issuer shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Initial Bonds under or through DTC or any Participant, or any other Person that is not shown on the registration books of the Trustee as being a Holder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment of DTC or any Participant of any amount in respect of the principal, Sinking Fund Installments, Redemption Price of or interest on the Initial Bonds; any notice that is permitted or required to be given to Bondholders under this Indenture or any other Security Documents; the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the Initial Bonds; or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay all principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State) DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds to the extent of the sum or sums so paid. Except as otherwise provided in Section 2.09(c), no Person other than DTC shall receive an authenticated Initial Bond certificate evidencing the obligation of the Issuer to make payments of principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Indenture with respect to transfers of Bonds, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.
- (c) In the event the Issuer determines that it is in the best interest of the Beneficial Owners that they be able to obtain Initial Bond certificates, the Issuer may notify DTC and the Trustee, whereupon DTC will notify the Participants, of the availability through DTC of Initial Bond certificates. In such event, the Trustee shall issue, transfer and exchange Initial Bond certificates as requested by DTC in appropriate amounts within the guidelines set forth in this Indenture. DTC may determine to discontinue providing its services with respect to the Initial Bonds at any time by giving written notice to the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Issuer and the Trustee shall be obligated to deliver Initial Bond certificates as described in this Indenture. In the event Initial Bond certificates are issued, the provisions of this Indenture shall apply to, among other things, the transfer and

exchange of such certificates and the method of payment of principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on such certificates. Whenever DTC requests the Issuer and the Trustee to do so, the Issuer will direct the Trustee (at the sole cost and expense of the Institution) to cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Initial Bonds to any DTC Participant having Initial Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Initial Bonds.

- (d) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture or any other Security Document by the Issuer or the Trustee with respect to any consent or other action to be taken by Bondholders, the Issuer or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Such notice to DTC shall be given only when DTC is the sole Bondholder.
- (e) NEITHER THE ISSUER, THE INSTITUTION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, SINKING FUND INSTALLMENTS, REDEMPTION PRICE OF OR INTEREST ON THE INITIAL BONDS; (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS INDENTURE TO BE GIVEN TO BONDHOLDERS; OR (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE INITIAL BONDS.
- (f) SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE INITIAL BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE INITIAL BONDHOLDERS OR REGISTERED HOLDERS OF THE INITIAL BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE INITIAL BONDS.
- (g) For so long as the Holder of all of the Initial Bonds shall be DTC, and all Initial Bonds shall be registered in the name of Cede & Co. as nominee for DTC, (i) only DTC may tender Initial Bonds upon redemption or retirement in whole and (ii) unless all Initial Bonds are being redeemed or retired in whole, Initial Bonds shall not be required to be presented to the Trustee for payment of principal, Sinking Fund Installments or Redemption Price except upon final maturity or redemption in whole.
- (h) In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities

Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository that is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee upon its receipt of an Initial Bond or Bonds for cancellation shall cause the delivery of an Initial Bond or Bonds to the successor Securities Depository in appropriate Authorized Denominations and form as provided herein.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.01. <u>Date of Bonds</u>. The Initial Bonds shall be dated their date of original issuance (subject to the provisions set forth below with respect to transfers and exchanges) and will bear interest from their date at the applicable rate or rates until the entire principal amount of the Initial Bonds has been paid. Bonds authenticated prior to the first Interest Payment Date shall bear interest from their date of original issuance. Bonds issued in exchange for or upon the registration of transfer of Bonds on or after the first Interest Payment Date thereon shall bear interest from and including the Interest Payment Date next preceding the date of the authentication thereof, unless the date of such authentication shall be an Interest Payment Date to which interest on the Bonds has been paid in full or duly provided for, in which case they shall bear interest from and including such Interest Payment Date; provided that if, as shown by the records of the Trustee, interest on the Bonds shall be in default, Bonds issued in exchange for or upon the registration of transfer of Bonds shall bear interest from the date to which interest has been paid in full on the Bonds, or if no interest has been paid on the Bonds, the date of the first delivery of fully executed and authenticated Bonds hereunder.

Section 3.02. Form and Denominations. Bonds shall be issued in fully registered form, without coupons, in any Authorized Denomination not exceeding the aggregate principal amount of Bonds of the same series, maturity and interest rate as the Bond for which the denomination is to be specified. Subject to the provisions of Section 3.03, the Series 2021A Bonds and the Series 2021B Bonds shall be in substantially the form set forth in Exhibit C-1 and Exhibit C-2, respectively, with such variations, omissions and insertions as are permitted or required by this Indenture.

Section 3.03. Legends. Each Bond shall contain on the face thereof a statement to the effect that: "THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN RELIANCE UPON EXEMPTIONS PROVIDED BY THE SECURITIES ACT. NO RESALE OR OTHER TRANSFER OF THIS BOND MAY BE MADE UNLESS SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS AND IN ACCORDANCE WITH THE INDENTURE OF TRUST REFERRED TO HEREIN. NEITHER THE ISSUER NOR THE TRUSTEE IS OBLIGATED TO REGISTER THIS BOND UNDER THE SECURITIES ACT OR ANY OTHER SECURITIES OR "BLUE SKY" LAW.

THIS BOND MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) SO LONG AS THIS BOND IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A OF THE SECURITIES ACT, TO A PERSON CONSTITUTING A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (2) TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT.

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR."

The Bonds may in addition contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom or otherwise as may be determined by the Issuer prior to the delivery thereof.

Section 3.04. Medium of Payment. The principal, Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Such payment may be made as provided in Section 2.02.

Section 3.05. <u>Bond Details</u>. Subject to the provisions hereof, the Bonds shall be dated, shall mature in such years and such amounts, shall bear interest at such rate or rates per annum, shall be subject to redemption on such terms and conditions and shall be payable as to principal, Purchase Price or Redemption Price, if any, Sinking Fund Installments, and interest at such place or places as shall be specified in this Indenture.

Section 3.06. <u>Interchangeability, Transfer and Registry</u>. (a) Each Bond shall be transferable only upon compliance with the restrictions on transfer set forth on such Bond and only upon the books of the Issuer, which shall be kept for the purpose at the designated corporate trust office of the Trustee, by the registered owner thereof in person or by his duly authorized attorney-in-fact, upon surrender of such Bond together with a written instrument of transfer in the form appearing on such Bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15. Upon the transfer of any Bond the Trustee shall prepare and issue in the name of the transferee one or more new Bonds of the same aggregate principal amount, related Series, maturity and interest rate as the surrendered Bond.

- (b) Each Holder of a Bond, by the purchase and acceptance of such Bond, is deemed to have represented and agreed as follows:
 - (A) (i) it is a qualified institutional buyer as defined in Rule 144A ("Rule 144A") of the Securities Act of 1933, as amended (the "Securities Act") and it is aware that the sale made to it of such Bond has been made in reliance on Rule 144A; it has acquired such Bond for its own account or for the account of a qualified institutional buyer; or (ii) it is an "accredited investor" as defined in Rule 501 under the Securities Act; and

- (B) it understands that such Bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer such Bond, such Bond may be offered, resold, pledged or transferred only in accordance with the above transfer restrictions set forth in Section 3.06(a) hereof.
- (c) Any Bond, upon surrender thereof at the designated corporate trust office of the Trustee in the City with a written instrument of transfer in the form appearing on such Bond, duly executed by the registered owner or his duly authorized attorney-in-fact, with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, may, at the option of the owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and interest rate of any other Authorized Denominations. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.
- (d) The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name any Bond shall be registered as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal, Purchase Price and Redemption Price, if any, of, Sinking Fund Installments for, and interest on such Bond and for all other purposes, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Institution, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.
- (e) In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Institution but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series, maturity, unpaid principal amount and interest rate as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and in substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence reasonably satisfactory to it that such Bond has been destroyed, stolen or lost, and upon furnishing the Issuer and the Trustee with indemnity (an undertaking from an insurance company acceptable to the Trustee and the Issuer) satisfactory to the Trustee and to the Issuer and complying with such other reasonable regulations as the Trustee may prescribe and paying such expenses as the Issuer and the Trustee may incur. All Bonds so surrendered to the Trustee shall be cancelled by it. Every new Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is destroyed, lost or stolen, shall, with respect to such Bond, constitute an

additional contractual obligation of the Issuer whether or not the destroyed, lost or stolen Bond shall be found and shall be enforceable at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder. In the event any such destroyed, stolen or lost Bond shall have matured, or be about to mature, the Issuer may, instead of issuing a new Bond, cause the Trustee to pay the same without surrender thereof upon compliance with the condition in the first sentence of this Section out of moneys held by the Trustee and available for such purpose. All Bonds shall be held and owned upon the express condition (to the extent lawful) that the foregoing provisions are exclusive with respect to the replacement or payment of any mutilated, destroyed or lost or stolen Bond and shall preclude any and all other rights and remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 3.08. Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled shall be destroyed by the Trustee.

Section 3.09. Requirements With Respect to Transfers. In all cases in which the privilege of transferring Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such transfer shall forthwith be cancelled by the Trustee. For every such transfer of Bonds, the Issuer or the Trustee may, as a condition precedent to the privilege of making such transfer, make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such transfer, which sum or sums shall be paid by the Person requesting such transfer.

Section 3.10. <u>Bond Registrar</u>. The Trustee shall also be Bond Registrar for the Bonds, and shall maintain a register showing the names of all registered Holders of Bonds, Bond numbers and amounts, and other information appropriate to the discharge of its duties hereunder. The Trustee shall make available to the Institution for its inspection during normal business hours the registration books for the Bonds, as may be requested by the Institution in connection with any purchase or tender offer by it with respect to the Bonds.

Section 3.11. Payments Due on Saturdays, Sundays and Holidays. In any case where any payment date of principal, Purchase Price, Sinking Fund Installment and/or interest on the Bonds, or the Redemption Date of any Bonds, shall be a day other than a Business Day, then payment of such principal, Purchase Price, Sinking Fund Installment and/or interest or the Redemption Price, if applicable, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the principal, Sinking Fund Installment and/or Interest Payment Date or the Redemption Date, as the case may be, except that interest shall continue to accrue on any unpaid principal.

ARTICLE IV

APPLICATION OF BOND PROCEEDS

Section 4.01. Application of Proceeds of Initial Bonds. Upon the receipt by the Trustee of the original proceeds of the sale and delivery of the Initial Bonds, together with the \$1,500.00 of equity contributed by the Institution, the Trustee shall apply such proceeds as follows:

- (i) \$2,686,900.00, being an amount equal to the Debt Service Reserve Fund Requirement with respect to the Series 2021A Bonds, shall be deposited in the Series 2021A Bonds Debt Service Reserve Account of the Debt Service Reserve Fund;
- (ii) \$83,500.00, being an amount equal to the Debt Service Reserve Fund Requirement with respect to the Series 2021B Bonds, shall be deposited in the Series 2021B Bonds Debt Service Reserve Account of the Debt Service Reserve Fund;
- (iii) \$2,230,366.11 shall be deposited to the Series 2021A Bonds Capitalized Interest Account of the Project Fund;
- (iv) \$60,340.35 shall be deposited to the Series 2021B Bonds Capitalized Interest Account of the Project Fund;
- (v) \$37,898,384.09, shall be deposited in the Tax-Exempt Bonds Account of the Project Fund, \$189,925.33 of which shall be deposited in the Costs of Issuance Subaccount of such Tax-Exempt Bonds Account;
- (vi) \$1,500.00 of equity contributed by the Institution shall be deposited in the Tax-Exempt Bonds Account of the Project Fund; and
- (vii) \$677,382.15, shall be deposited in the Taxable Bonds Account of the Project Fund.

ARTICLE V

CUSTODY AND INVESTMENT OF FUNDS

Section 5.01. Creation of Funds and Accounts. (a) The Issuer hereby establishes and creates the following special trust Funds and Accounts comprising such Funds:

- (1) **Project Fund** (A) Tax-Exempt Bonds Account (I) Costs of Issuance Subaccount (B) Taxable Bonds Account Series 2021A Bonds Capitalized Interest Account (C) (D) Series 2021B Bonds Capitalized Interest Account **Bond Fund** (2) (A) **Principal Account** (B) Interest Account (C) Redemption Account (D) Sinking Fund Installment Account Renewal Fund (3) **Earnings Fund** (4) (5) Rebate Fund
- (6) Debt Service Reserve Fund
 - (A) Series 2021A Bonds Debt Service Reserve Account
 - (B) Series 2021B Bonds Debt Service Reserve Account
- (7) Repair and Replacement Fund
- (8) Revenue Fund
- (b) All of the Funds and Accounts created hereunder shall be held by the Trustee. All moneys required to be deposited with or paid to the Trustee for the credit of any Fund or Account under any provision of this Indenture and all investments made therewith shall be held by the Trustee in trust and applied only in accordance with the provisions of this

Indenture, and while held by the Trustee shall constitute part of the Trust Estate (subject to the granting clauses of this Indenture), other than the Rebate Fund, and be subject to the lien hereof.

Section 5.02. Project Fund. (a) There shall be deposited in the Project Fund any and all amounts required to be deposited therein pursuant to Sections 4.01, 5.06 and 5.07 or otherwise required to be deposited therein pursuant to the Loan Agreement or this Indenture.

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 (including interest on the Bonds during the period of Project construction and renovation) to the extent requisitioned under subsection (b) hereto. Notwithstanding the foregoing, any payment of the Costs of Issuance relating to the Tax-Exempt Bonds shall be paid from the Costs of Issuance Subaccount of the Tax-Exempt Bonds Account of the Project Fund.

The Trustee shall automatically transfer amounts from the Series 2021A Bonds Capitalized Interest Account of the Project Fund to the Interest Account of the Bond Fund for the payment of interest due and payable on the Series 2021A Bonds on the next succeeding Interest Payment Date on or prior to such Interest Payment Date in the amounts and for the Interest Payment Dates set forth in Exhibit F-1.

The Trustee shall automatically transfer amounts from the Series 2021B Bonds Capitalized Interest Account of the Project Fund to the Interest Account of the Bond Fund for the payment of interest due and payable on the Series 2021B Bonds on the next succeeding Interest Payment Date on or prior to such Interest Payment Date in the amounts and for the Interest Payment Dates set forth in Exhibit F-2.

(b) 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.

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 Exhibit D — "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 Section 3.7 of 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 Section 3.2(f) of 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 Section 5.07, 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 as set forth in Section 2.03(d). The Trustee shall promptly notify the Institution of any amounts so deposited in the Redemption Account of the Bond Fund pursuant to this Section 5.02(e).
- (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 Revenue Fund, in the Project Fund, 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 Section 5.07), in the Repair and Replacement Fund 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 Revenue Fund, in the Project Fund, 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 Section 5.07), in the Repair and Replacement Fund and in the Debt Service Reserve Fund shall be deposited in the Bond Fund as provided in Section 8.03.

(g) Except as provided in Section 5.06, 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 5.03. <u>Payments into Renewal Fund</u>; <u>Application of Renewal Fund</u>. (a) The Net Proceeds resulting from any Loss Event with respect to the Facility, together with any other amounts so required to be deposited therein under the Loan Agreement or the Mortgage, shall be deposited in the Renewal Fund (except as otherwise provided in Section 3.11 of the Mortgage).

(b) In the event the Bonds shall be subject to redemption in whole (either by reason of such Loss Event or otherwise) pursuant to the terms thereof or this Indenture, and the 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 Section 5.07, 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 Section 5.07, to such rebuilding, replacement, repair and restoration.

(c) If an Event of Default shall exist at the time of the receipt by the Trustee of the Net Proceeds in the Renewal Fund, the Trustee shall promptly request the written direction of the 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 Section 5.07, 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).

- 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 this Section and Section 6.4 of the Loan Agreement, and (z) that no Person other than the Issuer or the Trustee may benefit therefrom. Such certificate shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if is a temporary certificate of occupancy, the 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 or Permitted Encumbrances.

- (f) All earnings on amounts on deposit in the Renewal Fund shall be transferred by the Trustee and deposited in the Earnings Fund. Any transfers by the Trustee of amounts to the Rebate Fund shall first be drawn by the Trustee from the Earnings Fund prior to drawing any amounts from the Renewal Fund.
- (g) Any surplus remaining in the Renewal Fund after the completion of the rebuilding, replacement, repair and restoration of the Facility shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Certificate and Section 5.07, and after depositing, first, in the Debt Service Reserve Fund, and then, in the Repair and Replacement Fund, an amount equal to any deficiency therein, be transferred by the Trustee to the Redemption Account of the Bond Fund.

Section 5.04. 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) Any deposits made into the Redemption Account pursuant to this Indenture, including but not limited to the redemption provision provided in Section 2.03(d), and pursuant to the Loan Agreement, including but not limited to the provisions set forth in Sections 3.2(c), 3.5(a)(ii), 3.7, 6.3(b), 8.10(b), 8.10(c) and 11.4 of the Loan Agreement.
- (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 Section 5.07, 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 Section 5.02(e) or the first sentence of Section 5.02(f), 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).
- (d) Loan payments received by the Trustee pursuant to Section 4.3(a)(i), (ii), (iii), (iv) or Section 4.3(i), of the Loan Agreement, which shall be deposited in the Revenue Fund and disbursed pursuant to Section 5.15.
- (e) Advance loan payments received by the Trustee pursuant to Section 4.3(c) of the Loan Agreement, which shall be deposited in the Revenue Fund to be deposited in and credited to the Redemption Account of the Bond Fund.
- (f) Any amounts transferred from the Earnings Fund pursuant to Section 5.06(c), which shall be deposited in and credited to the Interest Account of the Bond Fund.

- (g) The excess amounts referred to in Section 5.05(d), 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), 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 Section 5.03 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 Section 5.07 or first, to the Debt Service Reserve Fund, and then, to the Repair and Replacement Fund to the extent of any deficiency therein) to the Redemption Account of the Bond Fund pursuant to Section 5.03(g).
- (j) All other receipts when and if required by the Loan Agreement or by this 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) to the Redemption Account of the Bond Fund.
- (k) Any amounts transferred from a Debt Service Reserve Account of the Debt Service Reserve Fund pursuant to Section 5.13, 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 for the applicable Series of Bonds.
- (l) Any amounts transferred from the Repair and Replacement Fund pursuant to Section 5.14, 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.
- (m) Amounts transferred from the applicable Capitalized Interest Account of the Project Fund for the payment of interest on the applicable Series of Bonds during the period of Project Work, which shall be credited to the Interest Account of the Bond Fund and applied to the payment of interest on the applicable Series of Bonds.
- **Section 5.05.** <u>Application of Bond Fund Moneys</u>. (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 Article VI, 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 (d) 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 Redemption Date. 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 Article X) shall be transferred to the Interest Account. Upon the purchase of any Bonds out of advance loan payments as provided in this subsection, 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 this Indenture. The Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in Section 6.02. Amounts in the Redemption Account 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 this Section, 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 Section 5.05(d) 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 Section are to be availed of with respect to such Sinking Fund Installment payment, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment will be paid on or prior to the next succeeding Sinking Fund Installment payment date.
- (h) 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 5.06. Payments into Earnings Fund; Application of Earnings Fund.

- (a) 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, the Repair and Replacement Fund or the Bond Fund) shall be deposited upon receipt by the Trustee into the Earnings Fund (except that earnings on amounts in a Debt Service Reserve Account of the Debt Service Reserve Fund shall be retained in such Debt Service Reserve Account to the extent necessary to meet the Debt Service Reserve Fund Requirement for the applicable Series of Bonds). The Trustee shall keep separate accounts of all amounts deposited in the Earnings Fund and by journal entry indicate the Fund source of the income or earnings.
- (b) On the first Business Day following each Computation Period (as defined in the Tax 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.
- (c) The foregoing notwithstanding, the Trustee shall not be required to transfer amounts from the Earnings Fund to the Rebate Fund (and shall instead apply such amounts in the Earnings Fund as provided in the immediately following two sentences), 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 Tax-Exempt Bonds have been invested in obligations the interest on which is not included in gross income for federal income tax purposes under Section 103 of the Code or (z) the proceeds of the Bonds have been invested in obligations the Yield 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 prior to the Project Completion Date shall be deposited in the Project Fund until the completion of the Project as provided in Section 3.2(f) of the Loan Agreement, and thereafter, but prior to the first Computation Date, in the Interest Account of the Bond Fund. Any amounts on deposit in the Earnings Fund after the Project Completion Date following the transfers to the Rebate Fund required by this Section shall be deposited in the Interest Account of the Bond Fund.

(d) Notwithstanding the foregoing, to the extent there are insufficient amounts in the Bond Fund to pay principal of or interest on the Bonds when due, amounts in the Earnings Fund shall be transferred to the Bond Fund up to the amount necessary to cure such insufficiency.

Section 5.07. <u>Payments into Rebate Fund</u>; <u>Application of Rebate Fund</u>. (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.

- 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 Section 3.2(f) of the Loan Agreement or the restoration of the Facility pursuant to Section 5.03, at any time during a Bond Year, the Trustee shall deposit in the Rebate Fund at that time an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated at the completion of the Project or the restoration of the Facility as aforesaid. The amount deposited in the Rebate Fund pursuant to the previous sentences shall be withdrawn from the Earnings Fund. If the amount on deposit in the Rebate Fund following such deposit is less than the Rebate Amount, the Trustee shall promptly deliver a notice stating the amount of such deficiency to the 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 Section 3.2(f) of the Loan Agreement, or, after the completion of the Project, deposit it in the Interest Account of the Bond Fund.
- (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 provisions of Article X, 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 5.08. Transfer to Rebate Fund. The Trustee shall have no obligation under this Indenture to transfer any amounts to the Rebate Fund unless the Trustee shall have received specific written instructions from an Authorized Representative of the Institution to make such transfer.

Section 5.09. <u>Investment of Funds and Accounts</u>. (a) Amounts in any Fund or Account established under this Indenture may, if and to the extent then permitted by law, be invested only in Qualified Investments provided that any Qualified Investment shall not have a maturity date greater than five (5) years from the date of the making of such investment unless such Qualified Investment may be put at par at any time at the option of the owner thereof, and provided, further, that any investment of amounts held in the Debt Service Reserve Fund shall be limited to Government Obligations. Any investment herein authorized is subject to the condition that no portion of the proceeds derived from the sale of 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, (i) 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 Section 5.02(e) and (ii) excess title or property insurance proceeds, excess proceeds after the release or substitution of Facility Realty or Facility Personalty, capital campaign proceeds or such other proceeds deposited to the Redemption Account of the Bond Fund pursuant to Section 5.04(b) 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, (iii) the Repair and Replacement Fund with respect to the investment of amounts held in the Repair and Replacement Fund and (iv) 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 this Article. The Trustee shall not be liable for losses incurred as a result of actions taken in good faith in accordance with this Section 5.09(c). As soon as practicable after any such sale, redemption or exchange, the Trustee shall give notice thereof to the Issuer and the 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 this Indenture. The investments authorized by this Section 5.09 shall at all times be subject to the provisions of applicable law, as amended from time to time.
- (e) In computing the amount in any Fund or Account, obligations purchased as an investment of moneys therein shall be valued at fair market value as determined by the Trustee one month prior to each Interest Payment Date.

The fair market value of Qualified Investments shall be determined as follows:

- (i) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*), the average bid and asked prices for such investments so published on or most recently prior to such time of determination;
- (ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*, the average bid price at such nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or as quoted in the Interactive Data Service; and
- (iii) as to certificates of deposit and bankers acceptances and other investments, the face amount thereof, plus accrued interest.

If more than one provision of this definition of "fair market value" shall apply at any time to any particular investment, the fair market value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment.

(f) With regard to the applicable Debt Service Reserve Account in the Debt Service Reserve Fund, a "surplus" means the amount by which the amount on deposit in a Debt Service Reserve Account is in excess of the Debt Service Reserve Fund Requirement for the related Series of Bonds. On each Fund Valuation Date, and upon any withdrawal from a Debt Service Reserve Account in the Debt Service Reserve Fund, the Trustee shall determine the amount on deposit in each such Debt Service Reserve Account. 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. 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 Section 3.2(f) of the Loan Agreement and thereafter shall transfer such amount to the Interest Account of the Bond Fund for payment of interest related to such Series of Bonds.

- (g) In the case of the Repair and Replacement Fund, a "surplus" means the amount by which the amount on deposit therein is in excess of the Repair and Replacement Fund Requirement. On each Fund Valuation Date, and upon any withdrawal from the Repair and Replacement Fund, the Trustee shall determine the amount on deposit in the Repair and Replacement Fund. If on any such date a deficiency exists, the Trustee shall notify the Issuer and the Institution of such deficiency and that such deficiency must be replenished by the Institution as required by Section 4.3(j) of the Loan Agreement. If a surplus exists, the Trustee shall notify the Issuer and the Institution thereof and shall upon written instructions of the Institution transfer an amount equal to such surplus to the Interest Account of the Bond Fund.
- (h) No brokerage confirmations will be provided by the Trustee for so long as the Trustee provides periodic statements to the Issuer and the Institution that include investment activity.

Bonds. Notwithstanding any other provisions of this Indenture, if on any Interest Payment Date or Redemption Date the amounts held in the Funds established under this Indenture (other than the Earnings Fund and the Rebate Fund) are sufficient to pay one hundred percent (100%) of the principal or Redemption Price, as the case may be, of all Outstanding Bonds and the interest accruing on such Bonds to the next date on which such Bonds are redeemable or payable, as the case may be, whichever is earlier, the Trustee shall so notify the Issuer and the Institution. Upon receipt of written instructions from an Authorized Representative of the Institution directing such redemption, the Trustee shall proceed to redeem all such Outstanding Bonds in the manner provided for redemption of such Bonds by this Indenture.

Section 5.11. Repayment to the Institution from the Funds. After payment in full of the Bonds (in accordance with Article X) and the payment of all fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents and all other amounts required to be paid hereunder and under each of the Security Documents, and the payment of any amounts which the Trustee is directed to rebate to the federal government pursuant to this Indenture and the Tax Certificate, all amounts remaining in any Fund shall be paid to the Institution upon the expiration or sooner termination of the term of the Loan Agreement as provided in Section 4.3(g) of the Loan Agreement.

Section 5.12. Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the Redemption Date thereof, or otherwise, and funds sufficient to pay any such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, together with interest to the date on which principal is due, all liability of the Issuer to the Holder thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and

thereupon it shall be the duty of the Trustee to pay such funds to the Person entitled thereto or if the Person is not known to the Trustee, to hold such funds, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, such Bond. Such amounts so held shall, pending payment to the Holder of such Bond, (y) be subject to any rebate requirement as set forth in the Tax Certificate or this Indenture, and (z) shall be uninvested, or, if invested, invested or re-invested only in Government Obligations maturing within thirty (30) days. Funds remaining with the Trustee as above and unclaimed for the earlier of two (2) years or one month less than the applicable statutory escheat period shall be paid to the 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 5.13. <u>Debt Service Reserve Fund</u>. (a) If on any Interest Payment Date or Redemption Date on the Bonds of a Series 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 Capitalized Interest Account of the Project Fund designated for such Series of Bonds) shall be less than the amount of interest then due and payable on such Bonds, or if on any principal payment date on the Bonds of a Series the amount in the Principal Account shall be less than the amount of principal of such Bonds then due and payable, or if on any Sinking Fund Installment payment date for the Bonds of a Series 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 such 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 (and after any transfers to the Bond Fund from the Earnings Fund and the Repair and Replacement Fund), the Trustee forthwith shall transfer moneys from the applicable Debt Service Reserve Account in 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, all pursuant to Section 5.15; provided, however, that the amount so transferred shall be applied only to the payment of such interest, principal and Sinking Fund Installment on the Bonds of such Series and not to the payment of interest, principal and Sinking Fund Installment or any other amounts payable with respect to Bonds of any other Series.

Upon the occurrence of an Event of Default hereunder and the exercise by the Trustee of remedies in the Loan Agreement and this Indenture, any moneys in the Debt Service Reserve Fund shall be transferred by the Trustee to the Bond Fund and applied in accordance with Section 8.03 hereof, notice of which shall be given by the Trustee to the Institution, the Issuer and the Bondholders. On the Loan Payment Date next preceding the final maturity date of a Series of Bonds, any moneys in the applicable Debt Service Reserve Account in the Debt Service Reserve Fund shall be transferred to the Bond Fund and used to pay the principal and interest on the Bonds of such Series on the final maturity date.

(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

to pay to the Trustee amounts in respect of any deficiency in a Debt Service Reserve Account in the Debt Service Reserve Fund, telephonic notice (to be promptly confirmed in writing) specifying the amount of such deficiency and requesting the Institution to deliver such amount to the Trustee in accordance with said Section of the Loan Agreement. The Trustee shall deposit in such Debt Service Reserve Account in the Debt Service Reserve Fund the amount so delivered by the Institution. 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.

(c) In the event that the Institution shall deliver written notice to the Trustee of its intention to redeem Bonds of a Series, the Institution may direct the Trustee to apply such amounts in the applicable Debt Service Reserve Account in the Debt Service Reserve Fund to effect such redemption such that the amount remaining in the applicable Debt Service Reserve Account 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 of such Series Outstanding.

Section 5.14. Repair and Replacement Fund.

- (a) The Trustee shall deposit into the Repair and Replacement Fund all amounts required to be deposited therein pursuant to this Indenture and all payments required to be made by the Institution pursuant to Section 4.3(j) of the Loan Agreement.
- (b) The Trustee shall, at the request of an Authorized Representative of the Institution, disburse moneys from the Repair and Replacement Fund in payment of the costs set forth in subsection (c) below upon receipt by the Trustee of requisitions in the form set forth in Exhibit E "Form of Requisition from the Repair and Replacement Fund" signed by an Authorized Representative of the Institution. The Trustee shall be fully protected in releasing moneys from the Repair and Replacement Fund based on such requisition signed by an Authorized Representative of the Institution.
- Fund shall be disbursed by the Trustee (y) to the Institution or to the Institution's order to pay the cost of (i) improvements to the Facility, (ii) replacement or repair of furniture and equipment or other components of the Facility, and (iii) purchasing additional furniture and equipment for the Facility; and (z) to pay principal and interest on the Bonds to the extent payments by the Institution are insufficient therefor (prior to the use of moneys in the Debt Service Reserve Fund and after the use of moneys in the Earnings Fund for such purpose). In no event will the balance of the Repair and Replacement Fund be required to exceed the Repair and Replacement Fund Requirement. As long as no Event of Default has occurred and is continuing, if, at any time, the balance of the Repair and Replacement Fund exceeds the Repair and Replacement Fund Requirement, at the written request of the Institution, the sum of such excess shall be delivered by the Trustee to the Institution to be applied by the Institution for any lawful purpose of the Institution.

Section 5.15. Revenue Fund. The Trustee shall promptly deposit all amounts received from the Institution or transferred pursuant to Section 5.16 in the Revenue Fund.

All moneys held on deposit in the Revenue Fund shall be transferred or disbursed by the Trustee on each Loan Payment Date, in the following order of priority:

FIRST:

(i) to the Bond Fund, 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, including any funds transferred from the applicable Capitalized Interest Account of the Project 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, including any funds transferred from the applicable Capitalized Interest Account of the Project Fund, and as shall be available to pay interest on the Initial Bonds on such next succeeding Interest Payment Date), plus (ii) to the Bond Fund, commencing on that Loan Payment Date as shall precede the first principal payment date of December 1, 2026 by more than twelve (12) but less than thirteen (13) months, an amount of money equal to one-twelfth (1/12) of the principal due on any principal payment date occurring in the next 12 months, plus (iii) any amount previously due under this paragraph but that remains unpaid because of an insufficiency in moneys available therefor;

SECOND:

to the Rebate Fund, any amount of moneys required to be deposited in the Rebate Fund pursuant to Section 5.07 or the Tax Certificate;

THIRD:

to the applicable Debt Service Reserve Account in the Debt Service Reserve Fund, upon the determination of a deficiency pursuant to Section 5.13(b), an amount of moneys equal to one-sixth (1/6) of such deficiency in that amount of moneys necessary to cause the sum on deposit in the applicable Debt Service Reserve Account in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement for such Series of Bonds;

FOURTH:

Commencing on March 1, 2021, the Institution shall pay on each Loan Payment Date \$5,000 to the Repair and Replacement Fund until the amount on deposit in the Repair and Replacement Fund equals the Repair and Replacement Fund Requirement; provided that, following any disbursement from the Repair and Replacement Fund, the amount required to be deposited therein shall additionally include an amount necessary to

replenish the Repair and Replacement Fund by the total amount of such disbursement deposited in equal amounts on each Loan Payment Date over the 24-month period to begin on the Loan Payment Date following such disbursement;

FIFTH:

with respect to a redemption pursuant to Section 2.03 (other than Section 2.03(c)), to the Bond Fund, an amount of money equal to the Redemption Price due on the Redemption Date, and

SIXTH:

to the Institution, to the account set forth in Exhibit B to the Depositary Agreement, all amounts of money remaining on deposit in the Revenue Fund, if any, after the Trustee has made the disbursements required in FIRST through FIFTH above; provided that if an Event of Default has occurred and is then in effect, the Trustee shall only transfer to the Institution the amount necessary to pay operating and capital expenses required to be paid for that calendar month as provided in the Institution's annual budget as shall be certified by the Institution to the Trustee.

Section 5.16. Account Control Agreement.

- (a) The Trustee is hereby directed to enter into the Account Control Agreement.
- (b) The Trustee hereby acknowledges the automatic transfers to be made pursuant to the Account Control Agreement. The Trustee is hereby directed to transfer such monies held pursuant to the Account Control Agreement in the amounts set forth in Exhibit 4 to the Account Control Agreement to the Revenue Fund promptly upon receipt thereof, but in no event later than two (2) Business Days after receipt.

ARTICLE VI

REDEMPTION OF BONDS

Section 6.01. <u>Privilege of Redemption and Redemption Price</u>. Bonds or portions thereof subject to redemption prior to maturity shall be redeemable, upon mailed notice as provided in this Article, at the times, at the Redemption Prices and upon such terms in addition to and consistent with the terms contained in this Article as shall be specified in this Indenture and in said Bonds.

Section 6.02. Selection of Bonds to be Redeemed. In the event of redemption of less than all the Outstanding Bonds of the same Series and maturity, the particular Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair, except that (i) Bonds of a Series to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the Trustee shall select Bonds of a Series for redemption such that no Bond of such Series shall be of a denomination of less than the Authorized Denomination for such Series of Bonds. In the event of redemption of less than all the Outstanding Bonds of the same Series stated to mature on different dates, the principal amount of such Series of Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series of Bonds to be redeemed and by lot within a maturity. The portion of Bonds of any Series to be redeemed in part shall be in the principal amount of the minimum Authorized Denomination thereof or some integral multiple thereof and, in selecting Bonds of a particular Series for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of such Series which is obtained by dividing the principal amount of such registered Bond by the minimum Authorized Denomination thereof (referred to below as a "unit") then issuable rounded down to the integral multiple of such minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Bond shall forthwith surrender such Bond to the Trustee for (a) payment to such Holder of the Redemption Price of the unit or units of principal amount called for redemption and (b) delivery to such Holder of a new Bond or Bonds of such Series in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds of the same Series and maturity representing the unredeemed balance of the principal amount of such Bond shall be issued to the registered Holder thereof, without charge therefor. If the Holder of any such Bond of a denomination greater than a unit shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the Redemption Date to the extent of the unit or units of principal amount called for redemption (and to that extent only).

Section 6.03. <u>Notice of Redemption</u>. When redemption of any Bonds is requested or required pursuant to this Indenture, the Trustee shall give notice of such redemption in the name of the Issuer, specifying the name of the Series, CUSIP number, Bond numbers, the date of original issue of such Series, the date of mailing of the notice of redemption, maturities, interest rates and principal amounts of the Bonds or portions thereof to be redeemed, the Redemption Date, the Redemption Price, and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at the Trustee) and specifying the principal amounts of the Bonds or portions thereof to be

payable and, if less than all of the Bonds of any maturity are to be redeemed, the numbers of such Bonds or portions thereof to be so redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond or portion thereof to be redeemed the Redemption Price thereof together with interest accrued to the Redemption Date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice may set forth any additional information relating to such redemption. The Trustee, in the name and on behalf of the Issuer, (i) shall mail a copy of such notice by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days prior to the Redemption Date, to the registered owners of any Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of such Series of Bonds with respect to which proper mailing was effected; and (ii) cause notice of such redemption to be sent to the national information service that disseminates redemption notices. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. In the event of a postal strike, the Trustee shall give notice by other appropriate means selected by the Trustee in its discretion. If any Bond shall not be presented for payment of the Redemption Price within sixty (60) days of the Redemption Date, the Trustee shall mail a second notice of redemption to such Holder by first class mail, postage prepaid. Any amounts held by the Trustee due to non-presentment of Bonds for payments on or after any Redemption Date shall be retained by the Trustee for a period of at least one year after the final maturity date of such Bonds. Further, if any Holders of Bonds shall constitute registered depositories, the notice of redemption described in the first sentence of this Section 6.03 shall be mailed to such Holders at least two (2) days prior to the mailing of such notice to all Holders.

If notice of redemption shall have been given as aforesaid, the Bonds of such Series called for redemption shall become due and payable on the Redemption Date, provided, however, that with respect to any optional redemption of the Bonds of a Series, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds of such Series to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem the Bonds of such Series. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of the Bonds of such Series so called for redemption at the place or places of payment, such Series of Bonds shall be redeemed.

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

So long as the Securities Depository is effecting book entry transfers of the Bonds, the Trustee shall provide the notices specified above only to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the

part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Trustee, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

- Section 6.04. Payment of Redeemed Bonds. (a) Notice having been given in the manner provided in Section 6.03, the Bonds or portions thereof so called for redemption shall become due and payable on the Redemption Dates so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date. If, on the Redemption Date, moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the Redemption Date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date, (i) interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (ii) the Bonds or portions thereof so called for redemption shall cease to be entitled to any lien, benefit or security under this Indenture, and (iii) the Holders of the Bonds or portions thereof so called for redemption shall have no rights in respect thereof, except to receive payment of the Redemption Price together with interest accrued to the Redemption Date. If said moneys shall not be so available on the Redemption Date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.
- (b) Payment of the Redemption Price plus interest accrued to the Redemption Date shall be made to or upon the order of the registered owner only upon presentation of such Bonds for cancellation and exchange as provided in Section 6.05; provided, however, that any Holder of at least \$1,000,000 in original aggregate principal amount of the Initial Bonds may, by written request to the Trustee no later than five (5) days prior to the Redemption Date, direct that payments of Redemption Price and accrued interest to the Redemption Date be made by wire transfer as soon as practicable after tender of the Bonds in federal funds at such wire transfer address as the owner shall specify to the Trustee in such written request.
- **Section 6.05.** Cancellation of Redeemed Bonds. (a) All Bonds redeemed in full under the provisions of this Article, shall forthwith be cancelled and returned to the Issuer and no Bonds shall be executed, authenticated or issued hereunder in exchange or substitution therefor, or for or in respect of any paid portion of a Bond.
- (b) If there shall be drawn for redemption less than all of a Bond, as described in Section 6.02, the Issuer shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, a Bond or Bonds of like Series and maturity in any of the authorized denominations.
- **Section 6.06.** No Partial Redemption After Default. Anything in this Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default hereunder, there shall be no redemption of less than all of the Bonds Outstanding.

ARTICLE VII

PARTICULAR COVENANTS

Section 7.01. <u>Payment of Principal and Interest</u>. The Issuer covenants that it will from the sources herein contemplated promptly pay or cause to be paid the interest, principal, Purchase Price or Redemption Price of, and Sinking Fund Installments for, the Bonds, together with interest accrued thereon, at the place, on the dates and in the manner provided in this Indenture and in the Bonds according to the true intent and meaning thereof.

Section 7.02. Performance of Covenants; Authority. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State, including particularly its Organizational Documents, to issue the Bonds authorized hereby and to execute this Indenture, to make the Loan to the Institution pursuant to the Loan Agreement and the Promissory Note, to assign the Loan Agreement and the Promissory Note, to execute and deliver the Assignment of Mortgage, and to pledge the loan payments, revenues and receipts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the hands of the Holders thereof are and will be the valid and enforceable special limited revenue obligations of the Issuer according to the import thereof.

Section 7.03. Books and Records; Certificate as to Defaults. The Issuer and the Trustee each covenant and agree that, so long as any of the Bonds shall remain Outstanding, proper books of record and account will be kept showing complete and correct entries of all transactions relating to the Project and the Facility, and that the Bondholders shall have the right at all reasonable times to inspect all records, accounts and data relating thereto. In this regard, so long as the Loan Agreement is in full force and effect, records furnished by the Issuer and the Institution to, or kept by, the Trustee in connection with its duties as such shall be deemed to be in compliance with the Issuer's obligations under this Section 7.03. Within thirty (30) days after receiving the certificate from the Institution as provided in Section 8.29(b) of the Loan Agreement, the Trustee shall render to the Issuer a statement that moneys received by the Trustee pursuant to the Loan Agreement and the Promissory Note were applied by it to the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds, at the place, on the dates and in the manner provided in this Indenture and that the Trustee has no knowledge of any defaults under this Indenture, the Promissory Note or the Loan Agreement or any other Security Document or specifying the particulars of such defaults which may exist.

Upon reasonable written request, the Trustee shall make available to the Institution for its inspection during normal business hours, its records with respect to the Project and the Facility.

The Trustee agrees that, upon the written request of the Institution or the Issuer, it will, not more than twice in each calendar year, provide a statement to the requesting party setting forth the principal amount of Bonds Outstanding as of the date of such statement.

Section 7.04. Loan Agreement An executed copy of the Loan Agreement will be on file in the office of the Issuer and in the designated corporate trust office of the Trustee. Reference is hereby made to the Loan Agreement for a detailed statement of the terms and conditions thereof and for a statement of the rights and obligations of the parties thereunder. All covenants and obligations of the Institution under the Loan Agreement shall be enforceable either by the Issuer or by the Trustee, to whom, in its own name or in the name of the Issuer, is hereby granted the right, to the extent provided therefor in this Section 7.04 and subject to the provisions of Section 9.02, to enforce all rights of the Issuer and all obligations of the Institution under the Loan Agreement, whether or not the Issuer is enforcing such rights and obligations. The Trustee shall take such action in respect of any matter as is provided to be taken by it in the Loan Agreement (including, without limitation, Sections 3.5, 6.3 and 8.10 thereof) upon compliance or noncompliance by the Institution and the Issuer with the provisions of the Loan Agreement relating to the same.

Section 7.05. <u>Creation of Liens; Indebtedness</u>. It is the intention of the Issuer and the Trustee that the Mortgage is and will continue to be a mortgage lien upon the Mortgaged Property (subject only to Permitted Encumbrances). The Issuer shall not create or suffer to be created, or incur or issue any evidences of indebtedness secured by, any lien or charge upon or pledge of the Trust Estate, except the lien, charge and pledge created by this Indenture and the other Security Documents.

Section 7.06. Ownership; Instruments of Further Assurance. The Trustee on behalf of the Institution, subject to Section 7.04 and only upon the written direction of any Bondholder, shall defend the interest of the Institution in the Facility and every part thereof for the benefit of the Holders of the Bonds, to the extent permitted by law, against the claims and demands of all Persons whomsoever. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the property described herein and in the remainder of the Trust Estate, subject to the liens, pledge and security interests of this Indenture and of the other Security Documents and the loan payments, revenues and receipts pledged hereby to the payment of the principal, Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien, pledge and security interest hereof (other than the Institution's Property as defined in the Loan Agreement) and of the other Security Documents shall ipso facto, and without any further conveyance, assignment or act on the part of the Issuer or the Trustee, become and be subject to the lien, pledge and security interest of this Indenture and the Mortgage as fully and completely as though specifically described herein and therein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Issuer heretofore made by this Section 7.06.

Section 7.07. Security Agreement; Filing. Section 7.08. This Indenture constitutes a "security agreement" within the meaning of Article 9 (Secured Transactions) of the New York State Uniform Commercial Code. The security interest of the Trustee, as created by this Indenture, in the rights and other intangible interests described herein, shall be perfected by the filing of a financing statement by the Institution, at the direction of the Issuer, in the office of the Secretary of State of the State in the City of Albany, New York, which financing statement shall be in accordance with the New York State Uniform Commercial Code-Secured Transactions. Subsequent to the foregoing filings, this Indenture shall be re-indexed, and financing and continuation statements shall be filed and re-filed, by the Trustee whenever in the Opinion of Counsel to the Institution (which opinion shall be reasonably acceptable to and addressed to the Trustee) such action is necessary to preserve the lien and security interest hereof. Any such filings or re-filings shall be prepared and filed by the Institution and delivered to the Trustee (if electronic filing is not elected by the Issuer) on a timely basis accompanied by any fees or requisite charges and the Opinion of Counsel referred to above. The Trustee will thereupon effect any such filings and re-filings of financing and continuation statements in said office of the Secretary of State, and promptly notify the Institution of any such filings.

- (a) The Issuer and the Trustee acknowledge that, as of the Closing Date,
- (i) Section 9-515 of the New York State Uniform Commercial Code provides that an initial financing statement filed in connection with a "public-finance transaction" is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public-finance transaction,
- (ii) Section 9-102(67) of the New York State Uniform Commercial Code defines a "public-finance transaction" as a secured transaction in connection with which (x) debt securities are issued, (y) all or a portion of the debt securities issued have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a security interest is a state or a governmental unit of a state, and
- (iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.
- (b) The parties hereto acknowledge and agree that, because the foregoing financing statements evidence collateral for the Initial Bonds, and because the Initial Bonds are municipal debt securities with a term that is at least twenty (20) years in duration, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the liens and security interests that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

Subsequent to the initial filings, if it is necessary to re-file financing statements and/or file continuation statements and/or take any other actions to preserve the lien and security

interest of this Indenture (individually or collectively, the "Continuation Action(s)"), then the Institution in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Trustee all necessary instruments and filing papers, together with remittances equal to the cost of required filing fees and other charges, so that the Trustee may perform the Continuation Actions, or (ii) electronically perform the Continuation Actions and deliver to the Trustee written certification (upon which the Trustee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause "(i)" and the others in the manner described in clause "(ii)"; and (B) if requested by the Trustee (acting at the direction of the Majority Holders) or the Issuer, deliver or cause to be delivered to the Issuer and the Trustee the Opinion of Counsel to the Institution as described below. The Trustee may conclusively rely upon (y) when applicable, the certification referred to in clause "(A)(ii)," and (z) in all instances, the Opinion of Counsel to the Institution. In the event the Institution chooses to have the Trustee perform all or some of the Continuation Actions, as provided in clause "(A)(i)", the Trustee shall reasonably promptly perform such Continuation Actions at the Institution's sole expense. The Institution shall perform the obligations described hereinabove in clauses "(A)" (in every case) and "(B)" (if so requested) no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause "(i)") on which a Continuation Action is to be taken to preserve the lien and security interest of this Indenture.

If an Opinion of Counsel to the Institution is requested pursuant to clause "(B)", then the Opinion of Counsel to the Institution shall be addressed to the Institution, the Issuer and the Trustee. If so requested, the Institution shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year anniversary thereafter through the term of the Initial Bonds, and/or (ii) the date of any required Continuation Action not covered by clause "(i)," in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Institution, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Trustee with instruments and papers prepared by the Institution, or (ii) the Institution through electronic filing, or (iii) the Trustee as to some Continuation Actions, and the Institution as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Institution, the Issuer and the Trustee then requisite to the maintenance of the perfection of the security interest of the Trustee in and to all property and interests which by the terms of this Indenture are to be subjected to the lien and security interest of this Indenture.

- (c) Any filings with respect to Uniform Commercial Code financing statements may be made electronically, and the Issuer shall have the right to designate a company (which shall be reasonably acceptable to the Trustee) to facilitate the filing of Uniform Commercial Code financing statements.
- (d) The Trustee acknowledges and agrees (on behalf of itself and the Bondholders) that neither the Issuer, nor any of its directors, members, officers, employees, servants, agents, persons under its control or supervision, or attorneys (including Nationally

Recognized Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests, or the recording or rerecording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

(e) All costs (including reasonable attorneys' fees and expenses) incurred in connection with the effecting of the requirements specified in this Section shall be paid by the Institution.

Section 7.09. <u>Issuer Tax Covenant</u>. 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 Tax-Exempt Bonds to become includable in gross income for federal income tax purposes; provided, however, the breach of this covenant shall not result in any pecuniary liability of the Issuer and the only remedy to which the Issuer shall be subject shall be specific performance.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES OF BONDHOLDERS

Section 8.01. Events of Default; Acceleration of Due Date. (a) Each of the following events is hereby defined as and shall constitute an "Event of Default":

- (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, Purchase Price 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 Redemption Date 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 Section 8.01(a)(1) or (2)) and (A) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Issuer 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.
- (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 Majority Holders (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 this Indenture or in any of the Bonds contained to the contrary notwithstanding.
- (c) If there shall occur an Event of Default under Section 9.1(d) or (e) of the Loan Agreement, the unpaid principal of all the Bonds (and all principal installments of loan payments under the Loan Agreement) and the interest accrued thereon shall be due and payable immediately without the necessity of any declaration or other action by the Trustee or any other Person.
- (d) The right of the Trustee or of the Majority Holders to make any such declaration as aforesaid, however, is subject to the condition that if, at any time before such

declaration, all overdue installments of principal of and interest on all of the Bonds which shall have matured by their terms and the unpaid Redemption Price of the Bonds or principal portions thereof to be redeemed has been paid by or for the account of the Issuer, and all other Events of Default have been otherwise remedied, and the reasonable and proper charges, expenses and liabilities of the Trustee, shall either be paid by or for the account of the Issuer or provision satisfactory to the Trustee shall be made for such payment and the Facility shall not have been sold or otherwise encumbered, and all defaults have been otherwise remedied as provided in this Article VIII, then and in every such case any such default and its consequences shall ipso facto be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

- (e) Pursuant to the Loan Agreement, the Issuer has granted to the 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 hereunder, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts with power of substitution. The Trustee agrees to accept such performance by the Institution as performance by the Issuer.
- (f) Pursuant to the Account Control Agreement, upon the happening and continuance of any Event of Default, the Trustee, as Secured Party under the Account Control Agreement, shall withdraw any funds on deposit in the Accounts (as defined in the Account Control Agreement) which are required to pay, and such funds shall be applied to pay, principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds.
- Section 8.02. Enforcement of Remedies. (a) Upon the occurrence and continuance of any Event of Default, then and in every case the Trustee may proceed, and upon the written request of the Majority Holders shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Bonds, the Loan Agreement, this Indenture and under any other Security Document forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in this Indenture or in any other Security Document or in aid of the execution of any power granted in this Indenture or in any other Security Document or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under this Indenture or under any other Security Document. In addition to any rights or remedies available to the Trustee hereunder or elsewhere, upon the occurrence and continuance of an Event of Default the Trustee may take such action, without notice or demand, as it deems advisable.
- (b) In the enforcement of any right or remedy under this Indenture or under any other Security Document, the Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due from the Issuer, for principal, interest, Sinking Fund Installments, Redemption Price, or otherwise, under any of the provisions of this Indenture, of any other Security Document or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings

under this Indenture, under any such other Security Document and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Issuer, but solely as provided in this Indenture and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the moneys in the Bond Fund and other moneys available therefor to the extent provided in this Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable. The Trustee shall file proof of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the 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 Majority Holders, and furnished with reasonable security and indemnity, shall institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Indenture or under any other Security Document by any acts which may be unlawful or in violation of this Indenture or of such other Security Document or of any resolution authorizing any Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; provided, that such request shall not be otherwise than in accordance with the provisions of law and of this Indenture and shall not be unduly prejudicial to the interests of the Holders of the Bonds not making such request.

Section 8.03. Application of Revenues and Other Moneys After Default. (a) All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article or under any other Security Document, and all moneys held in all Funds and Accounts (other than the Rebate Fund), shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances (including legal fees and expenses) incurred or made by the Trustee, and after making any required deposits to the Rebate Fund in accordance with the Tax Certificate, be deposited in the Bond Fund, and all moneys so deposited and available for payment of the Bonds shall be applied, subject to Section 9.04, as follows:

- (i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,
 - <u>First</u> To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and
 - Second To the payment to the Persons entitled thereto of the unpaid principal, Purchase Price or Redemption Price, if any, of any of the Bonds or principal installments which shall have become due (other than Bonds or principal installments called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order

of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds or principal installments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

- (ii) If the principal of all the Bonds shall have become or have been declared due and payable, to the payment to the Bondholders of the principal and interest (at the rate or rates expressed in the Bonds) then due and unpaid upon the Bonds and if applicable to the Redemption Price of the Bonds without preference or priority of principal over interest or of interest over principal, Sinking Fund Installments, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.
- (iii) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article VIII, then, subject to the provisions of Section 8.03(a)(ii) which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the moneys shall be applied in accordance with the provisions of Section 8.03(a)(i).
- (b) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; provided, however, that if the principal or Redemption Price of the Bonds Outstanding, together with accrued interest thereon, shall have been declared to be due and payable pursuant to Section 8.01, such date of declaration shall be the date from which interest shall cease to accrue. The Trustee shall give such written notice to all Bondholders as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 8.04. Actions by Trustee. All rights of actions under this Indenture, under any other Security Document or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall, subject to the provisions of Section 8.03, be for the equal benefit of the Holders of the Outstanding Bonds.

Section 8.05. <u>Majority Holders Control Proceedings</u>. Anything in this 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 this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 8.06. <u>Individual Bondholder Action Restricted</u>. (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, this Indenture or any other Security Document, (ii) for the enforcement of any provisions of the Bonds, this Indenture or of any other Security Document, (iii) for the execution of any trust under this Indenture or (iv) for any remedy under the Bonds, this Indenture or under any other Security Document, unless such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default as provided in this Article, and the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in the Bonds, this Indenture or in such other Security Document or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his, its or their action to affect, disturb or prejudice the pledge created by this Indenture, or to enforce any right under this Indenture except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of the Bonds or this Indenture shall be instituted, had and maintained in the manner provided in this Indenture and, subject to the provisions of Section 8.03, be for the equal benefit of all Holders of the Outstanding Bonds.

(b) Nothing in this Indenture, in any other Security Document or in the Bonds contained shall affect or impair the right of any Bondholder to payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on each of the Bonds to the respective Holders thereof at the time, place, from the source and in the manner herein and in said Bonds expressed.

Section 8.07. Effect of Discontinuance of Proceedings. In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case, the Institution, the Issuer, the Trustee and the Bondholders shall be restored, respectively, to their former positions and rights hereunder, and all rights, remedies, powers and duties of the Trustee shall continue as in effect prior to the commencement of such proceedings.

Section 8.08. Remedies Not Exclusive. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Indenture or now or hereafter existing at law or in equity or by statute.

Section 8.09. <u>Delay or Omission</u>. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon any default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

Section 8.10. Notice of Default. The Trustee shall promptly mail to the Issuer, to registered Holders of Bonds 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 this Section.

The Trustee shall waive any default Section 8.11. Waivers of Default. hereunder 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 hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 8.12. <u>Issuer Approval of Certain Non-Foreclosure Remedies</u>. Notwithstanding any other remedy or other action available under this Indenture or otherwise under any other Security Document or at law, no remedy or other action (whether exercised by the Trustee or the Holders of the Bonds) shall have the effect of (x) continuing the exemption from the mortgage recording tax of the Mortgage upon any restructuring of the underlying indebtedness secured by the Mortgage (a "Mortgage Restructuring"), (y) modifying or terminating this Indenture or the Loan Agreement (other than a termination of this Indenture in connection with the retirement of all of the Outstanding Bonds in accordance with the discharge provisions of this Indenture) (a "Security Document Action") or (z) substituting for the Institution and/or the School, as applicable, a new Entity to either be a counterparty to the Issuer under the Loan Agreement or to use all or a portion of the Facility (a "Substitute Entity"), unless, in either case, all material facts relating to either the Mortgage Restructuring, the Security

Document Action and/or the Substitute Entity shall have been set forth in a writing delivered to the Issuer and (i) the Mortgage Restructuring, the Security Document Action and/or the Substitute Entity shall be approved in writing by the Issuer, such approval not to be unreasonably withheld or delayed (and which approval may, in the sole discretion of the Issuer, be subject to action by the Issuer's Board of Directors), and (ii) there shall be delivered to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such Mortgage Restructuring, Security Document Action and/or Substitute Entity shall not cause the interest on any Outstanding Tax-Exempt Bonds to become subject to federal income taxation by reason of any such Mortgage Restructuring, Security Document Action and/or Substitute Entity. For the avoidance of doubt, no Issuer consent is required hereby for the commencement of a foreclosure action under the Mortgage. In connection with the retirement or surrender for cancellation of all of the Outstanding Bonds (other than as a result of the payment in full of all Outstanding Bonds), the Trustee hereby agrees to provide written notice to the Issuer of such retirement or cancellation promptly upon the earlier of (i) the Trustee's receipt of direction to effectuate such retirement or cancellation, and (ii) the Trustee's receipt of surrendered Bonds for cancellation, but in no event later than fourteen (14) Business Days after the occurrence of the event set forth in clause (i) or (ii).

ARTICLE IX

TRUSTEE, BOND REGISTRAR AND PAYING AGENTS

Section 9.01. Appointment and Acceptance of Duties of Trustee. The entity identified as the Trustee on the cover page hereof is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations of the Trustee hereunder and under each Security Document by executing this Indenture and agrees to perform said trusts as a corporate trustee ordinarily would under a corporate mortgage subject to the express terms and conditions herein. All provisions of this Article IX shall be construed as extending to and including all the rights, duties and obligations imposed upon the Trustee under the Loan Agreement and under any other Security Document to which it shall be a party as fully for all intents and purposes as if this Article IX were contained in the Loan Agreement and each such other Security Document.

Section 9.02. <u>Indemnity of Trustee</u>. The Trustee shall be under no obligation to institute any suit, or to take any remedial or legal action under this Indenture or under or pursuant to any other Security Document or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers or fulfillment of any extraordinary duties under this Indenture, or under any other Security Document, until it shall be indemnified to its satisfaction against any and all reasonable compensation for services, costs and expenses, outlays, and counsel fees and other disbursements, and against all liability not due to its willful misconduct or gross negligence.

Section 9.03. Responsibilities of Trustee. (a) The Trustee shall have no responsibility in respect of the validity or sufficiency of this Indenture or of any other Security Document or the security provided hereunder or thereunder or any offering document or the due execution of this Indenture by the Issuer, or the due execution of any other Security Document by any party (other than the Trustee) thereto, or in respect of the title or the value of the Facility, or in respect of the validity of the Bonds authenticated and delivered by the Trustee in accordance with this Indenture or to see to the recording or filing of any document or instrument whatsoever except as otherwise provided in Section 7.07. The recitals, statements and representations contained in this Indenture and in the Bonds shall be taken and be construed as made by and on the part of the Issuer and not by the Trustee, and the Trustee does not assume any responsibility for the correctness of the same; provided, however, that the Trustee shall be responsible for its representation contained in its certificate on the Bonds and for its responsibility as to filing or re-filing as contained in Section 7.07.

(b) The Trustee shall not be liable or responsible because of the failure of the Issuer to perform any act required of it by this Indenture or by any other Security Document or because of the loss of any moneys arising through the insolvency or the act or default or omission of any depositary other than itself in which such moneys shall have been deposited under this Indenture or the Tax Certificate. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred in accordance with this Indenture or the Tax Certificate or for any loss resulting from any such investment. The Trustee shall not be liable in connection with the performance of its duties under the Loan Agreement, under this Indenture or under any

other Security Document except for its own willful misconduct or gross negligence. The immunities and exemptions from liability of the Trustee shall extend to its directors, officers, employees, agents and servants and persons under the Trustee's control or supervision.

- The Trustee, prior to the occurrence of an Event of Default and after curing of all Events of Default which may have occurred, if any, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent man would exercise under the circumstances in the conduct of his own affairs. The Trustee shall not be charged with knowledge of the occurrence of an Event of Default unless, (i) the Trustee has not received any certificate, financial statement, insurance notice or other document regularly required to be delivered to the Trustee under the Loan Agreement or any other Security Document, (ii) the Trustee has not received payment of any amount required to be remitted to the Trustee under the Loan Agreement or any other Security Document, (iii) a Responsible Officer of the Trustee has actual knowledge thereof, or (iv) the Trustee has received written notice thereof from the Institution, the Issuer or any Bondholder. The Trustee shall not be charged with the knowledge of a Determination of Taxability unless the Trustee has received written notice thereof from the Internal Revenue Service, the Institution, the Issuer or any Bondholder or former Bondholder.
- (d) The Trustee shall not be liable or responsible for the failure of the Institution to effect or maintain insurance on the Facility as provided in the Loan Agreement or the Mortgage nor shall it be responsible for any loss by reason of want or insufficiency in insurance or by reason of the failure of any insurer in which the insurance is carried to pay the full amount of any loss against which it may have insured the Issuer, the Institution, the Trustee or any other Person.
- (e) The Trustee shall execute and cause to be filed those continuation statements, any additional financing statements and all other instruments required by it by Section 7.07 at the expense of the Institution.
- (f) The Trustee shall on the same date as it shall render the statement required of it by Section 7.03, make annual reports to the Issuer and the Institution of all moneys received and expended during the preceding year by it under this Indenture and of any Event of Default known to it under the Loan Agreement or this Indenture or under any other Security Document.
- (g) With respect to the Tax Certificate, the Trustee shall not be required to make any payment of a Rebate Amount or any transfer of funds or take any other action required to be taken thereunder except upon the receipt of a written certificate of direction of an Authorized Representative of the Institution delivered to the Trustee in accordance with the terms of the Tax Certificate. Notwithstanding any provision of the Tax Certificate or any other Security Document, nothing in the Tax Certificate, either expressed or implied, shall be deemed to impose upon the Trustee any responsibility for the legal sufficiency of the Tax Certificate to effect compliance with the Code nor any duty to independently review or verify any information or calculation furnished to the Trustee by the Institution.

(h) The permissive right of the Trustee to do things enumerated in this Indenture or the other Security Documents shall not be construed as a duty, and in doing or not doing so the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

Section 9.04. Compensation of Trustee, Bond Registrar and Paying Agents.

The Trustee, the Bond Registrar and Paying Agents shall be entitled to receive and collect from the Institution as provided in the Loan Agreement payment or reimbursement for reasonable fees for services rendered hereunder and under each other Security Document and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee, the Bond Registrar or Paying Agents in connection therewith. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first right of payment prior to payment on account of the principal of or interest on any Bonds, upon the revenues (but not including any amounts held by the Trustee under Section 5.12, 6.04 or Article X) for the foregoing advances, fees, costs and expenses incurred.

Section 9.05. Evidence on Which Trustee May Act. (a) In case at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action, or doing or not doing anything, as such Trustee, and in any case in which this Indenture provides for permitting or taking any action, it may rely upon any certificate required or permitted to be filed with it under the provisions of this Indenture, and any such certificate shall be evidence of such fact to protect it in any action that it may or may not take, or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact.

(b) The Trustee may conclusively rely and shall be fully protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person, or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or, at the sole cost and expense of the Institution, and when determined necessary in the reasonable discretion of the Trustee, upon the written opinion of any attorney (who may be an attorney for the Issuer or an employee of the Institution), engineer, appraiser, architect or accountant believed by the Trustee to be qualified in relation to the subject matter.

Section 9.06. <u>Trustee and Paying Agents May Deal in Bonds</u>. Any national banking association, bank or trust company acting as a Trustee or Paying Agent, and its respective directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in any action which any Bondholder may be entitled to take with like effect as if such association, bank or trust company were not such Trustee or Paying Agent.

Section 9.07. <u>Resignation or Removal of Trustee</u>. The Trustee may resign and thereby become discharged from the trusts created under this Indenture for any reason by giving written notice by first class mail, postage prepaid, to the Issuer, to the 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.

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.

If the Trustee shall resign or shall be removed, such Trustee must transfer and assign to the successor Trustee, not later than the date of this acceptance by the successor Trustee of its appointment as such, or thirty (30) days from the date specified in the instrument of removal or resignation, if any, whichever shall last occur, (i) all amounts (including all investments thereof) held in any Fund or Account under this Indenture, together with a full accounting thereof, (ii) all records, files, correspondence, registration books, Bond inventory, all information relating to this Indenture and to Bond payment status (i.e., outstanding principal balances, principal payment and interest payment schedules, Sinking Fund Installment schedules, pending notices of redemption, payments made and to whom, delinquent payments, default or delinquency notices, deficiencies in any Fund or Account balance, etc.) and all such other information (in whatever form) relating to all Funds and Accounts in the possession of the Trustee being removed or resigning, and (iii) all Security Documents and other documents or agreements, including, without limitation, all Uniform Commercial Code Financing Statements, all insurance policies or certificates, letters of credit or other instruments provided to the Trustee being removed or resigning (clauses (i), (ii) and (iii), together with the Trust Estate, being collectively referred to as the "Trust Corpus").

Section 9.08. <u>Successor Trustee</u>. (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 Section 9.08, within ninety (90) days

of such vacancy or notice of resignation, the Holder of any Bond then Outstanding, the Issuer or any retiring Trustee or the 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 this Section shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States authorized to exercise corporate trust powers under the laws of the State and authorized by law and its charter to perform all the duties imposed upon it by this Indenture and each other Security Document. At the time of its appointment, any successor Trustee shall (x) have a capital stock and surplus aggregating not less than \$100,000,000 and (y) have an investment grade rating of at least "Baa3" or "P-3".
- (d) Any predecessor Trustee shall transfer to any successor Trustee appointed under this Section as a result of a vacancy in the position the Trust Corpus by a date not later than thirty (30) days from the date of the acceptance by the successor Trustee of its appointment as such. Where no vacancy in the position of the Trustee has occurred, the transfer of the Trust Corpus shall take effect in accordance with the provisions of Section 9.07.
- Every successor Trustee shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, an instrument in writing accepting such appointment, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessor, with like effect as if originally named as such Trustee; but such predecessor shall, nevertheless, on the written request of its successor or of the Issuer, and upon payment of the compensation, expenses, charges and other disbursements of such predecessor which are due and payable pursuant to Section 9.04, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, immunities, powers and trusts of such predecessor and the Trust Corpus; and every predecessor Trustee shall deliver all property and moneys, together with a full accounting thereof, held by it under this Indenture to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such Trustee the estate, properties, rights, immunities, powers and trusts vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall, on request, be executed, acknowledged and delivered by the Issuer. Any successor Trustee shall promptly notify the Issuer and the Paying Agent of its appointment as Trustee.
- (f) Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States and shall be authorized by law and its charter to perform all the duties imposed upon it by this Indenture and each other Security Document shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

- Section 9.09. Paying Agents. (a) The Trustee is hereby appointed as Paying Agent for the Bonds. The Issuer may also from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 9.09(b) for the appointment of a successor Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Issuer, and in the case of all Paying Agents other than the Trustee, to the Trustee a written acceptance thereof. The principal offices of the Paying Agents are designated as the respective offices or agencies of the Issuer for the payment of the principal, Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds. Each Paying Agent shall not be liable in connection with the performance of its duties hereunder except for its own willful misconduct or gross negligence.
- (b) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days prior written notice to the Issuer and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Issuer. Any successor Paying Agent shall be appointed by the Issuer, with the approval of the Trustee, and shall be a commercial bank or trust company duly organized under the laws of any state of the United States or a national banking association, having a capital stock and surplus aggregating at least \$40,000,000, having an investment grade rating of at least "Baa3" or "P-3", and willing and able to accept the office on reasonable and customary terms and authorized by law and its charter to perform all the duties imposed upon it by this Indenture.
- (c) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.
- Section 9.10. Appointment of Co-Trustee. (a) It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or under any other Security Document, and in particular in case of the enforcement of any powers, rights or remedies on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional institution as a separate trustee or co-trustee. The following provisions of this Section are adapted to these ends.
- (b) In the event that the Trustee appoints an additional institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be

enforceable by either of them. Such co-trustee may be removed by the Trustee at any time, with or without cause.

- (c) Should any instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed or removed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.
- (d) No trustee shall be liable for the acts or omissions of any other trustee hereunder.

Section 9.11. Patriot Act. The Trustee hereby acknowledges that in accordance with Section 326 of the U.S.A. Patriot Act (being the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, as amended, and signed into law October 26, 2001), each depositary bank, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with a depositary bank. The Trustee hereby acknowledges that it shall obtain such information from the other Notice Parties as may be required in order for it to satisfy the requirements of the U.S.A. Patriot Act.

ARTICLE X

DISCHARGE OF INDENTURE; DEFEASANCE

<u>Defeasance</u>. (a) If the Issuer shall pay or cause to be paid, or **Section 10.01.** there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, interest and all other amounts due or to become due thereon or in respect thereof, at the times and in the manner stipulated therein and in this Indenture, and all fees and expenses and other amounts due and payable under this Indenture and the Loan Agreement, and any other amounts required to be rebated to the federal government pursuant to the Tax Certificate or this Indenture, shall be paid in full, then the pledge of any loan payments, revenues or receipts from or in connection with the Security Documents or the Facility under this Indenture and the estate and rights hereby granted, and all covenants, agreements and other obligations of the Issuer to the Bondholders hereunder shall thereupon cease, terminate and become void and be discharged and satisfied and the Bonds shall thereupon cease to be entitled to any lien, benefit or security hereunder, except as to moneys or securities held by the Trustee or the Paying Agents as provided below in this subsection. At the time of such cessation, termination, discharge and satisfaction, (1) the Trustee shall cancel and discharge the lien of this Indenture 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 this Indenture which are not required (i) for the payment of the principal or Redemption Price, if applicable, Sinking Fund Installments for, or interest on Bonds not theretofore surrendered for such payment or redemption, (ii) for the payment of all such other amounts due or to become due under the Security Documents, or (iii) for the payment of any amounts the Trustee has been directed to pay to the federal government under the Tax Certificate or this Indenture.

Bonds or interest installments for the payment or redemption of which moneys (or Defeasance Obligations which shall not be subject to call or redemption or prepayment prior to maturity and the full and timely payment of the principal of and interest on which when due, together with the moneys, if any, set aside at the same time, will provide funds sufficient for such payment or redemption) shall then be set aside and held in trust by the Trustee or Paying Agents, whether at or prior to the maturity or the Redemption Date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section, if (i) in case any such Bonds are to be redeemed prior to the maturity thereof, all action necessary to redeem such Bonds shall have been taken and notice of such redemption shall have been duly given or provision satisfactory under the requirements of this Indenture to the Trustee shall have been made for the giving of such notice, and (ii) if the maturity or Redemption Date of any such Bond shall not then have arrived, (y) provision shall have been made by deposit with the Trustee or other methods satisfactory to the Trustee for the payment to the Holders of any such Bonds of the full amount to which they would be entitled by way of principal or Redemption Price, Sinking Fund Installments, and interest and all other amounts then due under the Security Documents to the date of such maturity or redemption, and (z) provision satisfactory to the Trustee shall have been made for the mailing of a notice to the Holders of such Bonds that such moneys are so available for such payment on such maturity or Redemption Date.

Section 10.02. <u>Defeasance Opinion and Verification</u>. Prior to any defeasance becoming effective as provided in Section 10.01(b), there shall have been delivered to the Issuer and to the Trustee (A) an opinion of Nationally Recognized Bond Counsel to the effect that interest on any Tax-Exempt Bonds being discharged by such defeasance will not become subject to federal income taxation by reason of such defeasance, and (B) a verification from an independent certified public accountant or firm of independent certified public accountants (in each case reasonably satisfactory to the Issuer and the Trustee) to the effect that the moneys and/or Defeasance Obligations are sufficient, without reinvestment, to pay the principal of, Sinking Fund Installments for, interest on, and redemption premium, if any, of the Bonds to be defeased.

Section 10.03. <u>No Limitation of Rights of Holders</u>. No provision of this Article X, including any defeasance of Bonds, shall limit the rights of the Holder of any Bonds under Section 3.06, 3.07 or 3.09 until such Bonds shall have been paid in full.

ARTICLE XI

AMENDMENTS OF INDENTURE

Section 11.01. <u>Limitation on Modifications</u>. This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article.

Section 11.02. <u>Supplemental Indentures Without Bondholders' Consent</u>. (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:

- (1) To cure any formal defect, omission or ambiguity in this Indenture or in any description of property subject to the lien hereof, if such action in the Opinion of Counsel is not materially adverse to the interests of the Bondholders.
- (2) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as theretofore in effect.
- (3) To add to the covenants and agreements of the Issuer in this Indenture other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with this Indenture as theretofore in effect.
- (4) To add to the limitations and restrictions in this Indenture other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with this Indenture as theretofore in effect.
- (5) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture, of the properties of the Facility, or revenues or other income from or in connection with the Facility or of any other moneys, securities or funds, or to subject to the lien or pledge of this Indenture additional revenues, properties or collateral.
- (6) To modify or amend such provisions of this Indenture as shall, in the opinion of Nationally Recognized Bond Counsel, be necessary to assure that the interest on the Tax-Exempt Bonds not be includable in gross income for federal income tax purposes.
- (7) To effect any other change herein which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Bondholders.
- (8) To modify, amend or supplement this Indenture or any Supplemental Indenture in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so

determine, to add to this Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

(b) Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to this Section, there shall have been filed with the Trustee an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms.

Section 11.03. Supplemental Indentures With Bondholders' Consent. Subject to the terms and provisions contained in this Article, the Majority Holders shall have the right from time to time, to consent to and approve the entering into by the Issuer and the Trustee of any Supplemental Indenture as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein. Nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of, Sinking Fund Installments for, Purchase Price or redemption premium, if any, or interest on any Outstanding Bonds, a change in the terms of redemption, purchase or maturity of the principal of or the interest on any Outstanding Bonds, or a reduction in the principal amount of or the Purchase Price or the Redemption Price of any Outstanding Bond or the rate of interest thereon, or any extension of the time of payment thereof, without the consent of the Holder of such Bond, (ii) the creation of a lien upon or pledge of the Trust Estate other than the liens or pledge created by this Indenture and the other Security Documents, except as provided in this Indenture with respect to Additional Bonds, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, or (v) a modification, amendment or deletion with respect to any of the terms set forth in this Section 11.03(a), without, in the case of items (ii) through and including (v) of this Section 11.03(a), the written consent of one hundred percent (100%) of the Holders of the Outstanding Bonds.

- (b) If at any time the Issuer shall determine to enter into any Supplemental Indenture for any of the purposes of this Section, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders.
- (c) Within one year after the date of such notice, the Issuer and the Trustee may enter into such Supplemental Indenture in substantially the form described in such notice only if there shall have first been filed with the Trustee (i) the written consents of the Majority Holders or the Holders of not less than 100%, as the case may be, in aggregate principal amount of the Bonds then Outstanding and (ii) an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture (A) is authorized or permitted by this Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms and (B) will not cause the interest on any Series of Tax-Exempt Bonds to become includable in gross income for federal income tax purposes. Each valid consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the

Bonds with respect to which such consent is given. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient in accordance with this Indenture shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee prior to the execution of such Supplemental Indenture.

- (d) If the Holders of not less than the percentage of Bonds required by this Section shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from executing the same or from taking any action pursuant to the provisions thereof.
- (e) Upon the execution of any Supplemental Indenture pursuant to the provisions of this Section, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under this Indenture, subject in all respects to such modifications and amendments.

Section 11.04. <u>Supplemental Indenture Part of this Indenture</u>. Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all the terms and conditions contained in any such Supplemental Indenture as to any provisions authorized to be contained therein shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. The Trustee shall execute any Supplemental Indenture entered into in accordance with the provisions of Section 11.02 or 11.03.

ARTICLE XII

AMENDMENTS OF RELATED SECURITY DOCUMENTS

Section 12.01. Rights of Institution. Anything herein to the contrary notwithstanding, any Supplemental Indenture entered into pursuant to Article XI which materially and adversely affects any rights, powers and authority of the Institution under the Loan Agreement or requires a revision of the Loan Agreement shall not become effective unless and until the Institution shall have given its written consent to such Supplemental Indenture signed by an Authorized Representative of the Institution.

Section 12.02. Amendments of Related Security Documents Not Requiring Consent of Bondholders. The Issuer and the Trustee may, without the consent of or notice to the Bondholders, consent (if required) to any amendment, change or modification of any of the Related Security Documents or the Covenant Agreement for any of the following purposes: (i) to cure any ambiguity, inconsistency, formal defect or omission therein; (ii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may be lawfully granted or conferred; (iii) to subject thereto additional revenues, properties or collateral; (iv) to evidence the succession of a successor Trustee or to evidence the appointment of a separate or co-Trustee or the succession of a successor separate or co-Trustee; (v) to make any change required in connection with a permitted amendment to a Related Security Document or a permitted Supplemental Indenture; (vi) to make any change necessary in connection with the Sublease and/or the Loan Agreement that will not reduce the payments or reduce the term of the Sublease or the Loan Agreement; and (vii) to make any other change that, in the judgment of the Trustee (which, in exercising such judgment, may conclusively rely, and shall be protected in relying, in good faith, upon an Opinion of Counsel or an opinion or report of engineers, accountants or other experts) does not materially adversely affect the Bondholders. The Trustee shall have no liability to any Bondholder or any other Person for any action taken by it in good faith pursuant to this Section. Before the Issuer or the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Tax-Exempt Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

Consent of Bondholders. Except as provided in Section 12.02, the Issuer and the Trustee shall not consent to any amendment, change or modification of any of the Related Security Documents, without mailing of notice and the written approval or consent of the Majority Holders given and procured as in Section 11.03 set forth; provided, however, there shall be no amendment, change or modification to (i) the obligation of the 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 Tax-Exempt 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 Article XI with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders. The Trustee may, but shall not be obligated to, enter into any such amendment, change or modification to a Related Security Document which affects the Trustee's own rights, duties or immunities under such Related Security Document or otherwise. Before the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Tax-Exempt Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Evidence of Signature of Bondholders and Ownership of

Bonds. (a) Any request, consent, revocation of consent, approval, objection or other instrument which this Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by any Bondholder in person or by his duly authorized attorney appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of this Indenture (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable: the fact and date of the execution by any Bondholder or his attorney of such instruments may be proved by a guarantee of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. For the purposes of the transfer or exchange of any Bond, the fact and date of the execution of the Bondholder or his attorney of the instrument of transfer shall be proved by a guarantee of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

- (b) The ownership of Bonds and the amount, numbers and other identification shall be proved by the registry books.
- (c) Except as otherwise provided in Section 11.03 with respect to revocation of a consent, any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer or the Trustee or any Paying Agent in accordance therewith.

Section 13.02. <u>Notices</u>. Any notice, demand, direction, certificate, Opinion of Counsel, request, instrument or other communication authorized or required by this Indenture to be given to or filed with the Issuer, the Institution, the School or the Trustee shall be sufficient if sent (i) by return receipt requested or registered or certified United States mail, postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

(1) if to the Issuer, to

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

with a copy to

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

(2) if to the Institution, to

Friends of Hellenic Classical Charter Schools, Inc. 646 5th Avenue,
Brooklyn, New York 11215
Attention: Charles Capetanakis, Chair-President

with a copy to

Windels Marx Lane & Mittendorf, LLP 156 West 56th Street New York, New York 10019 Attention: Michele Arbeeny, Esq.

(3) if to the School, to

Hellenic Classical Charter Schools 646 5th Avenue, Brooklyn, New York 11215 Attention: Charles Capetanakis, Chair

(4) if to the Trustee, to

The Bank of New York Mellon 240 Greenwich Street, Floor 7W New York, New York 10286 Attention: Corporate Trust Administration

The Issuer, the Institution, the School and the Trustee may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery

service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

Section 13.03. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Institution, the Trustee, the Bond Registrar, the Paying Agents and the Holders of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof. All covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Institution, the Trustee, the Bond Registrar, the Paying Agents and the Holders of the Bonds.

Section 13.04. Partial Invalidity. If any one or more of the provisions of this Indenture or of the Bonds shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions hereof or of the Bonds, but this Indenture and the Bonds shall be construed and enforced as of such illegal or invalid provision had not been contained herein.

Section 13.05. <u>Effective Date; Counterparts</u>. The date of this Indenture shall be for reference purposes only and shall not be construed to imply that this Indenture was executed on the date first above written. This Indenture was delivered on the Closing Date. This Indenture shall become effective upon its delivery on the Closing Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.06. <u>Laws Governing Indenture</u>. This Indenture shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

Section 13.07. No Pecuniary Liability of Issuer or Members; No Debt of the State or the City. Every agreement, covenant and obligation of the Issuer under this Indenture is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall not create a debt of the State or the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor but shall be a limited revenue obligation of the Issuer payable by the Issuer solely from the loan payments, revenues and receipts pledged to the payment thereof in the manner and to the extent in this Indenture specified and nothing in the Bonds, in the Loan Agreement, in this Indenture or in any other Security Document shall be considered as pledging any other funds or assets of the Issuer. The Issuer shall not be required under this Indenture or the Loan Agreement or any other Security Document to expend any of its funds other than (i) the proceeds of the Bonds, (ii) the loan payments, revenues and receipts and other moneys pledged to the payment of the Bonds, (iii) any income or gains therefrom, and (iv) the Net Proceeds with respect to the Facility. No provision, covenant or agreement contained in this Indenture or in the Bonds or any obligations herein or therein imposed upon the Issuer or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit.

All covenants, stipulations, promises, agreements and obligations of the Issuer contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, director, officer, employee or agent of the Issuer in his individual capacity, and no recourse shall be had for the payment of the principal or Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. Neither the Bonds, the interest thereon, the Sinking Fund Installments therefor, nor the Purchase Price or the Redemption Price thereof shall ever constitute a debt of the State or of the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor.

Section 13.08. Priority of Indenture Over Liens. This Indenture and the Mortgage are given in order to secure funds to pay for the Project and by reason thereof, it is intended that this Indenture and the Mortgage shall be superior to any laborers', mechanics' or materialmen's liens which may be placed upon the Facility subsequent to the recordation of the Mortgage. In compliance with Section 13 of the Lien Law, the Issuer will receive the advances secured by this Indenture and the Mortgage and will hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of improvements and that the Issuer will apply the same first to the payment of the costs of improvements before using any part of the total of the same for any other purpose.

Section 13.09. Consent to Jurisdiction. Each party hereto irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of or related to this Indenture may be brought in the courts of record of the State in New York County or the United States District Court for the Southern District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (x) to move to dismiss on grounds of forum non conveniens, (y) to remove to any federal court other than the United States District Court for the Southern District of New York, and (z) to move for a change of venue to a New York State Court outside New York County.

Section 13.10. <u>Waiver of Trial by Jury</u>. Each party hereto hereby expressly waives all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Indenture or any matters whatsoever arising out of or in any way connected with this Indenture. The provisions of this Indenture relating to waiver of trial by jury shall survive the termination or expiration of this Indenture.

Section 13.11. <u>Legal Counsel; Mutual Drafting.</u> Each party acknowledges that this Indenture is a legally binding contract and that it was represented by legal counsel in connection with the drafting, negotiation and preparation of this Indenture. Each party acknowledges that it and its legal counsel has cooperated in the drafting, negotiation and preparation of this Indenture and agrees that this Indenture and any provision hereof shall be construed, interpreted and enforced without regard to any presumptions against the drafting party. Each party hereby agrees to waive any rule, doctrine or canon of law, including without

limitation, the *contra proferentem* doctrine, that would require interpretation of any ambiguities in this Indenture against the party that has drafted it.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Build NYC Resource Corporation, New York, New York, has caused these presents to be executed in its name and behalf by its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel, and, to evidence its acceptance of the trust hereby created, the Trustee has caused these presents to be signed in its name and behalf by an authorized representative, all as of the day and year first above written.

BUILD NYC RESOURCE CORPORATION

By:	
•	Krishna Omolade
	Executive Director
THI Trus	E BANK OF NEW YORK MELLON, as stee
By:	
•	Name: Rick J. Fierro
	Title: Vice President

STATE OF NEW YORK)
COUNTY OF NEW YORK	; ss.:)
personally appeared Krishna Omo evidence to be the individual acknowledged to me that he exec	of January, in the year 2021, before me, the undersigned, blade known to me or proved to me on the basis of satisfactory whose name is subscribed to the within instrument and uted the same in his capacity, and that by his signature on the person upon the behalf of whom the individual acted, executed
	Notary Public

STATE OF NEW JERSEY)
COUNTY OF PASSAIC	: ss.:)
personally appeared Rick J. Fierrosatisfactory evidence to be the indivacknowledged to me that he execu-	f January, in the year 2021, before me, the undersigned, o, personally known to me or proved to me on the basis of vidual whose name is subscribed to the within instrument and ted the same in his capacity, and that by his signature on the erson upon the behalf of whom the individual acted, executed
	Notary Public

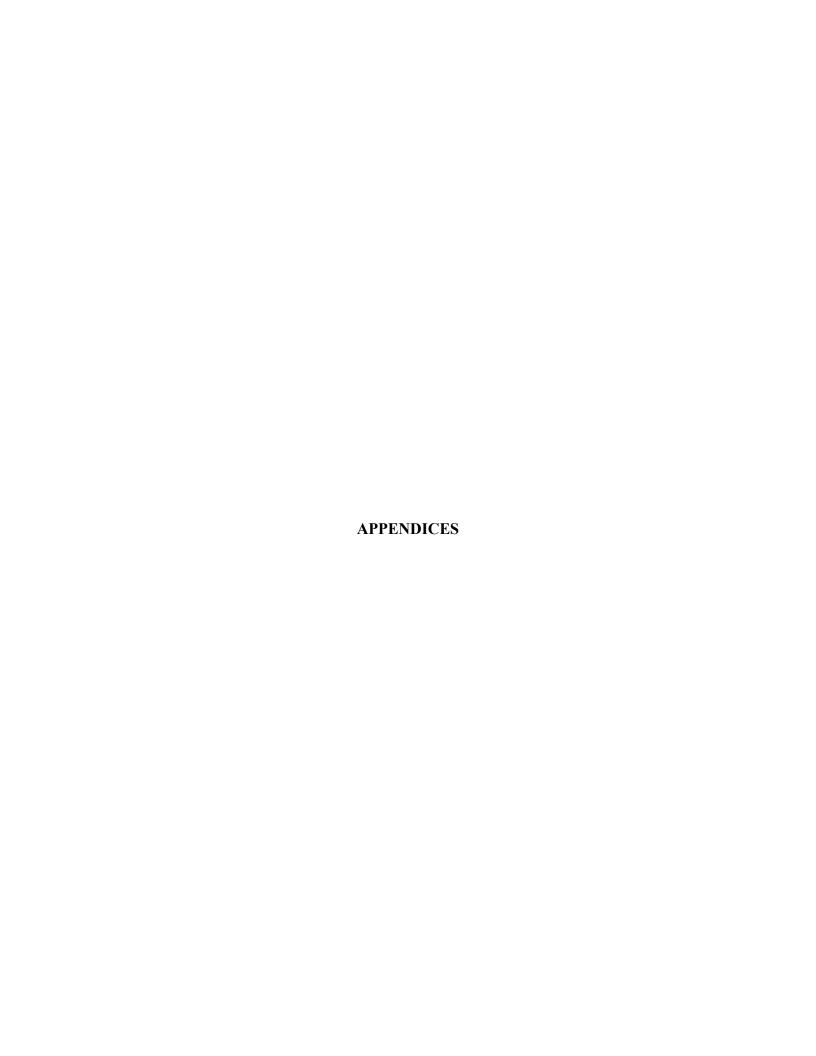


EXHIBIT A

DESCRIPTION OF THE LAND

DESCRIPTION OF THE FACILITY PERSONALTY

The fixtures and other equipment for incorporation and/or use at (i) the building generally known by the street address 646 Fifth Avenue, Brooklyn, NY 11215 (Block 634, Lot 34) and (ii) the building generally known by the street address 1641 Richmond Avenue, Staten Island, NY 10314 (Block 1560, Lot 15), financed with the proceeds of the Initial Bonds, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefore, and all parts, additions and accessories incorporated therein or affixed thereto and shall include all property substituted for or replacing items and exclude all items so substituted for or replaced, and further exclude all items removed as provided in the Indenture and the Loan Agreement.

EXHIBIT C-1

FORM OF FULLY REGISTERED INITIAL BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN RELIANCE UPON EXEMPTIONS PROVIDED BY THE SECURITIES ACT. NO RESALE OR OTHER TRANSFER OF THIS BOND MAY BE MADE UNLESS SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS AND IN ACCORDANCE WITH THE INDENTURE OF TRUST REFERRED TO HEREIN. NEITHER THE ISSUER NOR THE TRUSTEE IS OBLIGATED TO REGISTER THIS BOND UNDER THE SECURITIES ACT OR ANY OTHER SECURITIES OR "BLUE SKY" LAW.

THIS BOND MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) SO LONG AS THIS BOND IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A OF THE SECURITIES ACT, TO A PERSON CONSTITUTING A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (2) TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT.

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR

BUILD NYC RESOURCE CORPORATION TAX-EXEMPT REVENUE BONDS

(FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC. PROJECT), SERIES 2021A

Bond Date: January 27, 2021 Maturity Date: December 1, 2031

Registered Owner: Cede & Co.
Principal Amount: \$3,470,000
Interest Rate: 4.000%
Bond Number: R-A-1

CUSIP: 12008E QY5

Build NYC Resource Corporation, a local development Promise to Pay. corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York (herein called the "Issuer"), for value received, hereby promises to pay as hereinafter provided, solely from the loan payments, revenues and receipts as provided in the Indenture of Trust hereinafter referred to, to the Registered Holder identified above or registered assigns, upon presentation and surrender hereof, on the Maturity Date set forth above, the Principal Amount set forth above, and in like manner to pay interest at the Interest Rate set forth above on the unpaid principal balance hereof from the Bond Date set forth above until the Issuer's obligation with respect to the payment of such Principal Amount shall be discharged. Payment of interest shall be made on June 1 and December 1 in each year, commencing June 1, 2021 (or, if such day is not a Business Day, the immediately succeeding Business Day) (each, an "Interest Payment Date"). Such interest shall be computed on the basis of a 360-day year of twelve 30-day months. In no event shall the interest rate payable hereon exceed the maximum permitted by, or enforceable under, applicable law. Payment shall be made in any coin or currency of the United States of America which, on the respective dates of payment, is legal tender for the payment of public and private debts. Capitalized terms used but not defined in this bond shall have the respective meanings assigned to such terms in the Indenture hereinafter referred to.

This bond shall bear interest from the Bond Date indicated above, if authenticated prior to the first Interest Payment Date. If authenticated on or after the first Interest Payment Date, in exchange for or upon the registration of transfer of Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

Method of Currency. The principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Payments. The principal of, Sinking Fund Installments for, and the Purchase Price or the Redemption Price, if applicable, on all Bonds shall be payable by check or draft or wire transfer of immediately available funds at maturity or upon earlier purchase or redemption to the Persons in whose names such 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 purchase or redemption in whole shall only be payable upon the presentation and surrender of such Bonds at the designated corporate trust office of The Bank of New York Mellon in New York, New York, as trustee and paying agent (the "Paying Agent"), or at the corporate trust office of any successor Paying Agent.

The interest payable on each 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 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 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 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 as provided in the Indenture.

Authorization and Purpose. This bond is one of an authorized issue of bonds designated as "Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A" (the "Bonds") issued in the aggregate principal amount of \$40,970,000. The Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and under and pursuant to a resolution adopted by the members of the Issuer on September 22, 2020 authorizing the issuance of the Bonds and under and pursuant to an Indenture of Trust, dated as of January 1, 2021 (as the same may be amended or supplemented, the "Indenture"), made and entered into by and between the Issuer and The Bank of New York Mellon, as trustee (said bank and any successor thereto under the Indenture being referred to herein as the "Trustee"), for the purpose of (a) (i) refinancing a loan incurred by Hellenic Classical Charter Schools to finance leasehold improvements to a fourstory, approximately 46,000 square foot building located on a 23,244 square foot parcel of land at the Park Slope Facility (as defined in the Indenture), which includes or will include approximately 21 classrooms, 14 private rooms for offices or specialized learning, locker areas, a cafeteria, gymnasium, library, administrative offices and serves students from kindergarten through grade eight, (ii) paying all or a portion of the cost of the construction, furnishing, and equipping of additional leasehold improvements to the Park Slope Facility and (iii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Bonds, and (b) (i) financing the construction, furnishing, and equipping of a fourstory, approximately 48,000 square foot building located on an approximately 100,000 square foot parcel of leased land at the Staten Island Facility (as defined in the Indenture), which is expected to include 24 classrooms, 17 private rooms for offices or specialized learning, locker areas, a cafeteria, auditorium, library, and administrative offices and serve students from kindergarten through grade eight and (ii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Bonds (collectively, the "Project"), on behalf of Friends of Hellenic Classical Charter Schools, Inc., a not-for-profit corporation, created and existing under the laws of the State of New York (hereinafter together with any assignee of the Loan Agreement hereafter referred to, called the "Institution"). In order to finance a portion of the costs of the Project, the Issuer has made a loan to the Institution in the original principal amount of the Bonds from the proceeds of the Bonds pursuant to a certain Loan Agreement, dated as of January 1, 2021, between the Issuer and the Institution (as the same may be amended or supplemented, the "Loan Agreement"), and the Institution has executed a

certain Promissory Note dated the date of original issuance of the Bonds in favor of the Issuer (as the same may be amended or supplemented, the "Promissory Note") to evidence the Institution's obligation under the Loan Agreement to repay such loan. Each of the Loan Agreement and the Promissory Note requires the payment by the Institution of loan payments sufficient to provide for the payment of the principal or Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds as the same become due. Copies of the Indenture, the Loan Agreement, the Promissory Note, the Account Control Agreement hereinafter referred to and the Mortgage hereinafter referred to are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, and the rights, duties and obligations of the Issuer, the Institution and the Trustee.

Pledge and Security. Pursuant to the Indenture, the Issuer has assigned to the Trustee all of its right, title and interest in and to the Promissory Note 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 Purchase Price 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 Note. The Bonds are also secured by mortgage liens on and security interests in the Institution's leasehold title interest in the Facility (as defined in the Indenture) pursuant to the Mortgage (as defined in the Indenture). Pursuant to an Assignment of Mortgage (as defined in the Indenture), the Issuer has assigned to the Trustee all of the Issuer's right, title and interest in and to the Mortgage. Pursuant to the terms of the Sublease, the Institution has directed the School to make the School's rent payments (as described in the Sublease) directly to Institution's bank account that is subject to the Account Control Agreement, dated as of January 1, 2021 by and among the Trustee, the Institution and The Bank of New York Mellon, as depositary bank (the "Account Control Agreement"). Pursuant to the terms of an Account Control Agreement, the Institution will grant a security interest in the Institution's operating account to the Trustee and also authorize the Trustee to transfer the amounts required under this Indenture and the Loan Agreement to the Revenue Fund.

The Bonds are special limited revenue obligations of the Issuer and shall never constitute a debt of the State of New York or of The City of New York, and neither the State of New York nor The City of New York shall be liable thereon, nor shall the Bonds be payable out of any funds of the Issuer other than those pledged therefor.

Reference is hereby made to the Indenture for the definition of any capitalized word or term used but not defined herein and for a description of the property pledged, assigned and otherwise available for the payment of the Bonds, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Bonds, and the terms upon which the Bonds are issued and secured.

Additional Bonds. As provided in the Indenture, upon satisfying certain conditions, a Series of Additional Bonds may be issued from time to time in one or more series for the purpose of financing the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, providing extensions, additions or improvements to the Facility, or refunding outstanding Bonds (to the extent that such Bonds shall be subject to earlier redemption). All bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

General Interest Rate Limitation. Anything herein or in the Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Indenture shall be subject to the limitation that payments of interest or other amounts hereon shall not be required to the extent that receipt of any such payment by a holder of this bond would be contrary to the provisions of law applicable to such holder of this bond which would limit the maximum rate of interest which may be charged or collected by such holder of this bond.

Redemption of Bonds. (A) General Optional Redemption. The Bonds are subject to redemption, on or after December 1, 2029, in whole or in part on any Business Day (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 a Redemption Price of one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the Redemption Date.

- (B) 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), 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 Redemption Date, if one or more of the following events shall have occurred:
 - (i) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of two (2) years from the date of such damage or destruction to the condition thereof immediately preceding 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 two (2) years 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

two (2) years 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 of New York or of legislative or executive action of said 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.

If the Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall 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.

(C) <u>Mandatory Sinking Fund Installment Redemption</u>. The Bonds maturing on December 1, 2031 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2027	\$475,000	2030	\$760,000
2028	705,000	2031*	795,000
2029	735,000		

^{*}Final Maturity

The Bonds maturing on December 1, 2041 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2032	\$830,000	2037	\$1,065,000
2033	875,000	2038	1,115,000
2034	915,000	2039	1,175,000
2035	960,000	2040	1,235,000
2036	1,015,000	2041*	1,300,000

^{*}Final Maturity

The Bonds maturing on December 1, 2051 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund			
Installment Payment		Installment Payment			
Date	Sinking Fund	Date	Sinking Fund		
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>		
2042	\$1,365,000	2047	\$1,755,000		
2043	1,440,000	2048	1,845,000		
2044	1,505,000	2049	1,940,000		
2045	1,585,000	2050	2,040,000		
2046	1,670,000	2051*	2,145,000		

^{*}Final Maturity

The Bonds maturing on December 1, 2055 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2052	\$2,250,000	2054	\$2,490,000
2053	2,370,000	2055*	2,615,000

^{*}Final Maturity

- (D) <u>Mandatory Redemption from Excess Proceeds and Certain Other</u> <u>Amounts</u>. 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 in the Project Fund 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, or

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 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 as provided in the Loan Agreement,

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 Redemption Date.

(E) <u>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.</u> 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 Redemption Date.

- (F) <u>Mandatory Taxability Redemption</u>. Upon the occurrence of a Determination of Taxability, the Bonds shall be redeemed prior to maturity on any date within one hundred eighty (180) days following such Determination of Taxability, at a Redemption Price equal to the principal amount thereof, together with accrued interest to the Redemption Date. 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.
- (G) <u>Purchase in Lieu of Optional Redemption</u>. In lieu of calling 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 as provided above, 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 the Indenture relating to the selection of Bonds in a partial redemption.

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

Redemption Procedures. If any of the Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed at least thirty (30) days prior to such Redemption Date to the registered owner of each Bond to be redeemed at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest after the Redemption Date if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Bonds called for redemption shall become due and payable on the Redemption Date, provided, however, that with respect to any optional redemption of the Bonds as provided in this bond, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

Amendment of Indenture. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Bonds at any time by the Issuer with the consent of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding thereunder. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

<u>Denominations</u>. The Bonds are issuable in the form of fully registered bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof.

Exchange of Bonds. The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any 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.

<u>Transfer of Bonds</u>. This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the

New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Purchase Price or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such 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.

Book Entry System. The Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Bonds by the Securities Depository's Participants, beneficial ownership of the Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Beneficial Owners of the Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Special Agreement by Holder. Each holder of this bond, by the purchase and acceptance of this bond, is deemed to have represented and agreed as follows:

- (A) (i) it is a qualified institutional buyer as defined in Rule 144A ("Rule 144A") of the Securities Act of 1933, as amended (the "Securities Act"), and it is aware that the sale made to it of this bond has been made in reliance on Rule 144A; it has acquired this bond for its own account or for the account of a qualified institutional buyer; or (ii) it is an "accredited investor" as defined in Rule 501 under the Securities Act; and
- (B) it understands that this bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer this bond, this bond may be offered, resold, pledged or transferred only in accordance with the above transfer restrictions set forth in this bond and in the legend appearing hereon.

Acceleration of Bonds. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds and Additional Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

<u>Limitation on Bondholder Enforcement Rights</u>. The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Special Obligation of the Issuer. This bond and the issue of which it forms a part are special limited revenue obligations of the Issuer, payable by the Issuer solely out of the loan payments, revenues or other receipts, funds or moneys of the Issuer pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds.

<u>Estoppel Clause</u>. It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

No Personal Liability. Neither the members, directors, officers or agents of the Issuer nor any person executing this bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

<u>Authentication by Trustee</u>. This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Build NYC Resource Corporation has caused this bond to be executed in its name by the manual or facsimile signature of its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and its official seal or a facsimile thereof to be hereunto impressed or imprinted hereon and attested by the manual or facsimile signature of its Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, all as of the Bond Date indicated above.

BUILD NYC RESOURCE CORPORATION

By:	Authorized Signatory
(SEAL)	Authorized Signatory
ATTEST:	
Authorized Signatory	
CERTIFICATE OF A	AUTHENTICATION
This bond is one of the Bonds Indenture.	of the issue described in the within-mentioned
	E BANK OF NEW YORK MELLON, Trustee
By:	Authorized Signatory
Date of Authentication: January 27, 2020	

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevo Attorney to transfer such bond on the bo substitution in the premises.	oks kept for the registration thereof, with full power of
Dated:	
	NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.
SIGNATURE GUARANTEED MEDALLION GUARANTEED	

Authorized Signature (Signature Guarantee Program Name)

[Signature Guarantee must be by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15]

FORM OF FULLY REGISTERED INITIAL BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN RELIANCE UPON EXEMPTIONS PROVIDED BY THE SECURITIES ACT. NO RESALE OR OTHER TRANSFER OF THIS BOND MAY BE MADE UNLESS SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS AND IN ACCORDANCE WITH THE INDENTURE OF TRUST REFERRED TO HEREIN. NEITHER THE ISSUER NOR THE TRUSTEE IS OBLIGATED TO REGISTER THIS BOND UNDER THE SECURITIES ACT OR ANY OTHER SECURITIES OR "BLUE SKY" LAW.

THIS BOND MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) SO LONG AS THIS BOND IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A OF THE SECURITIES ACT, TO A PERSON CONSTITUTING A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (2) TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT.

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR

BUILD NYC RESOURCE CORPORATION TAX-EXEMPT REVENUE BONDS

(FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC. PROJECT), SERIES 2021A

Bond Date: January 27, 2021 Maturity Date: December 1, 2041

Registered Owner: Cede & Co.
Principal Amount: \$10,485,000
Interest Rate: 5.000%

Bond Number: R-A-2

CUSIP: 12008E QZ2

Build NYC Resource Corporation, a local development Promise to Pay. corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York (herein called the "Issuer"), for value received, hereby promises to pay as hereinafter provided, solely from the loan payments, revenues and receipts as provided in the Indenture of Trust hereinafter referred to, to the Registered Holder identified above or registered assigns, upon presentation and surrender hereof, on the Maturity Date set forth above, the Principal Amount set forth above, and in like manner to pay interest at the Interest Rate set forth above on the unpaid principal balance hereof from the Bond Date set forth above until the Issuer's obligation with respect to the payment of such Principal Amount shall be discharged. Payment of interest shall be made on June 1 and December 1 in each year, commencing June 1, 2021 (or, if such day is not a Business Day, the immediately succeeding Business Day) (each, an "Interest Payment Date"). Such interest shall be computed on the basis of a 360-day year of twelve 30-day months. In no event shall the interest rate payable hereon exceed the maximum permitted by, or enforceable under, applicable law. Payment shall be made in any coin or currency of the United States of America which, on the respective dates of payment, is legal tender for the payment of public and private debts. Capitalized terms used but not defined in this bond shall have the respective meanings assigned to such terms in the Indenture hereinafter referred to.

This bond shall bear interest from the Bond Date indicated above, if authenticated prior to the first Interest Payment Date. If authenticated on or after the first Interest Payment Date, in exchange for or upon the registration of transfer of Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

Method of Currency. The principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Payments. The principal of, Sinking Fund Installments for, and the Purchase Price or the Redemption Price, if applicable, on all Bonds shall be payable by check or draft or wire transfer of immediately available funds at maturity or upon earlier purchase or redemption to the Persons in whose names such 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 purchase or redemption in whole shall only be payable upon the presentation and surrender of such Bonds at the designated corporate trust office of The Bank of New York Mellon in New York, New York, as trustee and paying agent (the "Paying Agent"), or at the corporate trust office of any successor Paying Agent.

The interest payable on each 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 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 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 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 as provided in the Indenture.

Authorization and Purpose. This bond is one of an authorized issue of bonds designated as "Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A" (the "Bonds") issued in the aggregate principal amount of \$40,970,000. The Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and under and pursuant to a resolution adopted by the members of the Issuer on September 22, 2020 authorizing the issuance of the Bonds and under and pursuant to an Indenture of Trust, dated as of January 1, 2021 (as the same may be amended or supplemented, the "Indenture"), made and entered into by and between the Issuer and The Bank of New York Mellon, as trustee (said bank and any successor thereto under the Indenture being referred to herein as the "Trustee"), for the purpose of (a) (i) refinancing a loan incurred by Hellenic Classical Charter Schools to finance leasehold improvements to a fourstory, approximately 46,000 square foot building located on a 23,244 square foot parcel of land at the Park Slope Facility (as defined in the Indenture), which includes or will include approximately 21 classrooms, 14 private rooms for offices or specialized learning, locker areas, a cafeteria, gymnasium, library, administrative offices and serves students from kindergarten through grade eight, (ii) paying all or a portion of the cost of the construction, furnishing, and equipping of additional leasehold improvements to the Park Slope Facility and (iii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Bonds, and (b) (i) financing the construction, furnishing, and equipping of a fourstory, approximately 48,000 square foot building located on an approximately 100,000 square foot parcel of leased land at the Staten Island Facility (as defined in the Indenture), which is expected to include 24 classrooms, 17 private rooms for offices or specialized learning, locker areas, a cafeteria, auditorium, library, and administrative offices and serve students from kindergarten through grade eight and (ii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Bonds (collectively, the "Project"), on behalf of Friends of Hellenic Classical Charter Schools, Inc., a not-for-profit corporation, created and existing under the laws of the State of New York (hereinafter together with any assignee of the Loan Agreement hereafter referred to, called the "Institution"). In order to finance a portion of the costs of the Project, the Issuer has made a loan to the Institution in the original principal amount of the Bonds from the proceeds of the Bonds pursuant to a certain Loan Agreement, dated as of January 1, 2021, between the Issuer and the Institution (as the same may be amended or supplemented, the "Loan Agreement"), and the Institution has executed a

certain Promissory Note dated the date of original issuance of the Bonds in favor of the Issuer (as the same may be amended or supplemented, the "Promissory Note") to evidence the Institution's obligation under the Loan Agreement to repay such loan. Each of the Loan Agreement and the Promissory Note requires the payment by the Institution of loan payments sufficient to provide for the payment of the principal or Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds as the same become due. Copies of the Indenture, the Loan Agreement, the Promissory Note, the Account Control Agreement hereinafter referred to and the Mortgage hereinafter referred to are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, and the rights, duties and obligations of the Issuer, the Institution and the Trustee.

Pledge and Security. Pursuant to the Indenture, the Issuer has assigned to the Trustee all of its right, title and interest in and to the Promissory Note 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 Purchase Price 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 Note. The Bonds are also secured by mortgage liens on and security interests in the Institution's leasehold title interest in the Facility (as defined in the Indenture) pursuant to the Mortgage (as defined in the Indenture). Pursuant to an Assignment of Mortgage (as defined in the Indenture), the Issuer has assigned to the Trustee all of the Issuer's right, title and interest in and to the Mortgage. Pursuant to the terms of the Sublease, the Institution has directed the School to make the School's rent payments (as described in the Sublease) directly to Institution's bank account that is subject to the Account Control Agreement, dated as of January 1, 2021 by and among the Trustee, the Institution and The Bank of New York Mellon, as depositary bank (the "Account Control Agreement"). Pursuant to the terms of an Account Control Agreement, the Institution will grant a security interest in the Institution's operating account to the Trustee and also authorize the Trustee to transfer the amounts required under this Indenture and the Loan Agreement to the Revenue Fund.

The Bonds are special limited revenue obligations of the Issuer and shall never constitute a debt of the State of New York or of The City of New York, and neither the State of New York nor The City of New York shall be liable thereon, nor shall the Bonds be payable out of any funds of the Issuer other than those pledged therefor.

Reference is hereby made to the Indenture for the definition of any capitalized word or term used but not defined herein and for a description of the property pledged, assigned and otherwise available for the payment of the Bonds, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Bonds, and the terms upon which the Bonds are issued and secured.

Additional Bonds. As provided in the Indenture, upon satisfying certain conditions, a Series of Additional Bonds may be issued from time to time in one or more series for the purpose of financing the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, providing extensions, additions or improvements to the Facility, or refunding outstanding Bonds (to the extent that such Bonds shall be subject to earlier redemption). All bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

General Interest Rate Limitation. Anything herein or in the Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Indenture shall be subject to the limitation that payments of interest or other amounts hereon shall not be required to the extent that receipt of any such payment by a holder of this bond would be contrary to the provisions of law applicable to such holder of this bond which would limit the maximum rate of interest which may be charged or collected by such holder of this bond.

Redemption of Bonds. (A) General Optional Redemption. The Bonds are subject to redemption, on or after December 1, 2029, in whole or in part on any Business Day (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 a Redemption Price of one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the Redemption Date.

- (B) 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), 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 Redemption Date, if one or more of the following events shall have occurred:
 - (i) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of two (2) years from the date of such damage or destruction to the condition thereof immediately preceding 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 two (2) years 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

two (2) years 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 of New York or of legislative or executive action of said 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.

If the Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall 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.

(C) <u>Mandatory Sinking Fund Installment Redemption</u>. The Bonds maturing on December 1, 2031 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2027	\$475,000	2030	\$760,000
2028	705,000	2031*	795,000
2029	735,000		

^{*}Final Maturity

The Bonds maturing on December 1, 2041 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2032	\$830,000	2037	\$1,065,000
2033	875,000	2038	1,115,000
2034	915,000	2039	1,175,000
2035	960,000	2040	1,235,000
2036	1,015,000	2041*	1,300,000

^{*}Final Maturity

The Bonds maturing on December 1, 2051 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2042	\$1,365,000	2047	\$1,755,000
2043	1,440,000	2048	1,845,000
2044	1,505,000	2049	1,940,000
2045	1,585,000	2050	2,040,000
2046	1,670,000	2051*	2,145,000

^{*}Final Maturity

The Bonds maturing on December 1, 2055 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2052	\$2,250,000	2054	\$2,490,000
2053	2,370,000	2055*	2,615,000

^{*}Final Maturity

- (D) <u>Mandatory Redemption from Excess Proceeds and Certain Other</u> <u>Amounts</u>. 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 in the Project Fund 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, or

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 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 as provided in the Loan Agreement,

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 Redemption Date.

(E) <u>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.</u> 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 Redemption Date.

- (F) <u>Mandatory Taxability Redemption</u>. Upon the occurrence of a Determination of Taxability, the Bonds shall be redeemed prior to maturity on any date within one hundred eighty (180) days following such Determination of Taxability, at a Redemption Price equal to the principal amount thereof, together with accrued interest to the Redemption Date. 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.
- (G) <u>Purchase in Lieu of Optional Redemption</u>. In lieu of calling 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 as provided above, 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 the Indenture relating to the selection of Bonds in a partial redemption.

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

Redemption Procedures. If any of the Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed at least thirty (30) days prior to such Redemption Date to the registered owner of each Bond to be redeemed at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest after the Redemption Date if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Bonds called for redemption shall become due and payable on the Redemption Date, provided, however, that with respect to any optional redemption of the Bonds as provided in this bond, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

Amendment of Indenture. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Bonds at any time by the Issuer with the consent of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding thereunder. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

<u>Denominations</u>. The Bonds are issuable in the form of fully registered bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof.

Exchange of Bonds. The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any 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.

<u>Transfer of Bonds</u>. This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the

New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Purchase Price or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such 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.

Book Entry System. The Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Bonds by the Securities Depository's Participants, beneficial ownership of the Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Beneficial Owners of the Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Special Agreement by Holder. Each holder of this bond, by the purchase and acceptance of this bond, is deemed to have represented and agreed as follows:

- (A) (i) it is a qualified institutional buyer as defined in Rule 144A ("Rule 144A") of the Securities Act of 1933, as amended (the "Securities Act"), and it is aware that the sale made to it of this bond has been made in reliance on Rule 144A; it has acquired this bond for its own account or for the account of a qualified institutional buyer; or (ii) it is an "accredited investor" as defined in Rule 501 under the Securities Act; and
- (B) it understands that this bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer this bond, this bond may be offered, resold, pledged or transferred only in accordance with the above transfer restrictions set forth in this bond and in the legend appearing hereon.

Acceleration of Bonds. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds and Additional Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

<u>Limitation on Bondholder Enforcement Rights</u>. The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

<u>Special Obligation of the Issuer</u>. This bond and the issue of which it forms a part are special limited revenue obligations of the Issuer, payable by the Issuer solely out of the loan payments, revenues or other receipts, funds or moneys of the Issuer pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds.

<u>Estoppel Clause</u>. It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

No Personal Liability. Neither the members, directors, officers or agents of the Issuer nor any person executing this bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

<u>Authentication by Trustee</u>. This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Build NYC Resource Corporation has caused this bond to be executed in its name by the manual or facsimile signature of its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and its official seal or a facsimile thereof to be hereunto impressed or imprinted hereon and attested by the manual or facsimile signature of its Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, all as of the Bond Date indicated above.

BUILD NYC RESOURCE CORPORATION

	By:
	By:Authorized Signatory
(SEAL)	
ATTEST:	
Authorized	Signatory
	CERTIFICATE OF AUTHENTICATION
Indenture.	This bond is one of the Bonds of the issue described in the within-mentioned
	THE BANK OF NEW YORK MELLON, as Trustee
	By:Authorized Signatory

Date of Authentication: January 27, 2020

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevoc Attorney to transfer such bond on the boo substitution in the premises.	ably constitute and appoint
Dated:	
	NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.
SIGNATURE GUARANTEED MEDALLION GUARANTEED	

Authorized Signature (Signature Guarantee Program Name)

[Signature Guarantee must be by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15]

FORM OF FULLY REGISTERED INITIAL BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN RELIANCE UPON EXEMPTIONS PROVIDED BY THE SECURITIES ACT. NO RESALE OR OTHER TRANSFER OF THIS BOND MAY BE MADE UNLESS SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS AND IN ACCORDANCE WITH THE INDENTURE OF TRUST REFERRED TO HEREIN. NEITHER THE ISSUER NOR THE TRUSTEE IS OBLIGATED TO REGISTER THIS BOND UNDER THE SECURITIES ACT OR ANY OTHER SECURITIES OR "BLUE SKY" LAW.

THIS BOND MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) SO LONG AS THIS BOND IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A OF THE SECURITIES ACT, TO A PERSON CONSTITUTING A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (2) TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT.

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR

BUILD NYC RESOURCE CORPORATION TAX-EXEMPT REVENUE BONDS

(FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC. PROJECT), SERIES 2021A

Bond Date: January 27, 2021 Maturity Date: December 1, 2051

Registered Owner: Cede & Co. Principal Amount: \$17,290,000

Interest Rate: 5.000% Bond Number: R-A-3

CUSIP: 12008E RA6

Build NYC Resource Corporation, a local development Promise to Pay. corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York (herein called the "Issuer"), for value received, hereby promises to pay as hereinafter provided, solely from the loan payments, revenues and receipts as provided in the Indenture of Trust hereinafter referred to, to the Registered Holder identified above or registered assigns, upon presentation and surrender hereof, on the Maturity Date set forth above, the Principal Amount set forth above, and in like manner to pay interest at the Interest Rate set forth above on the unpaid principal balance hereof from the Bond Date set forth above until the Issuer's obligation with respect to the payment of such Principal Amount shall be discharged. Payment of interest shall be made on June 1 and December 1 in each year, commencing June 1, 2021 (or, if such day is not a Business Day, the immediately succeeding Business Day) (each, an "Interest Payment Date"). Such interest shall be computed on the basis of a 360-day year of twelve 30-day months. In no event shall the interest rate payable hereon exceed the maximum permitted by, or enforceable under, applicable law. Payment shall be made in any coin or currency of the United States of America which, on the respective dates of payment, is legal tender for the payment of public and private debts. Capitalized terms used but not defined in this bond shall have the respective meanings assigned to such terms in the Indenture hereinafter referred to.

This bond shall bear interest from the Bond Date indicated above, if authenticated prior to the first Interest Payment Date. If authenticated on or after the first Interest Payment Date, in exchange for or upon the registration of transfer of Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

Method of Currency. The principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Payments. The principal of, Sinking Fund Installments for, and the Purchase Price or the Redemption Price, if applicable, on all Bonds shall be payable by check or draft or wire transfer of immediately available funds at maturity or upon earlier purchase or redemption to the Persons in whose names such 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 purchase or redemption in whole shall only be payable upon the presentation and surrender of such Bonds at the designated corporate trust office of The Bank of New York Mellon in New York, New York, as trustee and paying agent (the "Paying Agent"), or at the corporate trust office of any successor Paying Agent.

The interest payable on each 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 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 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 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 as provided in the Indenture.

Authorization and Purpose. This bond is one of an authorized issue of bonds designated as "Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A" (the "Bonds") issued in the aggregate principal amount of \$40,970,000. The Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and under and pursuant to a resolution adopted by the members of the Issuer on September 22, 2020 authorizing the issuance of the Bonds and under and pursuant to an Indenture of Trust, dated as of January 1, 2021 (as the same may be amended or supplemented, the "Indenture"), made and entered into by and between the Issuer and The Bank of New York Mellon, as trustee (said bank and any successor thereto under the Indenture being referred to herein as the "Trustee"), for the purpose of (a) (i) refinancing a loan incurred by Hellenic Classical Charter Schools to finance leasehold improvements to a fourstory, approximately 46,000 square foot building located on a 23,244 square foot parcel of land at the Park Slope Facility (as defined in the Indenture), which includes or will include approximately 21 classrooms, 14 private rooms for offices or specialized learning, locker areas, a cafeteria, gymnasium, library, administrative offices and serves students from kindergarten through grade eight, (ii) paying all or a portion of the cost of the construction, furnishing, and equipping of additional leasehold improvements to the Park Slope Facility and (iii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Bonds, and (b) (i) financing the construction, furnishing, and equipping of a fourstory, approximately 48,000 square foot building located on an approximately 100,000 square foot parcel of leased land at the Staten Island Facility (as defined in the Indenture), which is expected to include 24 classrooms, 17 private rooms for offices or specialized learning, locker areas, a cafeteria, auditorium, library, and administrative offices and serve students from kindergarten through grade eight and (ii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Bonds (collectively, the "Project"), on behalf of Friends of Hellenic Classical Charter Schools, Inc., a not-for-profit corporation, created and existing under the laws of the State of New York (hereinafter together with any assignee of the Loan Agreement hereafter referred to, called the "Institution"). In order to finance a portion of the costs of the Project, the Issuer has made a loan to the Institution in the original principal amount of the Bonds from the proceeds of the Bonds pursuant to a certain Loan Agreement, dated as of January 1, 2021, between the Issuer and the Institution (as the same may be amended or supplemented, the "Loan Agreement"), and the Institution has executed a

certain Promissory Note dated the date of original issuance of the Bonds in favor of the Issuer (as the same may be amended or supplemented, the "Promissory Note") to evidence the Institution's obligation under the Loan Agreement to repay such loan. Each of the Loan Agreement and the Promissory Note requires the payment by the Institution of loan payments sufficient to provide for the payment of the principal or Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds as the same become due. Copies of the Indenture, the Loan Agreement, the Promissory Note, the Account Control Agreement hereinafter referred to and the Mortgage hereinafter referred to are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, and the rights, duties and obligations of the Issuer, the Institution and the Trustee.

Pledge and Security. Pursuant to the Indenture, the Issuer has assigned to the Trustee all of its right, title and interest in and to the Promissory Note 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 Purchase Price 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 Note. The Bonds are also secured by mortgage liens on and security interests in the Institution's leasehold title interest in the Facility (as defined in the Indenture) pursuant to the Mortgage (as defined in the Indenture). Pursuant to an Assignment of Mortgage (as defined in the Indenture), the Issuer has assigned to the Trustee all of the Issuer's right, title and interest in and to the Mortgage. Pursuant to the terms of the Sublease, the Institution has directed the School to make the School's rent payments (as described in the Sublease) directly to Institution's bank account that is subject to the Account Control Agreement, dated as of January 1, 2021 by and among the Trustee, the Institution and The Bank of New York Mellon, as depositary bank (the "Account Control Agreement"). Pursuant to the terms of an Account Control Agreement, the Institution will grant a security interest in the Institution's operating account to the Trustee and also authorize the Trustee to transfer the amounts required under this Indenture and the Loan Agreement to the Revenue Fund.

The Bonds are special limited revenue obligations of the Issuer and shall never constitute a debt of the State of New York or of The City of New York, and neither the State of New York nor The City of New York shall be liable thereon, nor shall the Bonds be payable out of any funds of the Issuer other than those pledged therefor.

Reference is hereby made to the Indenture for the definition of any capitalized word or term used but not defined herein and for a description of the property pledged, assigned and otherwise available for the payment of the Bonds, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Bonds, and the terms upon which the Bonds are issued and secured.

Additional Bonds. As provided in the Indenture, upon satisfying certain conditions, a Series of Additional Bonds may be issued from time to time in one or more series for the purpose of financing the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, providing extensions, additions or improvements to the Facility, or refunding outstanding Bonds (to the extent that such Bonds shall be subject to earlier redemption). All bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

General Interest Rate Limitation. Anything herein or in the Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Indenture shall be subject to the limitation that payments of interest or other amounts hereon shall not be required to the extent that receipt of any such payment by a holder of this bond would be contrary to the provisions of law applicable to such holder of this bond which would limit the maximum rate of interest which may be charged or collected by such holder of this bond.

Redemption of Bonds. (A) General Optional Redemption. The Bonds are subject to redemption, on or after December 1, 2029, in whole or in part on any Business Day (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 a Redemption Price of one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the Redemption Date.

- (B) 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), 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 Redemption Date, if one or more of the following events shall have occurred:
 - (i) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of two (2) years from the date of such damage or destruction to the condition thereof immediately preceding 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 two (2) years 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

two (2) years 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 of New York or of legislative or executive action of said 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.

If the Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall 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.

(C) <u>Mandatory Sinking Fund Installment Redemption</u>. The Bonds maturing on December 1, 2031 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2027	\$475,000	2030	\$760,000
2028	705,000	2031*	795,000
2029	735,000		

^{*}Final Maturity

The Bonds maturing on December 1, 2041 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2032	\$830,000	2037	\$1,065,000
2033	875,000	2038	1,115,000
2034	915,000	2039	1,175,000
2035	960,000	2040	1,235,000
2036	1,015,000	2041*	1,300,000

^{*}Final Maturity

The Bonds maturing on December 1, 2051 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2042	\$1,365,000	2047	\$1,755,000
2043	1,440,000	2048	1,845,000
2044	1,505,000	2049	1,940,000
2045	1,585,000	2050	2,040,000
2046	1,670,000	2051*	2,145,000

^{*}Final Maturity

The Bonds maturing on December 1, 2055 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2052	\$2,250,000	2054	\$2,490,000
2053	2,370,000	2055*	2,615,000

^{*}Final Maturity

- (D) <u>Mandatory Redemption from Excess Proceeds and Certain Other</u> <u>Amounts</u>. 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 in the Project Fund 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, or

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 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 as provided in the Loan Agreement,

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 Redemption Date.

(E) <u>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.</u> 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 Redemption Date.

- (F) <u>Mandatory Taxability Redemption</u>. Upon the occurrence of a Determination of Taxability, the Bonds shall be redeemed prior to maturity on any date within one hundred eighty (180) days following such Determination of Taxability, at a Redemption Price equal to the principal amount thereof, together with accrued interest to the Redemption Date. 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.
- (G) <u>Purchase in Lieu of Optional Redemption</u>. In lieu of calling 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 as provided above, 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 the Indenture relating to the selection of Bonds in a partial redemption.

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

Redemption Procedures. If any of the Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed at least thirty (30) days prior to such Redemption Date to the registered owner of each Bond to be redeemed at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest after the Redemption Date if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Bonds called for redemption shall become due and payable on the Redemption Date, provided, however, that with respect to any optional redemption of the Bonds as provided in this bond, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

Amendment of Indenture. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Bonds at any time by the Issuer with the consent of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding thereunder. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

<u>Denominations</u>. The Bonds are issuable in the form of fully registered bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof.

Exchange of Bonds. The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any 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.

<u>Transfer of Bonds</u>. This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the

New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Purchase Price or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such 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.

Book Entry System. The Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Bonds by the Securities Depository's Participants, beneficial ownership of the Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Beneficial Owners of the Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Special Agreement by Holder. Each holder of this bond, by the purchase and acceptance of this bond, is deemed to have represented and agreed as follows:

- (A) (i) it is a qualified institutional buyer as defined in Rule 144A ("Rule 144A") of the Securities Act of 1933, as amended (the "Securities Act"), and it is aware that the sale made to it of this bond has been made in reliance on Rule 144A; it has acquired this bond for its own account or for the account of a qualified institutional buyer; or (ii) it is an "accredited investor" as defined in Rule 501 under the Securities Act; and
- (B) it understands that this bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer this bond, this bond may be offered, resold, pledged or transferred only in accordance with the above transfer restrictions set forth in this bond and in the legend appearing hereon.

Acceleration of Bonds. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds and Additional Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

<u>Limitation on Bondholder Enforcement Rights</u>. The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Special Obligation of the Issuer. This bond and the issue of which it forms a part are special limited revenue obligations of the Issuer, payable by the Issuer solely out of the loan payments, revenues or other receipts, funds or moneys of the Issuer pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds.

<u>Estoppel Clause</u>. It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

<u>No Personal Liability</u>. Neither the members, directors, officers or agents of the Issuer nor any person executing this bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

<u>Authentication by Trustee</u>. This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Build NYC Resource Corporation has caused this bond to be executed in its name by the manual or facsimile signature of its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and its official seal or a facsimile thereof to be hereunto impressed or imprinted hereon and attested by the manual or facsimile signature of its Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, all as of the Bond Date indicated above.

BUILD NYC RESOURCE CORPORATION

1	By:Authorized Signatory
	Authorized Signatory
(SEAL)	
ATTEST:	
Authorized Signatory	
CERTIFICATE O	OF AUTHENTICATION
This bond is one of the Bon Indenture.	ds of the issue described in the within-mentioned
•	THE BANK OF NEW YORK MELLON, as Trustee
]	By:Authorized Signatory
Date of Authentication: January 27, 2020	

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevoc Attorney to transfer such bond on the boo substitution in the premises.	ably constitute and appoint
Dated:	
	NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.
SIGNATURE GUARANTEED MEDALLION GUARANTEED	

Authorized Signature (Signature Guarantee Program Name)

[Signature Guarantee must be by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15]

FORM OF FULLY REGISTERED INITIAL BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN RELIANCE UPON EXEMPTIONS PROVIDED BY THE SECURITIES ACT. NO RESALE OR OTHER TRANSFER OF THIS BOND MAY BE MADE UNLESS SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS AND IN ACCORDANCE WITH THE INDENTURE OF TRUST REFERRED TO HEREIN. NEITHER THE ISSUER NOR THE TRUSTEE IS OBLIGATED TO REGISTER THIS BOND UNDER THE SECURITIES ACT OR ANY OTHER SECURITIES OR "BLUE SKY" LAW.

THIS BOND MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) SO LONG AS THIS BOND IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A OF THE SECURITIES ACT, TO A PERSON CONSTITUTING A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (2) TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT.

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR

BUILD NYC RESOURCE CORPORATION TAX-EXEMPT REVENUE BONDS

(FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC. PROJECT), SERIES 2021A

Bond Date: January 27, 2021 Maturity Date: December 1, 2055

Registered Owner: Cede & Co.
Principal Amount: \$9,725,000
Interest Rate: 5.000%
Bond Number: R-A-4

CUSIP: 12008E RB4

Build NYC Resource Corporation, a local development Promise to Pay. corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York (herein called the "Issuer"), for value received, hereby promises to pay as hereinafter provided, solely from the loan payments, revenues and receipts as provided in the Indenture of Trust hereinafter referred to, to the Registered Holder identified above or registered assigns, upon presentation and surrender hereof, on the Maturity Date set forth above, the Principal Amount set forth above, and in like manner to pay interest at the Interest Rate set forth above on the unpaid principal balance hereof from the Bond Date set forth above until the Issuer's obligation with respect to the payment of such Principal Amount shall be discharged. Payment of interest shall be made on June 1 and December 1 in each year, commencing June 1, 2021 (or, if such day is not a Business Day, the immediately succeeding Business Day) (each, an "Interest Payment Date"). Such interest shall be computed on the basis of a 360-day year of twelve 30-day months. In no event shall the interest rate payable hereon exceed the maximum permitted by, or enforceable under, applicable law. Payment shall be made in any coin or currency of the United States of America which, on the respective dates of payment, is legal tender for the payment of public and private debts. Capitalized terms used but not defined in this bond shall have the respective meanings assigned to such terms in the Indenture hereinafter referred to.

This bond shall bear interest from the Bond Date indicated above, if authenticated prior to the first Interest Payment Date. If authenticated on or after the first Interest Payment Date, in exchange for or upon the registration of transfer of Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

Method of Currency. The principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Payments. The principal of, Sinking Fund Installments for, and the Purchase Price or the Redemption Price, if applicable, on all Bonds shall be payable by check or draft or wire transfer of immediately available funds at maturity or upon earlier purchase or redemption to the Persons in whose names such 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 purchase or redemption in whole shall only be payable upon the presentation and surrender of such Bonds at the designated corporate trust office of The Bank of New York Mellon in New York, New York, as trustee and paying agent (the "Paying Agent"), or at the corporate trust office of any successor Paying Agent.

The interest payable on each 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 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 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 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 as provided in the Indenture.

Authorization and Purpose. This bond is one of an authorized issue of bonds designated as "Build NYC Resource Corporation Tax-Exempt Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A" (the "Bonds") issued in the aggregate principal amount of \$40,970,000. The Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and under and pursuant to a resolution adopted by the members of the Issuer on September 22, 2020 authorizing the issuance of the Bonds and under and pursuant to an Indenture of Trust, dated as of January 1, 2021 (as the same may be amended or supplemented, the "Indenture"), made and entered into by and between the Issuer and The Bank of New York Mellon, as trustee (said bank and any successor thereto under the Indenture being referred to herein as the "Trustee"), for the purpose of (a) (i) refinancing a loan incurred by Hellenic Classical Charter Schools to finance leasehold improvements to a fourstory, approximately 46,000 square foot building located on a 23,244 square foot parcel of land at the Park Slope Facility (as defined in the Indenture), which includes or will include approximately 21 classrooms, 14 private rooms for offices or specialized learning, locker areas, a cafeteria, gymnasium, library, administrative offices and serves students from kindergarten through grade eight, (ii) paying all or a portion of the cost of the construction, furnishing, and equipping of additional leasehold improvements to the Park Slope Facility and (iii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Bonds, and (b) (i) financing the construction, furnishing, and equipping of a fourstory, approximately 48,000 square foot building located on an approximately 100,000 square foot parcel of leased land at the Staten Island Facility (as defined in the Indenture), which is expected to include 24 classrooms, 17 private rooms for offices or specialized learning, locker areas, a cafeteria, auditorium, library, and administrative offices and serve students from kindergarten through grade eight and (ii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Bonds (collectively, the "Project"), on behalf of Friends of Hellenic Classical Charter Schools, Inc., a not-for-profit corporation, created and existing under the laws of the State of New York (hereinafter together with any assignee of the Loan Agreement hereafter referred to, called the "Institution"). In order to finance a portion of the costs of the Project, the Issuer has made a loan to the Institution in the original principal amount of the Bonds from the proceeds of the Bonds pursuant to a certain Loan Agreement, dated as of January 1, 2021, between the Issuer and the Institution (as the same may be amended or supplemented, the "Loan Agreement"), and the Institution has executed a

certain Promissory Note dated the date of original issuance of the Bonds in favor of the Issuer (as the same may be amended or supplemented, the "Promissory Note") to evidence the Institution's obligation under the Loan Agreement to repay such loan. Each of the Loan Agreement and the Promissory Note requires the payment by the Institution of loan payments sufficient to provide for the payment of the principal or Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds as the same become due. Copies of the Indenture, the Loan Agreement, the Promissory Note, the Account Control Agreement hereinafter referred to and the Mortgage hereinafter referred to are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, and the rights, duties and obligations of the Issuer, the Institution and the Trustee.

Pledge and Security. Pursuant to the Indenture, the Issuer has assigned to the Trustee all of its right, title and interest in and to the Promissory Note 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 Purchase Price 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 Note. The Bonds are also secured by mortgage liens on and security interests in the Institution's leasehold title interest in the Facility (as defined in the Indenture) pursuant to the Mortgage (as defined in the Indenture). Pursuant to an Assignment of Mortgage (as defined in the Indenture), the Issuer has assigned to the Trustee all of the Issuer's right, title and interest in and to the Mortgage. Pursuant to the terms of the Sublease, the Institution has directed the School to make the School's rent payments (as described in the Sublease) directly to Institution's bank account that is subject to the Account Control Agreement, dated as of January 1, 2021 by and among the Trustee, the Institution and The Bank of New York Mellon, as depositary bank (the "Account Control Agreement"). Pursuant to the terms of an Account Control Agreement, the Institution will grant a security interest in the Institution's operating account to the Trustee and also authorize the Trustee to transfer the amounts required under this Indenture and the Loan Agreement to the Revenue Fund.

The Bonds are special limited revenue obligations of the Issuer and shall never constitute a debt of the State of New York or of The City of New York, and neither the State of New York nor The City of New York shall be liable thereon, nor shall the Bonds be payable out of any funds of the Issuer other than those pledged therefor.

Reference is hereby made to the Indenture for the definition of any capitalized word or term used but not defined herein and for a description of the property pledged, assigned and otherwise available for the payment of the Bonds, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Bonds, and the terms upon which the Bonds are issued and secured.

Additional Bonds. As provided in the Indenture, upon satisfying certain conditions, a Series of Additional Bonds may be issued from time to time in one or more series for the purpose of financing the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, providing extensions, additions or improvements to the Facility, or refunding outstanding Bonds (to the extent that such Bonds shall be subject to earlier redemption). All bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

General Interest Rate Limitation. Anything herein or in the Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Indenture shall be subject to the limitation that payments of interest or other amounts hereon shall not be required to the extent that receipt of any such payment by a holder of this bond would be contrary to the provisions of law applicable to such holder of this bond which would limit the maximum rate of interest which may be charged or collected by such holder of this bond.

Redemption of Bonds. (A) General Optional Redemption. The Bonds are subject to redemption, on or after December 1, 2029, in whole or in part on any Business Day (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 a Redemption Price of one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the Redemption Date.

- (B) 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), 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 Redemption Date, if one or more of the following events shall have occurred:
 - (i) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of two (2) years from the date of such damage or destruction to the condition thereof immediately preceding 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 two (2) years 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

two (2) years 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 of New York or of legislative or executive action of said 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.

If the Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall 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.

(C) <u>Mandatory Sinking Fund Installment Redemption</u>. The Bonds maturing on December 1, 2031 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2027	\$475,000	2030	\$760,000
2028	705,000	2031*	795,000
2029	735,000		

^{*}Final Maturity

The Bonds maturing on December 1, 2041 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2032	\$830,000	2037	\$1,065,000
2033	875,000	2038	1,115,000
2034	915,000	2039	1,175,000
2035	960,000	2040	1,235,000
2036	1,015,000	2041*	1,300,000

^{*}Final Maturity

The Bonds maturing on December 1, 2051 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2042	\$1,365,000	2047	\$1,755,000
2043	1,440,000	2048	1,845,000
2044	1,505,000	2049	1,940,000
2045	1,585,000	2050	2,040,000
2046	1,670,000	2051*	2,145,000

^{*}Final Maturity

The Bonds maturing on December 1, 2055 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2052	\$2,250,000	2054	\$2,490,000
2053	2,370,000	2055*	2,615,000

^{*}Final Maturity

- (D) <u>Mandatory Redemption from Excess Proceeds and Certain Other</u> <u>Amounts</u>. 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 in the Project Fund 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, or

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 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 as provided in the Loan Agreement,

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 Redemption Date.

(E) <u>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.</u> 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 Redemption Date.

- (F) <u>Mandatory Taxability Redemption</u>. Upon the occurrence of a Determination of Taxability, the Bonds shall be redeemed prior to maturity on any date within one hundred eighty (180) days following such Determination of Taxability, at a Redemption Price equal to the principal amount thereof, together with accrued interest to the Redemption Date. 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.
- (G) <u>Purchase in Lieu of Optional Redemption</u>. In lieu of calling 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 as provided above, 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 the Indenture relating to the selection of Bonds in a partial redemption.

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

Redemption Procedures. If any of the Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed at least thirty (30) days prior to such Redemption Date to the registered owner of each Bond to be redeemed at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest after the Redemption Date if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Bonds called for redemption shall become due and payable on the Redemption Date, provided, however, that with respect to any optional redemption of the Bonds as provided in this bond, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

Amendment of Indenture. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Bonds at any time by the Issuer with the consent of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding thereunder. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

<u>Denominations</u>. The Bonds are issuable in the form of fully registered bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof.

Exchange of Bonds. The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any 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.

<u>Transfer of Bonds</u>. This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the

New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Purchase Price or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such 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.

Book Entry System. The Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Bonds by the Securities Depository's Participants, beneficial ownership of the Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Beneficial Owners of the Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

<u>Special Agreement by Holder</u>. Each holder of this bond, by the purchase and acceptance of this bond, is deemed to have represented and agreed as follows:

- (A) (i) it is a qualified institutional buyer as defined in Rule 144A ("Rule 144A") of the Securities Act of 1933, as amended (the "Securities Act"), and it is aware that the sale made to it of this bond has been made in reliance on Rule 144A; it has acquired this bond for its own account or for the account of a qualified institutional buyer; or (ii) it is an "accredited investor" as defined in Rule 501 under the Securities Act; and
- (B) it understands that this bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer this bond, this bond may be offered, resold, pledged or transferred only in accordance with the above transfer restrictions set forth in this bond and in the legend appearing hereon.

Acceleration of Bonds. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds and Additional Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

<u>Limitation on Bondholder Enforcement Rights</u>. The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Special Obligation of the Issuer. This bond and the issue of which it forms a part are special limited revenue obligations of the Issuer, payable by the Issuer solely out of the loan payments, revenues or other receipts, funds or moneys of the Issuer pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds.

<u>Estoppel Clause</u>. It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

No Personal Liability. Neither the members, directors, officers or agents of the Issuer nor any person executing this bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

<u>Authentication by Trustee</u>. This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Build NYC Resource Corporation has caused this bond to be executed in its name by the manual or facsimile signature of its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and its official seal or a facsimile thereof to be hereunto impressed or imprinted hereon and attested by the manual or facsimile signature of its Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, all as of the Bond Date indicated above.

BUILD NYC RESOURCE CORPORATION

By:	Authorized Signatory
(SEAL)	Authorized Signatory
ATTEST:	
Authorized Signatory	
CERTIFICATE OF A	AUTHENTICATION
This bond is one of the Bonds Indenture.	of the issue described in the within-mentioned
	E BANK OF NEW YORK MELLON, s Trustee
By:	Authorized Signatory
Date of Authentication: January 27, 2020	

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

substitution in the premises. Dated:	
	NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.
SIGNATURE GUARANTEED MEDALLION GUARANTEED	

Authorized Signature (Signature Guarantee Program Name)

[Signature Guarantee must be by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15

FORM OF FULLY REGISTERED INITIAL BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN RELIANCE UPON EXEMPTIONS PROVIDED BY THE SECURITIES ACT. NO RESALE OR OTHER TRANSFER OF THIS BOND MAY BE MADE UNLESS SUCH TRANSFER IS MADE PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS AND IN ACCORDANCE WITH THE INDENTURE OF TRUST REFERRED TO HEREIN. NEITHER THE ISSUER NOR THE TRUSTEE IS OBLIGATED TO REGISTER THIS BOND UNDER THE SECURITIES ACT OR ANY OTHER SECURITIES OR "BLUE SKY" LAW.

THIS BOND MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) SO LONG AS THIS BOND IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A OF THE SECURITIES ACT, TO A PERSON CONSTITUTING A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (2) TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT.

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR

BUILD NYC RESOURCE CORPORATION TAXABLE REVENUE BONDS

(FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC. PROJECT), SERIES 2021B

Bond Date: January 27, 2021 Maturity Date: December 1, 2027

Registered Owner: Cede & Co.
Principal Amount: \$835,000
Interest Rate: 5.375%
Bond Number: R-B-1

CUSIP: 12008E RC2

Build NYC Resource Corporation, a local development Promise to Pay. corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York (herein called the "Issuer"), for value received, hereby promises to pay as hereinafter provided, solely from the loan payments, revenues and receipts as provided in the Indenture of Trust hereinafter referred to, to the Registered Holder identified above or registered assigns, upon presentation and surrender hereof, on the Maturity Date set forth above, the Principal Amount set forth above, and in like manner to pay interest at the Interest Rate set forth above on the unpaid principal balance hereof from the Bond Date set forth above until the Issuer's obligation with respect to the payment of such Principal Amount shall be discharged. Payment of interest shall be made on June 1 and December 1 in each year, commencing June 1, 2021 (or, if such day is not a Business Day, the immediately succeeding Business Day) (each, an "Interest Payment Date"). Such interest shall be computed on the basis of a 360-day year of twelve 30-day months. In no event shall the interest rate payable hereon exceed the maximum permitted by, or enforceable under, applicable law. Payment shall be made in any coin or currency of the United States of America which, on the respective dates of payment, is legal tender for the payment of public and private debts. Capitalized terms used but not defined in this bond shall have the respective meanings assigned to such terms in the Indenture hereinafter referred to.

This bond shall bear interest from the Bond Date indicated above, if authenticated prior to the first Interest Payment Date. If authenticated on or after the first Interest Payment Date, in exchange for or upon the registration of transfer of Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

Method of Currency. The principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Payments. The principal of, Sinking Fund Installments for, and the Purchase Price or the Redemption Price, if applicable, on all Bonds shall be payable by check or draft or wire transfer of immediately available funds at maturity or upon earlier purchase or redemption to the Persons in whose names such 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 purchase or redemption in whole shall only be payable upon the presentation and surrender of such Bonds at the designated corporate trust office of The Bank of New York Mellon in New York, New York, as trustee and paying agent (the "Paying Agent"), or at the corporate trust office of any successor Paying Agent.

The interest payable on each 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 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 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 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 as provided in the Indenture.

Authorization and Purpose. This bond is one of an authorized issue of bonds designated as "Build NYC Resource Corporation Taxable Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021B" (the "Bonds") issued in the aggregate principal amount of \$835,000. The Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and under and pursuant to a resolution adopted by the members of the Issuer on September 22, 2020 authorizing the issuance of the Bonds and under and pursuant to an Indenture of Trust, dated as of January 1, 2021 (as the same may be amended or supplemented, the "Indenture"), made and entered into by and between the Issuer and The Bank of New York Mellon, as trustee (said bank and any successor thereto under the Indenture being referred to herein as the "Trustee"), for the purpose of (a) (i) refinancing a loan incurred by Hellenic Classical Charter Schools to finance leasehold improvements to a fourstory, approximately 46,000 square foot building located on a 23,244 square foot parcel of land at the Park Slope Facility (as defined in the Indenture), which includes or will include approximately 21 classrooms, 14 private rooms for offices or specialized learning, locker areas, a cafeteria, gymnasium, library, administrative offices and serves students from kindergarten through grade eight, (ii) paying all or a portion of the cost of the construction, furnishing, and equipping of additional leasehold improvements to the Park Slope Facility and (iii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Bonds, and (b) (i) financing the construction, furnishing, and equipping of a fourstory, approximately 48,000 square foot building located on an approximately 100,000 square foot parcel of leased land at the Staten Island Facility (as defined in the Indenture), which is expected to include 24 classrooms, 17 private rooms for offices or specialized learning, locker areas, a cafeteria, auditorium, library, and administrative offices and serve students from kindergarten through grade eight and (ii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Bonds (collectively, the "Project"), on behalf of Friends of Hellenic Classical Charter Schools, Inc., a not-for-profit corporation, created and existing under the laws of the State of New York (hereinafter together with any assignee of the Loan Agreement hereafter referred to, called the "Institution"). In order to finance a portion of the costs of the Project, the Issuer has made a loan to the Institution in the original principal amount of the Bonds from the proceeds of the Bonds pursuant to a certain Loan Agreement, dated as of January 1, 2021, between the Issuer and the Institution (as the same may be amended or supplemented, the "Loan Agreement"), and the Institution has executed a

certain Promissory Note dated the date of original issuance of the Bonds in favor of the Issuer (as the same may be amended or supplemented, the "Promissory Note") to evidence the Institution's obligation under the Loan Agreement to repay such loan. Each of the Loan Agreement and the Promissory Note requires the payment by the Institution of loan payments sufficient to provide for the payment of the principal or Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds as the same become due. Copies of the Indenture, the Loan Agreement, the Promissory Note, the Account Control Agreement hereinafter referred to and the Mortgage hereinafter referred to are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, and the rights, duties and obligations of the Issuer, the Institution and the Trustee.

Pledge and Security. Pursuant to the Indenture, the Issuer has assigned to the Trustee all of its right, title and interest in and to the Promissory Note 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 Purchase Price 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 Note. The Bonds are also secured by mortgage liens on and security interests in the Institution's leasehold title interest in the Facility (as defined in the Indenture) pursuant to the Mortgage (as defined in the Indenture). Pursuant to an Assignment of Mortgage (as defined in the Indenture), the Issuer has assigned to the Trustee all of the Issuer's right, title and interest in and to the Mortgage. Pursuant to the terms of the Sublease, the Institution has directed the School to make the School's rent payments (as described in the Sublease) directly to Institution's bank account that is subject to the Account Control Agreement, dated as of January 1, 2021 by and among the Trustee, the Institution and The Bank of New York Mellon, as depositary bank (the "Account Control Agreement"). Pursuant to the terms of an Account Control Agreement, the Institution will grant a security interest in the Institution's operating account to the Trustee and also authorize the Trustee to transfer the amounts required under this Indenture and the Loan Agreement to the Revenue Fund.

The Bonds are special limited revenue obligations of the Issuer and shall never constitute a debt of the State of New York or of The City of New York, and neither the State of New York nor The City of New York shall be liable thereon, nor shall the Bonds be payable out of any funds of the Issuer other than those pledged therefor.

Reference is hereby made to the Indenture for the definition of any capitalized word or term used but not defined herein and for a description of the property pledged, assigned and otherwise available for the payment of the Bonds, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Bonds, and the terms upon which the Bonds are issued and secured.

Additional Bonds. As provided in the Indenture, upon satisfying certain conditions, a Series of Additional Bonds may be issued from time to time in one or more series for the purpose of financing the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, providing extensions, additions or improvements to the Facility, or refunding outstanding Bonds (to the extent that such Bonds shall be subject to earlier redemption). All bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

General Interest Rate Limitation. Anything herein or in the Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Indenture shall be subject to the limitation that payments of interest or other amounts hereon shall not be required to the extent that receipt of any such payment by a holder of this bond would be contrary to the provisions of law applicable to such holder of this bond which would limit the maximum rate of interest which may be charged or collected by such holder of this bond.

<u>Redemption of Bonds.</u> (A) <u>General Optional Redemption</u>. The Bonds are not subject to optional redemption.

- (B) 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), 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 Redemption Date, if one or more of the following events shall have occurred:
 - (i) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of two (2) years from the date of such damage or destruction to the condition thereof immediately preceding 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 two (2) years 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 two (2) years 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 of New York or of legislative or executive action of said 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.

If the Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall 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.

(C) <u>Mandatory Sinking Fund Installment Redemption</u>. The Bonds maturing on December 1, 2027 are subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund		Sinking Fund	
Installment Payment		Installment Payment	
Date	Sinking Fund	Date	Sinking Fund
(December 1)	<u>Installment</u>	(December 1)	<u>Installment</u>
2026	\$640,000	2027*	\$195,000

^{*}Final Maturity

- (D) <u>Mandatory Redemption from Excess Proceeds and Certain Other</u> <u>Amounts</u>. 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 in the Project Fund 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, or
 - (iii) excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personalty,

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

Mandatory Redemption Upon Failure to Operate the Facility for the Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The 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 Redemption Date.

Redemption Procedures. If any of the Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed at least thirty (30) days prior to such Redemption Date to the registered owner of each Bond to be redeemed at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest after the Redemption Date if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Bonds called for redemption shall become due and payable on the Redemption Date, provided, however, that with respect to any optional redemption of the Bonds as provided in this bond, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

Amendment of Indenture. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Bonds at any time by the Issuer with the consent of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding thereunder. Any such consent shall be conclusive and binding upon each such

holder and upon all future holders of each Bond and of any such Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

<u>Denominations</u>. The Bonds are issuable in the form of fully registered bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof.

Exchange of Bonds. The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any 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.

Transfer of Bonds. This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Purchase Price or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such 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.

Book Entry System. The Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Bonds by the Securities

Depository's Participants, beneficial ownership of the Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Beneficial Owners of the Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

<u>Special Agreement by Holder</u>. Each holder of this bond, by the purchase and acceptance of this bond, is deemed to have represented and agreed as follows:

- (A) (i) it is a qualified institutional buyer as defined in Rule 144A ("Rule 144A") of the Securities Act of 1933, as amended (the "Securities Act"), and it is aware that the sale made to it of this bond has been made in reliance on Rule 144A; it has acquired this bond for its own account or for the account of a qualified institutional buyer; or (ii) it is an "accredited investor" as defined in Rule 501 under the Securities Act; and
- (B) it understands that this bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer this bond, this bond may be offered, resold, pledged or transferred only in accordance with the above transfer restrictions set forth in this bond and in the legend appearing hereon.

Acceleration of Bonds. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds and Additional Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

<u>Limitation on Bondholder Enforcement Rights</u>. The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Special Obligation of the Issuer. This bond and the issue of which it forms a part are special limited revenue obligations of the Issuer, payable by the Issuer solely out of the loan

payments, revenues or other receipts, funds or moneys of the Issuer pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds.

Estoppel Clause. It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

<u>No Personal Liability</u>. Neither the members, directors, officers or agents of the Issuer nor any person executing this bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

<u>Authentication by Trustee</u>. This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Build NYC Resource Corporation has caused this bond to be executed in its name by the manual or facsimile signature of its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and its official seal or a facsimile thereof to be hereunto impressed or imprinted hereon and attested by the manual or facsimile signature of its Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, all as of the Bond Date indicated above.

BUILD NYC RESOURCE CORPORATION

	By:Authorized Signatory
	Authorized Signatory
(SEAL)	
ATTEST:	
Authorized Signatory	
CERTIFICATE	E OF AUTHENTICATION
This bond is one of the B Indenture.	onds of the issue described in the within-mentioned
machture.	
	THE BANK OF NEW YORK MELLON, as Trustee
	By:Authorized Signatory
	Authorized Signatory
Date of Authentication: January 27, 2021	

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevocal Attorney to transfer such bond on the book substitution in the premises.	oly constitute and appoints kept for the registration thereof, with full power of
Dated:	
	NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.
SIGNATURE GUARANTEED MEDALLION GUARANTEED	

Authorized Signature (Signature Guarantee Program Name)

[Signature Guarantee must be by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15]

EXHIBIT D

Form of Requisition from the Project Fund

REQUISITION NO.

TO: The Bank of New York Mellon, as Trustee

FROM: Friends of Hellenic Classical Charter Schools, Inc.

Ladies and Gentlemen:

You are requested to draw from the [[Costs of Issuance Subaccount of the] Tax-Exempt Bonds Account]/[Taxable Bonds Account] of the Project Fund, established by Section 5.01 of the Indenture of Trust, dated as of January 1, 2021 (the "Indenture"), between Build NYC Resource Corporation (the "Issuer") and yourself, a check or checks or wire transfer, as applicable, in the amounts, payable to the order of those persons and for the purpose of paying those costs set forth on Schedule A attached hereto. All capitalized terms used in this Requisition not otherwise defined herein shall have the meanings given such terms by the Indenture or by the Loan Agreement referred to in the Indenture.

I hereby certify that

- (i) I am an Authorized Representative of Friends of Hellenic Classical Charter Schools, Inc. (the "Institution");
 - (ii) the number of this Requisition is ;
- (iii) the items of cost set forth on <u>Schedule A</u> attached hereto are correct and proper under Section 5.02 of the Indenture and under Section 3.2 of the Loan Agreement and each such item has been properly paid or incurred as an item of Project Cost;
- (iv) none of the items for which this Requisition is made has formed the basis for any disbursement heretofore made from the [[Costs of Issuance Subaccount of the] Tax-Exempt Bonds Account]/[Taxable Bonds Account] of the Project Fund;
- (v) the payees and amounts stated in <u>Schedule A</u> attached hereto are true and correct and each item of cost so stated is due and owing;
- (vi) each such item stated in <u>Schedule A</u> attached hereto is a proper charge against the [[Costs of Issuance Subaccount of the] Tax-Exempt Bonds Account]/[Taxable Bonds Account] of the Project Fund;
- (vii) each such item in <u>Schedule A</u> attached hereto represents the value of work actually furnished, or labor or services actually rendered and no item relates to materials, that are not incorporated into the improvement or deposits toward same;

- (viii) each item of cost set forth in <u>Schedule A</u> attached hereto is consistent in all material respects with the Tax Certificate;
- (ix) if the payment herein requested is a reimbursement to the Institution for costs or expenses of the Institution incurred by reason of work performed or supervised by officers or employees of the Institution or any Affiliate, such officers or employees were specifically employed for such purpose and the amount to be paid does not exceed the actual cost thereof to the Institution and such costs or expenses will be treated by the Institution on its books as a capital expenditure in conformity with generally accepted accounting principles applied on a consistent basis;
- no portion of the proceeds of the Bond will be applied to reimburse the Institution for Project Costs paid more than sixty (60) days prior to September 22, 2020, the date the Issuer adopted its reimbursement resolution for the Project, except for amounts which do not exceed twenty percent (20%) of the Project Costs financed with the proceeds of the Bonds which were applied to finance certain preliminary expenses with respect to the Project. Preliminary expenses, for purposes of this exception, include architectural, engineering, surveying, soil testing and similar costs incurred prior to the commencement of construction or rehabilitation of the Project, but do not include land acquisition, site preparation and similar costs incident to the commencement of construction or rehabilitation of the Project. No portion of the proceeds of the Bonds will be applied to reimburse the Institution for a cost (other than preliminary expenditures) paid more than eighteen (18) months prior to the date of this Requisition or the date the Facility to which the cost relates was placed in service, whichever is later. In no event shall the proceeds of the Bonds be applied to reimburse the Institution for a Project Cost paid more than three (3) years prior to the date of issuance of the Bonds, unless such cost is attributable to a preliminary expenditure, as described above;
- (xi) no Determination of Taxability has occurred, and no Event of Default exists and is continuing under the Indenture or the Loan Agreement or any other Security Document nor any condition, event or act which, with notice or lapse of time or both, would constitute such an Event of Default:
- (xii) I have no knowledge of any vendor's lien, mechanic's lien or security interest which should be satisfied or discharged before the payment herein requested is made or which will not be discharged by such payment or, to the extent that any such costs shall be the subject of a bona fide dispute, for which such costs have not been appropriately bonded or for which a surety or security has not been posted which is at least equal to the amount of such costs;
- (xiii) [each item which payment under this Requisition is to be made when added to all other payments previously made from the Project Fund, will not result in less than 95% of the proceeds of the Bonds (exclusive of costs of issuance of the Bonds or any reasonably required reserve) (including any earnings thereon) being used for the acquisition, construction, reconstruction or improvement of land or property that is subject to the allowance for depreciation provided in section 167 of the Code;]

- (xiv) such item of cost for which payment is herein requested is chargeable to the capital account of the Facility for federal income tax purposes, or would be so chargeable either with an election by the Institution or but for the election of the Institution to deduct the amount of such item; and
- (xv) the representations and warranties made by the Institution in the Security Documents are correct on and as of the date of such disbursement as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date.

Attached to this Requisition is (i) a notice of title continuation or an endorsement to the title insurance policies theretofore delivered pursuant to Section 3.7 of the Loan Agreement, and (ii) a schedule of or a copy of bills, invoices or other documents evidencing and supporting this Requisition.

Dated:	<u> </u>
	FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC.
	By:Authorized Representative

SCHEDULE A TO REQUISITION NO.

<u>Amount</u> <u>Payee (with address or wire information)</u> <u>Purpose</u>

Receipt is hereby acknowledged of a payment in the amount of \$ connection with the submission of the attached Requisition.				
	FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC.			
	By:Authorized Representative			
Date:				

Form of Requisition from the Repair and Replacement Fund

REQUISITION NO.___

TO:	The Bank of New York Mellon, as Trustee
FROM:	Friends of Hellenic Classical Charter Schools, Inc.
requested to checks	Pursuant to Section 5.14 of the Indenture of Trust, dated as of January 1, 2021 sture"), between Build NYC Resource Corporation (the "Issuer") and yourself, you are to draw from the Repair and Replacement Fund, established by Section 5.01, a check or wire transfer, as applicable, in the amounts, payable to the order of those persons purpose of paying those costs set forth below:
PA	YABLE TO:
AD	DRESS:
AM	IOUNT DUE: \$
Atta	ached are the following:
	Invoice
	Cancelled check (attach only if invoice is already paid)
Classical C	I hereby certify that I am an Authorized Representative of Friends of Hellenic Charter Schools, Inc. (the "Institution").
withdrawal Facility, re Facility or (b) reimbur replacemen	The obligation(s) has (have) been properly incurred and is (are) a proper charge Repair and Replacement Fund and has (have) not been the basis of any previous I. The disbursement requested will be used to either (a) pay improvements to the epairs and/or replacements of furniture and equipment or other components of the pay for the purchase of additional furniture and equipment for the Facility, or see the Institution for payment of improvements to the Facility, repairs and the paid for furniture and equipment or other components of the Facility or for purchase of additional equipment and furniture for the Facility.
	Pursuant to Section 5.14 of the Indenture, you are hereby directed to transfer from the Repair and Replacement Fund to the Bond Fund to pay principal and the Bonds.
microst off	uic Dollad.

All capitalized ter have the meanings given such ter	ms used in this Requisition not otherwise defined herein shall ms by the Indenture.
Dated:	FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC.
	By:

EXHIBIT F-1

SERIES 2021A BONDS CAPITALIZED INTEREST SCHEDULE

NET DEBT SERVICE

Hellenic Classical Revenue Bonds Series 2021A - Tax-Exempt

Date	Principal	Coupon	Internet	Total	Capitalized Interest Fund	Debt Service Reserve Fund	Net Dobt Sopriso	Annual Net D/S
	Principal	Coupon	Interest	Debt Service		Reserve Fund	Debt Service	Net D/S
06/01/2021 06/30/2021			693,642.22	693,642.22	571,416.11		122,226.11	122,226.11
12/01/2021			1,006,900.00	1,006,900.00	829,475.00		177,425.00	122,220.11
06/01/2022			1,006,900.00	1,006,900.00	829,475.00		177,425.00	
06/30/2022			1,000,000.00	1,000,000.00	020,470.00		177,420.00	354,850.00
12/01/2022			1,006,900.00	1,006,900.00			1,006,900.00	
06/01/2023			1,006,900.00	1,006,900.00			1,006,900.00	
06/30/2023								2,013,800.00
12/01/2023			1,006,900.00	1,006,900.00			1,006,900.00	
06/01/2024			1,006,900.00	1,006,900.00			1,006,900.00	
06/30/2024				4 000 000 00				2,013,800.00
12/01/2024 06/01/2025			1,006,900.00 1,006,900.00	1,006,900.00 1,006,900.00			1,006,900.00	
06/30/2025			1,006,900.00	1,006,900.00			1,006,900.00	2,013,800.00
12/01/2025			1,006,900.00	1,006,900.00			1,006,900.00	2,013,000.00
06/01/2026			1,006,900.00	1,006,900.00			1,006,900.00	
06/30/2026			.,,	,,,			.,,	2,013,800.00
12/01/2026			1,006,900.00	1,006,900.00			1,006,900.00	_,
06/01/2027			1,006,900.00	1,006,900.00			1,006,900.00	
06/30/2027								2,013,800.00
12/01/2027	475,000	4.000%	1,006,900.00	1,481,900.00			1,481,900.00	
06/01/2028			997,400.00	997,400.00			997,400.00	
06/30/2028								2,479,300.00
12/01/2028	705,000	4.000%	997,400.00	1,702,400.00			1,702,400.00	
06/01/2029 06/30/2029			983,300.00	983,300.00			983,300.00	2 695 700 00
12/01/2029	735,000	4.000%	983,300.00	1,718,300.00			1,718,300.00	2,685,700.00
06/01/2030	733,000	4.00076	968,600.00	968,600.00			968,600.00	
06/30/2030			300,000.00	300,000.00			300,000.00	2,686,900.00
12/01/2030	760,000	4.000%	968,600,00	1.728.600.00			1.728.600.00	2,000,000.00
06/01/2031			953,400.00	953,400.00			953,400.00	
06/30/2031								2,682,000.00
12/01/2031	795,000	4.000%	953,400.00	1,748,400.00			1,748,400.00	
06/01/2032			937,500.00	937,500.00			937,500.00	
06/30/2032								2,685,900.00
12/01/2032	830,000	5.000%	937,500.00	1,767,500.00			1,767,500.00	
06/01/2033			916,750.00	916,750.00			916,750.00	0.004.050.00
06/30/2033 12/01/2033	875.000	5.000%	916.750.00	1.791.750.00			1.791.750.00	2,684,250.00
06/01/2034	075,000	5.000%	894,875.00	894,875.00			894,875.00	
06/30/2034			054,075.00	084,075.00			094,073.00	2,686,625.00
12/01/2034	915,000	5.000%	894,875.00	1,809,875.00			1,809,875.00	2,000,020.00
06/01/2035	0.0,000		872,000.00	872,000.00			872,000.00	
06/30/2035								2,681,875.00
12/01/2035	960,000	5.000%	872,000.00	1,832,000.00			1,832,000.00	
06/01/2036			848,000.00	848,000.00			848,000.00	
06/30/2036								2,680,000.00
12/01/2036	1,015,000	5.000%	848,000.00	1,863,000.00			1,863,000.00	
06/01/2037			822,625.00	822,625.00			822,625.00	
06/30/2037	4.005.000	E 0000/	000 005 00	4 007 005 00			4 007 005 00	2,685,625.00
12/01/2037 06/01/2038	1,065,000	5.000%	822,625.00 796.000.00	1,887,625.00 796.000.00			1,887,625.00 796.000.00	
06/30/2038			790,000.00	790,000.00			790,000.00	2,683,625.00
12/01/2038	1,115,000	5.000%	796.000.00	1,911,000.00			1,911,000.00	2,003,023.00
06/01/2039	1,110,000	0.000 /4	768,125.00	768,125.00			768,125.00	
06/30/2039			. 55, 125.50	. 55, 125.50				2,679,125.00
12/01/2039	1,175,000	5.000%	768,125.00	1,943,125.00			1,943,125.00	
06/01/2040	-		738,750.00	738,750.00			738,750.00	
06/30/2040								2,681,875.00
12/01/2040	1,235,000	5.000%	738,750.00	1,973,750.00			1,973,750.00	
06/01/2041			707,875.00	707,875.00			707,875.00	0.004.000.00
06/30/2041	4 200 200	E 0000	707 075 00	0.007.075.00			0.007.075.00	2,681,625.00
12/01/2041 06/01/2042	1,300,000	5.000%	707,875.00	2,007,875.00			2,007,875.00	
06/01/2042			675,375.00	675,375.00			675,375.00	2,683,250.00
12/01/2042	1,365,000	5.000%	675,375.00	2,040,375.00			2,040,375.00	2,003,250.00
06/01/2043	.,555,555	0.000 /6	641,250.00	641,250.00			641,250.00	
06/30/2043			0-1,200.00	J,200.00			04.,200.00	2,681,625.00
12/01/2043	1,440,000	5.000%	641,250.00	2,081,250.00			2,081,250.00	_,,,
06/01/2044	.,,		605,250.00	605,250.00			605,250.00	
06/30/2044								2,686,500.00
12/01/2044	1,505,000	5.000%	605,250.00	2,110,250.00			2,110,250.00	
06/01/2045			567,625.00	567,625.00			567,625.00	
06/30/2045								2,677,875.00

NET DEBT SERVICE

Hellenic Classical Revenue Bonds Series 2021A - Tax-Exempt

Annual Net D/S	Net Debt Service	Debt Service Reserve Fund	Capitalized Interest Fund	Total Debt Service	Interest	Coupon	Principal	Date
	2.152.625.00			2.152.625.00	567.625.00	5.000%	1.585.000	12/01/2045
	528,000.00			528.000.00	528.000.00	0.00070	1,000,000	06/01/2046
2.680.625.00	020,000.00			020,000.00	020,000.00			06/30/2046
2,000,020.00	2.198.000.00			2.198.000.00	528.000.00	5.000%	1.670.000	12/01/2046
	486,250.00			486.250.00	486,250.00	0.00070	1,010,000	06/01/2047
2.684.250.00	400,200.00			100,200.00	400,200.00			06/30/2047
_,	2.241.250.00			2.241,250.00	486,250,00	5.000%	1.755.000	12/01/2047
	442,375.00			442,375.00	442,375.00		.,,	06/01/2048
2.683.625.00	,			, , , , , , , , , , , , , , , , , , , ,				06/30/2048
_,,,,	2.287.375.00			2,287,375.00	442.375.00	5.000%	1.845.000	12/01/2048
	396,250.00			396,250.00	396,250.00		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	06/01/2049
2,683,625.00								06/30/2049
	2,336,250.00			2,336,250.00	396,250.00	5.000%	1,940,000	12/01/2049
	347,750.00			347,750.00	347,750.00			06/01/2050
2,684,000.00								06/30/2050
	2,387,750.00			2,387,750.00	347,750.00	5.000%	2,040,000	12/01/2050
	296,750.00			296,750.00	296,750.00			06/01/2051
2,684,500.00								06/30/2051
	2,441,750.00			2,441,750.00	296,750.00	5.000%	2,145,000	12/01/2051
	243,125.00			243,125.00	243,125.00			06/01/2052
2,684,875.00								06/30/2052
	2,493,125.00			2,493,125.00	243,125.00	5.000%	2,250,000	12/01/2052
	186,875.00			186,875.00	186,875.00			06/01/2053
2,680,000.00								06/30/2053
	2,556,875.00			2,556,875.00	186,875.00	5.000%	2,370,000	12/01/2053
	127,625.00			127,625.00	127,625.00			06/01/2054
2,684,500.00								06/30/2054
	2,617,625.00			2,617,625.00	127,625.00	5.000%	2,490,000	12/01/2054
0.000.000.00	65,375.00			65,375.00	65,375.00			06/01/2055
2,683,000.00	(6.525.00)	2.686.900		2.680.375.00	65.375.00	5.000%	2.615.000	06/30/2055 12/01/2055
(C EDE 00)	(6,525.00)	2,686,900		2,680,375.00	65,375.00	5.000%	2,615,000	
(6,525.00)								06/30/2056
85,466,226.11	85,466,226.11	2,686,900	2,230,366.11	90,383,492.22	49,413,492.22		40,970,000	

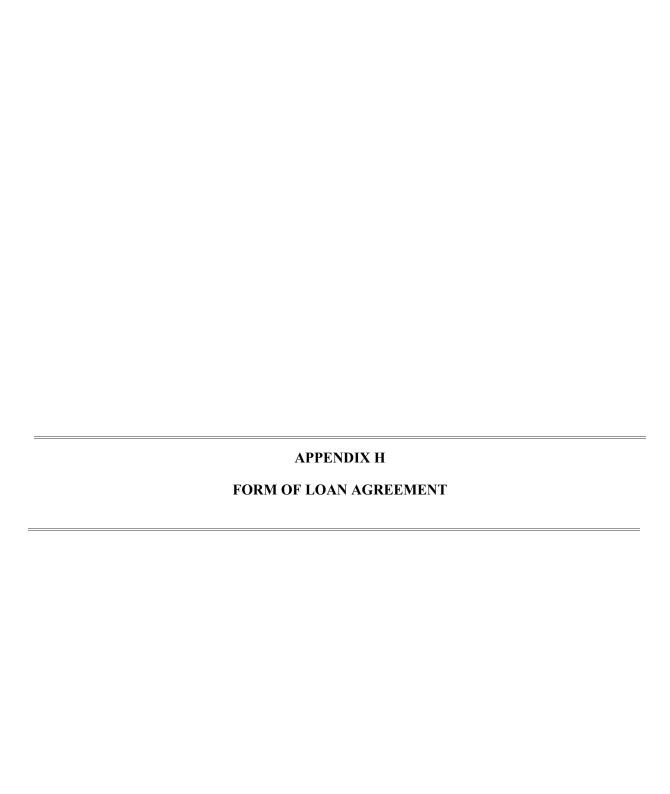
EXHIBIT F-2

SERIES 2021B BONDS CAPITALIZED INTEREST SCHEDULE

NET DEBT SERVICE

Hellenic Classical Revenue Bonds Series 2021B - Taxable

Date	Principal	Coupon	Interest	Total Debt Service	Capitalized Interest Fund	Debt Service Reserve Fund	Net Debt Service	Annual Net D/S
06/01/2021			15,459.09	15,459.09	15,459.09			
12/01/2021			22,440.63	22,440.63	22,440.63			
06/01/2022			22,440.63	22,440.63	22,440.63			
12/01/2022			22,440.63	22,440.63			22,440.63	22,440.63
06/01/2023			22,440.63	22,440.63			22,440.63	
12/01/2023			22,440.63	22,440.63			22,440.63	44,881.26
06/01/2024			22,440.63	22,440.63			22,440.63	
12/01/2024			22,440.63	22,440.63			22,440.63	44,881.26
06/01/2025			22,440.63	22,440.63			22,440.63	
12/01/2025			22,440.63	22,440.63			22,440.63	44,881.26
06/01/2026			22,440.63	22,440.63			22,440.63	
12/01/2026	640,000	5.375%	22,440.63	662,440.63			662,440.63	684,881.26
06/01/2027			5,240.63	5,240.63			5,240.63	
12/01/2027	195,000	5.375%	5,240.63	200,240.63		83,500	116,740.63	121,981.26
	835,000		272,787.28	1,107,787.28	60,340.35	83,500	963,946.93	963,946.93





LOAN AGREEMENT

Dated as of January 1, 2021

by and between

BUILD NYC RESOURCE CORPORATION,

a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at One Liberty Plaza, New York, New York 10006,

as "Issuer"

and

FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC.,

a not-for-profit corporation created and existing under the laws of the State of New York, having its principal office at 646 Fifth Avenue, Brooklyn, New York 11215, as "Institution"

\$40,970,000

Build NYC Resource Corporation

Tax-Exempt Revenue Bonds

(Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A

\$835,000

Build NYC Resource Corporation

Taxable Revenue Bonds

(Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021B

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LOAN AGREEMENT

This LOAN AGREEMENT, dated as of January 1, 2021 (this "Agreement"), is by and between BUILD NYC RESOURCE CORPORATION, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at One Liberty Plaza, New York, New York 10006 (the "Issuer"), party of the first part, and FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC., a not-for-profit corporation created and existing under the laws of the State of New York pursuant to Article 56 of the Education Law, having its principal office at 646 Fifth Avenue, Brooklyn, New York 11215 (the "Institution"), party of the second part (capitalized terms used herein shall have the respective meanings assigned to such terms throughout this Agreement).

WITNESSETH:

WHEREAS, the Issuer is authorized pursuant to Section 1411(a) of the Not-for-Profit Corporation Law of the State of New York, as amended, and its Certificate of Incorporation and By-Laws (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of The City of New York (the "City") by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their eligible projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other eligible projects that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to the City or by encouraging the development of or retention of an industry in the City, and lessening the burdens of government and acting in the public interest; and

WHEREAS, the Certificate of Incorporation of the Issuer further provides that the lessening of the burdens of government and the exercise of the powers conferred on the Issuer are the performance of an essential governmental function, which activities will assist the City in reducing unemployment and promoting additional job growth and economic development; and

WHEREAS, the Institution has entered into negotiations with officials of the Issuer for the Issuer's assistance with a bond transaction, the proceeds of which, together with other funds of the Institution, will be used by the Institution for the Project; and

WHEREAS, the Issuer has determined that the providing of financial assistance to the Institution for the Project will promote and is authorized by and will be in furtherance of the corporate purposes of the Issuer; and

WHEREAS, as a result of such negotiations, the Institution has requested the Issuer to issue its bonds to finance a portion of the costs of the Project; and

WHEREAS, the Issuer adopted the Approving and Bond Resolution authorizing the Project and the issuance of its revenue bonds to finance a portion of the costs of the Project; and

WHEREAS, to facilitate the Project and the issuance by the Issuer of its revenue bonds to finance a portion of the costs of the Project, the Issuer and the Institution have entered into negotiations pursuant to which (i) the Issuer will make the Loan of the proceeds of the Initial Bonds, in the original aggregate principal amount of the Initial Bonds, to the Institution pursuant to this Agreement, and (ii) the Institution will execute the Promissory Note in favor of the Issuer to evidence the Institution's obligation under this Agreement to repay the Loan, and the Issuer will endorse the Promissory Note to the Trustee; and

WHEREAS, to provide funds for a portion of the costs of the Project and for incidental and related costs and to provide funds to pay the costs and expenses of the issuance of the Initial Bonds, the Issuer has authorized the issuance of the Initial Bonds in the Authorized Principal Amount pursuant to the Approving and Bond Resolution and the Indenture; and

WHEREAS, concurrently with the execution hereof, in order to further secure the Initial Bonds, the Institution will grant mortgage liens on and security interests in its leasehold interests in the Mortgaged Property to the Issuer and the Trustee pursuant to the Mortgage, and the Issuer will assign its right, title and interest under the Mortgage to the Trustee pursuant to the Assignment of Mortgage;

NOW, **THEREFORE**, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.1. <u>Definitions</u>. The following capitalized terms shall have the respective meanings specified for purposes of this Agreement:

Account Control Agreement means the initial Account Control Agreement, dated as of January 1, 2021, between the Depositary Bank, the Trustee, and the Institution, as the same may be amended or supplemented from time to time or any successor Account Control Agreement entered into by a successor Depositary Bank, the Trustee, and the Institution.

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

Additional Improvements shall have the meaning specified in Section 3.4(a).

Affiliate shall mean, with respect to a given Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such given Person.

Agreement shall mean this Loan Agreement, dated as of the date set forth in the first paragraph hereof, between the Issuer and the Institution, and shall include any and all amendments hereof and supplements hereto hereafter made in conformity herewith and with the Indenture.

Annual Administrative Fee shall mean that annual administrative fee established from time to time by the Issuer's Board of Directors as generally applicable to Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from such general applicability as may be established by the Issuer's Board of Directors).

Approved Facility shall mean the Facility as leased by the Institution and occupied, used and operated by the School substantially for the Approved Project Operations, including such other activities as may be substantially related to or substantially in support of such operations, all to be effected in accordance with this Agreement.

Approved Project Operations shall mean the Park Slope Facility and the Staten Island Facility, each for use by the Institution and the School as a public charter school.

Approving and Bond Resolution shall mean the resolution of the Issuer adopted on September 22, 2020 authorizing the Project and the issuance of the Initial Bonds to finance the Project.

Asserted Cure shall have the meaning specified in Section 8.30(k)(i).

Asserted LW Violation shall have the meaning specified in Section 8.30(k)(i).

Assignment shall mean collectively, the Park Slope Assignment and the Staten Island Assignment.

Assignment of Contracts shall mean the Assignment of Contracts and Interest in Licenses, Permits and Agreements, dated as of even date herewith, from 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.

Assignment of Mortgage shall mean collectively, the Park Slope Assignment of Mortgage and the Staten Island Assignment of Mortgage.

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, \$41,805,000.

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", or any other officer or employee of the Institution who is authorized to perform specific duties hereunder 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 this 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.

Benefits shall have the meaning set forth in Section 5.1(a).

Bond Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

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

Bond Purchase Agreement means the Bond Purchase Agreement, dated January 14, 2021, between the Issuer, the Institution, the School and the Underwriter.

Bond Registrar shall mean the Trustee acting as registrar as provided in Section 3.10 of the Indenture.

Bonds shall mean the Initial Bonds and any Additional Bonds.

Building Loan Agreement shall mean, collectively, the Park Slope Building Loan Agreement and the Staten Island Building Loan Agreement.

Business Day shall mean any day that shall not be:

- (i) a Saturday, Sunday or legal holiday;
- (ii) a day on which banking institutions in the City are authorized by law or executive order to close; or
- (iii) a day on which the New York Stock Exchange or the payment system of the Federal Reserve System is closed.

Business Incentive Rate shall mean the discount energy transportation and delivery rate provided through the Business Incentive Rate program co-administered by NYCEDC and Consolidated Edison Company of New York, Inc.

Capitalized Interest Account shall mean the Series 2021A Bonds Capitalized Interest Account, the Series 2021B Bonds Capitalized Interest Account or any Capitalized Interest Account established in connection with a Series of Additional Bonds, as applicable.

Certificate shall have the meaning set forth in Section 8.1(a).

CGL shall have the meaning set forth in Section 8.1(a).

Charter School Act shall mean the New York Charter Schools Act of 1998, as amended (N.Y. Educ. Law Section 2850 et seq.).

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

Claims shall have the meaning set forth in Section 8.2(a).

Closing Date shall mean January 27, 2021, the date of the initial issuance and delivery of the Initial Bonds, and for any Additional Bonds, the date of the initial issuance and delivery of the Additional Bonds.

CM shall have the meaning set forth in Section 8.1(a).

Code shall mean the Internal Revenue Code of 1986, as amended, including the regulations thereunder. All references to Sections of the Code or regulations thereunder shall be deemed to include any such Sections or regulations as they may hereafter be renumbered in any subsequent amendments to the Code or such regulations.

Completed Improvements Square Footage shall mean (i) approximately 46,000 square feet, the square footage of the Improvements upon completion of the Project Work at the Park Slope Facility and (ii) approximately 48,559 square feet, the square footage of the Improvements upon completion of the Project Work at the Staten Island Facility.

Completion Deadline shall mean the later of the Park Slope Completion Deadline and the Staten Island Completion Deadline.

Comptroller shall have the meaning specified in Section 8.30(b).

Concessionaire shall have the meaning specified in Section 8.30(b).

Conduct Representation shall mean any representation by the Institution under Section 2.2(u), or by any other Person in any Required Disclosure Statement delivered to the Issuer.

Construction shall have the meaning set forth in Section 8.1(a).

Continuing Disclosure Undertaking shall mean, with respect to the Initial Bonds, the Continuing Disclosure Agreement, dated the Closing Date, among the Institution, the School, the Trustee and Digital Assurance Certification, L.L.C., as disclosure dissemination agent, pursuant to Section 8.27 and, as to any Series of Additional Bonds, the continuing disclosure undertaking executed by the Institution and the School.

Contractor shall have the meaning set forth in Section 8.1(a).

Control or **Controls**, including the related terms "controlled by" and "under common control with", shall mean the power to direct the management and policies of a Person (x) through the ownership, directly or indirectly, of not less than a majority of its voting securities, (y) through the right to designate or elect not less than a majority of the members of its board of directors or trustees or other Governing Body, or (z) by contract or otherwise.

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, Underwriter's counsel, 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.

Covered Counterparty shall have the meaning specified in Section 8.30(b).

Covered Employer shall have the meaning specified in Section 8.30(b).

Covenant Agreement shall mean the Covenant Agreement dated as of January 1, 2021, between the School and the Trustee and acknowledged by the Institution.

DCA shall have the meaning specified in Section 8.30(b).

Debt Service Reserve Account shall mean the Series 2021A Bonds Debt Service Reserve Account, the Series 2021B Bonds Debt Service Reserve Account or any Debt Service Reserve Account established in connection with a Series of Additional Bonds, as applicable.

Debt Service Reserve Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Debt Service Reserve Fund Requirement shall mean, (A) with respect to the Series 2021A Bonds (1) \$2,686,900, which is the lesser of (i) the Maximum Annual Debt Service on the Outstanding Series 2021A Bonds, (ii), 125% of average annual debt service on the Outstanding Series 2021A Bonds or (iii) 10% of the amount of the Outstanding Series 2021A Bonds, (B) with respect to the Series 2021B Bonds (1) \$83,500, which is the lesser of (1) the Maximum Annual Debt Service on the Outstanding Series 2021B Bonds, (ii), 125% of average annual debt service on the Outstanding Series 2021B Bonds or (iii) 10% of the amount of the Outstanding Series 2021B Bonds, and (C) with respect to each Series of Additional Bonds, shall mean the lesser of (1) the Maximum Annual Debt Service on each such Series of Additional Bonds, (2), 125% of average annual debt service on each such Series of Additional Bonds or (3) 10% of the amount of each such Series of Additional Bonds.

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

Depositary Agreement means the Depositary Agreement, dated as of January 27, 2021, between the Institution and the Depositary Bank, as the same may be amended or supplemented from time to time.

Depositary Bank shall mean The Bank of New York Mellon, as depositary bank for the Institution, or any successor depositary bank for the Institution.

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 and or the School have participated or have been given the opportunity to participate, and which ruling or memorandum the

Institution and or the School, in their 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 or the School have participated or have been a party, or has been given the opportunity to participate or be a party; or
 - (D) the admission in writing by the Institution or the School;

in any case, to the effect that the interest payable on the Tax-Exempt Bond of a Holder or a former Holder thereof is includable in gross income for federal income tax purposes; or

(ii) the receipt by the Trustee of a written opinion of Nationally Recognized Bond Counsel to the effect that the interest payable on the Tax-Exempt Bonds is includable in gross income for federal income tax purposes or the refusal of any such counsel to render a written opinion that the interest on the Tax-Exempt Bonds is not so includable when required pursuant to a request by a 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bond in the computation of minimum or indirect taxes.

DOL shall have the meaning set forth in Section 8.7(a).

DTC shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

Due Date shall have the meaning set forth in Section 9.9(a).

Earnings Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Employment Information shall have the meaning set forth in Section 8.7(c).

Entity shall mean any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

Environmental Audit shall mean (i) that certain Phase I Environmental Site Assessment Report dated August 24, 2020, prepared by the Environmental Auditor for the Park Slope Facility and (ii) that certain Phase I Environmental Site Assessment Report dated June 29, 2020, prepared by the Environmental Auditor for the Staten Island Facility.

Environmental Auditor shall mean Langan Engineering, Environmental, Surveying, Landscape Architecture and Geology, D.P.C.

Estimated Project Cost shall mean \$44,328,154.90 consisting of (i) \$10,252,221.45 for the Park Slope Project and (ii) \$34,075,933.45 for the Staten Island Project.

Event of Default shall have the meaning specified in Section 9.1.

Existing Facility Property shall have the meaning set forth in Section 3.5(a).

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

Facility 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 part of the Project pursuant to Section 3.2 and described in Exhibit B— "Description of the Facility Personalty", together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Personalty shall, in accordance with the provisions of Sections 3.5 and 6.4, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty removed as provided in Section 3.5.

Facility Realty shall mean, collectively, the Land and the Improvements.

Federal Bankruptcy Code shall mean the United States Bankruptcy Code, as amended from time to time.

Final Project Cost Budget shall mean that certain budget of costs paid or incurred for the Project to be submitted by the Institution pursuant to Section 3.2(f) upon completion of the Project.

Fiscal Year shall mean a year of 365 or 366 days, as the case may be, commencing on July 1 of each calendar year and ending on June 30 of the next 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.

Fixed Date Deliverables shall have the meaning set forth in Section 9.9(a)(ii).

GAAP shall mean those generally accepted accounting principles and practices that are recognized as such by the American Institute of Certified Public Accountants or by the Financial Accounting Standards Board or through other appropriate boards or committees thereof, and that are consistently applied for all periods, after the Closing Date, so as to properly reflect the financial position of the 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.

GC shall have the meaning set forth in Section 8.1(a).

Governing Body shall mean, when used with respect to any Entity, its board of directors, board of trustees or individual or group of individuals by, or under the authority of which, the powers of such Entity are exercised.

Government Obligations shall mean the following:

- (i) direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America;
- (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States of America for the timely payment thereof; or
- (iii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in clauses (i) or (ii) above.

Ground Lease shall mean collectively, the Park Slope Ground Lease and the Staten Island Ground Lease.

Hazardous Materials shall include any petroleum, flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and

Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 5101, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation.

Impositions shall have the meaning set forth in Section 8.17(a).

Improvements shall mean:

- (i) all buildings, structures, foundations, related facilities, fixtures and other improvements of every nature whatsoever existing on the Closing Date and hereafter erected or situated on the Land;
- (ii) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land (including any improvements or demolitions made as part of the Project Work pursuant to Section 3.2); and
- (iii) all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

Indebtedness shall mean all indebtedness of the Institution for borrowed moneys, no matter how created, whether or not incurred with respect to the Facility and whether or not such indebtedness is assumed by the Institution, including any leases required to be capitalized in accordance with GAAP, installment purchase obligations and guaranties.

Indemnification Commencement Date shall mean September 22, 2020, the date on which the Issuer first adopted a resolution with respect to the Project.

Indemnified Parties shall have the meaning set forth in Section 8.2(a).

Indenture shall mean the Indenture of Trust, dated as of even date herewith, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XI of the Indenture.

Independent shall mean a Person who is not a member of the governing body of the Institution or its Affiliates or an officer or employee of the Institution or its Affiliates.

Independent Accountant shall mean an independent certified public accountant or firm of independent certified public accountants selected by the Institution and approved by the Issuer and the Trustee (such approvals not to be unreasonably withheld or delayed). PKF O'Connor Davies, LLP is hereby an approved Independent Accountant.

Independent Engineer shall mean a Person (not an employee of any of the Issuer, the School or the Institution or any Affiliate of any of the foregoing) 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).

Information Recipients shall have the meaning set forth in Section 8.7(c).

Initial Annual Administrative Fee shall mean \$1,250.

Initial Bonds shall mean the Issuer's \$40,970,000 Tax-Exempt Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A and \$835,000 Taxable Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021B, authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Institution shall mean Friends of Hellenic Classical Charter Schools, 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 Section 8.9 or 8.20.

Institution's Property shall have the meaning specified in Section 3.4(d).

Insured shall have the meaning set forth in Section 8.1(a).

Insurer shall have the meaning set forth in Section 8.1(a).

Interest Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01 of the Indenture.

Interest Payment Date shall mean, with respect to the Initial Bonds, June 1 and December 1 of each year, commencing June 1, 2021 (or, if any such day is not a Business Day, the immediately succeeding Business Day), and with respect to any Series of Additional Bonds, the dates set forth therefor in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

IRS Determination Letter shall mean that certain ruling letter dated November 18, 2020 issued by the Internal Revenue Service to the Institution confirming that the Institution is a Tax-Exempt Organization.

ISO shall have the meaning set forth in Section 8.1(a).

ISO Form CG-0001 shall have the meaning set forth in Section 8.1(a).

Issuer shall mean Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State at the direction of the Mayor of the City, and its successors and assigns.

Issuer's Reserved Rights shall mean, collectively,

- (i) the right of the Issuer in its own behalf to receive all Opinions of Counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Issuer under this Agreement;
- (ii) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under this Agreement;
- (iii) the right of the Issuer to enforce in its own behalf the obligation of the Institution under this Agreement to complete the Project;
- (iv) the right of the Issuer to enforce or otherwise exercise in its own behalf all agreements of the Institution under this Agreement with respect to ensuring that the Facility shall always constitute the Approved Facility;
- (v) the right of the Issuer to amend with the Institution the provisions of Section 5.1 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 Article III (except for Section 3.1), Sections 4.4, 4.5 and 4.6, Article V, Article VI, Article VIII (except for Section 8.29), Article IX, Article X, Sections 11.1, 11.3 and 11.5 and Article XII (except Section 12.2); 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 Section 9.2(b).

Land shall mean, collectively, (i) with respect to the Park Slope Facility, that certain lot, piece or parcel of land in the Borough of Brooklyn, Block 634 and Lot 34, generally known by the street address 646 Fifth Avenue, Brooklyn, New York, all as more particularly described in Exhibit A— "Description of the Land", together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 8.10(c) and (ii) with respect to the Staten Island Facility, that certain lot, piece or parcel of land in the Borough of Staten Island, Block 1560 and Lot 15, generally known by the street address 1641 Richmond Avenue, Staten Island, New York, all as more particularly described in Exhibit A— "Description of the Land", together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 8.10(c).

Land Square Footage shall mean (i) approximately 23,224 square feet at the Park Slope Facility and (ii) approximately 99,338 square feet at the Staten Island Facility.

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 School, (iii) the Facility or any part thereof, or (iv) any use or condition of the Facility or any part thereof.

Letter from the School Relating to the Loan Agreement shall mean the Letter from the School Relating to the Loan Agreement, dated the Closing Date, from the School to the Issuer and the Trustee.

Letter of Representation and Indemnification of the Institution shall mean the Letter of Representation and Indemnification, dated the Closing Date, from the Institution to the Issuer, the Trustee and the Underwriter of the Initial Bonds.

Letter of Representation and Indemnification of the School shall mean the Letter of Representation and Indemnification, dated the Closing Date, from the School to the Issuer, the Trustee and the Underwriter of the Initial Bonds.

Liability shall have the meaning set forth in Section 8.2(a).

Liens shall have the meaning specified in Section 8.11(a).

Loan shall mean the loan made by the Issuer to the Institution pursuant to this Agreement as described in Section 4.1.

Loan Payment Date shall mean the first (1st) day of each month (or, if the first (1st) day shall not be a Business Day, the immediately preceding Business Day) commencing on March 1, 2021.

Loss Event shall have the meaning specified in Section 6.1.

LW shall have the meaning specified in Section 8.30(b).

LW Agreement shall have the meaning specified in Section 8.30(b).

LW Agreement Delivery Date shall have the meaning specified in Section 8.30(b).

LW Event of Default shall have the meaning specified in Section 8.30(b).

LW Law shall have the meaning specified in Section 8.30(b).

LW Term shall have the meaning specified in Section 8.30(b).

LW Violation Final Determination shall have the meaning specified in Section 8.30(k)(i)(1), Section 8.30(k)(i)(2)(A) or Section 8.30(k)(i)(2)(B), as applicable.

LW Violation Initial Determination shall have the meaning specified in Section 8.30(k)(i)(2).

LW Violation Notice shall have the meaning specified in Section 8.30(k)(i).

LW Violation Threshold shall have the meaning specified in Section 8.30(b).

Majority Holders shall mean the Beneficial Owners of at least a majority in aggregate principal amount of the Bonds Outstanding, or, if the Bonds shall cease to be in bookentry form, the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding.

Maturity Date shall mean, in the case of the Initial Bonds, the maturity dates set forth in Section 2.02(b) of the Indenture.

Maximum Annual Debt Service shall mean for any Series of Bonds, as of any date of calculation, the highest principal and interest payment requirements (net of any Debt Service Reserve Fund balance to be applied against such Series of Bonds in the final year) for the then current or any succeeding Fiscal Year.

Merge shall have the meaning specified in Section 8.20(a)(v).

Moody's shall mean Moody's Investors Service Inc., a Delaware corporation, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties

Mortgage shall mean, collectively, the Park Slope Mortgage and the Staten Island Mortgage.

Mortgaged Property shall have the meaning specified in the Mortgage.

MSRB shall mean the Municipal Securities Rulemaking Board or its successor entity.

Nationally Recognized Bond Counsel shall mean 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 paid with respect to the Facility, 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 School, the Bond Registrar, the Paying Agents and the Trustee.

Notification of Failure to Deliver shall have the meaning specified in Section 9.9(b).

NYCDOF shall mean the New York City Department of Finance.

NYCEDC shall mean New York City Economic Development Corporation, a New York not-for-profit corporation, and any successor thereof.

NYCIDA shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

Operations Commencement Date shall have the meaning set forth in Section 5.1(a).

Opinion of Counsel shall mean a written opinion of counsel for the Institution or any other Person (which counsel shall be reasonably acceptable to the Issuer and the Trustee) with respect to such matters as required under any Project Document or as the Issuer or the Trustee may otherwise reasonably require, and which shall be in form and substance reasonably acceptable to the Issuer and the Trustee.

Organizational Documents shall mean, (i) in the case of an Entity constituting a limited liability company, the articles of organization or certificate of formation, and the operating agreement of such Entity, (ii) in the case of an Entity constituting a corporation, the charter, articles of incorporation or certificate of incorporation, and the bylaws of such Entity, and (iii) in the case of an Entity constituting a general or limited partnership, the partnership agreement of such Entity.

Outstanding, when used with reference to a Bond or Bonds, as of any particular date, shall mean all Bonds which have been issued, executed, authenticated and delivered under the Indenture, except:

- (i) Bonds cancelled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee under the Indenture for cancellation;
- (ii) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with Article X of the Indenture, there has been separately set aside and held in the Redemption Account of the Bond Fund either:
 - (A) moneys, and/or

(B) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys,

in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or Redemption Date, which payment or Redemption Date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article III of the Indenture,

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any other Security Document, Bonds owned by the 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.

Owed Interest shall have the meaning specified in Section 8.30(b).

Owed Monies shall have the meaning specified in Section 8.30(b).

Park Slope Assignment shall mean that certain Assignment of Lease and Lease Amendment dated as of the Closing Date between the School, as assignor, and the Institution, as assignee, whereby the School's leasehold interest under the Park Slope Ground Lease is transferred to the Institution, as the same may be amended or modified.

Park Slope Assignment of Mortgage shall mean, collectively, the Assignment of Mortgage and Security Agreement (Building Loan), the Assignment of Mortgage and Security Agreement (Indirect Loan) and the Assignment of Mortgage and Security Agreement (Refinancing Loan) each relating to the Park Slope 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.

Park Slope Building Loan Agreement shall mean the Building Loan Agreement, dated as of even date herewith, among the Issuer, the Institution and the Trustee, relating to the Park Slope Facility, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Park Slope Church shall mean Greek Orthodox Community of Kimisis Theotokou, Inc.

Park Slope Completion Deadline shall mean March 31, 2022 with respect to the Park Slope Project.

Park Slope Facility shall mean the facility located at 646 Fifth Avenue Brooklyn, New York 11215.

Park Slope Ground Lease shall mean that certain Ground Lease dated as of March 6, 2012 from the Park Slope Church to the School, as amended by that certain Rider to Ground Lease, dated as of October 30, 2013, between the Park Slope Church and the School, as the same may be further amended or modified.

Park Slope Project shall mean (i) refinancing a loan incurred by the School to finance leasehold improvements to a four-story, approximately 46,000 square foot building located on the Land, which includes or will include approximately 21 classrooms, 14 private rooms for offices or specialized learning, locker areas, a cafeteria, gymnasium, library, administrative offices and serves students from kindergarten through grade eight, (ii) paying all or a portion of the cost of the construction, furnishing, and equipping of additional leasehold improvements to the Park Slope Facility and (iii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Bonds.

Park Slope Project Completion Date shall mean the date by which all of the following conditions have been satisfied: (i) the Park Slope Project shall have been finished and shall have been completed substantially in accordance with the plans and specifications therefor, (ii) the Issuer shall have received a copy of a certificate of occupancy, a temporary certificate of occupancy or an amended certificate of occupancy issued by the New York City Department of Buildings from the Institution for the Park Slope Facility, (iii) 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 Park Slope 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 (iv) the Park Slope Facility shall be ready for occupancy, use and operation for the Approved Project Operations in accordance with all applicable laws, regulations, ordinances and guidelines.

Park Slope Mortgage shall mean, collectively, the Mortgage and Security Agreement (Building Loan), the Mortgage and Security Agreement (Indirect Loan), and the Mortgage and Security Agreement (Refinancing Loan), each relating to the Park Slope Facility, each dated as of even date herewith, 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.

Park Slope Sublease shall mean that certain Sublease Agreement dated as of the Closing Date between the Institution, as sublessor, and the School, as subtenant, whereby the

Institution's leasehold interests in the Park Slope Facility are being leased to the School, as the same may be amended or modified.

Participants shall mean those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

Paying Agent shall mean any paying agent for the Bonds appointed pursuant to the Indenture (and may include the Trustee) and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

Per Diem Fees shall mean, collectively, the Per Diem Late Fee and the Per Diem Supplemental Late Fee.

Per Diem Late Fee shall mean that per diem late fee established from time to time by the Issuer's Board of Directors generally imposed upon Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from such general applicability as may be established by the Issuer's Board of Directors) and that have not (x) paid to the Issuer the Annual Administrative Fee on the date required under Section 8.3, (y) delivered to the Issuer all or any of the Fixed Date Deliverables on the respective dates required under Section 8.14 or 8.16, and/or (z) delivered to the Issuer all or any of the Requested Document Deliverables under Section 8.15 within five (5) Business Days of the Issuer having made the request therefor.

Per Diem Supplemental Late Fee shall mean that supplemental per diem late fee established from time to time by the Issuer's Board of Directors generally imposed upon Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from general applicability as may be established by the Issuer's Board of Directors).

Permitted Encumbrances shall mean:

- (i) the Mortgage (as assigned by the Assignment of Mortgage), the Ground Lease, the Assignment, the Sublease, the Building Loan Agreement and any other Project Document;
- (ii) liens for real estate taxes, assessments, levies and other governmental charges or similar charges, the payment of which is not yet due and payable or which are being contested by the Institution in accordance with Section 8.11 and 8.17;
- (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 or other like liens arising in the ordinary course of business, placed on or with respect to the Facility or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to Section 8.11(b);

- (iv) utility, access and other easements and rights of way, servitudes, restrictions, oil, gas, or other mineral reservations and other minor defects, encumbrances 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 ordinary course use and enjoyment of the Facility as provided in this 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 Section 3.7 insuring the Trustee's mortgagee interest in the Mortgaged Property, a copy of which is on file at the offices of the Issuer and at the designated corporate trust office of the Trustee;
- (vii) liens arising by reason of good faith deposits with the 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;
- (xiv) any rights reserved to or vested in any municipality or public authority to control or regulate the Facility;
- (xv) any lien, security interest, encumbrance, pledge, mortgage, collateral assignment, other restriction or charge permitted under the terms of the Project Documents;
- (xvi) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law affecting the Facility to terminate such right, power, franchise, grant, license or permit; provided, that the exercise of any such right would not materially impair the use of the Facility in the ordinary course by the Institution for its intended purpose or materially and adversely affect the value thereof; and
- (xvii) any other lease, license or other use or occupancy agreement entered into in accordance with Section 8.9 of this Agreement.

Person shall mean an individual or any Entity.

Policy(ies) shall have the meaning specified in Section 8.1(a).

Predecessor Institution shall have the meaning specified in Section 8.20(b)(ii).

Prevailing Wage Law shall have the meaning specified in Section 8.30(b).

Principal Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01 of 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 Park Slope Project and the Staten Island Project.

Project Application Information shall mean the eligibility application and questionnaire submitted to the Issuer by or on behalf of the Institution, for approval by the Issuer of the Project and the providing of financial assistance by the Issuer therefor, together with all other letters, documentation, reports and financial information submitted in connection therewith.

Project Completion Date shall mean the later of the Park Slope Project Completion Date and the Staten Island Project Completion Date, on which date the Issuer shall have received a signed and complete certificate of an Authorized Representative of the

Institution in substantially the form set forth in <u>Exhibit G</u> – "Form of Project Completion Certificate" relating to the Project, together with all attachments required thereunder.

Project Cost Budget shall mean that certain budget for costs of the Project Work as set forth by the Institution in Exhibit E — "Project Cost Budget".

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) the interest on the Bonds during the construction, renovation and equipping of the Project;
- (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 Section 3.7;
- (vii) the payment of the Costs of Issuance with respect to the Initial Bonds;
- (viii) the payment of the fees and expenses of the Trustee during the period of construction, renovation and equipping 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 (unless such expenses are funded with the proceeds of Taxable Bonds), or (iii) operational costs.

Project Documents shall mean the Bond Purchase Agreement, the Continuing Disclosure Undertaking, the Ground Lease and the Security Documents.

Project Fee shall mean \$229,025, representing the \$234,025 Issuer's financing fee, less the application fee of \$5,000.

Project Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Project Work shall mean (i) the design, construction and/or renovation of the Improvements, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Promissory Note shall mean, (i) with respect to the Initial Bonds, that certain Promissory Note in substantially the form of Exhibit H to this Agreement, (ii) with respect to any Series of Additional Bonds, that certain Promissory Note in substantially the form of any related Exhibit to an amendment to this Agreement, and (iii) with respect to the Bonds, collectively, those certain Promissory Notes described in clauses (i) and (ii) above, and shall include in each case any and all amendments thereof and supplements thereto made in conformity with this Agreement and the Indenture.

Qualified Investments shall mean, to the extent permitted by applicable law, the following:

- (i) Government Obligations;
- (ii) Commercial paper, rated at least P-1 by Moody's or at least A-1 by S&P, issued by a corporation or banking institution organized under the laws of the United States of America or any state thereof;
- (iii) Direct and general long term obligations of any state of the United States of America to which the full faith and credit of the state is pledged and that are rated in either of the two highest rating categories by Moody's and S&P;
- (iv) Direct and general short term obligations of any state of the United States to which the full faith and credit of the state is pledged and that are rated in the highest rating category by Moody's and S&P;
- (v) Interest-bearing demand or time deposits with or certificates of deposit issued by a national banking association or a state bank or trust company that is a member of the Federal Deposit Insurance Corporation ("FDIC") and that are (a) continuously and fully insured by the FDIC, or (b) with a bank that has outstanding debt, or which is a subsidiary of a holding company which has outstanding debt, rated in

either of the two highest rating categories by Moody's and S&P, or (c) continuously and fully secured by obligations of the type described in (i) and (ii) above that have a market value at all times at least equal to the principal amount of the deposit and are held by the Trustee or its agent or, in the case of uncertificated securities, are registered in the name of the Trustee as pledgee;

- (vi) Repurchase agreements, the maturity of which are less than thirty (30) days, entered into (a) with a bank or trust company rated at least P-1 by Moody's and A-1 by S&P and organized under the laws of the United States, (b) with a national banking association, insurance company, or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York and which is a member of the Security Investors Protection Corporation, in each case rated at least P-1 by Moody's and A-1 by S&P, or (c) with a dealer which is rated at least P-1 by Moody's and A-1 by S&P. The repurchase agreement must be continuously and fully secured by obligations of the type described in (i), (ii), (iii), (iv) or (v) above which have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreement and which are held by the Trustee or its agent or, in the case of uncertificated securities, are registered in the name of the Trustee as pledgee;
- (vii) Money market mutual funds with assets in excess of \$2,000,000,000 investing in obligations of the type specified in (i), (ii), (iii), (iv), (v) or (vi) above, including funds for which the Trustee or an affiliate of the Trustee serves as investment advisor, administrator, shareholder, servicing agent and/or custodian or subcustodian, notwithstanding that (a) the Trustee charges and collects fees and expenses from such funds for services rendered, (b) the Trustee charges and collects fees and expenses for services rendered pursuant to this Indenture and (c) services performed for such funds and pursuant to this Indenture may converge at any time; and
- (viii) An investment agreement or other investment arrangement with any bank, trust company, national banking association or bank holding company in the United States, with any domestic branch of a foreign bank, or with any surety or insurance company, provided, that, (i) such investment agreement or other investment arrangement shall permit the full principal amount of the moneys so placed together with the investment income agreed to be paid to be available for use as and when required under the Indenture, and (ii) the Person with whom such investment agreement or other investment arrangement is made must be a Person whose unsecured or uncollateralized short term debt obligations are assigned a rating by S&P of SP 1+ or better or a Person assigned a financial strength rating of AAA by S&P, and whose domestic assets shall be in excess of \$10,000,000,000.

Qualified Workforce Program shall have the meaning specified in Section 8.30(b).

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 Section 5.01 of the Indenture.

Recapture Event shall have the meaning set forth in Section 5.1(a).

Recapture Period shall have the meaning set forth in Section 5.1(a).

Redemption Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01 of the Indenture.

Redemption Date shall mean the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

Redemption Price shall mean, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

Renewal Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Repair and Replacement Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Requested Document Deliverables shall have the meaning set forth in Section 9.9(a).

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

Revenue Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

S&P shall mean S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, a Delaware limited liability company, its successors and assigns, and if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

School shall mean Hellenic Classical Charter Schools, a not-for-profit education corporation created and existing under the laws of the State of New York, and its successors and assigns.

Securities Act shall mean the Securities Act of 1933, as amended, together with any rules and regulations promulgated thereunder.

Securities Depository shall mean any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-

entry system to record ownership of book-entry interests in the Bonds, and to effect transfers of book-entry interests in the Bonds in book-entry form, and includes and means initially DTC.

Securities Exchange Act shall mean the Securities Exchange Act of 1934, as amended, together with any rules and regulations promulgated thereunder.

Security Documents shall mean, collectively, this Agreement, the Promissory Note, the Indenture, the Letter of Representation and Indemnification of the Institution, the Letter of Representation and Indemnification of the School, the Letter from the School Relating to the Loan Agreement, the Tax Certificate, the Assignment of Contracts, the Building Loan Agreement, the Mortgage, the Assignment of Mortgage, the Account Control Agreement, the Covenant Agreement, the Depositary Agreement, the Subordination, Non-Disturbance and Attornment Agreement, the Assignment and the Sublease.

Series shall mean all of the Bonds designated as being of the same series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Indenture.

Series 2021A Bonds shall mean the Issuer's \$40,970,000 Tax-Exempt Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A.

Series 2021A Bonds Capitalized Interest Account shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of the Indenture.

Series 2021A Bonds Debt Service Reserve Account shall mean the special trust account of the Debt Service Reserve Fund so designated, established pursuant to Section 5.01 of the Indenture.

Series 2021B Bonds shall mean the Issuer's \$835,000 Taxable Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021B.

Series 2021B Bonds Capitalized Interest Account shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01 of the Indenture.

Series 2021B Bonds Debt Service Reserve Account shall mean the special trust account of the Debt Service Reserve Fund so designated, established pursuant to Section 5.01 of the Indenture.

Sign shall have the meaning specified in Section 8.5.

Sinking Fund Installment shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds pursuant to the Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to the Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking

Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

Sinking Fund Installment Account shall mean the special trust account of the Bond Fund so designated, which is established pursuant to Section 5.01 of the Indenture.

SIR shall have the meaning set forth in Section 8.1(a).

Site Affiliates shall have the meaning specified in Section 8.30(b).

Site Employee shall have the meaning specified in Section 8.30(b).

Small Business Cap shall have the meaning specified in Section 8.30(b).

Specified Contract shall have the meaning specified in Section 8.30(b).

State shall mean the State of New York.

Staten Island Assignment shall mean that certain Assignment and Assumption of Lease Agreement dated as of the Closing Date between the School, as Assignor, and the Institution, as assignee, whereby the School's leasehold interest under the Staten Island Ground Lease is transferred to the Institution, as the same may be amended or modified.

Staten Island Assignment of Mortgage shall mean, collectively, the Assignment of Mortgage and Security Agreement (Building Loan) and the Assignment of Mortgage and Security Agreement (Indirect Loan), each relating to the Staten Island 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.

Staten Island Building Loan Agreement shall mean the Building Loan Agreement, dated as of even date herewith, among the Issuer, the Institution and the Trustee, relating to the Staten Island Facility, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Staten Island Church shall mean Greek Orthodox Community Holy Trinity Church of Staten Island.

Staten Island Completion Deadline shall mean March 31, 2023 with respect to the Staten Island Project.

Staten Island Facility shall mean the facility located at 1641 Richmond Avenue, Staten Island, New York 10314.

Staten Island Ground Lease shall mean that certain Agreement of Lease dated as of July 17, 2019 between the Staten Island Church, as landlord, and the School, as tenant, as modified by that certain Rider Annexed to Agreement of Lease dated as of June 29, 2019 by and between the Staten Island Church, as landlord, and the School, as tenant, as further modified by

that certain First Amendment of Lease dated July 17, 2019 by and between the Staten Island Church, as landlord, and the School, as tenant, as further amended by that Second Amendment of Lease dated as of September..., 2020, by and between the Staten Island Church, as landlord, and the School, as tenant, as the same may be further amended or modified.

Staten Island Project shall mean (i) financing the construction, furnishing, and equipping of a four-story, approximately 48,000 square foot building located on the Land, which is expected to include 24 classrooms, 17 private rooms for offices or specialized learning, locker areas, a cafeteria, auditorium, library, and administrative offices and serve students from kindergarten through grade eight and (ii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Bonds.

Staten Island Project Completion Date shall mean the date by which all of the following conditions have been satisfied: (i) the Staten Island Project shall have been finished and shall have been completed substantially in accordance with the plans and specifications therefor, (ii) the Issuer shall have received a copy of a certificate of occupancy, a temporary certificate of occupancy, or an amended certificate of occupancy issued by the New York City Department of Buildings from the Institution for the Staten Island Facility, (iii) 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 Staten Island 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 (iv) the Staten Island Facility shall be ready for occupancy, use and operation for the Approved Project Operations in accordance with all applicable laws, regulations, ordinances and guidelines.

Staten Island Mortgage shall mean, collectively, the Mortgage and Security Agreement (Building Loan) and the Mortgage and Security Agreement (Indirect Loan), each relating to the Staten Island Facility, each dated as of even date herewith, 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.

Staten Island Sublease shall mean that certain Sublease Agreement dated as of the Closing Date between the Institution, as sublessor, and the School, as subtenant, whereby the Institution's leasehold interest in the Staten Island Facility are being leased to the School, as the same may be amended or modified.

Sublease shall mean collectively, the Park Slope Sublease and the Staten Island Sublease.

Subordination, Non-Disturbance and Attornment Agreement shall mean the Subordination, Non-Disturbance and Attornment Agreement, dated as of even date herewith, among the School, 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.

Successor Institution shall have the meaning specified in Section 8.20(b)(ii).

Supplemental Indenture shall mean any indenture supplemental to or amendatory of the Indenture, executed and delivered by the Issuer and the Trustee in accordance with Article XI of the Indenture.

Tax-Exempt Bonds shall mean the Series 2021A Bonds and one or more Series of additional bonds (i) issued, executed, authenticated and delivered under the Indenture and (ii) the interest on which is not included in gross income, for federal income tax purposes, pursuant to Section 103(a) of the Code.

Tax-Exempt Organization shall mean an Entity organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from Federal income taxes under 501(a) of Code, or corresponding provisions of Federal income tax laws from time to time in effect.

Tax Certificate shall mean the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, dated the Closing Date, of the Issuer, the Institution and the School, together with all exhibits and schedules attached thereto, including, but not limited to, the Certificate of the Institution as to 501(c)(3) Status and as to Representations and Information Regarding Tax-Exempt Financing Matters and the Certificate of the School as to 501(c)(3) Status and as to Representations and Information Regarding Tax-Exempt Financing Matters.

Taxable Bonds shall mean the Series 2021B Bonds and one or more taxable Series of additional bonds (i) issued, executed, authenticated and delivered under the Indenture and (ii) the interest on which is included in gross income for federal income tax purposes.

Termination Date shall mean such date on which this Agreement may terminate pursuant to Article X.

Transfer shall have the meaning specified in Section 8.20(a)(iv).

Trustee shall mean The Bank of New York Mellon, New York, New York, in its capacity as trustee under the Indenture, and its successors in such capacity and their assigns hereafter appointed in the manner provided in the Indenture.

Trust Estate shall mean all property, interests, revenues, funds, contracts, rights and other security granted to the Trustee under the Security Documents.

U/E shall have the meaning set forth in Section 8.1(a).

Underwriter shall mean RBC Capital Markets, as underwriter of the Initial Bonds.

Workers' Compensation shall have the meaning set forth in Section 8.1(a).

Section 1.2. Construction. In this Agreement, unless the context otherwise requires:

- (a) The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms, as used in this Agreement, refer to this Agreement, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the Closing Date.
- (b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.
- (c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.
- (d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.
- (e) Unless the context indicates otherwise, references to designated "Exhibits", "Articles", "Sections", "Subsections", "clauses" and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Agreement.
- (f) The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".
- (g) The word "will" shall be construed to have the same meaning and effect as the word "shall".
- (h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein or herein).
- (i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person's successors and permitted assigns or such Person's successors in such capacity, as the case may be.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties by Issuer. The Issuer makes the following representations and warranties:

- (a) The Issuer is a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State at the direction of the Mayor of the City, and is duly organized and validly existing under the laws of the State.
- (b) Assuming the accuracy of representations made by the Institution, the Issuer is authorized and empowered to enter into the transactions contemplated by this Agreement and any other Project Documents to which the Issuer is a party and to carry out its obligations hereunder and thereunder and to issue and sell the Initial Bonds.
- (c) By proper action of its board of directors, the Issuer has duly authorized the execution and delivery of this Agreement and each of the other Project Documents to which the Issuer is a party.
- (d) In order to finance a portion of the cost of the Project, the Issuer proposes to issue the Initial Bonds in the Authorized Principal Amount. The Initial Bonds will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture.
- (e) The Issuer is that not-for-profit local development corporation formed and existing on behalf of the City to act as a governmental issuer of tax-exempt and taxable bonds and notes for the purpose of providing financial assistance to not-for-profit institutions and manufacturing and industrial companies and other businesses.
- (f) The Issuer has all requisite power, authority and legal right to execute and deliver the Project Documents to which it is a party and all other instruments and documents to be executed and delivered by the Issuer pursuant hereto and thereto and to perform its obligations under the Project Documents and all such other instruments and documents to which it is a party. All corporate action on the part of the Issuer which is required for the execution, delivery, performance and observance by the Issuer of the Project Documents and all such other instruments and documents to which it is a party has been duly authorized and effectively taken, and such execution, delivery, performance and observance by the Issuer do not contravene the Issuer's Organizational Documents or any applicable Legal Requirements or any contractual restriction binding on or affecting the Issuer.
- (g) There is no action or proceeding before any court, governmental agency or arbitrator pending or, to the knowledge of the Issuer, threatened against the Issuer, which seeks (i) to restrain or enjoin the issuance or delivery of the Initial Bonds, the pledge and grant of the Trust Estate or the collection of any revenues pledged under the Indenture, (ii) to contest or affect in any way the authority for the issuance of the Initial Bonds or the validity of any of the Project Documents, or (iii) to contest in any way the existence or powers of the Issuer.

Section 2.2. <u>Representations and Warranties by the Institution</u>. The Institution makes the following representations and warranties:

- (a) The Institution is a not-for-profit corporation duly created under the laws of the State, is validly existing and in good standing under the laws of the State, is duly qualified to do business under the laws of the State, is not in violation of any provision of its Organizational Documents, has the requisite power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Agreement and each other Project Document to which it is or shall be a party.
- (b) This Agreement and the other Project Documents to which the Institution is a party (x) have been duly authorized by all necessary action on the part of the Institution, (y) have been duly executed and delivered by the Institution, and (z) assuming the due execution and delivery by the other parties, as applicable, constitute the legal, valid and binding obligations of the Institution, enforceable against the Institution in accordance with their respective terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.
- (c) The execution, delivery and performance of this Agreement and each other Project Document to which the Institution is or shall be a party and the consummation of the transactions herein and therein contemplated will not (x) violate any provision of any applicable law, any order of any court or agency of government, or any of the Organizational Documents of the Institution, or any indenture, agreement or other instrument to which the Institution is a party or by which it or any of its property is bound or to which it or any of its property is subject, (y) be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or (z) result in the imposition of any lien, charge or encumbrance of any nature whatsoever other than Permitted Encumbrances.
- (d) There is no action or proceeding pending or, to the best of the Institution's knowledge, after diligent inquiry, threatened, by or against the Institution by or before any court or administrative agency that would adversely affect the ability of the Institution to perform its obligations under this Agreement or any other Project Document to which it is or shall be a party.
- (e) The financial assistance provided by the Issuer to the Institution as contemplated by this Agreement is necessary to induce the Institution to proceed with the Project.
- (f) Undertaking the Project is anticipated to serve the corporate public purposes of the Issuer by preserving permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in the State.
 - (g) The Facility will be the Approved Facility.

- (h) Except as permitted by Section 8.9 and the definition of Permitted Encumbrances and except for use by the Park Slope Church pursuant to the Park Slope Ground Lease and the Staten Island Church pursuant to the Staten Island Ground Lease, no Person other than the Institution and the School is or will be in use, occupancy or possession of any portion of the Facility.
- (i) Other than the building permits for each Project, the Institution has obtained all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by it as of the Closing Date in connection with the execution and delivery of this Agreement and each other Project Document to which it shall be a party or in connection with the performance of its obligations hereunder and under each of the Project Documents.
- (j) The Institution will not commence construction on the Project until all permits necessary for the Project have been obtained.
- (k) The Project will be designed, and the operation of the Facility will be, in compliance with all applicable Legal Requirements.
- (l) The Institution is in compliance, and will continue to comply, with all applicable Legal Requirements relating to the Project, the Project Work and the operation of the Facility.
- (m) The Institution has delivered to the Issuer a true, correct and complete copy of the Environmental Audit.
- (n) The Institution has not used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and except as set forth in the Environmental Audit, to the best of the Institution's knowledge, no prior owner or occupant of the Facility has used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements.
- (o) The Project Cost Budget attached as Exhibit E "Project Cost Budget" represents a true, correct and complete budget as of the Closing Date of the proposed costs of the Project; the Estimated Project Cost is a fair and accurate estimate of the Project Cost as of the Closing Date. Expenses for supervision by the officers or employees of the Institution and expenses for work done by such officers or employees in connection with the Project will be included as a Project Cost only to the extent that such Persons were specifically employed for such particular purpose, the expenses do not exceed the actual cost thereof and are to be treated on the books of the Institution as a capital expenditure in conformity with GAAP. Any costs incurred with respect to that part of the Project paid from the proceeds of the sale of the Initial Bonds shall be treated on the books of the Institution as capital expenditures in conformity with GAAP.
- (p) The total cost of the Project Work being funded with the Initial Bonds is not less than the Authorized Principal Amount. That portion of the Estimated Project Cost as shall not derive from the proceeds of the Initial Bonds shall be provided from equity on the part

of the Institution. The amounts provided to the Institution from the proceeds of the Initial Bonds, together with other moneys available to the Institution, are sufficient to pay all costs in connection with the completion of the Project.

- (q) All of the Land comprises two complete tax lots and no portion of any other tax lot.
- (r) Subject to Section 3.5 and Article VI, no property constituting part of the Facility shall be located at any site other than at the Facility Realty.
- (s) The Completed Improvements Square Footage and the Land Square Footage are true and correct.
 - (t) The Fiscal Year is true and correct.
- (u) 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.
- (v) The Project Application Information was true, correct and complete as of the date submitted to the Issuer, and no event has occurred or failed to occur since such date of submission which would cause any of the Project Application Information to include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make such statements not misleading.
- (w) The Principals of the Institution, and their respective titles to the Institution, as set forth in Exhibit D "Principals of Institution", are true, correct and complete.

- (x) The representations, warranties, covenants and statements of expectation of the Institution set forth in the Tax Certificate are by this reference incorporated in this Agreement as though fully set forth herein.
- (y) The property included in the Project is either property of the character subject to the allowance for depreciation under Section 167 of the Code, or land.
- (z) No part of the proceeds of the Initial Bonds will be used to finance or refinance inventory or will be used for working capital, or will be used for any other property not constituting part of the Facility.
- (aa) The Institution has leasehold title in the Facility and has no present intention to sell, directly or indirectly, in whole or in part, its interest in the Facility.
- (bb) The Institution is in compliance with the provisions of the Code and any applicable regulations thereunder necessary to maintain its exempt status under Section 501(a) of the Code.
- (cc) The Institution is exempt from Federal income taxes under Section 501(a) of the Code.
- (dd) The Institution is an organization described in Section 501(c)(3) of the Code and has received the IRS Determination Letter. The facts and circumstances which form the basis of the IRS Determination Letter continue substantially to exist as represented to the Internal Revenue Service. The IRS Determination Letter has not been modified, limited or revoked, and the Institution is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of the IRS Determination Letter.
- (ee) The Institution is not a "private foundation", as defined in Section 509 of the Code.

ARTICLE III

THE PROJECT; MAINTENANCE; REMOVAL OF PROPERTY AND TITLE INSURANCE

Section 3.1. Agreement to Undertake Project.

The Institution covenants and agrees to undertake and complete the Project Work in accordance with this Agreement, including, without limitation:

- (i) effecting the Project Work,
- (ii) making, executing, acknowledging and delivering any contracts, orders, receipts, writings and instructions with any other Persons, and in general doing all things which may be requisite or proper, all for the purposes of undertaking the Project Work,
- (iii) paying all fees, costs and expenses incurred in the Project Work from funds made available therefor in accordance with or as contemplated by this Agreement and the Indenture, and
- (iv) asking, demanding, suing for, levying, recovering and receiving all such sums of money, debts due and other demands whatsoever that may be due, owing and payable to the Institution under the terms of any contract, order, receipt or writing in connection with the Project Work and to enforce the provisions of any contract, agreement, obligation, bond or other performance security entered into or obtained in connection with the Project Work.

Section 3.2. Manner of Project Completion.

- (a) The Institution will complete the Project Work, or cause the Project Work (i) at the Park Slope Facility to be completed, by the Park Slope Completion Deadline, in a first class workmanlike manner, free of any material defects in materials and workmanship (including latent defects) and (ii) at the Staten Island Facility to be completed, by the Staten Island Completion Deadline, in a first class workmanlike manner, free of any material defects in materials and workmanship (including latent defects) provided, however, the Institution may revise the scope of the Project Work, subject to, in the case of material revisions to the scope of the Project, the prior written consents of the Issuer and the Trustee (which consents shall not be unreasonably withheld, delayed or conditioned). The Institution will cause the Park Slope Project Completion Date to occur by the Park Slope Completion Deadline and the Institution will cause the Staten Island Project Completion Date to occur by the Staten Island Completion Deadline.
- (b) In undertaking the Project Work, the Institution shall take such action and institute such proceedings as shall be necessary to cause and require all contractors, manufacturers and suppliers to complete their agreements relating to the Project Work in accordance with the terms of the contracts therefor including the correction of any defective work. Upon request, the Institution will provide to the Issuer or the Trustee copies of all

vendors' warranties received by the Institution in connection with the Project, including any warranties given by contractors, manufacturers or service organizations who perform the Project Work.

- Project Costs shall be paid from the Project Fund or other funds provided (c) by the Institution. In the event that moneys in the Project Fund are not sufficient to pay the costs necessary to complete the Project in full, the Institution shall pay that portion of such costs of the Project as may be in excess of the moneys therefor in the Project Fund and shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds (except from the proceeds of Additional Bonds which may be issued for that purpose), nor shall the Institution be entitled to any diminution of the loan payments payable or other payments to be made under this Agreement, under the Promissory Note or under any other Project Document. All expenses incurred by the Institution or the Issuer in connection with the performance of its obligations under this Section 3.2(c) shall be considered a Project Cost. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery, if recovered prior to the date of completion of the Project, shall be deposited into the Project Fund and made available for payment of Project Costs, or if recovered after such date of completion, be deposited in the Redemption Account of the Bond Fund.
- (d) The Institution shall pay all costs, charges, fees, expenses or claims incurred in connection with the Project Work.
- (e) The Institution will perform or cause to be performed the Project Work in accordance with all applicable Legal Requirements and with the conditions and requirements of all policies of insurance with respect to the Facility and the Project Work. Promptly upon finishing of the Project Work and the completion of the Improvements, the Institution will obtain or cause to be obtained all required permits, authorizations and licenses from appropriate authorities, if any be required, authorizing the occupancy, operation and use of the Facility as an Approved Facility and shall furnish copies of same to the Trustee immediately upon the receipt thereof and to the Issuer immediately upon demand therefor.
- (f) Upon completion of the Project Work, the Institution shall (y) deliver to the Issuer the Final Project Cost Budget, which budget will include a comparison with the Project Cost Budget, and indicate the source of funds (i.e., Bond proceeds, equity, etc.) for each cost item, and (z) evidence the completion of the Project and the occurrence of the Project Completion Date by delivering to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution in substantially the form set forth in Exhibit G "Form of Project Completion Certificate", together with all attachments required thereunder.
- (g) Upon request by the Issuer or the Trustee, the Institution shall make available to the Issuer and the Trustee copies of any bills, invoices or other evidences of costs as shall have been incurred in the effectuation of the Project Work.
- (h) In the event that the aggregate costs of the Project Work upon the completion thereof shall be significantly different from the estimated costs thereof set forth in the Project Cost Budget (i.e., more than a ten percent (10%) difference in either total Project costs or

in major categories of Project Work cost), on request of the Issuer, the Institution shall provide evidence to the reasonable satisfaction of the Issuer as to the reason for such discrepancy, and that the scope of the Project Work as originally approved by the Issuer has not been modified in a material manner without the prior written consent of the Issuer.

Section 3.3. Maintenance. (a) During the term of this Agreement, the Institution will:

- (i) keep the Facility, or cause the Facility to be kept, in good and safe operating order and condition, ordinary wear and tear excepted,
- (ii) occupy, use and operate the Facility, or cause the Facility to be occupied, used and operated, as the Approved Facility, and
- (iii) make or cause to be made all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to ensure that (x) the interest on the Tax-Exempt Bonds shall not cease to be excludable from gross income for federal income tax purposes, (y) the operations of the Institution and the School at the Facility shall not be materially impaired or diminished in any way, and (z) the security for the Bonds shall not be materially impaired.
- (b) All replacements, renewals and repairs shall be similar in quality, class and value to the original work and be made and installed in compliance with all applicable Legal Requirements.
- (c) The Issuer shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Facility, to effect the replacement of any inadequate, obsolete, worn out or unsuitable parts of the Facility, or to furnish any utilities or services for the Facility, and the Institution hereby agrees to assume full responsibility therefor.

Section 3.4. Alterations and Improvements.

- (a) The Institution shall have the privilege of making such alterations of or additions to the Facility Realty ("Additional Improvements") or any part thereof from time to time as it in its discretion may determine to be desirable for its uses and purposes, provided that:
 - (i) as a result of the Additional Improvements, the fair market value of the Facility is not reduced below its fair market value immediately before the Additional Improvements are made and the usefulness, structural integrity or operating efficiency of the Facility is not materially impaired,
 - (ii) the Additional Improvements are effected with due diligence, in a good and workmanlike manner and in compliance with all applicable Legal Requirements,

- (iii) the Additional Improvements are promptly and fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor, and
- (iv) the Additional Improvements do not change the nature of the Facility so that it would not constitute the Approved Facility.
- (b) All Additional Improvements shall constitute a part of the Facility, subject to this Agreement and the Mortgage.
- (c) If at any time after the Operations Commencement Date, the Institution shall make any Additional Improvements, the Institution shall notify an Authorized Representative of the Issuer of such Additional Improvements by delivering written notice thereof within thirty (30) days after the completion of the Additional Improvements.
- (d) In addition to the Facility Personalty, the Institution shall have the right to install or permit to be installed at the Facility Realty, machinery, equipment and other personal property at the Institution's own cost and expense (the "Institution's Property"). Once so installed, the Institution's Property shall not constitute part of the Facility Personalty and shall not be subject to this Agreement, nor constitute part of the Facility, or subject to the lien and security interest of the Mortgage, provided that the same is not made fixtures appurtenant to the Facility Realty. The Institution shall have the right to create or permit to be created any mortgage, encumbrance, lien or charge on, or conditional sale or other title retention agreement with respect to, the Institution's Property, without the consent of or notice to the Issuer or the Trustee.

Section 3.5. Removal of Property of the Facility.

- (a) The Institution shall have the right from time to time to remove from that property constituting part of the Facility any fixture constituting part of the Facility Realty or any machinery, equipment or other item of personal property constituting part of the Facility Personalty (in any such case, the "Existing Facility Property") and thereby removing such Existing Facility Property from that property constituting part of the Facility and the lien and security interest of the Mortgage, provided, however:
 - (i) such Existing Facility Property is substituted or replaced by property (y) having equal or greater fair market value, operating efficiency and utility and (z) free of all mortgages, liens, charges, encumbrances, claims and security interests other than Permitted Encumbrances, or
 - (ii) if such Existing Facility Property is not to be substituted or replaced by other property but is instead to be sold, scrapped, traded-in or otherwise disposed of in an arms'-length bona fide transaction for consideration, the Institution shall pay to the Trustee for deposit in the Redemption Account of the Bond Fund and thereby cause a redemption of Bonds to be effected in an amount (to the nearest integral multiple of Authorized Denomination) equal to the amounts derived from such sale or scrapping, the trade-in value credit received or the proceeds received from such other disposition; provided that no such redemption shall be required when such amount

received in connection with any removal or series of removals does not exceed, in the aggregate, \$75,000.

No such removal set forth in paragraph (i) or (ii) above shall be effected if (v) such removal would cause the interest on the Tax-Exempt Bonds to cease to be excludable from gross income for federal income tax purposes, (w) such removal would change the nature of the Facility as the Approved Facility, (x) such removal would materially impair the usefulness, structural integrity or operating efficiency of the Facility, (y) such removal would materially reduce the fair market value of the Facility below its fair market value immediately before such removal (except by the amount by which the Bonds are to be redeemed as provided in paragraph (ii) above), or (z) there shall exist and be continuing an Event of Default hereunder. Any amounts received pursuant to paragraph (ii) above in connection with any removal or series of removals, which are not in excess of \$75,000, shall be retained by the Institution and shall be used in a manner that does not adversely affect the exclusion from gross income, for federal income purposes, of interest on the Tax-Exempt Bonds.

(b) The removal from the Facility of any Existing Facility Property pursuant to the provisions of Section 3.5(a) shall not entitle the Institution to any abatement or reduction in the loan payments and other amounts payable by the Institution under this Agreement, under the Promissory Note or under any other Project Document.

Section 3.6. Implementation of Additional Improvements and Removals.

- (a) In the event of any Additional Improvements or substitution or replacement of property pursuant to Section 3.4 or 3.5, the Institution shall deliver or cause to be delivered to the Issuer and the Trustee any necessary documents in order to subject such Additional Improvements or substitute or replacement property to the lien and security interest of the Mortgage (in each case to the extent such Additional Improvements or substitute or replacement property relates to the Mortgaged Property) and to cause all of same to be made part of the Facility.
- (b) The Institution agrees to pay all costs and expenses (including reasonable counsel fees) in subjecting, in accordance with Section 3.4, Additional Improvements to, or releasing, in accordance with Section 3.5, Existing Facility Property from the lien and security interest of the Mortgage.
- (c) The Institution agrees, upon request of the Issuer or the Trustee, to furnish to the Issuer and the Trustee with a certificate of an Authorized Representative of the Institution indicating whether or not the Institution has taken any action to (i) effect Additional Improvements in compliance with Section 3.4 and (ii) effect the removal of Existing Facility Property in compliance with Section 3.5(a), pursuant to Sections 8.15(d) and (e), respectively.
- **Section 3.7.** <u>Title Insurance</u>. On or prior to the Closing Date, the Institution will obtain and deliver (w) to the Issuer title report(s) (in form and substance acceptable to the Issuer) reflecting all matters of record with respect to the Land and existing Improvements, (x) to the Issuer a full set of municipal department search results showing only Permitted Encumbrances, (y) to the Trustee mortgagee title insurance polic(ies) in an amount not less than

the Authorized Principal Amount of the Initial Bonds, insuring the Trustee's interest under the Mortgage as a holder of the mortgage liens on the Mortgaged Property, subject only to Permitted Encumbrances, and (z) current or updated survey(s) of each of the Land and the Improvements constituting part of the Mortgaged Property, certified to the Trustee, the Issuer and the title company issuing such title insurance policy. The title insurance polic(ies) shall be subject only to Permitted Encumbrances and shall provide for, among other things, the following: (1) full coverage against mechanics' liens; (2) no exceptions other than those approved by the Trustee; (3) an undertaking by the title insurer to provide the notice of title continuation or endorsement; and (4) such other matters as the Trustee shall request. Any proceeds of such mortgagee title insurance shall be paid to the Trustee for deposit in the Renewal Fund and applied to remedy the applicable defect in title in respect of which such proceeds shall be derived (including the reimbursement to the Institution for any costs incurred by the Institution in remedying such defect in title). If not so capable of being applied or if a balance remains after such application, the amounts in the Renewal Fund shall be transferred by the Trustee to the Redemption Account of the Bond Fund and used to redeem an equivalent principal amount of the Initial Bonds to the nearest integral multiple of Authorized Denominations.

Section 3.8. No Warranty of Condition or Suitability. THE ISSUER HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE FACILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE FACILITY, OR THE SUITABILITY OF THE FACILITY FOR THE PURPOSES OR NEEDS OF THE INSTITUTION OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE BONDS WILL BE SUFFICIENT TO PAY THE COST OF COMPLETION OF THE PROJECT. INSTITUTION ACKNOWLEDGES THAT THE ISSUER IS NOT THE MANUFACTURER OF THE FACILITY PERSONALTY NOR THE MANUFACTURER'S AGENT NOR A DEALER THEREIN. THE INSTITUTION IS SATISFIED THAT THE FACILITY IS SUITABLE AND FIT FOR PURPOSES OF THE INSTITUTION AND THE SCHOOL. THE ISSUER SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE INSTITUTION OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE FACILITY OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIR, SERVICE OR ADJUSTMENT THEREOF, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, REPAIRS, SERVICE OR ADJUSTMENT, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS HOWSOEVER CAUSED.

ARTICLE IV

LOAN; PAYMENT PROVISIONS

Section 4.1. Loan of Proceeds. The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to loan the proceeds from the sale of the Initial Bonds to the 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 Section 4.01 of the Indenture. Such proceeds shall be disbursed to or on behalf of the Institution as provided in Section 3.2(c) and Section 5.02 of the Indenture.

Section 4.2. <u>Promissory Note</u>. The Institution's obligation to repay the Loan shall be evidenced by this 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.

Section 4.3. <u>Loan Payments; Pledge of this Agreement and of the Promissory Note.</u>

- (a) The Institution covenants to pay the Promissory Note and repay the Loan made pursuant to this Agreement by making loan payments which the Issuer agrees shall be paid in immediately available funds by the Institution directly to the Trustee for deposit into the Revenue Fund no later than each Loan Payment Date (except as provided in Section 4.3(a)(ii), (iv) 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, including any funds transferred from the applicable Capitalized Interest Account of the Project 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, including any funds transferred from the applicable Capitalized Interest Account of the Project 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;

- 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 of December 1, 2026 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, 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;
- 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; and

(v) Reserved;

- (vi) upon receipt by the Institution of notice from the Trustee pursuant to Section 5.09(f) of the Indenture that the amount on deposit in a Debt Service Reserve Account in the Debt Service Reserve Fund shall be less than the Debt Service Reserve Fund Requirement for the related Series of Bonds, the Institution shall pay to the Trustee for deposit in such Debt Service Reserve Account 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 (1/6) of such deficiency in such Debt Service Reserve Account.
- (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 Section, 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.
- The Institution has the option to make advance loan payments for deposit (c) in the Revenue Fund 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 hereunder 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 this Agreement or the Indenture together with (x) all other amounts due and payable under this Agreement and the other Security Documents, and (y) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax 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 Section 2.02(f) of 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 Section 2.02(f) of the Indenture), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment.
- (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 Article X of the Indenture.
- (g) Any amounts remaining in the Revenue Fund, the Repair and Replacement Fund, 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 Article X of 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 this Section 4.3, 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.
- each Loan Payment Date for deposit into the Revenue Fund and for deposit into the Repair and Replacement Fund the amount required for such Loan Payment Date pursuant to clause FOURTH of Section 5.15 of the Indenture. In addition, upon receipt by the Institution of notice from the Trustee pursuant to Section 5.09(g) of the Indenture that the amount on deposit in the Repair and Replacement Fund shall be less than the Repair and Replacement Fund Requirement, the Institution shall pay to the Trustee for deposit in the Repair and Replacement Fund on the Loan Payment Date immediately following the receipt by the Institution of notice of such deficiency, and on each of the five (5) succeeding Loan Payment Dates, or over such longer time period as shall be consented to in writing by the Majority Holders, an amount equal to one-sixth (1/6) of such original deficiency in the Repair and Replacement Fund.

Section 4.4. Loan Payments and Other Payments Payable Absolutely Net. The obligation of the Institution to pay the loan payments and other payments under this Agreement and under the Promissory Note shall be absolutely net to the Issuer and to the Trustee without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that this Agreement and the Promissory Note shall yield, net, to the Issuer and to the Trustee, the loan payments and other payments provided for herein, and all costs, expenses and charges of any kind and nature relating to the Facility, arising or becoming due and payable under this Agreement, shall be paid by the Institution and the Indemnified Parties shall be indemnified by the Institution for, and the Institution shall hold the Indemnified Parties

harmless from, any such costs, expenses and charges.

Section 4.5. Nature of Institution's Obligation Unconditional. The Institution's obligation under this Agreement and under the Promissory Note to pay the loan payments and all other payments provided for in this 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 this 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 this Agreement (other than such termination as is provided for hereunder), or suspend the performance or observance of any covenant or agreement required on the part of the Institution hereunder, for any cause whatsoever, and the Institution waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender this Agreement or any obligation of the Institution under this Agreement except as provided in this Agreement or to any abatement, suspension, deferment, diminution or reduction in the loan payments or other payments hereunder or under the Promissory Note.

Section 4.6. Advances by the Issuer or the Trustee. Institution fails to make any payment or to perform or to observe any obligation required of it under this 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 this Agreement or any other Security Document to which the Issuer or the Trustee is a party, make such payment or otherwise cure any failure by the Institution to perform and to observe its other obligations hereunder 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 herein or in any other Security Document for the collection of the loan payments or other payments or other amounts due hereunder, under the Promissory 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.

ARTICLE V

RECAPTURE OF BENEFITS

- **Section 5.1.** Recapture of Benefits. It is understood and agreed by the parties to this Agreement that the Issuer is entering into this Agreement in order to provide financial assistance to the Institution for the Project and to accomplish its corporate public purposes. In consideration therefor, the Institution hereby 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 Section 8.20, 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 School shall have transferred all or substantially all of its employees to a location outside of the City.
- (iv) The Facility has ceased to be the Approved Facility and/or the School shall have substantially changed the scope and nature of its operations at the Facility Realty.
- (v) Except as permitted by written consent of the Issuer pursuant to and in accordance with Section 8.20, the 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 Section 8.9.
- (vii) The School shall have relocated all or substantially all of its operations at the Facility Realty to another site; provided, however, and notwithstanding the foregoing, such relocation shall not be a Recapture Event if (A) the School has relocated its operations at the Facility Realty and at least 90% of its employees employed

at the Facility Realty prior to the relocation, to another site within the City, (B) the School maintains, for the remaining balance of the Recapture Period, an employment level equal to at least 90% of the number of employees employed by the School at the Facility Realty prior to relocation, and (C) the School shall satisfy such other additional conditions as the Issuer may from time to time impose provided such additional conditions are reasonable and uniformly imposed, at the time, to other similar transactions under similar circumstances. There shall arise another Recapture Event upon the failure of the School to satisfy continuously the foregoing requirements for the remaining balance of the Recapture Period. Upon the occurrence of such subsequent Recapture Event, the Issuer shall have the right to demand payment of all amounts due and the calculation of interest pursuant to under Section 5.1(b) or (c), Section 5.1(c)(iii) shall assume that the subsequent Recapture Event replaces the original Recapture Event for purposes of that computation. The determination of the prerelocation, 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 in the event that the School expands the grade levels it serves or increases its enrollment.

Notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event:

- (A) shall have arisen as a direct, immediate result of (x) force majeure as defined in Section 12.1, (y) a taking or condemnation by governmental authority of all or substantially all of the Facility Realty, or (z) the inability at law of the Institution to rebuild, repair, restore or replace the Facility Realty after the occurrence of a Loss Event to substantially its condition prior to such Loss Event, which inability shall have arisen in good faith through no fault on the part of the 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.

- (a) 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 Section 5.1(c)(iii).
- (b) 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 Section 5.1, demand for payment by the Issuer shall be made in accordance with the notice requirements of this Agreement and the due date for payment shall be not less than seven (7) Business Days from the date of the notice.

- (c) 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.
- (d) The provisions of this Section 5.1 shall survive the termination of this Agreement for any reason whatsoever, notwithstanding any provision of this Agreement to the contrary.

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION

- **Section 6.1.** <u>Damage, Destruction and Condemnation</u>. 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 this Agreement or the Promissory Note or any other Security Document to which it is a party, and the Institution hereby waives, to the extent permitted by law, any provisions of law which would permit the Institution to terminate this Agreement, the Promissory Note or any other Security Document, or eliminate or reduce its payments hereunder, 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 6.2. 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, conditioned or delayed).
- (b) The Net Proceeds with respect to the Facility shall be paid to the Trustee and deposited in the Renewal Fund (except as provided in Section 3.11(d) of the Mortgage in respect of property insurance proceeds that are less than a threshold amount). Pending the disbursement or transfer thereof, the Net Proceeds in the Renewal Fund shall be applied, and may be invested, as provided in the Indenture. The 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 6.3. <u>Election to Rebuild or Terminate</u>.

- (a) In the event a Loss Event shall occur, the Institution shall either:
- (i) at its own cost and expense (except to the extent paid from the Net Proceeds), within two (2) years of the Loss Event, promptly and diligently rebuild, replace, repair or restore the Facility to substantially its condition immediately prior to

the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, regardless of whether or not the Net Proceeds derived from the Loss Event shall be sufficient to pay the cost thereof, and the Institution shall not by reason of payment of any such excess costs be entitled to any reimbursement from the Issuer, the Trustee or any Bondholder, nor shall the loan payments or other amounts payable by the Institution under this Agreement or the Promissory Note or any other Security Document be abated, postponed or reduced, or

(ii) if, to the extent and upon the conditions permitted to do so under Sections 10.1 and 10.2 and under the Indenture, exercise its option to terminate this Agreement and cause the Bonds to be redeemed in whole;

provided that if all or substantially all of the Facility shall be taken or condemned, or if the taking or condemnation renders the Facility unsuitable for use by the Institution as contemplated hereby, the Institution shall exercise its option to terminate this Agreement pursuant to Sections 10.1 and 10.2.

Not later than one hundred eighty (180) days after the occurrence of a Loss Event, the Institution shall advise the Issuer and the Trustee in writing of the action to be taken by the Institution under this Section 6.3(a), and a failure to so timely notify being deemed an election in favor of Section 6.3(a)(ii) to be exercised in accordance with the provisions of Section 6.3(a)(ii).

If the Institution shall elect to or shall otherwise be required to rebuild, replace, repair or restore the Facility as set forth in Section 6.3(a)(i), the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in Section 5.03 of the Indenture to pay or reimburse the Institution, at the election of the Institution, either as such work progresses or upon the completion thereof, provided, however, the amounts so disbursed by the Trustee to the Institution shall not exceed the actual cost of such work. If the Institution shall exercise its option in Section 6.3(a)(ii), the amount of the Net Proceeds so recovered shall be transferred from the Renewal Fund and deposited in the Redemption Account of the Bond Fund, and the Institution shall thereupon pay to the Trustee for deposit in the Redemption Account of the Bond Fund an amount which, when added to any amounts then in the Bond Fund and available for that purpose, shall be sufficient to retire and redeem the Bonds in whole at the earliest possible date (including, without limitation, principal and interest to the maturity or Redemption Date and redemption premium, if any), and shall pay the expenses of redemption, the fees and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents, together with all other amounts due under the Indenture, under this Agreement and under each other Security Document, as well as any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Certificate and such amount so deposited shall be applied, together with such other available amounts in the Bond Fund, if applicable, to such redemption or retirement of the Bonds on said redemption or Maturity Date.

Section 6.4. <u>Effect of Election to Build.</u>

- (a) All rebuilding, replacements, repairs or restorations of the Facility in respect of or occasioned by a Loss Event shall:
 - (i) automatically be deemed a part of the Facility under this Agreement and, with respect to Mortgaged Property, shall be subject to the lien and security interest of the Mortgage,
 - (ii) be effected only if the Institution shall deliver to the Issuer and the Trustee a certificate from an Authorized Representative of the Institution acceptable to the Issuer and the Trustee to the effect that such rebuilding, replacement, repair or restoration shall not change the nature of the Facility as the Approved Facility,
 - (iii) be effected with due diligence in a good and workmanlike manner, in compliance with all applicable Legal Requirements and be promptly and fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor,
 - (iv) restore the Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, and to a state and condition that will permit the Institution to use and operate the Facility as the Approved Facility,
 - (v) be effected only if the Institution shall have complied with Section 8.1(c),
 - (vi) be preceded by the furnishing by the Institution to the Trustee of a labor and materials payment bond, or other security, satisfactory to the Trustee, and
 - (vii) if the estimated cost of such rebuilding, replacement, repair or restoration is in excess of \$750,000, be effected under the supervision of an Independent Engineer.
- The date of completion of the rebuilding, replacement, repair or (b) 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 subject to the terms of this Agreement and, if applicable, subject to the mortgage lien and security interest of the Mortgage, subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the 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 this Section and Section 5.03 of the Indenture and (z) that no Person other than the Issuer or the Trustee may benefit therefrom.

The certificate delivered pursuant to Section 6.4(b) shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if it is a temporary certificate of occupancy, the 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 this 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 Permitted Encumbrances and those encumbrances consented to by the Issuer and the Trustee.

ARTICLE VII

COVENANTS OF THE ISSUER

- Section 7.1. <u>Assignment of Promissory Note and Assignment of Mortgage</u>. On the Closing Date, the Issuer will endorse and assign the Promissory Note to the Trustee, and execute and deliver to the Trustee the Assignment of Mortgage.
- **Section 7.2.** <u>Issuance of Initial Bonds</u>. On the Closing Date, subject to the satisfaction of the conditions to the issuance of the Initial Bonds, the Issuer will sell and deliver the Initial Bonds in the Authorized Principal Amount under and pursuant to the Approving and Bond Resolution and under and pursuant to the Indenture. The proceeds of sale of the Initial Bonds shall be deposited and applied in accordance with the provisions of the Indenture.
- **Section 7.3.** <u>Issuance of Additional Bonds</u>. 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 hereunder or under any other Project Document, the Issuer will consider the issuance of a Series of Additional Bonds in a principal amount as is specified in a written request in accordance with the applicable provisions set forth in the Indenture.
- **Section 7.4.** <u>Pledge and Assignment to Trustee</u>. 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 leasehold 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 this Agreement (except for the Issuer's Reserved Rights), including all loan payments hereunder 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.

ARTICLE VIII

COVENANTS OF THE INSTITUTION

Section 8.1. <u>Insurance</u>.

(a) <u>Definitions</u>. The following capitalized terms shall have the respective meanings specified below:

Certificate means an ACORD certificate evidencing insurance.

CGL means commercial general liability insurance.

CM means a construction manager providing construction management services in connection with any Construction.

Construction means any construction, reconstruction, restoration, renovation, alteration and/or repair on, in, at or about the Facility Realty, including the Project Work or any other construction, reconstruction, restoration, alteration and/or repair required under this Agreement in connection with the Facility.

Contractor(s) means, individually or collectively, a contractor or subcontractor providing materials and/or labor and/or other services in connection with any Construction, but not including a GC, CM or any architect or engineer providing professional services.

GC means any general contractor providing general contracting services in connection with any Construction.

Insured means the Institution.

Insurer means any entity writing or issuing a Policy.

ISO means the Insurance Services Office or its successor.

ISO Form CG-0001 means the CGL form published by ISO at the Closing Date.

Policy(ies) means, collectively or individually, the policies required to be obtained and maintained pursuant to Section 8.1(b) and (c).

SIR means self-insured retention.

U/E means Umbrella or Excess Liability insurance.

Workers' Compensation means Workers' Compensation, disability and employer liability insurance.

- (b) <u>Required Insurance</u>. Except during periods of Construction, the Insured shall obtain and maintain for itself as a primary insured the following insurance:
 - (i) CGL with \$1,000,000 minimum per occurrence; \$2,000,000 minimum in the aggregate; and per-location aggregate. This Policy shall contain coverage for contractual liability, premises operations, and products and completed operations.
 - (ii) U/E with \$4,000,000 minimum per occurrence on terms consistent with CGL. The excess coverage provided under U/E shall be incremental to the CGL to achieve minimum required coverage of \$5,000,000 per occurrence; such incremental coverage must also apply to auto liability (see Section 8.1(b)(iii)), whether auto liability coverage is provided by endorsement to the Insured's CGL or by a stand-alone policy.
 - (iii) Auto liability insurance with \$1,000,000 combined single limit and \$1,000,000 for uninsured or under-insured vehicles. If the Insured owns any vehicles, it shall obtain auto liability insurance in the foregoing amounts for hired and non-owned vehicles. Coverage should be at least as broad as ISO Form CA0001, ed. 10/01.
 - (iv) Workers Compensation satisfying State statutory limits. Coverage for employer liability shall be in respect of any work or operations in, on or about the Facility Realty.
 - (v) Property insurance in the amount required under the Mortgage.
- (c) <u>Required Insurance During Periods of Construction</u>. In connection with any Construction and throughout any period of such Construction, the Institution shall cause the following insurance requirements to be satisfied:
 - (i) The Insured shall obtain and maintain for itself Policies in accordance with all requirements set forth in Section 8.1(b).
 - (ii) Any GC or CM shall obtain and maintain for itself as a primary insured the following Policies:
 - (A) CGL and U/E in accordance with the requirements in Section 8.1(b), subject to the following modifications: (x) coverage shall be in an aggregate minimum amount of \$10,000,000 per project aggregate, and (y) completed operations coverage shall extend (or be extended) for an additional five (5) years after completion of the Construction (which will be deemed to be the Project Completion Date unless the Institution shall have provided written notice and satisfactory evidence to the Issuer that the Construction was completed as of a specified earlier date);
 - (B) Auto liability insurance in accordance with the requirements in Section 8.1(b); and

- (C) Workers' Compensation in accordance with the requirements in Section 8.1(b).
- (iii) Notwithstanding preceding subsections "i" and "ii," during Construction aggregate minimum coverage in the amount of \$15,000,000 (combined CGL and U/E required by Sections 8.1(b) and 8.1(c)) may be achieved by any combination of coverage amounts between the Insured on the one hand and the GC or CM on the other.
- (iv) Each Contractor shall obtain and maintain for itself as a primary insured the following insurance:
 - (A) CGL and U/E in accordance with the requirements in Section 8.1(b) except that, in addition, completed operations coverage shall extend (or be extended) for an additional five (5) years after completion of the Construction (which will be deemed to be the Project Completion Date unless the Institution shall have provided written notice and satisfactory evidence to the Issuer that the Construction was completed as of a specified earlier date);
 - (B) Auto Liability insurance in accordance with the requirements in Section 8.1(b); and
 - (C) Workers' Compensation in accordance with the requirements in Section 8.1(b).
- (d) <u>Required Policy Attributes</u>. Except as the Issuer and the Trustee shall expressly otherwise agree in writing in their sole and absolute discretion:
 - (i) The Institution shall cause each Policy (other than Worker's Compensation and auto liability insurance) to name the Issuer and the Trustee as additional insureds on a primary and non-contributory basis as more particularly required in Section 8.1(f)(i). In addition, each Contractor must protect the Issuer and Trustee as additional insureds on a primary and non-contributory basis via ISO endorsements CG 20 26 and CG 20 37 or their equivalents and the endorsements must specifically identify the Issuer and Trustee as Additional Insureds
 - (ii) No Policy shall have a deductible.
 - (iii) CGL shall not be subject to SIR.
 - (iv) CGL shall be written on either ISO Form CG-0001 or on such other form that the Institution may request provided that any requested substitute shall provide an additional insured with substantially equivalent coverage to that enjoyed by an additional insured in a policy written on ISO Form CG-0001 and provided further that the substitute is reasonably approved by the Issuer. If the Insured intends to renew its CGL on a form that is not ISO Form CG-0001, it shall provide the Issuer and the Trustee with a copy of the substitute form at least sixty (60) days prior to the intended date on which the renewal Policy is to be effective.

- (v) The Institution acknowledges that the Issuer and the Trustee are materially relying upon the content of ISO Form CG-0001 to implement the Issuer's insurance requirements under this Section 8.1; accordingly, the Institution agrees that non-standard exclusions and other modifications to ISO Form CG-0001 are prohibited under the terms and conditions of this Section 8.1. In the event that ISO either ceases to exist or discontinues ISO Form CG-0001, the Issuer or the Trustee shall have the right to require, for all purposes hereunder, a different CGL form, provided that the replacement is substantially similar to ISO Form CG-0001.
- (vi) Without limiting Section 8.1(d)(v) or the application of any other requirement under this Section 8.1, no Policy delivered hereunder shall limit (whether by exception, exclusion, endorsement, script or other modification) any of the following coverage attributes:
 - (A) contractual liability coverage insuring the contractual obligations of the Insured;
 - (B) employer's liability coverage;
 - (C) coverage for claims arising under New York Labor Law;
 - (D) the right of the Insured to name additional insureds including the Issuer and the Trustee; and
 - (E) the applicability of CGL coverage to the Issuer and the Trustee as additional insureds in respect of liability arising out of any of the following claims: (x) claims against the Issuer and/or the Trustee by employees of the Insured, or (y) claims against the Issuer and/or the Trustee by any GC, CM, Contractor, architect or engineer or by the employees of any of the foregoing, or (z) claims against the Issuer and/or the Trustee arising out of any work performed by a GC, CM, Contractor, architect or engineer.
 - (vii) U/E shall follow the form of CGL except that U/E may be broader.
- (viii) Each Policy shall provide primary insurance and the issuing Insurer shall not have a right of contribution from any other insurance policy insuring the Issuer and/or the Trustee.
- (ix) In each Policy, the Insurer shall waive, as against any Person insured under such Policy including any additional insured, the following: (x) any right of subrogation, (y) any right to set-off or counterclaim against liability incurred by a primary insured or any additional insured, and (z) any other deduction, whether by attachment or otherwise, in respect of any liability incurred by any primary insured or additional insured.
- (x) Policies shall not be cancellable without at least thirty (30) days' prior written notice to the Issuer and the Trustee as additional insureds.

- (xi) Each Policy under which the Issuer and the Trustee is an additional insured shall provide that the Issuer and the Trustee will not be liable for any insurance premium, commission or assessment under or in connection with any Policy.
- (e) <u>Required Insurer Attributes</u>. All Policies must be issued by Insurers satisfying the following requirements:
 - (i) Insurers shall have a minimum AM Best rating of A minus.
 - (ii) Each Insurer must be an authorized insurer in accordance with Section 107(a) of the New York State Insurance Law.
 - (iii) Insurers must be admitted in the State; provided, however, that if the Insured requests the Issuer to accept a non-admitted Insurer, and if the Issuer reasonably determines that for the kind of operations performed by the Insured an admitted Insurer is commercially unavailable to issue a Policy or is non-existent, then the Issuer shall provide its written consent to a non-admitted Insurer. For purposes of this paragraph, an "admitted" Insurer means that the Insurer's rates and forms have been approved by the State Department of Financial Services and that the Insurer's obligations are entitled to be insured by the State's insurance guaranty fund.
- (f) <u>Required Evidence of Compliance</u>. The Institution shall deliver or cause to be delivered evidence of all Policies required hereunder as set forth in this Section 8.1(f):
 - (i) <u>All Policies</u>. With respect to all Policies on which the Insured is to be a primary insured, the Insured shall deliver to the Issuer and the Trustee a Certificate or Certificates evidencing all Policies required by this Section 8.1 (w) at the Closing Date, (x) prior to the expiration or sooner termination of Policies, (y) prior to the commencement of any Construction, and (z) upon request by the Issuer or the Trustee. If the Certificate in question evidences CGL, such Certificate shall name the Issuer and the Trustee as additional insureds in the following manner:

Build NYC Resource Corporation and The Bank of New York Mellon, as Trustee, are each additional insureds on a primary and non-contributory basis. The referenced CGL is written on ISO Form CG-0001, or its equivalent form, without modification to the contractual liability, employer's liability or waiver-of-subrogation provisions thereof, and contains no endorsement limiting or excluding coverage for claims arising under New York Labor Law, covering the following premises: 646 Fifth Avenue, Brooklyn, New York and 1641 Richmond Avenue, Staten Island, New York;

- (ii) <u>CGL</u>. With respect to CGL on which the Insured is to be a primary insured, the Insured shall additionally deliver to the Issuer and the Trustee the following:
 - (A) The Insured shall endeavor to deliver to the Issuer and the Trustee the declarations page and the schedule of forms and endorsements prior to

the Closing Date and shall, in any event, deliver such documents to the Issuer and the Trustee no later than the earlier to occur of (x) one hundred twenty (120) days following the Closing Date or (y) the commencement of the Project Work.

- (B) Upon the expiration or sooner termination of any CGL, the Insured shall deliver to the Issuer and the Trustee a declarations page and a schedule of forms and endorsements pertinent to the new or replacement CGL.
- (C) Prior to the commencement of any Construction, the Insured shall deliver to the Issuer and the Trustee a declarations page and a schedule of forms and endorsements pertinent to the CGL under which the Insured is to be the primary insured during the period of such Construction.
- (iii) <u>Insurance to be obtained by GCs and CMs</u>. Prior to the commencement of any Construction that entails the services of a GC or CM, the Institution shall provide to the Issuer and the Trustee, in a form satisfactory to the Issuer and the Trustee, evidence that the GC or CM (as the case may be) has obtained the Policies that it is required to obtain and maintain in accordance with Section 8.1(c).
- (iv) <u>Insurance to be obtained by Contractors</u>. In connection with any Construction, the Institution shall, upon the written request of the Issuer or the Trustee, cause any and all Contractors to provide evidence, satisfactory to the Issuer and the Trustee, that such Contractors have obtained and maintain the Policies that they are required to obtain and maintain in accordance with the requirements of Section 8.1(c).
- (g) <u>Notice</u>. The Institution shall immediately give the Issuer and the Trustee notice of each occurrence that is reasonably probable to give rise to a claim under the insurance required to be maintained by this Section 8.1.

(h) Miscellaneous.

- (i) If, in accordance with the terms and conditions of this Section 8.1, the Insured is required to obtain the consent of the Issuer and/or the Trustee, the Institution shall request such consent in a writing provided to the Issuer and/or the Trustee at least thirty (30) days in advance of the commencement of the effective period (or other event) to which the consent pertains.
- (ii) The delivery by the Insured of a Certificate evidencing auto liability insurance for hired and non-owned vehicles shall, unless otherwise stated by the Institution to the contrary, constitute a representation and warranty from the Insured to the Issuer and the Trustee that the Insured does not own vehicles.
- (iii) The Insured shall neither do nor omit to do any act, nor shall it suffer any act to be done, whereby any Policy would or might be terminated, suspended or impaired.
- (iv) If insurance industry standards applicable to properties similar to the Facility Realty and/or operations similar to the operations of the Institution materially

change; and if, as a consequence of such change, the requirements set forth in this Section 8.1 become inadequate in the reasonable judgment of the Issuer or the Trustee for the purpose of protecting the Issuer and the Trustee against third-party claims, then the Issuer or the Trustee shall have the right to supplement and/or otherwise modify such requirements, provided, however, that such supplements or modifications (including, without limitation, in respect of coverage and limits) shall be commercially reasonable.

- (v) THE ISSUER AND THE TRUSTEE DO NOT REPRESENT THAT THE INSURANCE REQUIRED IN THIS SECTION 8.1, WHETHER AS TO SCOPE OR COVERAGE OR LIMIT, IS ADEQUATE OR SUFFICIENT TO PROTECT THE INSURED AND ITS OPERATIONS AGAINST CLAIMS AND LIABILITY.
- (vi) The Issuer, in its sole discretion and without obtaining the consent of the Trustee or any other party to the transactions contemplated by this Agreement, may make exceptions to the requirements under this Section 8.1 by a written instrument executed by the Issuer. In the event the Institution shall request the Issuer to make any exception to the requirements under this Section 8.1, the Issuer shall not unreasonably withhold its consent. The Institution acknowledges that the Issuer's decision in this respect will be deemed reasonable if made in furtherance of protecting the Issuer from liability.

Section 8.2. Indemnity.

- The Institution shall at all times indemnify, defend, protect and hold the (a) 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 hereby to indemnify its own employees, Affiliates or affiliated individuals) thereof and Persons under the Issuer's control or supervision (collectively, the "Indemnified Parties" and each an "Indemnified Party") harmless of, from and against any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses, including attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses (collectively, "Claims") of any kind for losses, damage, injury and liability (collectively, "Liability") of every kind and nature and however caused (except, with respect to any Indemnified Party, Liability arising from the gross negligence or willful misconduct of such Indemnified Party), arising during the period commencing on the Indemnification Commencement Date, and continuing until the termination of this Agreement, arising upon, about, or in any way connected with the Facility, the Project, or any of the transactions with respect thereto, including:
 - (i) the financing of the costs of the Facility or the Project and the marketing, offering, issuance, sale and remarketing of the Bonds for such purpose,
 - (ii) the planning, design, acquisition, site preparation, Project Work, construction, renovation, equipping, installation or completion of the Project or any part

thereof or the effecting of any work done in or about the Facility, or any defects (whether latent or patent) in the Facility,

- (iii) the maintenance, repair, replacement, restoration, rebuilding, construction, renovation, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Facility or any portion thereof,
- (iv) the execution and delivery by an Indemnified Party, the 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, this Agreement or any other Project Document, or other document or instrument delivered in connection herewith or therewith or the enforcement of any of the terms or provisions hereof or thereof or the transactions contemplated hereby or thereby,
- (v) any damage or injury to the person or property of any Person in or on the premises of the Facility,
- (vi) any imposition arising from, burden imposed by, violation of, or failure to comply with any Legal Requirement, including failure to comply with the requirements of the City's zoning resolution and related regulations, or
- (vii) the presence, disposal, release, or threatened release of any Hazardous Materials that are on, from, or affecting the Facility; any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, and/or any violation of Legal Requirements, including demands of government authorities, or any policies or requirements of the Issuer, which are based upon or in any way related to such Hazardous Materials.
- (b) The 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 Section 8.2(a) including any Claim or Liability arising from or incurred as a result of the negligence or gross negligence of such Indemnified Party, or at the direction of the 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 this Section 8.2; 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 hereunder nor in any way impair the obligations of the Institution under this Section 8.2.
- (d) Anything to the contrary in this Agreement notwithstanding, the covenants of the Institution contained in this Section 8.2 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 this Agreement

until the later of (x) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (y) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Indemnified Party relating to the enforcement of the provisions herein specified.

Section 8.3. <u>Compensation and Expenses of the Issuer, the Trustee, the</u> Bond Registrar and the Paying Agents; Administrative and Project Fees.

- (a) The Institution shall pay the fees, costs and expenses of the Issuer together with any fees and disbursements incurred by lawyers or other consultants in performing services for the Issuer in connection with this Agreement or any other Project Document, together with all fees and costs incurred in connection with complying with Section 8.12(b) (including fees and disbursements of lawyers and other consultants).
- (b) On the Closing Date, the Institution shall pay to the Issuer the Initial Annual Administrative Fee and the Project Fee.
- (c) The Institution further agrees to pay the Annual Administrative Fee to the Issuer on each July 1 following the Closing Date until the Termination Date (the Annual Administrative Fee shall not be pro-rated for the final period ending on the Termination Date). In the event the Institution shall fail to pay the Annual Administrative Fee on the date due, the Issuer shall have no obligation to deliver notice of such failure to the Institution.
- (d) The Institution shall, to the extent not paid out of the proceeds of the Bonds as financing expenses, pay the following fees, charges and expenses and other amounts:
 - (i) the initial and annual fees of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, including fees and expenses as Bond Registrar and in connection with preparation of new Bonds upon exchanges or transfers or making any investments in accordance with the Indenture and the reasonable fees of its counsel,
 - (ii) the reasonable fees and charges of the Trustee and any Paying Agents on the Bonds for acting as paying agents as provided in the Indenture, including the reasonable fees of its counsel,
 - (iii) the reasonable fees, charges, and expenses of the Trustee for extraordinary services rendered by it under the Indenture, including reasonable counsel fees, and
 - (iv) the reasonable fees, costs and expenses of the Bond Registrar.

Section 8.4. Current Facility Personalty Description. The Institution covenants and agrees that, until the termination of this Agreement, including upon the completion of the Project or of any replacement, repair, restoration or reconstruction of the Facility pursuant to Article VI, it will cause Exhibit B — "Description of the Facility Personalty", together with the "Description of the Facility Personalty" attached as part of the appendices to the Indenture, this Agreement and the Mortgage, to be an accurate and complete

description of all current items of Facility Personalty. To this end, the Institution covenants and agrees that (x) no requisition shall be submitted to the Trustee for moneys from the Project Fund for the acquisition or installation of any item of Facility Personalty, (y) no item of Facility Personalty shall be substituted or replaced by a new item of machinery, equipment or other tangible personal property except pursuant to Section 3.5(a) or Article VI, and (z) no item of Facility Personalty shall be delivered and installed at the Facility Realty as part of the property comprising the Facility, unless in each case such item of machinery, equipment or other item of tangible personal property shall be accurately and sufficiently described in Exhibit B— "Description of the Facility Personalty", together with the "Description of the Facility Personalty" in the appendices attached as part of the Indenture, this Agreement and the Mortgage, and the Institution shall from time to time prepare and deliver to the Issuer and the Trustee supplements to such Appendices in compliance with the foregoing. Such supplements shall be executed and delivered by the appropriate parties and, at the Trustee's request, duly recorded by the Institution, and, at the Trustee's request, additional financing statements with respect thereto shall be duly filed by the Institution.

Section 8.5. <u>Signage at Facility Site</u>. Upon commencement of the renovation and/or construction of the Improvements at the Facility in connection with the Project (including the commencement of any demolition and/or excavation), the Institution shall erect on the Facility site, at its own cost and expense, within easy view of passing pedestrians and motorists, a large and readable sign with the following information upon it (hereinafter, the "Sign"):

FINANCIAL ASSISTANCE PROVIDED THROUGH THE BUILD NYC RESOURCE CORPORATION Mayor Bill de Blasio

In addition, the Sign shall satisfy the following requirements: (x) format and appearance generally shall be stipulated by the Issuer in writing or electronically; (y) the minimum size of the Sign shall be four (4) feet by eight (8) feet; and (z) the Sign shall have no other imprint upon it other than that of the Issuer. The Sign shall remain in place at the Facility until completion of the renovations and/or construction. The Institution may erect other signs in addition to the Sign.

Section 8.6. Environmental Matters.

- (a) On or before the Closing Date, the Institution shall provide to the Issuer and the Trustee letter(s) from the Environmental Auditor addressed to the Issuer and the Trustee, stating that the Issuer and the Trustee may rely upon the Environmental Audit as if it was prepared for the Issuer and the Trustee in the first instance.
- (b) The Institution shall not cause or permit the Facility or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Legal Requirements, nor shall the Institution cause or permit, as a result of any intentional or unintentional act or omission on the part of the Institution or any occupant or user of the Facility, a release of Hazardous Materials onto the Facility or onto any other property.

- (c) The Institution shall comply with, and require and enforce compliance by, all occupants and users of the Facility with all applicable Legal Requirements pertaining to Hazardous Materials, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all occupants and users of the Facility obtain and comply with, any and all approvals, registrations or permits required thereunder.
- (d) The Institution shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Facility in accordance with all applicable Legal Requirements.
- (e) In the event the Mortgage is foreclosed, or a deed in lieu of foreclosure is tendered, or this Agreement is terminated as provided in Article IX, the Institution shall deliver the Mortgaged Property so that the conditions of the Mortgaged Property with respect to any and all Hazardous Materials shall conform with all applicable Legal Requirements affecting the Mortgaged Property.
- (f) The parties hereto agree that the reference in Section 2.2(m) to the Environmental Audit is not intended, and should not be deemed to intend, to modify, qualify, reduce or diminish the Institution's obligations to carry out and perform all of the covenants stated throughout this Section 8.6 and in Section 8.2.

Section 8.7. <u>Employment Matters</u>.

- (a) Except as is otherwise provided by collective bargaining contracts or agreements, new employment opportunities created as a result of the Project shall be listed with the New York State Department of Labor ("**POL**") Community Services Division, and with the administrative entity of the service delivery area created by the Workforce Investment Act of 1998 (29 U.S.C. §2801) in which the Facility Realty is located. Except as is otherwise provided by collective bargaining contracts or agreements, the Institution agrees, where practicable, to consider first, and cause each of its Affiliates at the Facility to consider first, persons eligible to participate in the Workforce Investment Act of 1998 (29 U.S.C. §2801) programs who shall be referred by administrative entities of service delivery areas created pursuant to such Act or by the Community Services Division of the DOL for such new employment opportunities.
- (b) Upon the Issuer's written request, the Institution shall provide to the Issuer any employment information in the possession of the Institution which is pertinent to the Institution and the employees of the Institution to enable the Issuer and/or NYCEDC to comply with its reporting requirements required by City Charter §1301 and any other applicable laws, rules or regulations.
- (c) The Institution hereby authorizes any private or governmental entity, including the DOL, to release to the Issuer and/or NYCEDC, and/or to the successors and assigns of either (collectively, the "Information Recipients"), any and all employment information under its control and pertinent to the Institution and the employees of the Institution to enable the Issuer and/or NYCEDC to comply with its reporting requirements required by City Charter §1301 and any other applicable laws, rules or regulations. Information released or

provided to Information Recipients by DOL, or by any other governmental entity, or by any private entity, or by the Institution, or any information previously released as provided by all or any of the foregoing parties (collectively, "Employment Information") may be disclosed by the Information Recipients in connection with the administration of the programs of the Issuer, and/or NYCEDC, and/or the successors and assigns of either, and/or the City, and/or as may be necessary to comply with law; and, without limiting the foregoing, the Employment Information may be included in (x) reports prepared by the Information Recipients pursuant to City Charter §1301, (y) other reports required of the Issuer, and (z) any other reports required by law. This authorization shall remain in effect until the termination of this Agreement.

- (d) Upon the request of the Issuer, the Institution shall cooperate with the Issuer in the development of programs for the employment and/or training of members of minority groups in connection with performing work at the Facility.
- (e) Nothing in this Section shall be construed to require the Institution to violate any existing collective bargaining agreement with respect to hiring new employees.

Section 8.8. Non-Discrimination.

- (a) At all times during the maintenance and operation of the Facility, the Institution shall not discriminate nor permit any of its Affiliates to discriminate against any employee or applicant for employment because of race, color, creed, age, sex or national origin. The Institution shall use its best efforts to ensure that employees and applicants for employment with any tenant of the Facility are treated without regard to their race, color, creed, age, sex or national origin. As used herein, the term "treated" shall mean and include the following: recruited, whether by advertising or other means; compensated, whether in the form of rates of pay or other forms of compensation; selected for training, including apprenticeship; promoted; upgraded; downgraded; demoted; transferred; laid off; and terminated.
- (b) The Institution shall, in all solicitations or advertisements for employees placed by or on behalf of the Institution state that all qualified applicants will be considered for employment without regard to race, color, creed or national origin, age or sex.
- (c) The Institution shall furnish to the Issuer all information required by the Issuer pursuant to this Section and will cooperate with the Issuer for the purposes of investigation to ascertain compliance with this Section.

Section 8.9. Assignment of this Agreement or Lease of Facility.

- (a) The Institution shall not at any time, except as permitted by Section 8.20, assign or transfer this Agreement without the prior written consents of the Issuer and the Trustee (which consents may be withheld by the Issuer or the Trustee in their absolute discretion); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such assignment or transfer:
 - (i) the 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 this 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 this 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 Legal Requirement or any provision of this Agreement or any other Project Document;
- (vi) an Opinion of Counsel shall have been delivered and addressed to the Issuer 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 this 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) this 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 Tax-Exempt 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, expect pursuant to the Sublease 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 this 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 this 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 this 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 Completed 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 this 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 Section 3.11 of the Mortgage or Section 8.1 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 Tax-Exempt 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 this Section 8.9, 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 Section 8.9 (except for any use, right of possession or occupancy by the Park Slope Church pursuant to the Park Slope Ground Lease and by the Staten Island Church pursuant to the Staten Island Ground Lease).

Section 8.10. <u>Retention of Title to or of Interest in Facility; Grant of Easements; Release of Portions of Facility.</u>

(a) The Institution shall not sell, assign, encumber (other than Permitted Encumbrances), convey or otherwise dispose of its leasehold title to or interest in the Facility, including the Improvements, or any part of the Facility or interest therein, except as set forth in Sections 3.3, 3.4, 3.5, 3.6, Article VI, 8.9 and 9.2 or in this Section, without (i) the prior written consents of the Issuer and of the Trustee 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 this Section will not affect the exclusion of the interest on any Tax-Exempt 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 hereunder, grant such rights of way or easements over, across, or under, the Facility Realty, or grant such permits or licenses in respect to the use thereof, free from the lien and security interest of the Mortgage, as shall be necessary or convenient in the opinion of the 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 hereunder, 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 Tax-Exempt 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 this Agreement and the lien and security interest of the Mortgage, of any unimproved part of the Land (on which none of the Improvements, including the buildings, structures, major appurtenances, fixtures or other property comprising the Facility Realty, is situated); provided that such release and removal will not adversely affect the use or operation of the Facility as the Approved Facility. Upon any such request by the 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 Land from the property comprising the Facility under this Agreement and the lien and security interest of the Mortgage, subject to the following:
 - (i) any liens, easements, encumbrances and reservations to which title to said property was subject on the Closing Date;
 - (ii) any liens, easements and encumbrances created at the request of the 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 this Agreement or any other Project Document;
 - (iv) Permitted Encumbrances (other than the lien of the Mortgage); and
 - (v) any liens for taxes or assessments not then delinquent or which are being contested in good faith by appropriate proceedings in accordance with Section 8.17;

provided, however, that no such release shall be effected unless the following conditions have been satisfied:

- (1) the Trustee shall have received a certificate of an Independent 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 Land and the release thereof so proposed to be made is not needed for the operation of the remaining Facility, will not adversely affect the use or operation of the Facility as the Approved Facility and will not destroy the means of ingress thereto and egress therefrom;
- (2) the Trustee shall have received an amount of cash for deposit in the Redemption Account of the Bond Fund equal to the greatest of (A) the original cost of the unimproved Land so released, such allocable cost to be determined by the appraisal of an independent real estate brokerage firm of recognized standing within the City, (B) the fair market value of such unimproved Land, such value to be determined by the appraisal of an independent real estate brokerage firm of recognized standing within the City, and (C) if such unimproved Land is released in connection with its sale, the amount received by the Institution upon such sale; and
- (3) the Facility Realty as shall remain subject to the Mortgage shall not constitute a portion of a tax lot.
- (d) No conveyance or release effected under the provisions of this Section 8.10 shall entitle the Institution to any abatement or diminution of the loan payments or other amounts payable under Section 4.3 or any other payments required to be made by the Institution under this Agreement or any other Project Document to which it shall be a party.

Section 8.11. Discharge of Liens.

If any lien, encumbrance or charge is filed or asserted (including any lien for the performance of any labor or services or the furnishing of materials), or any judgment, decree, order, levy or process of any court or governmental body is entered, made or issued or any claim (such liens, encumbrances, charges, judgments, decrees, orders, levies, processes and claims being herein collectively called "Liens"), whether or not valid, is made against the Trust Estate, the Facility or any part thereof or the interest therein of the Institution or against any of the loan payments or other amounts payable under this 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 Section 8.11(b), 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 this Agreement shall be construed as constituting the express or implied consent to or permission of the Issuer for the performance

of any labor or services or the furnishing of any materials that would give rise to any Lien not permitted under this Section 8.11(a).

- (b) The 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 this 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 this 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 8.12. Filing.

(a) The security interest granted by the Issuer to the Trustee pursuant to the Indenture in the rights and other intangible interests described therein, shall be perfected by the filing of financing statements at the direction of the Issuer (at the sole cost and expense of the Institution) in the office of the Secretary of State of the State in the City of Albany, New York, which financing statements shall be in accordance with Article 9 (Secured Transactions) of the New York State Uniform Commercial Code.

(b) As of the Closing Date,

- (i) Section 9-515 of the New York State Uniform Commercial Code provides that an initial financing statement filed in connection with a "public-finance transaction" is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public-finance transaction,
- (ii) Section 9-102(67) of the New York State Uniform Commercial Code defines a "public-finance transaction" as a secured transaction in connection with which (x) debt securities are issued, (y) all or a portion of the debt securities issued have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured

party, account debtor or other person obligated on collateral, assignor or assignee of a security interest is a state or a governmental unit of a state, and

- (iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.
- (c) The parties hereto acknowledge and agree that, because the foregoing financing statements evidence collateral for the Initial Bonds, and because the Initial Bonds are municipal debt securities with a term that is at least twenty (20) years in duration, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the liens and security interests that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

Subsequent to the initial filings, if it is necessary to re-file financing statements and/or file continuation statements and/or take any other actions to preserve the lien and security interest of the Indenture (individually or collectively, the "Continuation Action(s)"), then the Institution in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Trustee all necessary instruments and filing papers, together with remittances equal to the cost of required filing fees and other charges, so that the Trustee may perform the Continuation Actions, or (ii) electronically perform the Continuation Actions and deliver to the Trustee written certification (upon which the Trustee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause "(i)" and the others in the manner described in clause "(ii)"; and (B) if requested by the Trustee (acting at the direction of the Majority Holders) or the Issuer, deliver or cause to be delivered to the Issuer and the Trustee the Opinion of Counsel to the Institution as described below. The Trustee may conclusively rely upon (y) when applicable, the certification referred to in clause "(A)(ii)," and (z) in all instances, the Opinion of Counsel to the Institution. In the event the Institution chooses to have the Trustee perform all or some of the Continuation Actions, as provided in clause "(A)(i)", the Trustee shall reasonably promptly perform such Continuation Actions at the Institution's sole expense. The Institution shall perform the obligations described hereinabove in clauses "(A)" (in every case) and "(B)" (if so requested) no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause "(i)") on which a Continuation Action is to be taken to preserve the lien and security interest of the Indenture.

If an Opinion of Counsel to the Institution is requested pursuant to clause "(B)", then the Opinion of Counsel to the Institution shall be addressed to the Institution, the Issuer and the Trustee. If so requested, the Institution shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year anniversary thereafter through the term of the Initial Bonds, and/or (ii) the date of any required Continuation Action not covered by clause "(i)," in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Institution, counsel shall opine as to: (i) what Continuation Actions are necessary;

and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Trustee with instruments and papers prepared by the Institution, or (ii) the Institution through electronic filing, or (iii) the Trustee as to some Continuation Actions, and the Institution as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Institution, the Issuer and the Trustee then requisite to the maintenance of the perfection of the security interest of the Trustee in and to all property and interests which by the terms of the Indenture are to be subjected to the lien and security interest of the Indenture.

- (d) Any filings with respect to the Uniform Commercial Code financing statements may be made electronically, and the Issuer shall have the right to designate a company (which shall be reasonably acceptable to the Trustee) to facilitate the filing of the Uniform Commercial Code financing statements.
- (e) The Institution acknowledges and agrees that neither the Issuer nor the Trustee, nor any of their respective directors, members, officers, employees, servants, agents, persons under its control or supervision, or attorneys (including Nationally Recognized Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests, or the recording or rerecording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.
- (f) The Institution agrees to perform all other acts (including the payment of all fees and expenses) necessary in order to enable the Issuer and the Trustee to comply with this Section and with Section 7.07 of the Indenture, including but not limited to, providing prompt notice to the Trustee of any change in either of the name or address of the Institution. The Institution agrees that the Issuer and the Trustee, if permitted by applicable law, may provide for the re-recording of the Indenture or any other Security Document or the filing or re-filing of continuation statements without the cooperation of the Institution as necessary at the sole cost and expense of the Institution.

Section 8.13. 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 this 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 8.14. <u>Documents Automatically Deliverable to the Issuer</u>.

- (a) The Institution shall immediately notify the Issuer of the occurrence of any Event of Default, or any event that with notice and/or lapse of time would constitute an Event of Default under any Project Document. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Institution and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Institution shall state this fact on the notice.
- (b) The Institution shall promptly provide written notice to the Issuer if any Conduct Representation made by the Institution would, if made on any date during the term of the Agreement and deemed made as of such date, be false, misleading or incorrect in any material respect.
- (c) Within ten (10) Business Days after receipt from the Issuer of any subtenant survey and questionnaire pertaining to the Facility, the Institution shall complete and execute such survey and questionnaire and return the same to the Issuer.
- (d) The Institution shall deliver all insurance-related documents required by Sections 8.1(f) and 8.1(g).
- (e) Within 120 days after the close of each Fiscal Year during which action was taken by the Institution pursuant to Section 3.4, the Institution shall deliver written notice of the Additional Improvement(s) to the Issuer.
- (f) If a removal involving Existing Facility Property having a value in the aggregate exceeding \$75,000 was taken by the Institution pursuant to Section 3.5(a), the Institution shall deliver written notice of such removal to the Issuer within five (5) Business Days following such removal.
- (g) Promptly following the Project Completion Date, but no later than five (5) Business Days following the receipt of the later of (i) any one of a certificate of occupancy, temporary certificate of occupancy or an amended certificate of occupancy in connection with the Park Slope Facility or (ii) any one of a certificate of occupancy, temporary certificate of occupancy or an amended certificate of occupancy in connection with the Staten Island Facility, the Institution shall deliver to the Issuer the certificate as to Project completion in substantially the form set forth in Exhibit G "Form of Project Completion Certificate", together with all attachments required thereunder.
- (h) If the Institution shall request the consent of the Issuer under Section 8.9 to any sublease in whole or in part of the Facility, or to any assignment or transfer of this Agreement, the Institution shall submit such request to the Issuer in the form prescribed by the Issuer.
- **Section 8.15.** Requested Documents. Upon request of the Issuer, the Institution shall deliver or cause to be delivered to the Issuer within five (5) Business Days (except as provided herein) of the date so requested:

- (a) a copy of the most recent annual audited financial statements of the Institution and of its subsidiaries, if any (including balance sheets as of the end of the Fiscal Year and the related statement of revenues, expenses and changes in fund balances and, if applicable, income, earnings, and changes in financial position) for such Fiscal Year, prepared in accordance with GAAP and certified by an Independent Accountant;
- (b) a certificate of an Authorized Representative of the Institution that the insurance the Institution maintains complies with the provisions of Section 8.1, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and are in full force and effect and the evidence required by Section 8.1(f);
- (c) copies of any (x) bills, invoices or other evidences of cost as shall have been incurred in connection with the Project Work, and (y) permits, authorizations and licenses from appropriate authorities relative to the occupancy, operation and use of the Facility;
- (d) a certificate of an Authorized Representative of the Institution certifying either (x) the Institution did not take any action described in Section 3.4 resulting in Additional Improvements to the Facility Realty during the preceding Fiscal Year or (y) the Institution did take action or actions described in Section 3.4 resulting in Additional Improvements to the Facility Realty during the preceding Fiscal Year and the Institution complied with the provisions of Section 3.4;
- (e) a certificate of an Authorized Representative of the Institution certifying either (x) the Institution did not take any action described in Section 3.5(a) resulting in the removal of Existing Facility Property having a value in the aggregate exceeding \$75,000 during the preceding Fiscal Year or (y) the Institution did take action or actions described in Section 3.5(a) resulting in the removal of Existing Facility Property having a value in the aggregate exceeding \$75,000 during the preceding Fiscal Year and the Institution complied with the provisions of Section 3.5(a);
- (f) a certificate of an Authorized Representative of the Institution as to whether or not, as of the close of the immediately preceding Fiscal Year, and at all times during such Fiscal Year, the Institution was in compliance with all the provisions that relate to the Institution in this Agreement and in any other Project Document to which it shall be a party, and if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Institution with respect thereto;
- (g) upon twenty (20) days prior request by the Issuer, a certificate of an Authorized Representative of the Institution either stating that to the knowledge of such Authorized Representative after due inquiry there is no default under or breach of any of the terms hereof that exists or, with the passage of time or the giving of notice or both, would constitute an Event of Default hereunder, or specifying each such default or breach of which such Authorized Representative has knowledge;

- (h) employment information requested by the Issuer pursuant to Section 8.7(b); and
- (i) information regarding non-discrimination requested by the Issuer pursuant to Section 8.8.

Section 8.16. Periodic Reporting Information for the Issuer.

- (a) The Institution shall not assert as a defense to any failure of the Institution to deliver to the Issuer any reports specified in this Section 8.16 that the Institution shall not have timely received any of the forms from or on behalf of the Issuer unless, (x) the Institution shall have requested in writing such form from the Issuer not more than thirty (30) days nor less than fifteen (15) days prior to the date due, and (y) the Institution shall not have received such form from the Issuer at least ten (10) Business Days prior to the due date. For purposes of this Section 8.16, the Institution shall be deemed to have "received" any such form if it shall have been directed by the Issuer to a website at which such form shall be available. In the event the Issuer, in its sole discretion, elects to replace one or more of the reports required by this Agreement with an electronic or digital reporting system, the Institution shall make its reports pursuant to such system.
- (b) Annually, by August 1 of each year, commencing on the August 1 immediately following the Closing Date, until the termination of this Agreement, the Institution shall submit to the Issuer the Annual Employment and Benefits Report relating to the period commencing July 1 of the previous year and ending June 30 of the year of the obligation of the filing of such report, in the form prescribed by the Issuer, certified as to accuracy by an officer of the Institution. Upon termination of this Agreement, the Institution shall submit to the Issuer the Annual Employment and Benefits Report relating to the period commencing the date of the last such Report submitted to the Issuer and ending on the last payroll date of the preceding month in the form prescribed by the Issuer, certified as to accuracy by the Institution. Nothing herein shall be construed as requiring the Institution to maintain a minimum number of employees on its respective payroll.
- (c) If there shall have been a tenant, other than the Institution or the School, with respect to all or part of the Facility, at any time during the immediately preceding calendar year, the Institution shall file with the Issuer by the next following February 1, a certificate of an Authorized Representative of the Institution with respect to all tenancies in effect at the Facility, in the form prescribed by the Issuer.
- (d) If there shall have been a subtenant, other than the Institution or the School, with respect to all or part of the Facility, at any time during the twelve-month period terminating on the immediately preceding June 30, the Institution shall deliver to the Issuer by the next following August 1, a completed Subtenant's Employment and Benefits Report with respect to such twelve-month period, in the form prescribed by the Issuer.
- (e) If the Institution shall have had the benefit of a Business Incentive Rate at any time during the twelve-month period terminating on the immediately preceding June 30, the Institution shall deliver to the Issuer by the next following August 1, a completed report required

by the Issuer in connection with the Business Incentive Rate with respect to such twelve-month period, in the form prescribed by the Issuer.

- (f) The Institution shall deliver to the Issuer on August 1 of each year, commencing on the August 1 immediately following the Closing Date, a completed location and contact information report in the form prescribed by the Issuer.
- (g) The Institution shall deliver to the Issuer a copy of any notice given to the MSRB, or posted to the MSRB's Electronic Municipal Market access system or the Securities and Exchange Commission pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission or to the Trustee, promptly after the same is so given.
- (h) The Institution shall promptly deliver to the Issuer written notice if the School's charter for the Facility under the Charter School Act shall have expired or been amended, revoked surrendered or terminated, or if there are any pending or threatened proceedings to effect the same.

Section 8.17. <u>Taxes, Assessments and Charges</u>.

- (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 hereunder, 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 herein called "Impositions". 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 this 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 this 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
- (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 8.18. Compliance with Legal Requirements.

- (a) 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 Charter School Act, the LW Law, the Prevailing Wage Law, and the Earned Sick Time Act, constituting Chapter 8 of Title 20 of the New York City Administrative Code), whether foreseen or unforeseen, ordinary or extraordinary, that shall now or at any time hereafter be binding upon or applicable to the 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. 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 8.18(b) 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 this 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 8.19. 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 hereunder, under the Indenture and under the other Security Documents with respect to the Facility, subject however to the requirement that there be an accompanying representative of the Institution or the School present; provided, however, that the Institution shall not unreasonably delay provision of, or decline to provide, such an accompanying representative. 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 8.20. Restrictions on Dissolution and Merger.

- (a) The Institution covenants and agrees that at all times during the term of this 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 ("**Transfer**") remaining after the Closing Date, except as provided in Section 8.20(b),
 - (v) not consolidate with or merge into another Entity or permit one or more Entities to consolidate with or merge into it ("Merge" or "Merger"), except as provided in Section 8.20(b), 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 Section 8.20(c).

- (b) Notwithstanding Section 8.20(a), the Institution may Merge or participate in a Transfer if the following conditions are satisfied on or prior to the Merger or Transfer, as applicable:
 - (i) when the Institution is the surviving, resulting or transferee Entity,
 - (1) the Institution shall have a net worth (as determined by an Independent Accountant in accordance with GAAP) at least equal to that of the Institution immediately prior to such Merger or Transfer,
 - (2) the Institution shall continue to be a Tax-Exempt Organization,
 - (3) the Institution shall deliver to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such action will not cause the interest on the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes, and
 - (4) the Institution shall deliver to the Issuer a Required Disclosure Statement with respect to itself as surviving Entity in form and substance satisfactory to the Issuer; or
 - (ii) when the Institution is not the surviving, resulting or transferee Entity (the "Successor Institution"),
 - (1) the predecessor Institution (the "**Predecessor Institution**") shall not have been in default under this Agreement or under any other Project Document immediately prior to such Merger or Transfer,
 - (2) the Successor Institution shall be a Tax-Exempt Organization and shall be solvent and subject to service of process in the State and organized under the laws of the State, or under the laws of any other state of the United States and duly qualified to do business in the State,
 - (3) the Successor Institution shall have assumed in writing all of the obligations of the Predecessor Institution contained in this Agreement and in all other Project Documents to which the Predecessor Institution shall have been a party,
 - (4) the Successor Institution shall have delivered to the Issuer a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion,
 - (5) each Principal of the Successor Institution shall have delivered to the Issuer a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion,

- (6) the Successor Institution shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer and the Trustee, an Opinion of Counsel to the effect that (y) this Agreement and all other Project Documents to which the Predecessor Institution shall be a party constitute the legal, valid and binding obligations of the Successor Institution and each is enforceable in accordance with their respective terms to the same extent as it was enforceable against the Predecessor Institution, and (z) such action does not legally impair the security for the Holders of the Bonds afforded by the Security Documents,
- (7) the Successor Institution shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer and the Trustee, an opinion of an Independent Accountant to the effect that the Successor Institution has a net worth (as determined in accordance with GAAP) after the Merger or Transfer at least equal to that of the Predecessor Institution immediately prior to such Merger or Transfer, and
- (8) the Successor Institution delivers to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such action will not cause the interest on the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes.
- (c) If there is a change in Principals of the Institution, or a change in the Control of the Institution, the Institution shall deliver to the Issuer prompt written notice thereof (including all details that would result in a change to Exhibit D "Principals of Institution") to the Issuer together with a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion.

Section 8.21. <u>Preservation of Exempt Status</u>. 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 Tax-Exempt Bonds or permit the same to be used, directly or indirectly, in any trade or business that constitutes an unrelated trade or business as defined in Section 513(a) of the Code or in any trade or business carried on by any Person or Persons who are not governmental units or Tax-Exempt Organizations;
- (c) not directly or indirectly use the proceeds of the Tax-Exempt Bonds to make or finance loans to Persons other than governmental units or Tax-Exempt Organizations, provided that no loan shall be made to another Tax-Exempt Organization unless such organization is using the funds for a purpose that is not an unrelated trade or business for 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 Tax-Exempt Bonds.

Section 8.22. Securities Law Status. The Institution covenants that:

- (a) the Facility shall be operated (y) exclusively for educational or charitable purposes and (z) not for pecuniary profit, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act,
- (b) no part of the net earnings of the Institution shall inure to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act, and
- (c) it shall not perform any act nor enter into any agreement which shall change such status as set forth in this Section.

Section 8.23. Further Assurances. The Institution will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, including Uniform Commercial Code financing statements, at the sole cost and expense of the Institution, as the Issuer or the Trustee deems reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of this Agreement and any rights of the Issuer or the Trustee hereunder, under the Indenture or under any other Security Document.

Section 8.24. <u>Tax Certificate</u>.

- (a) The Institution shall comply and shall cause the School to comply with all of the terms, provisions and conditions set forth in the Tax Certificate, including, without limitation, the making of any payments and filings required thereunder.
- (b) Promptly following receipt of notice from the Trustee as provided in Section 5.07 of the Indenture that the amount on deposit in the Rebate Fund is less than the Rebate Amount, the Institution shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.
- (c) The Institution agrees to pay all costs of compliance with the Tax Certificate and costs of the Issuer relating to any examination or audit of the Bonds by the Internal Revenue Service (including fees and disbursements of lawyers and other consultants).

Section 8.25. Compliance with the Indenture. The Institution will comply with the provisions of the Indenture with respect to the Institution. The Trustee shall have the power, authority, rights and protections provided in the Indenture. The Institution will use its best efforts to cause there to be obtained for the Issuer any documents or opinions of counsel required of the Issuer under the Indenture.

Section 8.26. Special Covenants.

- (a) If the School provides education to any of grades "K" through 8, it must either be (i) registered with the New York State Department of Education, or (ii) evaluated by an independent professional (acceptable to the Issuer in its sole discretion) as providing an education equivalent to that provided by public schools in the State of New York.
- (b) The Institution further covenants that the School shall not discriminate in admissions, hiring, the granting of scholarships or loans, or the administration of educational policies generally.
- (c) The Institution covenants that it will provide standing instructions to the School to submit all payments under the Sublease for direct deposit to the account held under the Depositary Agreement commencing immediately after the Closing Date. The Institution covenants and agrees that such standing instructions to the School shall remain in full force and effect at all times to ensure that all payments under the Sublease are submitted by direct deposit to the account held under the Depositary Agreement for so long as any of the Bonds remain outstanding or unsatisfied, and that such standing instructions to the School shall remain irrevocable so long as any of the obligations of the Institution under this Agreement remain outstanding or unsatisfied.
- (d) The Institution covenants that it shall cause the School to comply with the terms of the Covenant Agreement.

Section 8.27. Continuing Disclosure. The Institution shall enter into and comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. In addition the Institution shall cause the School to comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Agreement, failure of the Institution to comply with the Continuing Disclosure Undertaking shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Holders of at least twenty-five percent (25%) aggregate principal amount in Outstanding Bonds, shall, upon receipt of reasonable indemnification for its fees and costs acceptable to it), and any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Institution to comply with its obligations under this Section 8.27. The Institution agrees that the Issuer shall have no continuing disclosure obligations.

Section 8.28. Reserved.

Section 8.29. Reporting Information for the Trustee. (a) The Institution shall furnish or cause to be furnished to the Trustee:

- (i) as soon as available and in any event within one hundred fifty (150) days after the close of each Fiscal Year, a copy of the annual financial statements of the Institution, including balance sheets as at the end of each such Fiscal Year, and the related statements of income, balances, earnings, retained earnings and changes in financial position for each such Fiscal Year, as audited by the Institution's Independent Accountant and prepared in accordance with GAAP, and
- (ii) as soon as available and in any event within forty-five (45) days after the close of each quarter of each Fiscal Year, a copy of the unaudited financial statements of the Institution, including balance sheets as at the end of such quarter, and the related statements of income, balances, earnings, retained and changes in financial position for such quarter, prepared in accordance with GAAP, certified by an Authorized Representative of the Institution.
- (b) The Institution shall deliver to the Trustee with each delivery of annual financial statements required by Section 8.29(a)(i):
 - (i) a certificate of an Authorized Representative of the Institution:
 - (1) as to whether or not, as of the close of such preceding Fiscal Year, and at all times during such Fiscal Year, the Institution was in compliance with all the provisions which relate to the Institution in this Agreement and in any other Project Document to which it shall be a party, and
 - (2) as to whether or not a Determination of Taxability has occurred, and
 - (3) if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default or Determination of Taxability, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Institution with respect thereto, and
 - (ii) a certificate of an Authorized Representative of the Institution that the insurance it maintains complies with the provisions of Section 8.1 of this Agreement and Section 3.11 of the Mortgage, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and the Trustee and are in full force and effect.
- (c) In addition, upon twenty (20) days prior request by the Trustee, the Institution will execute, acknowledge and deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution either stating that to the knowledge of such

Authorized Representative after due inquiry no default or breach exists hereunder or specifying each such default or breach of which such Authorized Representative has knowledge.

- (d) As promptly (but in any event not later than five (5) Business Days after an Authorized Representative obtains knowledge thereof), the Institution shall immediately notify the Trustee of the occurrence of any Event of Default or any event which with notice and/or lapse of time would constitute an Event of Default under any Project Document. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Institution and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Institution shall state this fact on the notice.
- (e) The Institution shall deliver to the Trustee all insurance-related documents required by Sections 8.1(f)(i), 8.1(f)(ii), 8.1(f)(iii) and 8.1(g).
- (f) The Trustee shall be under no obligation to review the financial statements received under this Section 8.29 for content and shall not be deemed to have knowledge of the contents thereof

Section 8.30. Living Wage.

- (a) The Institution acknowledges and agrees that it has received "financial assistance" as defined in the LW Law. The Institution agrees to comply with all applicable requirements of the LW Law. The Institution acknowledges that the terms and conditions set forth in this Section 8.30 are intended to implement the Mayor's Executive Order No. 7 dated September 30, 2014.
- (b) The following capitalized terms shall have the respective meanings specified below for purposes hereof.

Asserted Cure has the meaning specified in Section 8.30(k)(i).

Asserted LW Violation has the meaning specified in Section 8.30(k)(i).

Comptroller means the Comptroller of The City of New York or his or her designee.

Concessionaire means a Person that has been granted the right by the Institution, an Affiliate of the Institution or any tenant, subtenant, leaseholder or subleaseholder of the Institution or of an Affiliate of the Institution to operate at the Facility Realty for the primary purpose of selling goods or services to natural persons at the Facility Realty.

Covered Counterparty means a Covered Employer whose Specified Contract is directly with the Institution or one of its Affiliates to lease, occupy, operate or perform work at the Facility Realty.

Covered Employer means any of the following Persons: Institution, (b) a Site Affiliate, (c) a tenant, subtenant, leaseholder or subleaseholder of the Institution or of an Affiliate of the Institution that leases any portion of the Facility Realty (or an Affiliate of any such tenant, subtenant, leaseholder or subleaseholder if such Affiliate has one or more direct Site Employees), (d) a Concessionaire that operates on any portion of the Facility Realty, and (e) a Person that contracts or subcontracts with any Covered Employer described in clauses (a), (b), (c) or (d) above to perform work for a period of more than ninety days on any portion of the Facility Realty, including temporary services or staffing agencies, food service contractors, and other on-site service contractors; provided, however, that the term "Covered Employer" shall not include (i) a Person of the type described in Section 6-134(d)(2), (3), (4) or (5) of the New York City Administrative Code, (ii) a Person that has annual consolidated gross revenues that are less than the Small Business Cap unless the revenues of the Person are included in the consolidated gross revenues of a Person having annual consolidated gross revenues that are more than the Small Business Cap, in each case calculated based on the fiscal year preceding the fiscal year in which the determination is being made, and in each case calculated in accordance with generally accepted accounting principles, (iii) any otherwise covered Person operating on any portion of the Facility Realty if residential units comprise more than 75% of the total Facility Realty area and all of the residential units are subject to rent regulation, (iv) any otherwise covered Person that the Issuer has determined (in its sole and absolute discretion) in writing to be exempt on the basis that it works significantly with a Qualified Workforce Program, (v) a Person whose Site Employees all are paid wages determined pursuant to a collective bargaining or labor agreement, (vi) if the Institution is a "covered developer" under and as defined in the Prevailing Wage Law, a Person that is a "building services contractor" (as defined in the LW Law) so long as such Person is paying its "building service employees" (as defined in the Prevailing Wage Law) no less than the applicable "prevailing wage" (as defined in the Prevailing Wage Law), or (vii) a Person exempted by a Deputy Mayor of The City of New York in accordance with the Mayor's Executive Order No. 7 dated September 30, 2014.

DCA means the Department of Consumer Affairs of The City of New York, acting as the designee of the Mayor of The City of New York, or such other agency or designee that the Mayor of The City of New York may designate from time to time.

LW has the same meaning as the term "living wage" as defined in Section 6-134(b)(9) of the New York City Administrative Code and shall be adjusted annually in accordance therewith, except that as of April 1, 2015, the "living wage rate" component of the LW shall be eleven dollars and sixty-five cents per hour (\$11.65/hour) and the "health benefits supplement rate" component of the LW shall be one dollar and sixty-five cents per hour (\$1.65/hour). The annual adjustments to the "living wage rate" and "health benefits supplement rate" will be announced on or around January 1 of each year by the DCA and will go into effect on April 1 of such year.

- **LW Agreement** means, with respect to any Covered Counterparty, an enforceable agreement in the form attached hereto as <u>Exhibit J</u> (except only with such changes as are necessary to make such Covered Counterparty the obligor thereunder).
- **LW Agreement Delivery Date** means, with respect to any Covered Counterparty, the latest of (a) the effective date of such Covered Counterparty's Specified Contract, (b) the date that such Covered Counterparty becomes a Covered Employer at the Facility Realty and (c) the Closing Date.
- LW Event of Default means the satisfaction of the following two conditions: (a) two or more LW Violation Final Determinations shall have been imposed against the Institution or its Site Affiliates in respect of the direct Site Employees of the Institution or its Site Affiliates in any consecutive six year period during the LW Term and (b) the aggregate amount of Owed Monies and Owed Interest paid or payable by the Institution in respect of such LW Violation Final Determinations is in excess of the LW Violation Threshold in effect as of the date of the second LW Violation Final Determination. For the avoidance of doubt, the Owed Monies and Owed Interest paid or payable by the Institution in respect of the Site Employees of a Covered Counterparty that is not an Affiliate of the Institution (pursuant to Section 8.30(k)(v)) shall not count for purposes of determining whether the conditions in clauses (a) and (b) of the preceding sentence have been satisfied.
- **LW Law** means the Fair Wages for New Yorkers Act, constituting Section 6-134 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.
- LW Term means the period commencing on the Closing Date and ending on the later to occur of (a) the date on which the Institution is no longer receiving financial assistance under this Agreement or (b) the date that is ten years after the Project Completion Date.
- **LW Violation Final Determination** has the meaning specified in Section 8.30(k)(i)(1), Section 8.30(k)(i)(2)(A) or Section 8.30(k)(i)(2)(B), as applicable.
- **LW Violation Initial Determination** has the meaning specified in Section 8.30(k)(i)(2).
 - **LW Violation Notice** has the meaning specified in Section 8.30(k)(i).
- **LW Violation Threshold** means \$100,000 multiplied by 1.03ⁿ, where "n" is the number of full years that have elapsed since January 1, 2015.
- **Owed Interest** means the interest accruing on Owed Monies, which interest shall accrue from the relevant date(s) of underpayment to the date that the

Owed Monies are paid, at a rate equal to the interest rate then in effect as prescribed by the superintendent of banks pursuant to Section 14-a of the New York State Banking Law, but in any event at a rate no less than six percent per year.

Owed Monies means, as the context shall require, either (a) the total deficiency of LW required to be paid by the Institution or a Site Affiliate in accordance with this Section 8.30 to the Institution's or its Site Affiliate's (as applicable) direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the "living wage rate" component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the "health benefits supplement rate" component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis; or (b) if the Institution or its Site Affiliate failed to obtain a LW Agreement from a Covered Counterparty as required under Section 8.30(f) below, the total deficiency of LW that would have been required to be paid under such Covered Counterparty's LW Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the "living wage rate" component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the "health benefits supplement rate" component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis, during the period commencing on the LW Agreement Delivery Date applicable to such Covered Counterparty and ending immediately prior to the execution and delivery by such Covered Counterparty of its LW Agreement (if applicable).

Prevailing Wage Law means Section 6-130 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

Qualified Workforce Program means a training or workforce development program that serves youth, disadvantaged populations or traditionally hard-to-employ populations and that has been determined to be a Qualified Workforce Program by the Director of the Mayor's Office of Workforce Development.

Site Affiliates means, collectively, all Affiliates of the Institution that lease, occupy, operate or perform work at the Facility Realty and that have one or more direct Site Employees.

Site Employee means, with respect to any Covered Employer, any natural person who works at the Facility Realty and who is employed by, or contracted or subcontracted to work for, such Covered Employer, including all employees, independent contractors, contingent workers or contracted workers (including persons made available to work through the services of a temporary services, staffing or employment agency or similar entity) that are performing work on a full-time, part-time, temporary or seasonal basis; provided that the term "Site

Employee" shall not include any natural person who works less than seventeen and a half (17.5) hours in any consecutive seven day period at the Facility Realty unless the primary work location or home base of such person is at the Facility Realty (for the avoidance of doubt, a natural person who works at least seventeen and a half (17.5) hours in any consecutive seven day period at the Facility Realty shall thereafter constitute a Site Employee).

Small Business Cap means three million dollars; <u>provided</u> that, beginning in 2015 and each year thereafter, the Small Business Cap shall be adjusted contemporaneously with the adjustment to the "living wage rate" component of the LW using the methodology set forth in Section 6-134(b)(9) of the New York City Administrative Code.

Specified Contract means, with respect to any Person, the principal written contract that makes such Person a Covered Employer hereunder.

- (c) During the LW Term, if and for so long as the Institution is a Covered Employer, the Institution shall pay each of its direct Site Employees no less than an LW. During the LW Term, the Institution shall cause each of its Site Affiliates that is a Covered Employer to pay their respective Site Employees no less than an LW.
- Employer (or if and for so long as a Site Affiliate is a Covered Employer, as applicable), the Institution shall (or shall cause the applicable Site Affiliate to, as applicable), on or prior to the day on which each direct Site Employee of the Institution or of a Site Affiliate begins work at the Facility Realty, (i) post a written notice detailing the wages and benefits required to be paid to Site Employees under this Section 8.30 in a conspicuous place at the Facility Realty that is readily observable by such direct Site Employee and (ii) provide such direct Site Employee with a written notice detailing the wages and benefits required to be paid to Site Employees under this Section 8.30. Such written notice shall also provide a statement advising Site Employees that if they have been paid less than the LW they may notify the Comptroller and request an investigation. Such written notice shall be in English and Spanish.
- (e) During the LW Term, if and for so long as the Institution is a Covered Employer (or if and for so long as a Site Affiliate is a Covered Employer, as applicable), the Institution shall not (or the applicable Site Affiliate shall not, as applicable) take any adverse employment action against any Site Employee for reporting or asserting a violation of this Section 8.30.
- (f) During the LW Term, regardless of whether the Institution is a Covered Employer, the Institution shall cause each Covered Counterparty to execute an LW Agreement on or prior to the LW Agreement Delivery Date applicable to such Covered Counterparty. The Institution shall deliver a copy of each Covered Counterparty's LW Agreement to the Issuer, the DCA and the Comptroller at the notice address specified in Section 12.5 and promptly upon written request. The Institution shall retain copies of each Covered Counterparty's LW Agreement until six (6) years after the expiration or earlier termination of such Covered Counterparty's Specified Contract.

- (g) During the LW Term, in the event that an individual with managerial authority at the Institution or at a Site Affiliate receives a written complaint from any Site Employee (or such individual otherwise obtains actual knowledge) that any Site Employee has been paid less than an LW, the Institution shall deliver written notice to the Issuer, the DCA and the Comptroller within 30 days thereof.
- The Institution hereby acknowledges and agrees that the City, the DCA and the Comptroller are each intended to be third party beneficiaries of the terms and provisions of this Section 8.30. The Institution hereby acknowledges and agrees that the DCA, the Comptroller and the Issuer shall each have the authority and power to enforce any and all provisions and remedies under this Section 8.30 in accordance with paragraph (k) below. The Institution hereby agrees that the DCA, the Comptroller and the Issuer may bring an action for damages (but not in excess of the amounts set forth in paragraph (k) below), injunctive relief or specific performance or any other non-monetary action at law or in equity, in each case subject to the provisions of paragraph (k) below, as may be necessary or desirable to enforce the performance or observance of any obligations, agreements or covenants of the Institution (or of any Site Affiliate) under this Section 8.30. Notwithstanding anything herein to the contrary, no default or Event of Default under this Agreement shall occur by reason of the Institution's failure to perform or observe any obligation, covenant or agreement contained in this Section 8.30 unless and until an LW Event of Default shall have occurred. The agreements and acknowledgements of the Institution set forth in this Section 8.30 may not be amended, modified or rescinded by the Institution without the prior written consent of the Issuer or the DCA.
- (i) No later than 30 days after the Institution's receipt of a written request from the Issuer, the DCA and/or the Comptroller, the Institution shall provide to the Issuer, the DCA and the Comptroller (i) a certification stating that all of the direct Site Employees of the Institution and its Site Affiliates are paid no less than an LW (if such obligation is applicable hereunder) and stating that the Institution and its Site Affiliates are in compliance with this Section 8.30 in all material respects, (ii) a written list of all Covered Counterparties, together with the LW Agreements of such Covered Counterparties, (iii) certified payroll records in respect of the direct Site Employees of the Institution or of any Site Affiliate (if applicable), and/or (iv) any other documents or information reasonably related to the determination of whether the Institution or any Site Affiliate is in compliance with their obligations under this Section 8.30.
- (j) Annually, by August 1 of each year during the LW Term, the Institution shall (i) submit to the Issuer a written report in respect of employment, jobs and wages at the Facility Realty as of June 30 of such year, in a form provided by the Issuer to all projects generally, and (ii) submit to the Issuer and the Comptroller the annual certification required under Section 6-134(f) of the LW Law (if applicable).

(k) Violations and Remedies.

(i) If a violation of this Section 8.30 shall have been alleged by the Issuer, the DCA and/or the Comptroller, then written notice will be provided to the Institution for such alleged violation (an "<u>LW Violation Notice</u>"), specifying the nature of the alleged violation in such reasonable detail as is known to the Issuer, the DCA and

the Comptroller (the "<u>Asserted LW Violation</u>") and specifying the remedy required under Section 8.30(k)(ii), (iii), (iv), (v) and/or (vi) (as applicable) to cure the Asserted LW Violation (the "<u>Asserted Cure</u>"). Upon the Institution's receipt of the LW Violation Notice, the Institution may either:

- (1) Perform the Asserted Cure no later than 30 days after its receipt of the LW Violation Notice (in which case a "<u>LW Violation Final Determination</u>" shall be deemed to exist), or
- (2) Provide written notice to the Issuer, the DCA and the Comptroller indicating that it is electing to contest the Asserted LW Violation and/or the Asserted Cure, which notice shall be delivered no later than 30 days after its receipt of the LW Violation Notice. The Institution shall bear the burdens of proof and persuasion and shall provide evidence to the DCA no later than 45 days after its receipt of the LW Violation Notice. The DCA shall then, on behalf of the City, the Issuer and the Comptroller, make a good faith determination of whether the Asserted LW Violation exists based on the evidence provided by the Institution and deliver to the Institution a written statement of such determination in reasonable detail, which shall include a confirmation or modification of the Asserted LW Violation and Asserted Cure (such statement, a "LW Violation Initial Determination"). Upon the Institution's receipt of the LW Violation Initial Determination, the Institution may either:
 - (A) Accept the LW Violation Initial Determination and shall perform the Asserted Cure specified in the LW Violation Initial Determination no later than 30 days after its receipt of the LW Violation Initial Determination (after such 30 day period has lapsed, but subject to clause (B) below, the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination"), or
 - (B) Contest the LW Violation Initial Determination by filing in a court of competent jurisdiction or for an administrative hearing no later than 30 days after its receipt of the LW Violation Initial Determination, in which case, the Institution's obligation to perform the Asserted Cure shall be stayed pending resolution of the action. If no filing in a court of competent jurisdiction or for an administrative hearing is made to contest the LW Violation Initial Determination within 30 days after the Institution's receipt thereof, then the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination". If such a filing is made, then a "LW Violation Final Determination" will be deemed to exist when the matter has been finally adjudicated. The Institution shall perform the Asserted Cure (subject to the judicial decision) no later than 30 days after the LW Violation Final Determination.
- (ii) For the first LW Violation Final Determination imposed on the Institution or any Site Affiliate in respect of any direct Site Employees of the Institution

or of a Site Affiliate, at the direction of the Issuer or the DCA (but not both), (A) the Institution shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of the Institution or of a Site Affiliate to such direct Site Employees; and/or (B) in the case of a violation that does not result in monetary damages owed by the Institution, the Institution shall cure, or cause the cure of, such non-monetary violation.

- (iii) For the second and any subsequent LW Violation Final Determinations imposed on the Institution or any Site Affiliate in respect of any direct Site Employees of the Institution or of a Site Affiliate, at the direction of the Issuer or the DCA (but not both), (A) the Institution shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of the Institution or of a Site Affiliate to such direct Site Employees, and the Institution shall pay fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee; and/or (B) in the case of a violation that does not result in monetary damages owed by the Institution, the Institution shall cure, or cause the cure of, such non-monetary violation.
- (iv) For the second and any subsequent LW Violation Final Determinations imposed on the Institution or any Site Affiliate in respect of any direct Site Employees of the Institution or of a Site Affiliate, if the aggregate amount of Owed Monies and Owed Interest paid or payable by the Institution in respect of the direct Site Employees of the Institution or of a Site Affiliate is in excess of the LW Violation Threshold for all past and present LW Violation Final Determinations imposed on the Institution or any Site Affiliate, then in lieu of the remedies specified in subparagraph (iii) above and at the direction of the Issuer or the DCA (but not both), the Institution shall pay (A) two hundred percent (200%) of the Owed Monies and Owed Interest in respect of the present LW Violation Final Determination to the affected direct Site Employees of the Institution or of a Site Affiliate, and (B) fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee.
- (v) If the Institution fails to obtain an LW Agreement from its Covered Counterparty in violation of paragraph (f) above, then at the discretion of the Issuer or the DCA (but not both), the Institution shall be responsible for payment of the Owed Monies, Owed Interest and other payments described in subparagraphs (ii), (iii) and (iv) above (as applicable) as if the direct Site Employees of such Covered Counterparty were the direct Site Employees of the Institution.
- (vi) The Institution shall not renew the Specified Contract of any specific Covered Counterparty or enter into a new Specified Contract with any specific Covered Counterparty if both (A) the aggregate amount of Owed Monies and Owed Interest paid or payable by such Covered Counterparty in respect of its direct Site Employees for all past and present LW Violation Final Determinations (or that would have been payable had such Covered Counterparty entered into an LW Agreement) is in excess of the LW Violation Threshold and (B) two or more LW Violation Final Determinations against such Covered Counterparty (or in respect of the direct Site Employees of such Covered Counterparty) occurred within the last 6 years of the term of the applicable Specified Contract (or if the term thereof is less than 6 years, then during the term thereof); provided that the foregoing shall not preclude the Institution from

extending or renewing a Specified Contract pursuant to any renewal or extension options granted to the Covered Counterparty in the Specified Contract as in effect as of the LW Agreement Delivery Date applicable to such Covered Counterparty.

- (vii) It is acknowledged and agreed that (A) other than as set forth in Section 8.2, the sole monetary damages that the Institution may be subject to for a violation of this Section 8.30 are as set forth in this paragraph (k), and (B) in no event will the Specified Contract between the Institution and a given Covered Counterparty be permitted to be terminated or rescinded by the Issuer, the DCA or the Comptroller by virtue of violations by the Institution or another Covered Counterparty.
- (l) The terms and conditions set forth in this Section 8.30 shall survive the expiration or earlier termination of this Agreement.

Section 8.31. Prohibition on Additional Indebtedness. The Institution may incur additional indebtedness, including Additional Bonds issued pursuant to Section 2.07 of the Indenture; provided in all cases that such indebtedness shall meet the requirements of Section 3(E) of the Covenant Agreement and shall be incurred to benefit the School.

Section 8.32. Project Work Covenants.

- (a) The Institution hereby covenants to include the insurance requirements set forth in Section 8.1 in the contract with its CM and/or GC for the Project Work and in particular to expressly require in such contract that the CM and/or GC will name the Issuer and the Trustee as additional insureds by endorsement, without regard to privity of contract on the CGL policy. Further, the Institution shall furnish or cause to be furnished to the Issuer and the Trustee a copy of any such contract in substantially final form evidencing the requirements of the prior sentence at least fifteen (15) days prior to the date of execution thereof.
- (b) The Institution hereby covenants that it will provide the Issuer with an executed CM or GC certificate substantially in the form attached hereto as <u>Exhibit K</u> prior to the commencement of the Project Work.
- (c) The Institution hereby covenants that it will provide the Issuer with an executed Architect certificate substantially in the form attached hereto as Exhibit L prior to the commencement of the Project Work.

ARTICLE IX

REMEDIES AND EVENTS OF DEFAULT

Section 9.1. Events of Default. Any one or more of the following events shall constitute an "Event of Default" hereunder:

- (a) Failure of the Institution to pay any loan payment that has become due and payable by the terms of Section 4.3(a) or (e) which results in an Event of Default under the Indenture;
- (b) Failure of the Institution to pay any amount (except as set forth in Section 9.1(a)) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under Sections 5.1, 8.1, 8.2, 8.3, 8.9, 8.11, 8.13, 8.17, 8.18, 8.20, 8.21, 8.22, 8.26, 8.29, 8.31, 8.32, 9.7, 11.2 or 11.3 or Article VI and continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the 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 hereunder on its part to be performed (except as set forth in Section 9.1(a), or (b)) and (i) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the 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 hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner or acquiesce in writing to, any petition filed against itself in an involuntary case under the Federal Bankruptcy Code, (vii) take any action for the purpose of effecting any of the foregoing, or (viii) be adjudicated a bankrupt or insolvent by any court;
- (e) A proceeding or case shall be commenced, without the application or consent of the 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 Federal Bankruptcy Code; the terms "dissolution" or "liquidation" of the Institution as used above shall not be construed to prohibit any action otherwise permitted by Section 8.20:

- (f) Any representation or warranty made by the Institution (i) in the application and related materials submitted to the Issuer or the Underwriter of the Bonds for approval of the Project or its financing, or (ii) herein or in any other Project Document, or (iii) in the Letter of Representation and Indemnification of the Institution, 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 hereto or any of the foregoing, shall in any case prove to be false, misleading or incorrect in any material respect as of the date made;
- (g) The commencement of proceedings to appoint a receiver or to foreclose any mortgage lien on or security interest in the Facility including the Mortgage, and such proceedings shall continue undismissed for ninety (90) days;
- (h) An "Event of Default" under the Indenture or under any other Security Document shall occur and be continuing;
 - (i) The occurrence of an LW Event of Default; or
- (j) Failure of the Institution to pay the amount required of it under Section 4.3(a)(vi) when required thereunder.
- **Section 9.2.** Remedies on Default. (a) Whenever any Event of Default referred to in Section 9.1 shall have occurred and be continuing, the Issuer, or the Trustee where so provided, may, take any one or more of the following remedial steps:
 - (i) The Trustee, as and to the extent provided in Article VIII of the Indenture, may cause all principal installments of loan payments payable under Section 4.3(a) until the Bonds are no longer Outstanding to be immediately due and payable, whereupon the same, together with the accrued interest thereon, shall become immediately due and payable; provided, however, that upon the occurrence of an Event of Default under Section 9.1(d) or (e), all principal installments of loan payments payable under Section 4.3(a) until the Bonds are no longer Outstanding, together with the accrued interest thereon, shall immediately become due and payable without any declaration, notice or other action of the Issuer, the Trustee, the Holders of the Bonds or any other Person being a condition to such acceleration;
 - (ii) The Issuer or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the loan payments then due and

thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Institution under this Agreement; and

- (iii) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder.
- (b) Upon the occurrence of a default with respect to any of the Issuer's Reserved Rights, the Issuer, without the consent of the Trustee or any other Person, may proceed to enforce the Issuer's Reserved Rights by
 - (i) bringing an action for damages, injunction or specific performance, and/or
 - (ii) taking whatever action at law or in equity as may appear necessary or desirable to collect payment of amounts due by the 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 this Section 9.2 or by operation of law or otherwise shall, except as expressly provided herein, relieve the Institution from the Institution's obligations hereunder, all of which shall survive any such action.

Section 9.3. Bankruptcy Proceedings. In case proceedings shall be pending for the bankruptcy or for the reorganization of the 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 this Agreement and the Promissory Note, irrespective of whether the principal of the Bonds (and the loan payments payable pursuant to the Promissory Note and Section 4.3(a)) shall have been accelerated by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand for payment hereunder or thereunder, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the 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 hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 9.4. Remedies Cumulative. The rights and remedies of the Issuer or the Trustee under this Agreement shall be cumulative and shall not exclude any other rights and remedies of the Issuer or the Trustee allowed by law with respect to any default under this Agreement. Failure by the Issuer or the Trustee to insist upon the strict performance of any of

the covenants and agreements herein set forth or to exercise any rights or remedies upon default by the Institution hereunder shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy the strict compliance by the Institution with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such default by the Institution be continued or repeated.

Section 9.5. No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Issuer and/or the Trustee and the Institution or any delay or omission on the part of the Issuer and/or the Trustee in exercising any rights hereunder or under the Indenture or under any other Security Document shall operate as a waiver. To the extent permitted by applicable law, the Institution hereby waives the benefit and advantage of, and covenants not to assert against the Issuer or the Trustee, any valuation, inquisition, stay, appraisement, extension or redemption laws now existing or which may hereafter exist.

Section 9.6. Effect on Discontinuance of Proceedings. In case any proceeding taken by the Issuer or the Trustee under the Indenture or this Agreement or under any other Security Document on account of any Event of Default hereunder or thereunder shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Issuer or the Trustee, then, and in every such case, the Issuer, the Trustee and the Holders of the Bonds shall be restored, respectively, to their former positions and rights hereunder and thereunder, and all rights, remedies, powers and duties of the Issuer and the Trustee shall continue as in effect prior to the commencement of such proceedings.

Section 9.7. Agreement to Pay Fees and Expenses of Attorneys and Other Consultants. In the event the Institution should default under any of the provisions of this Agreement, and the Issuer or the Trustee should employ outside attorneys or other consultants or incur other expenses for the collection of loan payments or other amounts payable hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Institution herein 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 9.8. <u>Certain Continuing Representations</u>. If at any time during the term of this Agreement, any Conduct Representation made by the Institution would, if made on any date while Bonds are Outstanding and deemed made as of such date, be false, misleading or incorrect in any material respect, then, the Institution shall be deemed to be in default under this Agreement unless the Issuer shall, upon written request by the Institution, either waive such default in writing or consent in writing to an exception to such representation or warranty so that such representation or warranty shall no longer be false, misleading or incorrect in a material respect. Upon the occurrence of any such default, the Issuer shall have the right to require the redemption of the Bonds in accordance with Section 11.3(a).

Section 9.9. Late Delivery Fees.

- (a) In the event the Institution shall fail:
- (i) to pay the Annual Administrative Fee on the date required under Section 8.3,
- (ii) to file and/or deliver any of the documents required of the Institution under Section 8.14 or Section 8.16 by the date therein stated (collectively, the "Fixed Date Deliverables"), or
- (iii) to deliver to the Issuer (within the timeframe specified in Section 8.15) any of the documents as shall have been requested by the Issuer of the Institution under Section 8.15 (collectively, the "**Requested Document Deliverables**"),

then the Issuer may charge the Institution on a daily calendar basis commencing with the day immediately following the date on which the payment, filing or delivery was due (the "Due Date"), the Per Diem Late Fee.

- **Deliver**") to the Institution of such failure to deliver on the Due Date the Annual Administrative Fee, a Fixed Date Deliverable and/or a Requested Document Deliverable, and such payment or document shall not be delivered to the Issuer within ten (10) Business Days following delivery by the Issuer to the Institution of the Notification of Failure to Deliver, then, commencing from and including the eleventh (11th) Business Day following the delivery by the Issuer to the Institution of the Notification of Failure to Deliver, the Issuer may charge the Institution on a daily calendar basis the Per Diem Supplemental Late Fee in respect of each noticed failure which shall be in addition to, and be imposed concurrently with, the applicable Per Diem Late Fee.
- (c) The Per Diem Late Fee and the Per Diem Supplemental Late Fee shall each, if charged by the Issuer, (i) accrue until the Institution delivers to the Issuer the Annual Administrative Fee, the Fixed Date Deliverable(s) and/or the Requested Document Deliverable(s), as the case may be, and (ii) be incurred on a daily basis for each such Annual Administrative Fee, Fixed Date Deliverable and/or Requested Document Deliverable as shall not have been delivered to the Issuer on the Due Date.
- (d) No default on the part of the Institution under Section 8.3, 8.14, 8.15 or 8.16 of this Agreement to deliver to the Issuer an Annual Administrative Fee, a Fixed Date Deliverable or a Requested Document Deliverable shall be deemed cured unless the Institution shall have delivered same to the Issuer and paid to the Issuer all accrued and unpaid Per Diem Fees in connection with the default.

Section 9.10. <u>Issuer Approval of Certain Non-Foreclosure Remedies</u>. Notwithstanding any other remedy or other action available under the Indenture or otherwise under any other Security Document or at law, no remedy or other action (whether exercised by the Trustee or the Holders of the Bonds) shall have the effect of (x) continuing the exemption from the mortgage recording tax of the Mortgage upon any restructuring of the underlying indebtedness secured by the Mortgage (a "Mortgage Restructuring"), (y) modifying or

terminating the Indenture or this Agreement (other than a termination of the Indenture in connection with the retirement of all of the Outstanding Bonds in accordance with the discharge provisions of the Indenture) (a "Security Document Action") or (z) substituting for the Borrower and/or the School, as applicable, a new Entity to either be a counterparty to the Issuer under this Agreement or to use all or a portion of the Facility (a "Substitute Entity"), unless, in either case, all material facts relating to either the Mortgage Restructuring, the Security Document Action and/or the Substitute Entity shall have been set forth in a writing delivered to the Issuer and (i) the Mortgage Restructuring, the Security Document Action and/or the Substitute Entity shall be approved in writing by the Issuer, such approval not to be unreasonably withheld or delayed (and which approval may, in the sole discretion of the Issuer, be subject to action by the Issuer's Board of Directors), and (ii) there shall be delivered to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such Mortgage Restructuring, Security Document Action and/or Substitute Entity shall not cause the interest on any Outstanding Tax-Exempt Bonds to become subject to federal income taxation by reason of any such Mortgage Restructuring, Security Document Action and/or Substitute Entity. For the avoidance of doubt, no Issuer consent is required hereby for the commencement of a foreclosure action under the Mortgage. In connection with the retirement or surrender for cancellation of all of the Outstanding Bonds (other than as a result of the payment in full of all Outstanding Bonds), the Trustee agrees to provide written notice to the Issuer of such retirement or cancellation promptly upon the earlier of (i) the Trustee's receipt of direction to effectuate such retirement or cancellation, and (ii) the Trustee's receipt of surrendered Bonds for cancellation, but in no event later than fourteen (14) Business Days after the occurrence of the event set forth in clause (i) or (ii).

ARTICLE X

TERMINATION OF THIS AGREEMENT

Section 10.1. <u>Termination of this Agreement</u>.

- (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 Article X of the Indenture, but not later than the receipt by the Institution of ten (10) days prior written notice from the Issuer directing termination of this Agreement, the Institution shall terminate this Agreement by giving the Issuer notice in writing of such termination and thereupon such termination shall forthwith become effective, subject, however, to (x) the delivery of those documents referred to in Section 10.2, and (y) the survival of those obligations of the Institution set forth in Section 10.3.
- **Section 10.2.** <u>Actions on Termination</u>. (a) As a condition precedent to the termination of this Agreement, the Institution shall:
 - (i) pay to the Trustee
 - (A) the expenses of redemption, the fees and expenses of the Trustee, the Bond Registrar and the Paying Agents and all other amounts due and payable under this Agreement and the other Security Documents, and
 - (B) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Certificate; and
 - (ii) pay to the Issuer
 - (A) the fees and expenses of the Issuer payable under this Agreement and the other Security Documents, and
 - (B) all other amounts due and payable under this Agreement and the other Security Documents,
 - (iii) pay and perform all accrued obligations hereunder or under any other Project Document,
 - (iv) deliver or cause to be delivered to the Issuer with respect to any mortgage exempt from the payment of mortgage recording tax by reason of the Issuer being a party thereto, an executed satisfaction of such mortgage in recordable form, executed by the mortgagee, and
 - (v) effect at its own cost and expense the proper recording and filing of all instruments terminating, satisfying and discharging the Security Documents.

(b) Upon the termination of this Agreement in accordance with Section 10.1, the Issuer will deliver or cause to be delivered, at the sole cost and expense of the Institution, to the Institution (i) a termination of this Agreement, and (ii) all necessary documents releasing all of the Issuer's rights and interests in and to any rights of action under this Agreement (other than as against the Institution or any insurer of the insurance policies under Section 8.1), or any insurance proceeds (other than liability insurance proceeds for the benefit of the Issuer) or condemnation awards, with respect to the Facility or any portion thereof. Concurrently with the delivery of such instruments, there shall be delivered by the Issuer (at the sole cost and expense of the Institution) to the Trustee any instructions or other instruments required by Article X of the Indenture to defease and pay the Outstanding Bonds, together with a direction to the Trustee that the Trustee deliver to the Issuer and the Institution a release, satisfaction or termination of the Indenture and of the mortgage lien and security interest of the Mortgage on the Mortgaged Property.

Section 10.3. <u>Survival of Institution Obligations</u>. Upon compliance with Section 10.2, this Agreement and all obligations of the Institution hereunder shall be terminated except the obligations of the Institution under Sections 5.1, 8.2, 8.24, 8.30, 9.2, 9.3, 9.7, 9.9, 12.4, 12.5, 12.6, 12.11, 12.13 and 12.14 shall survive such termination.

ARTICLE XI

CERTAIN PROVISIONS RELATING TO THE BONDS

Section 11.1. <u>Issuance of Additional Bonds</u>. If a Series of Additional Bonds is to be issued pursuant to the Indenture, the Issuer and the Institution shall enter into an amendment to this Agreement, and the Institution shall execute and deliver a new Promissory Note, in each case providing, among other things, for the payment by the Institution of such additional loan payments as are necessary in order to amortize in full the principal of and interest on such Series of Additional Bonds and any other costs in connection therewith.

Any such completion, repair, relocation, replacement, rebuilding, restoration, additions, extensions or improvements shall become a part of the Facility and shall be included under this Agreement to the same extent as if originally included hereunder.

Section 11.2. <u>Determination of Taxability</u>. (a) If any Holder of Tax-Exempt Bonds receives from the Internal Revenue Service a notice of assessment and demand for payment with respect to interest on any Tax-Exempt Bond, an appeal may be taken by such Holder at the option of either such Holder or the 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 Tax-Exempt Bonds shall be required to disclose or furnish any non-publicly disclosed information, including without limitation, financial information and tax returns. Before the taking of any appeal which the 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 Section shall be absolute and unconditional, and the failure of the Issuer, the Trustee or any other Person to execute or deliver or cause to be delivered any documents or to take any action required under this Agreement or otherwise shall not relieve the Institution of its obligation under this Section.
- (c) Not later than one hundred eighty (180) days following a Determination of Taxability, at a Redemption Price equal to the principal amount thereof, together with accrued interest to the Redemption Date, the Institution shall pay to the Trustee an amount sufficient, when added to the amounts then in the Bond Fund and in the other funds established under the Indenture and available for such purpose, to retire and redeem all Tax-Exempt Bonds then Outstanding, in accordance with the Indenture. The Tax-Exempt Bonds shall be redeemed in whole unless redemption of a portion of the Tax-Exempt Bonds Outstanding would have the result that interest payable on the Tax-Exempt Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Tax-Exempt Bond. In such event, the Tax-Exempt Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

Section 11.3. Mandatory Redemption of Bonds as Directed by the Issuer.

- (a) Upon the determination by the Issuer that (i) the 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 this 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 Section 9.8, any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (iv) a Required Disclosure Statement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its sole discretion, the 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 Section 8.1, 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 11.4. Mandatory Redemption As a Result of Project Gifts or Grants.

(a) If, prior to completion of the construction of a component of the Project, the Institution receives any gift or grant required by the terms thereof to be used to pay any item which is a cost of such component of the Project, the Institution shall apply such gift or grant to completion of the construction of such component of the Project. In the event that the amount of such gift or grant is in excess of the amount necessary to complete such component of the Project, and if proceeds of the Tax-Exempt Bonds (i) have been expended on such component of the Project more than eighteen (18) months prior to the receipt of such gift or grant, or (ii) (A) have been expended on such component of the Project not more than eighteen (18) months prior to the receipt of such gift or grant and (B) the aggregate amount of Project Costs not otherwise provided for is less than the amount of Tax-Exempt Bond proceeds expended on such component of the Project, the Institution shall cause the Trustee to effect a redemption of Tax-Exempt Bonds

in a principal amount equal to such excess only to the extent to which proceeds of the Tax-Exempt Bonds were expended for such component.

- If, after completion of the construction of a component of the Project, the Institution receives any gift or grant which prior to such completion it reasonably expected to receive and which is required by the terms thereof to be used to pay any item which is a cost of such component of the Project, and if proceeds of the Tax-Exempt Bonds (i) have been expended on such component of the Project more than eighteen (18) months prior to the earlier of the date on which Tax-Exempt Bond proceeds were expended thereon or the placed in service date of such component, or (ii) (A) have been expended on such component of the Project not more than eighteen (18) months prior to the earlier of the date on which Tax-Exempt Bond proceeds were expended thereon or the placed in service date of such component and (B) the aggregate amount of Project Costs not otherwise provided for is less than the amount of Tax-Exempt Bond proceeds expended on such component of the Project, the Institution shall, to the extent not inconsistent with the terms of such gift or grant, deposit an amount equal to such gift or grant with the Trustee for deposit into the Redemption Account of the Bond Fund and cause the Trustee to effect a redemption of the Tax-Exempt Bonds in a principal amount equal to such gift or grant, but only to the extent to which proceeds of Tax-Exempt Bonds were expended for such component.
- (c) The Institution shall, prior to directing the redemption of any Tax-Exempt Bonds in accordance with this Section 11.4, consult with Nationally Recognized Bond Counsel for advice as to a manner of selection of Tax-Exempt Bonds for redemption that will not affect the exclusion of interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income tax purposes.

Section 11.5. Right to Cure Issuer Defaults. The Issuer hereby grants the Institution full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged to constitute a default in any notice received by the Institution, in the name and stead of the Issuer, with full power of substitution.

Section 11.6. 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 this Agreement, whether by direct negotiation through a broker or dealer, or by making a tender offer to the Holders thereof, or otherwise.

Section 11.7. <u>Investment of Funds</u>. Any moneys held as part of the Rebate Fund, the Earnings Fund, the Project Fund, the Bond Fund, the Debt Service Reserve Fund, the Repair and Replacement Fund or the Renewal Fund or in any special fund provided for in this Agreement or in the Indenture to be invested in the same manner as in any said Fund shall, at the written request of an Authorized Representative of the 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.

ARTICLE XII

MISCELLANEOUS

Section 12.1. Force Majeure. In case by reason of force majeure either party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then except as otherwise expressly provided in this Agreement, if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice (other than (i) the obligations of the Institution to make the loan payments or other payments required under the terms hereof, or (ii) the obligations of the Institution to comply with Section 5.1, 8.1 or 8.2), so far as they are affected by such force majeure, shall be suspended during the continuance of the inability then claimed, which shall include a reasonable time for the removal of the effect thereof, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or of the State or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrest, restraining of government and people, war, terrorism, civil disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other act or event so long as such act or event is not reasonably foreseeable and is not reasonably within the control of the party claiming such inability. Notwithstanding anything to the contrary herein, in no event shall the Institution's financial condition or inability to obtain financing constitute a force majeure. It is understood and agreed that the requirements that any force majeure shall be reasonably beyond the control of the party and shall be remedied with all reasonable dispatch shall be deemed to be satisfied in the event of a strike or other industrial disturbance even though existing or impending strikes or other industrial disturbances could have been settled by the party claiming a force majeure hereunder by acceding to the demands of the opposing person or persons.

The Institution shall promptly notify the Issuer and the Trustee upon the occurrence of each *force majeure*, describing such *force majeure* and its effects in reasonable detail. The Institution shall also promptly notify the Issuer and the Trustee upon the termination of each such *force majeure*. The information set forth in any such notice shall not be binding upon the Issuer or the Trustee, and the Issuer or the Trustee shall be entitled to dispute the existence of any *force majeure* and any of the contentions contained in any such notice received from the Institution.

Section 12.2. <u>Assignment of Mortgage</u> and <u>Pledge under Indenture</u>. Pursuant to (i) the Mortgage, the Institution will mortgage its leasehold interest in the Mortgaged Property to the Issuer and the Trustee as security for the Bonds and the obligations of the Institution under the Security Documents, (ii) the Assignment of Mortgage, the Issuer will assign all of its right, title and interest in the Mortgage to the Trustee, and (iii) the Indenture, the Issuer will pledge and assign the Promissory Note and the loan payments and certain other moneys receivable under this Agreement to the Trustee as security for payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on the Bonds. The Institution hereby consents to the Issuer's pledge and assignment to the Trustee of all its

right, title and interest in the Mortgage, the Promissory Note and this Agreement (except for the Issuer's Reserved Rights).

Section 12.3. <u>Amendments.</u> This 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 hereto.

Section 12.4. Service of Process. The Institution represents that it is subject to service of process in the State and covenants that it will remain so subject until all obligations, covenants and agreements of the Institution under this Agreement shall be satisfied and met. If for any reason the Institution should cease to be so subject to service of process in the State, the Institution hereby irrevocably consents to the service of all process, pleadings, notices or other papers in any judicial proceeding or action by designating and appointing Chair-President of the Institution at 646 Fifth Avenue, Brooklyn, New York 11215 or such other person at such other address located in the State as may from time to time be identified by notice delivered to the Trustee and the Issuer, as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Institution as a result of any of its obligations under this Agreement. If such appointed agent shall cease to act or otherwise cease to be subject to service of process in the State and the Institution fails to appoint a new agent located at an address in the State and deliver notice thereof to the Trustee and the Issuer, the Institution hereby irrevocably designates and appoints the Secretary of State of the State of New York as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Institution as a result of any of its obligations under this Agreement; provided, however, that the service of such process, pleadings, notices or other papers shall not constitute a condition to the Institution's obligations hereunder.

For such time as any of the obligations, covenants and agreements of the Institution under this Agreement remain unsatisfied, the Institution's agent(s) designated in this Section 12.4 shall accept and acknowledge on the Institution's behalf each service of process in any such suit, action or proceeding brought in any such court. The Institution agrees and consents that each such service of process upon such agents and written notice of such service to the Institution in the manner set forth in Section 12.5 shall be taken and held to be valid personal service upon the Institution whether or not the Institution shall then be doing, or at any time shall have done, business within the State and that each such service of process shall be of the same force and validity as if service were made upon the Institution according to the laws governing the validity and requirements of such service in the State, and waives all claim of error by reason of any such service.

Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Institution or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Institution.

Section 12.5. <u>Notices</u>. Any notice, demand, direction, certificate, Opinion of Counsel, request, instrument or other communication authorized or required by this Agreement to be given to or filed with the Issuer, the Institution, the Trustee, the School, the DCA or the Comptroller shall be sufficient if sent (i) by return receipt requested or registered or certified

United States mail, postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

(1) if to the Issuer, to

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

with a copy to

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

(2) if to the Institution, to

Friends of Hellenic Classical Charter Schools, Inc. 646 5th Avenue,
Brooklyn, New York 11215
Attention: Charles Capetanakis, Chair-President

with a copy to

Windels Marx Lane & Mittendorf, LLP 156 West 56th Street New York, New York 10019 Attention: Michele Arbeeny, Esq.

(3) if to the School, to

Hellenic Classical Charter Schools 646 5th Avenue, Brooklyn, New York 11215 Attention: Charles Capetanakis, Chair

if to the Trustee, to
 The Bank of New York Mellon
 240 Greenwich Street, Floor 7W
 New York, New York 10286
 Attention: Corporate Trust Administration

(5) if to the DCA, to

Department of Consumer Affairs of The City of New York 42 Broadway New York, New York 10004 Attention: Living Wage Division

(6) if to the Comptroller, to

Office of the Comptroller of The City of New York One Centre Street New York, New York 10007 Attention: Chief, Bureau of Labor Law

The Issuer, the Institution, the School, the Trustee, the DCA and the Comptroller may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

Section 12.6. Consent to Jurisdiction. The Institution irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of this Agreement or any other Project Document, the Facility, the Project, the relationship between the Issuer and the Institution, the Institution's ownership, use or occupancy of the Facility and/or any claim for injury or damages may be brought in the courts of record of the State in New York County or the United States District Court for the Southern District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (A) to move to dismiss on grounds of forum non conveniens, (B) to remove to any federal court other than the United States District Court for the Southern District of New York, and (C) to move for a change of venue to a New York State Court outside New York County.

If the Institution commences any action against the Issuer or the Trustee in a court located other than the courts of record of the State in New York County or the United States District Court for the Southern District of New York, the Institution shall, upon request from the Issuer or the Trustee, either consent to a transfer of the action or proceeding to a court of record of the State in New York County or the United States District Court for the Southern District of New York, or, if the court where the action or proceeding is initially brought will not or cannot transfer the action, the Institution shall consent to dismiss such action without prejudice and may thereafter reinstitute the action in a court of record of the State in New York County or the United States District Court for the Southern District of New York.

- **Section 12.7.** <u>Prior Agreements Superseded.</u> This Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Issuer and the Institution relating to the Facility, other than any other Project Document.
- **Section 12.8.** Severability. If any one or more of the provisions of this Agreement shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.
- Section 12.9. Effective Date; Counterparts. The date of this Agreement shall be for reference purposes only and shall not be construed to imply that this Agreement was executed on the date first above written. This Agreement was delivered on the Closing Date. This Agreement shall become effective upon its delivery on the Closing Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.
- **Section 12.10.** <u>Binding Effect.</u> This Agreement shall inure to the benefit of the Issuer, the Trustee, the Bond Registrar, the Paying Agents, the Indemnified Parties and the Holders of the Bonds, and shall be binding upon the Issuer and the Institution and their respective successors and assigns.
- **Section 12.11.** Third Party Beneficiaries. (a) The Issuer and the Institution agree that this Agreement is executed in part to induce the purchase by others of the Bonds and for the further securing of the Bonds, and accordingly all covenants and agreements on the part of the Issuer and the Institution as set forth in this Agreement are hereby declared to be for the benefit of the Holders from time to time of the Bonds and may be enforced as provided in Article VIII of the Indenture on behalf of the Bondholders by the Trustee.
- (b) Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Trustee, the Bond Registrar, the Institution, the Paying Agents and the Holders of the Bonds any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Bond Registrar, the Institution, the Paying Agents and the Holders of the Bonds.
- **Section 12.12.** <u>Law Governing</u>. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.
- **Section 12.13.** Waiver of Trial by Jury. The Institution does hereby expressly waive all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Agreement or any matters whatsoever arising out of or in any way connected with this Agreement, the Institution's obligations hereunder, the Facility, the Project, the relationship between the Issuer and the Institution, the Institution's ownership, use or occupancy of the Facility and/or any claim for injury or damages.

The provision of this Agreement relating to waiver of a jury trial shall survive the termination or expiration of this Agreement.

Section 12.14. Recourse Under This Agreement. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer, and not of any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer in such person's individual capacity, and no recourse shall be had for any reason whatsoever hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer. No recourse shall be had for the payment of the principal of, redemption premium, if any, Sinking Fund Installments for, purchase price, if any, or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. In addition, in the performance of the agreements of the Issuer herein contained, any obligation the Issuer may incur for the payment of money shall not subject the Issuer to any pecuniary or other liability or create a debt of the State or the City, and neither the State nor the City shall be liable on any obligation so incurred and any such obligation shall be payable solely out of amounts payable to the Issuer by the Institution hereunder and under the Promissory Note.

Section 12.15. <u>Legal Counsel; Mutual Drafting</u>. Each party acknowledges that this Agreement is a legally binding contract and that it was represented by legal counsel in connection with the drafting, negotiation and preparation of this Agreement. Each party acknowledges that it and its legal counsel has cooperated in the drafting, negotiation and preparation of this Agreement and agrees that this Agreement and any provision hereof shall be construed, interpreted and enforced without regard to any presumptions against the drafting party. Each party hereby agrees to waive any rule, doctrine or canon of law, including without limitation, the *contra proferentem doctrine*, that would require interpretation of any ambiguities in this Agreement against the party that has drafted it.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Issuer has caused its corporate name to be subscribed unto this Loan Agreement by its duly authorized Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel, and the Institution has caused its name to be hereunto subscribed by its duly Authorized Representative, all being done as of the year and day first above written.

BUILD NYC RESOURCE CORPORATION

By:	
•	Name: Krishna Omolade
	Title: Executive Director
	ENDS OF HELLENIC CLASSICAL ARTER SCHOOLS, INC.
By:	
•	Name: Charles Capetanakis
	Title: Chair-President

STATE OF NEW YORK)
COUNTY OF NEW YORK	: ss.:)
personally appeared Krishna Omesatisfactory evidence to be the ineacknowledged to me that he executed the second s	of January, in the year 2021, before me, the undersigned, lade, personally known to me or proved to me on the basis of ividual whose name is subscribed to the within instrument and ited the same in his capacity, and that by his signature on the berson upon behalf of which the individual acted, executed the
	Notary Public

STATE OF NEW YORK)	
COUNTY OF NEW YORK	: ss.:)	
personally appeared Charles Ca of satisfactory evidence to me t and acknowledged to me that h	apetanakis, personally the individual whose the executed the same	ne year 2021, before me, the undersigned, y known to me or proved to me on the basis name is subscribed to the within instrument in his capacity, and that by his signature on ehalf of which the individual acted, executed
	Notary F	Public

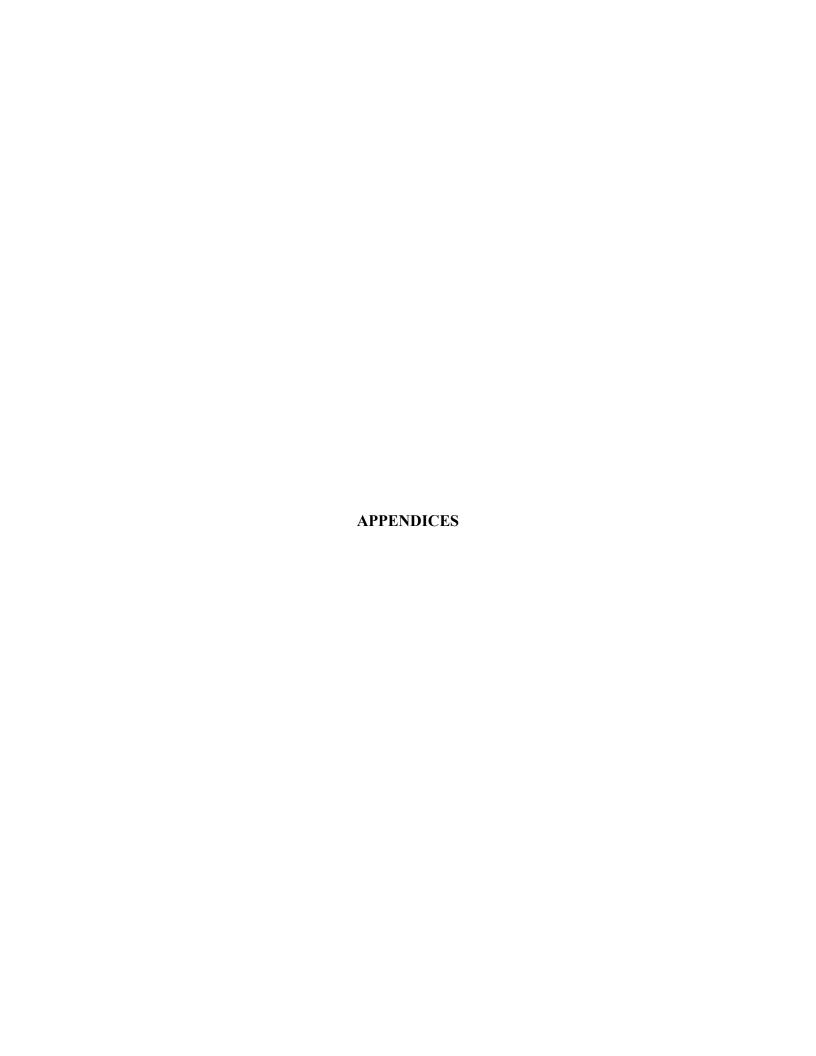


EXHIBIT A

DESCRIPTION OF THE LAND

DESCRIPTION OF THE FACILITY PERSONALTY

The fixtures and other equipment for incorporation and/or use at (i) the building generally known by the street address 646 Fifth Avenue, Brooklyn, NY 11215 (Block 634, Lot 34) and (ii) the building generally known by the street address 1641 Richmond Avenue, Staten Island, NY 10314 (Block 1560, Lot 15), financed with the proceeds of the Initial Bonds, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefore, and all parts, additions and accessories incorporated therein or affixed thereto and shall include all property substituted for or replacing items and exclude all items so substituted for or replaced, and further exclude all items removed as provided in the Indenture and the Loan Agreement.

EXHIBIT C

AUTHORIZED REPRESENTATIVE

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Charles Capetanakis	Chair-President	
Nikolaos Leonardos	Treasurer	
Michael Leonardos	Vice President	
Steven John Sedereas	Secretary	
Steven Spanolios	Vice President	

EXHIBIT D

PRINCIPALS OF INSTITUTION

<u>Name</u>	<u>Title</u>
Charles Capetanakis	Chair-President
Nikolaos Leonardos	Treasurer
Michael Leonardos	Vice President
Steven John Sedereas	Secretary
Steven Spanolios	Vice President

EXHIBIT E

PROJECT COST BUDGET

	Bond Proceeds-PS	Bond Proceeds-SI	Funds of Institution*	<u>Total</u>
Land and Building				
Acquisition	\$6,996,163	-	-	\$6,996,163
Renovation/Building				
Improvements	2,027,757	\$24,928,519	-	26,956,276
Equipment	-	810,000	_	810,000
Fees	1,228,301	5,505,690	-	6,733,991
Other Soft Costs	-	2,831,724	-	2,831,724
Total	\$10,252,221	\$34,075,933	-	\$44,328,154

FORM OF REQUIRED DISCLOSURE STATEMENT

The undersigned, an authorized representative of
a organized and existing under the laws of the State of,
DOES HEREBY CERTIFY, REPRESENT AND WARRANT to Build NYC Resource
Corporation (the "Issuer") pursuant to [Section 8.20] [Section 8.9] of that certain Loan
Agreement, dated as of January 1, 2021, between the Issuer and Friends of Hellenic Classical
Charter Schools, Inc., a not-for-profit corporation organized and existing under the laws of the
State of New York (the "Loan Agreement"), THAT:

[if being delivered pursuant to 8.20 of the Loan Agreement] None of the surviving, resulting or transferee Entity, any of the Principals of such Entity, or any Person that directly or indirectly Controls, is Controlled by, or is under common Control with such Entity:

[if being delivered pursuant to 8.9 of the Loan Agreement] None of the assignee, transferee or lessee Entity, any of the Principals of such Entity, or any Person that directly or indirectly Controls, is Controlled by, or is under common Control with such Entity:

- (1) is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Issuer, the NYCIDA, the NYCEDC or the City, unless such default or breach has been waived in writing by the Issuer, the NYCIDA, the NYCEDC or the City, as the case may be;
- (2) has been convicted of a misdemeanor related to truthfulness and/or business conduct in the past five (5) years;
 - (3) has been convicted of a felony in the past ten (10) years;
- (4) has received formal written notice from a federal, state or local governmental agency or body that such Person is currently under investigation for a felony criminal offense; or
- (5) has received written notice of default in the payment to the City of any taxes, sewer rents or water charges, which have not been paid, unless such default is currently being contested with due diligence in proceedings in court or other appropriate forum.

As used herein, the following capitalized terms shall have the respective meanings set forth below:

"City" shall mean The City of New York.

"Control" or "Controls" shall mean the power to direct the management and policies of a Person (x) through the ownership, directly or indirectly, of not less than a majority of its voting

securities, (y) through the right to designate or elect not less than a majority of the members of its board of directors or trustees or other Governing Body, or (z) by contract or otherwise.

"Entity" shall mean any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

"Governing Body" shall mean, when used with respect to any Person, its board of directors, board of trustees or individual or group of individuals by, or under the authority of which, the powers of such Person are exercised.

"NYCEDC" shall mean New York City Economic Development Corporation, a New York not-for-profit corporation, and any successor thereof.

"NYCIDA" shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

"Person" shall mean an individual or any Entity.

"Principal(s)" shall mean, with respect to any Entity, the most senior three officers of such Entity, any Person with a ten percent (10%) or greater ownership interest in such Entity, and any Person as shall have the power to Control such Entity, and "principal" shall mean any of such Persons.

	IN WITNESS WHEREOF, the undersigned has here	unto set its hand this
day of	, 20	
	[NAME OF CERTI	FYING ENTITY]
	By: Name: Title:	

FORM OF PROJECT COMPLETION CERTIFICATE OF INSTITUTION AS REQUIRED BY SECTIONS 3.2(f) AND 8.14(g) OF THE LOAN AGREEMENT

The undersigned, an Authorized Representative (as defined in the Loan Agreement referred to below) of Friends of Hellenic Classical Charter Schools, Inc., a not-forprofit corporation organized and existing under the laws of the State of New York (the "Institution"), HEREBY CERTIFIES that this Certificate is being delivered in accordance with

 amounts the payments for which are being contested in good faith (attach itemized list with explanations); and
(vi) releases of mechanics' liens have been obtained from the general contractor and from all contractors and materialmen who supplied work, labor, services, machinery, equipment, materials or supplies in connection with the Project Work, except for releases-of-liens pertinent to (y) amounts not yet due and payable, or (z) any amount the payment of which is being contested in good faith; copies of all such releases of mechanics' liens are attached hereto.
[ATTACH to this Certificate copies of all such releases of liens.]
Notwithstanding anything herein or elsewhere that may be inferred to the contrary, the undersigned hereby understands and agrees on behalf of the Institution as follows: (a) the Issuer does not waive its right to require delivery of releases-of-liens in connection with the costs of Project Work; (b) the Issuer does not waive its right under the Loan Agreement to demand the discharge of mechanics' and materialmen's liens encumbering the Facility Realty, whether by bond or otherwise; and (c) the Certificate shall be deemed incomplete if, in the Issuer's sole discretion, the Institution has unreasonably failed to bond or otherwise discharge any liens in respect of the costs of Project Work when payment for the same is due.
This Certificate is given without prejudice to any rights of the Institution against third parties existing on the date hereof or which may subsequently come into being and no Person other than the Issuer may benefit from this Certificate.
IN WITNESS WHEREOF, the undersigned has hereunto set its hand this day of,
FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC.
By:
Name:
Title:

FORM OF PROMISSORY NOTE

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS PROMISSORY NOTE, THIS PROMISSORY NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH OF WHICH ARE REFERRED TO HEREIN.

\$41,805,000 January 27, 2021

PROMISSORY NOTE

CHARTER SCHOOLS, INC., a not-for-profit corporation organized and existing under the laws of the State of New York (the "Borrower"), by this promissory note hereby promises to pay to the order of BUILD NYC RESOURCE CORPORATION (the "Issuer") the principal sum of Forty One Million Eight Hundred Five Thousand and 00/100 Dollars (\$41,805,000.00), together with interest on the unpaid principal amount hereof, from the date of the issuance and delivery of the Initial Bonds (as such term is hereinafter defined) until paid in full, at a rate per annum equal to the respective rates of interest borne from time to time by the Initial Bonds, together with all Sinking Fund Installments and Redemption Price payments as and when due. All capitalized terms used but not defined in this Promissory Note shall have the respective meanings assigned such terms by the Indenture (as hereinafter defined) or by the Loan Agreement (as hereinafter defined). All such payments shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America and shall be paid at the designated corporate trust office of The Bank of New York Mellon, as trustee, or its successor under the Indenture (the "Trustee").

The principal amount, interest, Sinking Fund Installments and Redemption Price shall be payable on the dates and in the amounts that principal of, interest, Sinking Fund Installments and Redemption Price on the Initial Bonds are payable under the Loan Agreement (as defined below), subject to prepayments and credits to the extent provided in the Indenture and the Loan Agreement.

This promissory note is the "Promissory Note" referred to in the Loan Agreement, dated as of January 1, 2021 (as the same may be amended or supplemented, the "Loan Agreement"), between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference.

This Promissory Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of January 1, 2021 (as the same may be amended or supplemented, the "Indenture"), by and between the Issuer and the Trustee, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of the Issuer's \$40,970,000 Tax-Exempt

Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A and \$835,000 Taxable Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021B (collectively, the "Initial Bonds"), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture, the Loan Agreement and the Initial Bonds are hereby incorporated as a part of this Promissory Note.

The Borrower may at its option, and may under certain circumstances be required to, prepay together with accrued interest, all or any part of the amounts due under this Promissory Note, as provided in the Loan Agreement and the Indenture.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Borrower.

The Borrower hereby promises to pay costs of collection and attorneys' fees in case of default on this Promissory Note.

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York without regard to conflicts of law principles thereof.

FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC.

By:	
•	Name: Charles Capetanakis
	Title: Chair-President

ENDORSEMENT

Pay to the order of The Bank of New York Mellon, without recourse, as Trustee under the Indenture referred to in the within mentioned Loan Agreement, as security for the Initial Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Promissory Note.

BUILD NYC RESOURCE CORPORATION

By:	
•	Krishna Omolade
	Executive Director

Dated: January 27, 2021

EXHIBIT I

RESERVED

FORM OF LW AGREEMENT

LIVING WAGE AGREEMENT

This LIVING WAGE AGREEMENT (this "<u>Agreement</u>") is made as of ______, by _____("<u>Obligor</u>") in favor of Institution, the Issuer, the City, the DCA and the Comptroller (each as defined below) (each, an "<u>Obligee</u>"). In consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Obligor hereby covenants and agrees as follows:

1. Definitions. As used herein the following capitalized terms shall have the respective meanings specified below.

"Affiliate" means, with respect to a given Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such given Person.

"Asserted Cure" has the meaning specified in paragraph 10(a).

"Asserted LW Violation" has the meaning specified in paragraph 10(a).

"City" means The City of New York.

"Comptroller" means the Comptroller of The City of New York or his or her designee.

"Concessionaire" means a Person that has been granted the right by Institution, an Affiliate of Institution or any tenant, subtenant, leaseholder or subleaseholder of Institution or of an Affiliate of Institution to operate at the Facility for the primary purpose of selling goods or services to natural persons at the Facility.

"Control" or "Controls", including the related terms "Controlled by" and "under common Control with", means the power to direct the management and policies of a Person (a) through the ownership, directly or indirectly, of not less than a majority of its voting equity, (b) through the right to designate or elect not less than a majority of the members of its board of directors, board of managers, board of trustees or other governing body, or (c) by contract or otherwise.

"Covered Counterparty" means a Covered Employer whose Specified Contract is directly with Obligor or an Affiliate of Obligor to lease, occupy, operate or perform work at the Obligor Facility.

"Covered Employer" means any of the following Persons: (a) Obligor, (b) a tenant, subtenant, leaseholder or subleaseholder of Obligor that leases any portion of the Obligor Facility (or an Affiliate of any such tenant, subtenant, leaseholder or subleaseholder if such Affiliate has one or more direct Site Employees), (c) a

Concessionaire that operates on any portion of the Obligor Facility, and (d) a Person that contracts or subcontracts with any Covered Employer described in clauses (a), (b) or (c) above to perform work for a period of more than ninety days on any portion of the Obligor Facility, including temporary services or staffing agencies, food service contractors, and other on-site service contractors; provided, however, that the term "Covered Employer" shall not include (i) a Person of the type described in Section 6-134(d)(2), (3), (4) or (5) of the New York City Administrative Code, (ii) a Person that has annual consolidated gross revenues that are less than the Small Business Cap unless the revenues of the Person are included in the consolidated gross revenues of a Person having annual consolidated gross revenues that are more than the Small Business Cap, in each case calculated based on the fiscal year preceding the fiscal year in which the determination is being made, and in each case calculated in accordance with generally accepted accounting principles, (iii) any otherwise covered Person operating on any portion of the Obligor Facility if residential units comprise more than 75% of the total Facility area and all of the residential units are subject to rent regulation, (iv) any otherwise covered Person that the Issuer has determined (in its sole and absolute discretion) in writing to be exempt on the basis that it works significantly with a Qualified Workforce Program, (v) a Person whose Site Employees all are paid wages determined pursuant to a collective bargaining or labor agreement, (vi) if Institution is a "covered developer" under and as defined in the Prevailing Wage Law, a Person that is a "building services contractor" (as defined in the LW Law) so long as such Person is paying its "building service employees" (as defined in the Prevailing Wage Law) no less than the applicable "prevailing wage" (as defined in the Prevailing Wage Law), or (vii) a Person exempted by a Deputy Mayor of The City of New York in accordance with the Mayor's Executive Order No. 7 dated September 30, 2014.

"<u>DCA</u>" means the Department of Consumer Affairs of The City of New York, acting as the designee of the Mayor of The City of New York, or such other agency or designee that the Mayor of The City of New York may designate from time to time.

"Facility" means, collectively, the land and real property improvements located in the Borough of Brooklyn, Block 634 and Lot 34, generally known by the street address 646 Fifth Avenue, Brooklyn, New York and in the Borough of Staten Island, Block 1560 and Lot 15, generally known by the street address 1641 Richmond Avenue, Staten Island, New York.

"Institution" means Friends of Hellenic Classical Charter Schools, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York, having its principal office at 646 Fifth Avenue, Brooklyn, New York 11215, or its permitted successors or assigns as Institution under the Project Agreement.

"<u>Issuer</u>" means Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at One Liberty Plaza, New York, New York 10006.

- "LW" has the same meaning as the term "living wage" as defined in Section 6-134(b)(9) of the New York City Administrative Code and shall be adjusted annually in accordance therewith, except that as of April 1, 2015, the "living wage rate" component of the LW shall be eleven dollars and sixty-five cents per hour (\$11.65/hour) and the "health benefits supplement rate" component of the LW shall be one dollar and sixty-five cents per hour (\$1.65/hour). The annual adjustments to the "living wage rate" and "health benefits supplement rate" will be announced on or around January 1 of each year by the DCA and will go into effect on April 1 of such year.
- "<u>LW Agreement</u>" means, with respect to any Covered Counterparty, an enforceable agreement in the form attached hereto as <u>Attachment 1</u> (except only with such changes as are necessary to make such Covered Counterparty the obligor thereunder).
- "<u>LW Agreement Delivery Date</u>" means, with respect to any Covered Counterparty, the latest of (a) the effective date of such Covered Counterparty's Specified Contract, (b) the date that such Covered Counterparty becomes a Covered Employer at the Obligor Facility and (c) the date of this Agreement.
- "<u>LW Law</u>" means the Fair Wages for New Yorkers Act, constituting Section 6-134 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.
- "LW Term" means the period commencing on the date of this Agreement and ending on the date that is the earlier to occur of: (a) the later to occur of (i) the date on which Institution is no longer receiving financial assistance under the Project Agreement or (ii) the date that is ten years after the Project Completion Date (as defined in the Project Agreement); or (b) the end of the term of Obligor's Specified Contract (including any renewal or option terms pursuant to any exercised options), whether by early termination or otherwise.
- "LW Violation Final Determination" has the meaning specified in paragraph 10(a)(i), paragraph 10(a)(ii)(1) or paragraph 10(a)(ii)(2), as applicable.
- "LW Violation Initial Determination" has the meaning specified in paragraph 10(a)(ii).
 - "LW Violation Notice" has the meaning specified in paragraph 10(a).
- "<u>LW Violation Threshold</u>" means \$100,000 multiplied by 1.03ⁿ, where "n" is the number of full years that have elapsed since January 1, 2015.
- "Obligor Facility" means the applicable portion of the Facility covered by the Specified Contract of Obligor.
- "Operational Date" means the date that Obligor commences occupancy, operations or work at the Obligor Facility.

"Owed Interest" means the interest accruing on Owed Monies, which interest shall accrue from the relevant date(s) of underpayment to the date that the Owed Monies are paid, at a rate equal to the interest rate then in effect as prescribed by the superintendent of banks pursuant to Section 14-a of the New York State Banking Law, but in any event at a rate no less than six percent per year.

"Owed Monies" means, as the context shall require, either (a) the total deficiency of LW required to be paid by Obligor in accordance with this Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the "living wage rate" component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the "health benefits supplement rate" component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis; or (b) if Obligor failed to obtain a LW Agreement from a Covered Counterparty as required under paragraph 5 below, the total deficiency of LW that would have been required to be paid under such Covered Counterparty's LW Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the "living wage rate" component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the "health benefits supplement rate" component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis, during the period commencing on the LW Agreement Delivery Date applicable to such Covered Counterparty and ending immediately prior to the execution and delivery by such Covered Counterparty of its LW Agreement (if applicable).

"Person" means any natural person, sole proprietorship, partnership, association, joint venture, limited liability company, corporation, governmental authority, governmental agency, governmental instrumentality or any form of doing business.

"Pre-Existing Covered Counterparty" has the meaning specified in paragraph 5.

"Pre-Existing Specified Contract" has the meaning specified in paragraph 5.

"<u>Prevailing Wage Law</u>" means Section 6-130 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

"Project Agreement" means that certain Loan Agreement, dated as of January 1, 2021, between the Issuer and the Institution (as amended, restated, supplemented or otherwise modified from time to time), pursuant to which Institution has or will receive financial assistance from the Issuer.

"Qualified Workforce Program" means a training or workforce development program that serves youth, disadvantaged populations or traditionally hard-to-employ populations and that has been determined to be a Qualified Workforce Program by the Director of the Mayor's Office of Workforce Development.

"Site Employee" means, with respect to any Covered Employer, any natural person who works at the Obligor Facility and who is employed by, or contracted or

subcontracted to work for, such Covered Employer, including all employees, independent contractors, contingent workers or contracted workers (including persons made available to work through the services of a temporary services, staffing or employment agency or similar entity) that are performing work on a full-time, part-time, temporary or seasonal basis; provided that the term "Site Employee" shall not include any natural person who works less than seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility unless the primary work location or home base of such person is at the Obligor Facility (for the avoidance of doubt, a natural person who works at least seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility shall thereafter constitute a Site Employee).

"Small Business Cap" means three million dollars; provided that, beginning in 2015 and each year thereafter, the Small Business Cap shall be adjusted contemporaneously with the adjustment to the "living wage rate" component of the LW using the methodology set forth in Section 6-134(b)(9) of the New York City Administrative Code.

"Specified Contract" means (a) in the	case of Obligor, the,	dated as of
, by and between Obligor and	, or (b) in the case of any other	r Person, the
principal written contract that makes such Pers	son a Covered Employer hereur	ıder.

- 2. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall pay each of its direct Site Employees no less than an LW.
- 3. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall, on or prior to the day on which each direct Site Employee of Obligor begins work at the Obligor Facility, (a) post a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement in a conspicuous place at the Obligor Facility that is readily observable by such direct Site Employee and (b) provide such direct Site Employee with a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement. Such written notice shall also provide a statement advising Site Employees that if they have been paid less than the LW they may notify the Comptroller and request an investigation. Such written notice shall be in English and Spanish.
- 4. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall not take any adverse employment action against any Site Employee for reporting or asserting a violation of this Agreement.
- 5. During the LW Term, Obligor shall cause each Covered Counterparty to execute an LW Agreement on or prior to the LW Agreement Delivery Date applicable to such Covered Counterparty; provided that Obligor shall only be required to use commercially reasonable efforts (without any obligation to commence any action or proceedings) to obtain an LW Agreement from a Covered Counterparty whose Specified Contract with Obligor was entered into prior to the date hereof (a "Pre-Existing Covered Counterparty" and a "Pre-Existing

Specified Contract"). Prior to the renewal or extension of any Pre-Existing Specified Contract (or prior to entering into a new Specified Contract with a Pre-Existing Covered Counterparty), Obligor shall cause or otherwise require the Pre-Existing Covered Counterparty to execute an LW Agreement, provided that the foregoing shall not preclude Obligor from renewing or extending a Pre-Existing Specified Contract pursuant to any renewal or extension options granted to the Pre-Existing Covered Counterparty in the Pre-Existing Specified Contract as such option exists as of the date hereof. Obligor shall deliver a copy of each Covered Counterparty's LW Agreement to the Issuer, the DCA and the Comptroller at the notice address specified in paragraph 12 below and promptly upon written request. Obligor shall retain copies of each Covered Counterparty's LW Agreement until six (6) years after the expiration or earlier termination of such Covered Counterparty's Specified Contract.

- 6. Commencing on the Operational Date and thereafter during the remainder of the LW Term, in the event that an individual with managerial authority at Obligor receives a written complaint from any Site Employee (or such individual otherwise obtains actual knowledge) that any Site Employee has been paid less than an LW, Obligor shall deliver written notice to the Issuer, the DCA and the Comptroller within 30 days thereof.
- 7. Obligor hereby acknowledges and agrees that the Issuer, the City, the DCA and the Comptroller are each intended to be direct beneficiaries of the terms and provisions of this Agreement. Obligor hereby acknowledges and agrees that the DCA, the Comptroller and the Issuer shall each have the authority and power to enforce any and all provisions and remedies under this Agreement in accordance with paragraph 10 below. Obligor hereby agrees that the DCA, the Comptroller and the Issuer may, as their sole and exclusive remedy for any violation of Obligor's obligations under this Agreement, bring an action for damages (but not in excess of the amounts set forth in paragraph 10 below), injunctive relief or specific performance or any other non-monetary action at law or in equity, in each case subject to the provisions of paragraph 10 below, as may be necessary or desirable to enforce the performance or observance of any obligations, agreements or covenants of Obligor under this Agreement. The agreements and acknowledgements of Obligor set forth in this Agreement may not be amended, modified or rescinded by Obligor without the prior written consent of the Issuer or the DCA.
- 8. No later than 30 days after Obligor's receipt of a written request from the Issuer, the DCA and/or the Comptroller, Obligor shall provide to the Issuer, the DCA and the Comptroller (a) a written list of all Covered Counterparties, together with the LW Agreements of such Covered Counterparties. From and after the Operational Date, no later than 30 days after Obligor's receipt of a written request from the Issuer, the DCA and/or the Comptroller, Obligor shall provide to the Issuer, the DCA and the Comptroller (b) a certification stating that all of the direct Site Employees of Obligor are paid no less than an LW and stating that Obligor is in compliance with this Agreement in all material respects, (c) certified payroll records in respect of the direct Site Employees of Obligor, and/or (d) any other documents or information reasonably related to the determination of whether Obligor is in compliance with its obligations under this Agreement.

9. From and after the Operational Date, Obligor shall, annually by August 1 of each year during the LW Term, submit to Institution such data in respect of employment, jobs and wages at the Obligor Facility as of June 30 of such year that is needed by Institution for it to comply with its reporting obligations under the Project Agreement.

10. Violations and Remedies.

- (a) If a violation of this Agreement shall have been alleged by the Issuer, the DCA and/or the Comptroller, then written notice will be provided to Obligor for such alleged violation (an "LW Violation Notice"), specifying the nature of the alleged violation in such reasonable detail as is known to the Issuer, the DCA and the Comptroller (the "Asserted LW Violation") and specifying the remedy required under paragraph 10(b), (c), (d), (e) and/or (f) (as applicable) to cure the Asserted LW Violation (the "Asserted Cure"). Upon Obligor's receipt of the LW Violation Notice, Obligor may either:
 - (i) Perform the Asserted Cure no later than 30 days after its receipt of the LW Violation Notice (in which case a "<u>LW Violation Final Determination</u>" shall be deemed to exist), or
 - (ii) Provide written notice to the Issuer, the DCA and the Comptroller indicating that it is electing to contest the Asserted LW Violation and/or the Asserted Cure, which notice shall be delivered no later than 30 days after its receipt of the LW Violation Notice. Obligor shall bear the burdens of proof and persuasion and shall provide evidence to the DCA no later than 45 days after its receipt of the LW Violation Notice. The DCA shall then, on behalf of the City, the Issuer and the Comptroller, make a good faith determination of whether the Asserted LW Violation exists based on the evidence provided by Obligor and deliver to Obligor a written statement of such determination in reasonable detail, which shall include a confirmation or modification of the Asserted LW Violation and Asserted Cure (such statement, a "LW Violation Initial Determination"). Upon Obligor's receipt of the LW Violation Initial Determination, Obligor may either:
 - (1) Accept the LW Violation Initial Determination and shall perform the Asserted Cure specified in the LW Violation Initial Determination no later than 30 days after its receipt of the LW Violation Initial Determination (after such 30 day period has lapsed, but subject to clause (2) below, the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination"), or
 - (2) Contest the LW Violation Initial Determination by filing in a court of competent jurisdiction or for an administrative hearing no later than 30 days after its receipt of the LW Violation Initial Determination, in which case, Obligor's obligation to perform the

Asserted Cure shall be stayed pending resolution of the action. If no filing in a court of competent jurisdiction or for an administrative hearing is made to contest the LW Violation Initial Determination within 30 days after Obligor's receipt thereof, then the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination". If such a filing is made, then a "LW Violation Final Determination" will be deemed to exist when the matter has been finally adjudicated. Obligor shall perform the Asserted Cure (subject to the judicial decision) no later than 30 days after the LW Violation Final Determination.

- (b) For the first LW Violation Final Determination imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees; and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation
- (c) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees, and Obligor shall pay fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee; and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.
- (d) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, if the aggregate amount of Owed Monies and Owed Interest paid or payable by Obligor in respect of its direct Site Employees is in excess of the LW Violation Threshold for all past and present LW Violation Final Determinations imposed on Obligor, then in lieu of the remedies specified in subparagraph (c) above and at the direction of the Issuer or the DCA (but not both), Obligor shall pay (i) two hundred percent (200%) of the Owed Monies and Owed Interest in respect of the present LW Violation Final Determination to the affected direct Site Employees of Obligor, and (ii) fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee.
- (e) If Obligor fails to obtain an LW Agreement from its Covered Counterparty in violation of paragraph 5 above, then at the discretion of the Issuer or the DCA (but not both), Obligor shall be responsible for payment of the Owed Monies, Owed Interest and other payments described in subparagraphs (b), (c) and (d) above (as applicable) as if the direct Site Employees of such Covered Counterparty were the direct Site Employees of Obligor.

- (f) Obligor shall not renew the Specified Contract of any specific Covered Counterparty or enter into a new Specified Contract with any specific Covered Counterparty if both (i) the aggregate amount of Owed Monies and Owed Interest paid or payable by such Covered Counterparty in respect of its direct Site Employees for all past and present LW Violation Final Determinations (or that would have been payable had such Covered Counterparty entered into an LW Agreement) is in excess of the LW Violation Threshold and (ii) two or more LW Violation Final Determinations against such Covered Counterparty (or in respect of the direct Site Employees of such Covered Counterparty) occurred within the last 6 years of the term of the applicable Specified Contract (or if the term thereof is less than 6 years, then during the term thereof); provided that the foregoing shall not preclude Obligor from extending or renewing a Specified Contract pursuant to any renewal or extension options granted to the Covered Counterparty in the Specified Contract as in effect as of the LW Agreement Delivery Date applicable to such Covered Counterparty.
- (g) It is acknowledged and agreed that (i) the sole monetary damages that Obligor may be subject to for a violation of this Agreement are as set forth in this paragraph 10, and (ii) in no event will the Specified Contract between Obligor and a given Covered Counterparty be permitted to be terminated or rescinded by the Issuer, the DCA or the Comptroller by virtue of violations by Obligor or a Covered Counterparty.
- 11. Obligor acknowledges that the terms and conditions of this Agreement are intended to implement the Mayor's Executive Order No. 7 dated September 30, 2014.
- 12. All notices under this Agreement shall be in writing and shall be delivered by (a) return receipt requested or registered or certified United States mail, postage prepaid, (b) a nationally recognized overnight delivery service for overnight delivery, charges prepaid, or (c) hand delivery, addressed as follows:
 - (a) If to Obligor, to [Obligor's Name], [Street Address], [City], [State], [Zip Code], Attention: [Contact Person].
 - (b) If to the Issuer, to Build NYC Resource Corporation, One Liberty Plaza, New York, New York 10006, Attention: General Counsel, with a copy to Build NYC Resource Corporation, One Liberty Plaza, New York, New York 10006, Attention: Executive Director.
 - (c) If to the DCA, to Department of Consumer Affairs of The City of New York, 42 Broadway, New York, NY, 10004, Attention: Living Wage Division.
 - (d) If to the Comptroller, to Office of the Comptroller of The City of New York, One Centre Street, New York, NY 10007, Attention: Chief, Bureau of Labor Law.
- 13. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York.

- 14. Obligor hereby irrevocably and unconditionally (a) agrees that any suit, action or other legal proceeding arising out of this Agreement may be brought in the courts of record of the State of New York in New York County or the United States District Court for the Southern District of New York; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; (c) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (d) waives and relinquishes any rights it might otherwise have (i) to move to dismiss on grounds of forum non conveniens, (ii) to remove to any federal court other than the United States District Court for the Southern District of New York, and (iii) to move for a change of venue to a New York State Court outside New York County.
- 15. Notwithstanding any other provision of this Agreement, in no event shall the partners, members, counsel, directors, shareholders or employees of Obligor have any personal obligation or liability for any of the terms, covenants, agreements, undertakings, representations or warranties of Obligor contained in this Agreement.

IN WITNESS WHEREOF, Obligor has executed and delivered this Agreement as of the date first written above.

	_	
By:		
By: Name:		_
Title:		

ATTACHMENT 1 to EXHIBIT J FORM OF LW AGREEMENT

LIVING WAGE AGREEMENT

This LIVING WAGE AGREEMENT (this "<u>Agreement</u>") is made as of ______, by ______ ("<u>Obligor</u>") in favor of the Institution, the Issuer, the City, the DCA and the Comptroller (each as defined below) (each, an "<u>Obligee</u>"). In consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Obligor hereby covenants and agrees as follows:

1. Definitions. As used herein the following capitalized terms shall have the respective meanings specified below.

"Asserted Cure" has the meaning specified in paragraph 9(a).

"Asserted LW Violation" has the meaning specified in paragraph 9(a).

"City" means The City of New York.

"Comptroller" means the Comptroller of The City of New York or his or her designee.

"Covered Employer" means Obligor; provided, however, that the term "Covered Employer" shall not include (i) a Person of the type described in Section 6-134(d)(2), (3), (4) or (5) of the New York City Administrative Code, (ii) a Person that has annual consolidated gross revenues that are less than the Small Business Cap unless the revenues of the Person are included in the consolidated gross revenues of a Person having annual consolidated gross revenues that are more than the Small Business Cap, in each case calculated based on the fiscal year preceding the fiscal year in which the determination is being made, and in each case calculated in accordance with generally accepted accounting principles, (iii) any otherwise covered Person operating on any portion of the Obligor Facility if residential units comprise more than 75% of the total Facility area and all of the residential units are subject to rent regulation, (iv) any otherwise covered Person that the Issuer has determined (in its sole and absolute discretion) in writing to be exempt on the basis that it works significantly with a Qualified Workforce Program, (v) a Person whose Site Employees all are paid wages determined pursuant to a collective bargaining or labor agreement, (vi) if Institution is a "covered developer" under and as defined in the Prevailing Wage Law, a Person that is a "building services contractor" (as defined in the LW Law) so long as such Person is paying its "building service employees" (as defined in the Prevailing Wage Law) no less than the applicable "prevailing wage" (as defined in the Prevailing Wage Law), or (vii) a Person exempted by a Deputy Mayor of The City of New York in accordance with the Mayor's Executive Order No. 7 dated September 30, 2014.

"<u>DCA</u>" means the Department of Consumer Affairs of The City of New York, acting as the designee of the Mayor of The City of New York, or such other agency or designee that the Mayor of The City of New York may designate from time to time.

"Facility" means the land and real property improvements located in the Borough of Brooklyn, Block 634 and Lot 34, generally known by the street address 646 Fifth Avenue, Brooklyn, New York and in the Borough of Staten Island, Block 1560 and Lot 15, generally known by the street address 1641 Richmond Avenue, Staten Island, New York.

"Institution" means Friends of Hellenic Classical Charter Schools, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York, having its principal office at 646 Fifth Avenue, Brooklyn, New York 11215, or its permitted successors or assigns as Institution under the Project Agreement.

"<u>Issuer</u>" means Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at One Liberty Plaza, New York, New York 10006.

"LW" has the same meaning as the term "living wage" as defined in Section 6-134(b)(9) of the New York City Administrative Code and shall be adjusted annually in accordance therewith, except that as of April 1, 2015, the "living wage rate" component of the LW shall be eleven dollars and sixty-five cents per hour (\$11.65/hour) and the "health benefits supplement rate" component of the LW shall be one dollar and sixty-five cents per hour (\$1.65/hour). The annual adjustments to the "living wage rate" and "health benefits supplement rate" will be announced on or around January 1 of each year by the DCA and will go into effect on April 1 of such year.

"<u>LW Law</u>" means the Fair Wages for New Yorkers Act, constituting Section 6-134 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

"<u>LW Term</u>" means the period commencing on the date of this Agreement and ending on the date that is the earlier to occur of: (a) the later to occur of (i) the date on which Institution is no longer receiving financial assistance under the Project Agreement or (ii) the date that is ten years after the Project Completion Date (as defined in the Project Agreement)]; or (b) the end of the term of Obligor's Specified Contract (including any renewal or option terms pursuant to any exercised options), whether by early termination or otherwise.

"LW Violation Final Determination" has the meaning specified in paragraph 9(a)(i), paragraph 9(a)(ii)(1) or paragraph 9(a)(ii)(2), as applicable.

"LW Violation Initial Determination" has the meaning specified in paragraph 9(a)(ii).

"LW Violation Notice" has the meaning specified in paragraph 9(a).

"<u>LW Violation Threshold</u>" means \$100,000 multiplied by 1.03ⁿ, where "n" is the number of full years that have elapsed since January 1, 2015.

"Obligor Facility" means the applicable portion of the Facility covered by the Specified Contract of Obligor.

"Operational Date" means the date that Obligor commences occupancy, operations or work at the Obligor Facility.

"Owed Interest" means the interest accruing on Owed Monies, which interest shall accrue from the relevant date(s) of underpayment to the date that the Owed Monies are paid, at a rate equal to the interest rate then in effect as prescribed by the superintendent of banks pursuant to Section 14-a of the New York State Banking Law, but in any event at a rate no less than six percent per year.

"Owed Monies" means the total deficiency of LW required to be paid by Obligor in accordance with this Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the "living wage rate" component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the "health benefits supplement rate" component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis.

"<u>Person</u>" means any natural person, sole proprietorship, partnership, association, joint venture, limited liability company, corporation, governmental authority, governmental agency, governmental instrumentality or any form of doing business.

"<u>Prevailing Wage Law</u>" means Section 6-130 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

"Project Agreement" means that certain Loan Agreement, dated as of January 1, 2021, between the Issuer and the Institution (as amended, restated, supplemented or otherwise modified from time to time), pursuant to which Institution has or will receive financial assistance from the Issuer.

"Qualified Workforce Program" means a training or workforce development program that serves youth, disadvantaged populations or traditionally hard-to-employ populations and that has been determined to be a Qualified Workforce Program by the Director of the Mayor's Office of Workforce Development.

"Site Employee" means any natural person who works at the Obligor Facility and who is employed by, or contracted or subcontracted to work for, Obligor, including all employees, independent contractors, contingent workers or contracted workers (including persons made available to work through the services of a temporary services, staffing or employment agency or similar entity) that are performing work on a full-time, part-time, temporary or seasonal basis; provided that the term "Site Employee" shall not include any natural person who works less than seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility unless the primary work location or

home base of such person is at the Obligor Facility (for the avoidance of doubt, a natural person who works at least seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility shall thereafter constitute a Site Employee).

"Small Business Cap" means three million dollars; provided that, beginning in 2015 and each year thereafter, the Small Business Cap shall be adjusted contemporaneously with the adjustment to the "living wage rate" component of the LW using the methodology set forth in Section 6-134(b)(9) of the New York City Administrative Code.

"Specified Contract" means (a) in the	e case of Obligor, the,	dated as of
, by and between Obligor and	, or (b) in the case of any other	Person, the
principal written contract that makes such Pers	son a Covered Employer hereur	ider.

- 2. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall pay each of its direct Site Employees no less than an LW.
- 3. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall, on or prior to the day on which each direct Site Employee of Obligor begins work at the Obligor Facility, (a) post a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement in a conspicuous place at the Obligor Facility that is readily observable by such direct Site Employee and (b) provide such direct Site Employee with a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement. Such written notice shall also provide a statement advising Site Employees that if they have been paid less than the LW they may notify the Comptroller and request an investigation. Such written notice shall be in English and Spanish.
- 4. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall not take any adverse employment action against any Site Employee for reporting or asserting a violation of this Agreement.
- 5. Commencing on the Operational Date and thereafter during the remainder of the LW Term, in the event that an individual with managerial authority at Obligor receives a written complaint from any Site Employee (or such individual otherwise obtains actual knowledge) that any Site Employee has been paid less than an LW, Obligor shall deliver written notice to the Issuer, the DCA and the Comptroller within 30 days thereof.
- 6. Obligor hereby acknowledges and agrees that the Issuer, the City, the DCA and the Comptroller are each intended to be direct beneficiaries of the terms and provisions of this Agreement. Obligor hereby acknowledges and agrees that the DCA, the Comptroller and the Issuer shall each have the authority and power to enforce any and all provisions and remedies under this Agreement in accordance with paragraph 9 below. Obligor hereby agrees that the DCA, the Comptroller and the Issuer may, as their sole and exclusive remedy for any violation of Obligor's obligations under this Agreement, bring an action for damages (but not

in excess of the amounts set forth in paragraph 9 below), injunctive relief or specific performance or any other non-monetary action at law or in equity, in each case subject to the provisions of paragraph 9 below, as may be necessary or desirable to enforce the performance or observance of any obligations, agreements or covenants of Obligor under this Agreement. The agreements and acknowledgements of Obligor set forth in this Agreement may not be amended, modified or rescinded by Obligor without the prior written consent of the Issuer or the DCA.

- 7. From and after the Operational Date, no later than 30 days after Obligor's receipt of a written request from the Issuer, the DCA and/or the Comptroller, Obligor shall provide to the Issuer, the DCA and the Comptroller (a) a certification stating that all of the direct Site Employees of Obligor are paid no less than an LW and stating that Obligor is in compliance with this Agreement in all material respects, (b) certified payroll records in respect of the direct Site Employees of Obligor, and/or (c) any other documents or information reasonably related to the determination of whether Obligor is in compliance with its obligations under this Agreement.
- 8. From and after the Operational Date, Obligor shall, annually by August 1 of each year during the LW Term, submit to its counterparty to its Specified Contract such data in respect of employment, jobs and wages at the Obligor Facility as of June 30 of such year that is needed by Institution for it to comply with its reporting obligations under the Project Agreement.
- 9. Violations and Remedies.
 - (a) If a violation of this Agreement shall have been alleged by the Issuer, the DCA and/or the Comptroller, then written notice will be provided to Obligor for such alleged violation (an "LW Violation Notice"), specifying the nature of the alleged violation in such reasonable detail as is known to the Issuer, the DCA and the Comptroller (the "Asserted LW Violation") and specifying the remedy required under paragraph 9(b), (c) and/or (d) (as applicable) to cure the Asserted LW Violation (the "Asserted Cure"). Upon Obligor's receipt of the LW Violation Notice, Obligor may either:
 - (i) Perform the Asserted Cure no later than 30 days after its receipt of the LW Violation Notice (in which case a "<u>LW Violation Final Determination</u>" shall be deemed to exist), or
 - (ii) Provide written notice to the Issuer, the DCA and the Comptroller indicating that it is electing to contest the Asserted LW Violation and/or the Asserted Cure, which notice shall be delivered no later than 30 days after its receipt of the LW Violation Notice. Obligor shall bear the burdens of proof and persuasion and shall provide evidence to the DCA no later than 45 days after its receipt of the LW Violation Notice. The DCA shall then, on behalf of the City, the Issuer and the Comptroller, make a good faith determination of whether the Asserted LW Violation exists based on the evidence provided by Obligor and deliver to Obligor a written statement of such determination in reasonable detail, which shall

include a confirmation or modification of the Asserted LW Violation and Asserted Cure (such statement, a "LW Violation Initial Determination"). Upon Obligor's receipt of the LW Violation Initial Determination, Obligor may either:

- (1) Accept the LW Violation Initial Determination and shall perform the Asserted Cure specified in the LW Violation Initial Determination no later than 30 days after its receipt of the LW Violation Initial Determination (after such 30 day period has lapsed, but subject to clause (2) below, the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination"), or
- (2) Contest the LW Violation Initial Determination by filing in a court of competent jurisdiction or for an administrative hearing no later than 30 days after its receipt of the LW Violation Initial Determination, in which case, Obligor's obligation to perform the Asserted Cure shall be stayed pending resolution of the action. If no filing in a court of competent jurisdiction or for an administrative hearing is made to contest the LW Violation Initial Determination within 30 days after Obligor's receipt thereof, then the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination". If such a filing is made, then a "LW Violation Final Determination" will be deemed to exist when the matter has been finally adjudicated. Obligor shall perform the Asserted Cure (subject to the judicial decision) no later than 30 days after the LW Violation Final Determination.
- (b) For the first LW Violation Final Determination imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees; and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.
- (c) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees, and Obligor shall pay fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee, and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.
- (d) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, if the aggregate

amount of Owed Monies and Owed Interest paid or payable by Obligor in respect of its direct Site Employees is in excess of the LW Violation Threshold for all past and present LW Violation Final Determinations imposed on Obligor, then in lieu of the remedies specified in subparagraph (c) above and at the direction of the Issuer or the DCA (but not both), Obligor shall pay (i) two hundred percent (200%) of the Owed Monies and Owed Interest in respect of the present LW Violation Final Determination to the affected direct Site Employees of Obligor, and (ii) fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee.

- (e) It is acknowledged and agreed that the sole monetary damages that Obligor may be subject to for a violation of this Agreement are as set forth in this paragraph 9.
- 10. Obligor acknowledges that the terms and conditions of this Agreement are intended to implement the Mayor's Executive Order No. 7 dated September 30, 2014.
- 11. All notices under this Agreement shall be in writing and shall be delivered by (a) return receipt requested or registered or certified United States mail, postage prepaid, (b) a nationally recognized overnight delivery service for overnight delivery, charges prepaid, or (c) hand delivery, addressed as follows:
 - (a) If to Obligor, to [Obligor's Name], [Street Address], [City], [State], [Zip Code], Attention: [Contact Person].
 - (b) If to the Issuer, to Build NYC Resource Corporation, One Liberty Plaza, New York, New York 10006, Attention: General Counsel, with a copy to Build NYC Resource Corporation, One Liberty Plaza, New York, New York 10006, Attention: Executive Director.
 - (c) If to the DCA, to Department of Consumer Affairs of The City of New York, 42 Broadway, New York, NY, 10004, Attention: Living Wage Division.
 - (d) If to the Comptroller, to Office of the Comptroller of The City of New York, One Centre Street, New York, NY 10007, Attention: Chief, Bureau of Labor Law.
- 12. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York.
- 13. Obligor hereby irrevocably and unconditionally (a) agrees that any suit, action or other legal proceeding arising out of this Agreement may be brought in the courts of record of the State of New York in New York County or the United States District Court for the Southern District of New York; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; (c) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (d) waives and relinquishes any rights it might otherwise have (i) to move to dismiss on grounds of forum non conveniens, (ii) to remove to any federal court other than the United States District Court for the Southern District of New York, and (iii) to move for a change of venue to a New York State Court outside New York County.

14. Notwithstanding any other provision of this Agreement, in no event shall the partners, members, counsel, directors, shareholders or employees of Obligor have any personal obligation or liability for any of the terms, covenants, agreements, undertakings, representations or warranties of Obligor contained in this Agreement.

IN WITNESS WHEREOF, Obligor has executed and delivered this Agreement as of the date first written above.

	 _	
Ъ		
By:		
Name:		
Title:		

EXHIBIT K

FORM OF CONSTRUCTION MANAGER/GENERAL CONTRACTOR CERTIFICATE

[DATE]

Build NYC Resource Corporation One Liberty Plaza, New York, New York 10006

Re:	Build NYC Rese	ource Corporation	Project
located	at	(the "Premises")	

To Whom It May Concern:

- 1. The undersigned is familiar with the process for obtaining the approvals, authorizations, permits and licenses necessary to construct and occupy the Improvements.
- (a) The following are the approvals, authorizations, permits or licenses currently issued that are necessary to construct and operate the Improvements, pursuant to any law, rule, ordinance or regulation affecting the Premises, including environmental laws, rules, ordinances or regulations: [list approvals]

1.	Zoning	Department of Buildings
2.	New Building	Department of Buildings
3.	Sewer Permit	Department of Environmental Protection
4.	Sprinklers	Department of Buildings
5.	Standpipe	Department of Buildings
6.	Generator	Department of Buildings
7.	Paving Plan	Department of Buildings
8.	Street Opening	Department of Transportation
9	Ashestos Control Program	Department of Environmental Protection

9. Asbestos Control Program Department of Environmental Protection

- (b) As to those approvals, authorizations, permits and licenses not yet obtained, the undersigned knows of no reason why the same should not be issued when required by the Project Company. Such approvals can be obtained in the ordinary course of business so as to not delay the construction of the Improvements, and the issuance of such approvals, authorizations, permits and licenses by the applicable government authority is ministerial.
- 2. To my knowledge, there is no petition, action or proceeding known to the undersigned pending before the court, agency or official, threatened with respect to the validity of any statutes, ordinances, regulations, restrictions, codes, rules, permits, certificates or any permits or approvals thereunder relating to the Improvements, or to revoke, rescind, alter or declare any of the same.
- 3. The undersigned is duly licensed and in good standing in the State of New York.

The statements contained in this letter are an expression of the undersigned's opinion, are made to the best of the undersigned's knowledge, information and belief, and are in accordance with generally accepted standards of construction industry practice.

By			
Name:			
Title:			

Very truly yours,

EXHIBIT L

FORM OF ARCHITECT'S CERTIFICATE

[DATE]

Build NYC Resource Corporation One Liberty Plaza, New York, New York 10006

Re: Build NYC Resource Corporation Project located at , New York (the "Premises")

To Whom It May Concern:

The undersigned (the "<u>Architect</u>") understands that Build NYC Resource Corporation ("<u>BNYC</u>") is providing financial assistance to Friends of Hellenic Classical Charter Schools, Inc. (the "<u>Project Company</u>"), which financial assistance will be used to assist the Project Company with the construction of the following improvements (the "<u>Improvements</u>"): ______ on the Premises (the "<u>Project</u>"). Architect has been engaged by the Project Company to provide architectural services in connection with the Project.

The undersigned Architect does hereby certify and represent to BNYC as follows:

- 1. The Architect has prepared [preliminary] plans and specifications with respect to the Project (the "Plans and Specifications").
- 2. Based on the Plans and Specification, upon completion the Improvements will be Usable Square Feet. For purposes of such calculation, "Usable Square Feet" shall mean square footage within the Improvements, including revenue-generating belowgrade, cellar and sub-surface space, excluding (i) public elevator shafts and elevator machines and their enclosing walls; (ii) public stairs shafts and elevator machines and their enclosing walls (iii) heating, ventilating and air conditioning facilities (including pipes, ducts and shafts) and their enclosing walls, except equipment, mechanical room space or shafts serving a specific floor; (iv) fire towers and fire tower courts and their enclosing walls and their enclosing walls; (v) main telephone equipment rooms and main electrical switchgear rooms, except telephone equipment, and electric switchgear serving a specific floor; and (vi) with respect to revenue-generating below grade, cellar and sub-surface space, excluding machine rooms and pump rooms and their enclosing walls,; electrical switchgear rooms and their enclosing walls; telephone equipment rooms and their enclosing walls, and all space devoted to servicing the operation of the Improvements, i.e., cleaning contractors, storage, building maintenance shop, building engineers office etc.

3.	The Premises is locating in a [insert Zoning classification] zoning district as defined in the
	Zoning Resolution of the City of New York, as in effect on the date hereof, and such zoning
	classification permits the construction of the Improvements as contemplated in the Plans and
	Specifications for the intended use of the Improvements by the Project Company.

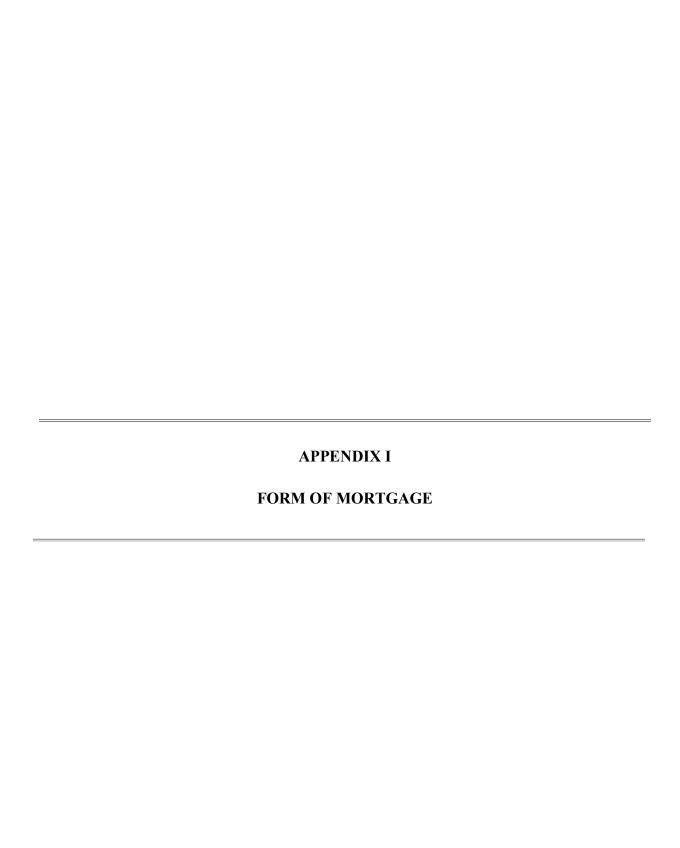
4.	The Pa	remises is compri	sed of a sin	gle zoning	lot correspond	ding to a sing	le tax lot (Block	
	Lot	on the Official T	Tax Map for	the County	of).		

- 5. To my knowledge, there is no petition, action or proceeding known to the undersigned pending before the court, agency or official, threatened with respect to the validity of any statutes, ordinances, regulations, restrictions, codes, rules, permits, certificates or any permits or approvals thereunder relating to the Improvements, or to revoke, rescind, alter or declare any of the same.
- 6. Architect is an architect duly licensed to practice architecture in the State of New York.

The statements contained in this letter are an expression of the undersigned's professional opinion, are made to the best of the undersigned's knowledge, information and belief, and are based on the undersigned's performance of services under its agreement with the Project Company in accordance with generally accepted standards of professional practice.

Very truly yours,







MORTGAGE AND SECURITY AGREEMENT (BUILDING LOAN)

From

FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC.,

a not-for-profit corporation organized and existing under the laws of the State of New York, having its principal office at 646 Fifth Avenue, Brooklyn, New York 11215, as Debtor

To

BUILD NYC RESOURCE CORPORATION,

a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at One Liberty Plaza, New York, New York 10006, as Issuer and Mortgagee

And

THE BANK OF NEW YORK MELLON,

a banking corporation duly organized and existing under the laws of the United States of America, together with any successor Trustee under the Indenture of Trust referred to herein, having a corporate office at 240 Greenwich Street, New York, New York 10286, as Trustee and Mortgagee

Dated as of January 1, 2021

File No. 389202.00029

Record and Return to:	Address	Block	Lot
Katten Muchin Rosenman LLP 575 Madison Avenue New York, New York 10022 Attn.: Patricia A. Mollica, Esq.	646 Fifth Avenue, Brooklyn, New York 11215	634	34

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EXHIBITS

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MORTGAGE AND SECURITY AGREEMENT (BUILDING LOAN)

This MORTGAGE AND SECURITY AGREEMENT (BUILDING LOAN) made and entered into as of the date set forth on the cover page hereof (this "Mortgage") from that entity identified on the cover page hereof as the Debtor to the Issuer and the Trustee as the Mortgagee (capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture or the Loan Agreement, each as referred to below):

WITNESSETH:

WHEREAS, the Issuer is authorized pursuant to Section 1411(a) of the Not-for-Profit Corporation Law of the State of New York, as amended, and its Certificate of Incorporation and By-laws, (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of The City of New York (the "City") by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their eligible projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other eligible projects within the City that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to the City or by encouraging the development of or retention of an industry in the City, and lessening the burdens of government and acting in the public interest; and

WHEREAS, the Issuer intends to issue the Bonds, pursuant to the resolution of the Issuer adopted on September 22, 2020 (as amended, restated, modified and/or supplemented from time to time in accordance with the terms thereof and hereof, the "Approving and Bond Resolution") and the Indenture of Trust dated as of January 1, 2021 (as amended, restated, modified and/or supplemented from time to time in accordance with the terms thereof and hereof, the "Indenture"), by and between the Issuer and the Trustee; and

WHEREAS, to facilitate the Project and the issuance by the Issuer of the Bonds, (i) the Issuer will make the Loan of the proceeds of the Bonds, in the original principal amount of the Bonds, to the Debtor pursuant to a certain Loan Agreement, dated as of even date herewith, between the Issuer and the Debtor (as amended, restated, modified and/or supplemented from time to time in accordance with the terms thereof, hereof, and with the terms of the Indenture, the "Loan Agreement"), and (ii) the Debtor will execute the Promissory Note in favor of the Issuer dated the Closing Date (as the same may be amended or supplemented, the "Promissory Note") to evidence the Debtor's obligation under the Loan Agreement to repay the Loan; and

WHEREAS, the proceeds derived from the issuance of the Bonds are to be used to finance a portion of the cost of the Project relating to the Facility owned by the Debtor and located at the Facility Address; and

WHEREAS, in order to induce the Issuer to issue, and the initial owners to purchase, the Bonds, the Debtor is entering into this Mortgage; and

WHEREAS, pursuant to the Assignment of Mortgage, the Issuer intends to assign to the Trustee all of its rights, title and interest as Mortgagee under this Mortgage.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure:

- (i) payment of the Secured Principal Amount of the Bonds and the indebtedness represented thereby, and the Redemption Price, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied in the Bonds and in the Project Documents, and
- (ii) payment, performance and observance of all obligations of the Debtor under the Project Documents, including this Mortgage;

whether now arising or hereafter arising, direct or indirect, absolute or contingent, joint or several, due or to become due, liquidated or unliquidated, secured or unsecured, original, renewed or extended, whether arising directly or acquired from others (all such indebtedness and obligations described in clauses (i) and (ii) above being collectively referred to herein as the "Obligations"), provided, however, that the maximum principal amount secured hereby shall not exceed the Secured Principal Amount, the Debtor does hereby grant, bargain, sell, convey, transfer, mortgage, grant a security interest in, pledge and assign to the Issuer and the Trustee as Mortgagee, and their respective assigns forever, its right, title and interest in and to the following (the "Mortgaged Property"), subject to the Permitted Encumbrances:

GRANTING CLAUSES

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All right, title and interest of the Debtor in and to the Park Slope Ground Lease and all appurtenances in respect of or otherwise relating to the Park Slope Ground Lease, including, but not limited to, renewal option and expansion rights, and all the estate and rights of the Debtor of, in and to (i) all modifications, extensions and renewals of the Park Slope Ground Lease and all rights to renew or extend the term thereof, (ii) all credits to and deposits of the Debtor under the Park Slope Ground Lease, (iii) all other options, privileges and rights granted and demised to the Debtor under the Park Slope Ground Lease, (iv) all the right or privilege of the Debtor to terminate, cancel, abridge, surrender, merge, modify or amend the Park Slope Ground Lease and (v) any and all possessory rights of the Debtor and other rights and/or privileges of possession, including, without limitation, the Debtor's right to elect to remain in possession of the leasehold estate created by the Park Slope Ground Lease pursuant to Section 365(h)(1) of the Federal Bankruptcy Code (as defined in the Loan Agreement).

II

The Facility Realty together with the tenements, hereditaments, servitudes, appurtenances, estate, rights, privileges, liberties, licenses, royalties, mineral, oil and gas rights, water, water rights, reversions, remainders and immunities thereunto belonging or appertaining which may from time to time be owned or leased by the Debtor, including all the right, title and interest of the Debtor in and to all streets, ways, alleys, roads, waters, water courses, water rights, waterways, passages, sewer rights and public places adjoining the Facility Realty and all easements and rights-of-way, public or private, and gores of land, now or hereafter used in connection therewith, together with all land lying in the bed of any street, road or avenue, open or proposed, in front of or adjoining the Facility Realty to the center line thereof, now or hereafter used in connection with the Facility Realty.

The Facility Personalty together with all fixtures, equipment, machinery, furniture, apparatus, appliances, fittings, chattels and articles of personal property of every kind and nature useable in connection with the operation of the Improvements now or hereafter located at the Facility Realty, and all building materials and supplies of any nature whatsoever whether now owned or hereafter acquired, now or hereafter attached to, or used or usable in connection with any present or future operation or occupancy of the Facility and owned by the Debtor or in which the Debtor has or shall have an interest and all renewals and replacements thereof and additions and accessions thereto, including without limitation all partitions, elevators, lifts, steam and hot water boilers, heating and air conditioning equipment, lighting and power plants, engines, motors, compressors, ducts, coal, oil and gas burning apparatus, pipes, pumps, plumbing, radiators, sinks, bath tubs, water closets, refrigerators, gas and electrical fixtures, communications apparatus, stoves, ranges, shades, screens, awnings, vacuum cleaning system, and sprinkler system or other fire prevention or extinguishing apparatus and materials, all of which shall be deemed to be, remain and form a part of the Facility and are covered by the lien of this Mortgage, excluding, however, the Institution's Property (as defined in Section 3.4(d) of the Loan Agreement) from the lien of this Mortgage.

IV

All property insurance proceeds, awards, payments and other compensation payments, including interest thereon, and the right to receive the same, which are heretofore or hereafter made with respect to the Facility as a result of or in lieu of any taking by eminent domain (including any transfer made in lieu of the exercise of said right), the alteration of the grade of any street, or any other damage or injury to or decrease in the value of the Facility or the occurrence of any Loss Event (as defined in Section 6.1 of the Loan Agreement), to the extent of all amounts which may be secured by this Mortgage at the date of receipt of any such award or payment by the Mortgagee, and of the reasonable attorneys' fees, costs and disbursements incurred by the Mortgagee in connection with the collection of such award or payment, subject to the terms of the Indenture and the Loan Agreement as to the application of all such amounts so received.

V

All right, title and interest of the Debtor in and to (a) any and all present and future leases of space in any building(s) on or to be erected upon the Facility Realty; (b) any and all present and future subleases of space in any building(s) on or to be erected upon the Facility Realty; (c) all rents, issues and profits payable under any such leases and subleases; (d) any contracts for the sale of all or any portion of the Facility Realty or any building(s) or portions thereof on or to be erected upon the Facility Realty ("sale contracts"); and (e) any interest of the Debtor in contracts, agreements or other arrangements with architects, engineers and other professionals responsible for the design and supervision of the Project Work. Nothing in this paragraph is intended to constitute the consent of the Issuer, the Trustee or the Bondholders to any such leases, subleases or sale contracts (other than the Park Slope Ground Lease which is hereby consented to).

VI

All right, title and interest of the Debtor in all proceeds of any unearned premiums on any insurance policies (other than liability insurance policies) concerning the Facility, including, without limitation, the right to receive and apply the proceeds of any property insurance, judgments or settlements made in lieu thereof, for damages to the Facility, subject, however, to the terms of the Indenture and the Loan Agreement.

VII

All right, title and interest of the Debtor in all construction contracts, payment bonds, performance bonds, surety bonds, warranties, guarantees, maintenance, repair or replacement agreements and other contractual obligations of any contractor, subcontractor, surety, guarantor, manufacturer, dealer, laborer, supplier or materialman made with respect to the Facility or any part thereof.

VIII

All the right, in the name and on behalf of the Debtor, to appear in and defend any action or proceeding brought with respect to the Facility and to commence any action or proceeding to protect the interest of the Mortgagee in the Facility.

IΧ

Any and all air rights, development rights, zoning rights or other similar rights or interests which benefit or are appurtenant to the Facility and any proceeds arising therefrom.

X

All agreements (other than the Loan Agreement) and/or contracts now or hereafter entered into by the Debtor for the Project Work or in connection with the Facility or any part thereof, and all permits, licenses, bonds, plans and specifications relative to the Project.

ΧI

Any and all further estate, right, title, interest, property, claim and demand whatsoever of the Debtor in and to any of the above.

XII

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 Debtor or by any other Person with or without the consent of the Debtor, to the Mortgagee 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.

XIII

All proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned or agreed or intended so to be, to the Mortgagee and their successors and to them and their assigns forever;

THIS MORTGAGE secures the payment, performance and observance of the Obligations and shall continue in full force and effect until the Obligations shall be paid and satisfied in full or otherwise provided for in accordance with their respective terms.

THIS IS A BUILDING LOAN MORTGAGE, the proceeds of which are advanced and to be advanced pursuant to the terms of the Loan Agreement and the Building Loan Agreement dated as of even date herewith by and among the parties hereto.

Notwithstanding anything contained herein to the contrary, the maximum amount of Obligations secured by this Mortgage at execution or which under any contingency may become secured hereby at any time hereafter is the Secured Principal Amount plus interest thereon, plus all amounts expended by the Mortgagee after default by the Debtor which constitute payment of (i) taxes, charges or assessments which may be imposed by law upon the Mortgaged Property; (ii) premiums on insurance policies covering the Mortgaged Property; (iii) expenses incurred in protecting or upholding the lien of this Mortgage, including, but not limited to the expenses of any litigation to prosecute or defend the rights and lien created by this Mortgage; (iv) expenses incurred in protecting the collateral encumbered by this Mortgage; or (v) any amount, cost or charge to which the Mortgagee becomes subrogated upon payment, whether under recognized principles of law or equity, or under express statutory authority.

DEBTOR HEREBY represents, warrants, covenants and agrees with the Mortgagee as set forth below:

ARTICLE I

DEFINITIONS: CONSTRUCTION

Section 1.1. Certain Definitions. The following terms shall have the respective meanings in this Mortgage, except as the context otherwise requires:

Approving and Bond Resolution shall mean the resolution of the Issuer adopted on September 22, 2020, authorizing the Project and the issuance of the Bonds.

Assignment of Mortgage shall mean the Assignment of Mortgage and Security Agreement (Building Loan), dated as of even date herewith, 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.

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 even date herewith, among the Issuer, the Debtor and the Trustee, relating to the Facility, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Business Day shall have the meaning assigned to that term in the Indenture.

Closing Date shall mean January 27, 2021, the date of the initial issuance and delivery of the Bonds.

Debtor shall mean Friends of Hellenic Classical Charter Schools, 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 Debtor under Section 8.9 or 8.20 of the Loan Agreement.

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

Facility Address shall mean the address set forth in the definition of "Land" below.

Facility Personalty shall mean those items of machinery, equipment and other items of personalty, if any, 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 and described in Exhibit B— "Description of the Facility Personalty" to the Indenture, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Personalty shall, in accordance with the provisions of Sections 3.5 and 6.4 of the Loan Agreement, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so substituted for or replaced, and further exclude all items of Facility Personalty removed as provided in Section 3.5 of the Loan Agreement.

Facility Realty shall mean, collectively, the Land and the Improvements.

Improvements shall mean (i) all buildings, structures, foundations, related facilities, fixtures and other improvements of every nature whatsoever existing on the Closing Date and erected or situated on the Land; (ii) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land (including any improvements or demolitions made as part of the Project Work pursuant to Section 3.2 of the Loan Agreement); and (iii) all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

Indenture shall mean the Indenture of Trust, dated as of even date herewith, between the Issuer and the Trustee, and includes any and all amendments thereof and supplements thereto made in accordance therewith.

Initial Bonds shall mean the Issuer's \$40,970,000 Tax-Exempt Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A and \$835,000 Taxable Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021B, authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

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.

Land shall mean that certain lot, piece or parcel of land in the Borough of Brooklyn, Block 634 and Lot 34, generally known by the street address 646 Fifth Avenue, Brooklyn, New York, all as more particularly described in <u>Exhibit A</u> — "Description of the Land", together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to the Loan Agreement.

Loan shall have the meaning assigned to that term in the Indenture.

Loan Agreement shall mean the Loan Agreement, dated as of even date herewith, between the Issuer and the Debtor, and includes any and all amendments thereof and supplements thereto made in accordance therewith and with the Indenture.

Majority Holders shall have the meaning assigned to that term in the Indenture.

Mortgage shall mean this Mortgage and Security Agreement (Building Loan) from the Debtor to the Issuer and the Trustee, as Mortgagee, and includes any and all amendments hereof and supplements hereto made in accordance herewith and with the Indenture.

Mortgage and Security Agreement (Indirect Loan) shall mean the Mortgage and Security Agreement (Indirect Loan), dated as of even date herewith, from the Debtor to the Issuer and the Trustee, as Mortgagee, and includes any and all amendments thereof and supplements thereto made in accordance therewith and with the Indenture.

Mortgage and Security Agreement (Refinancing Loan) shall mean the Mortgage and Security Agreement (Refinancing Loan), dated as of even date herewith, from the Debtor to the Issuer and the Trustee, as Mortgagee, and includes any and all amendments thereof and supplements thereto made in accordance therewith and with the Indenture.

Mortgaged Property shall have the meaning assigned to that term in the Recitals hereto.

Obligations shall have the meaning assigned to that term in the Recitals hereto.

Opinion of Counsel shall have the meaning assigned to that term in the Indenture.

Outstanding shall have the meaning assigned to that term in the Indenture.

Park Slope Church shall mean Greek Orthodox Community of Kimisis Theotokou, Inc.

Park Slope Ground Lease shall mean that certain Ground Lease dated as of March 6, 2012 from the Park Slope Church to Hellenic Classical Charter Schools, as amended by that certain Rider to Ground Lease, dated as of October 30, 2013, between the Park Slope Church and Hellenic Classical Charter Schools, as the same may be further amended or modified and as assigned by Hellenic Classical Charter Schools to the Debtor pursuant to that certain Assignment of Lease and Lease Amendment dated as of the Closing Date between the Hellenic Classical Charter Schools, as assignor, and the Debtor, as assignee, whereby Hellenic Classical Charter Schools' leasehold interest under the Park Slope Ground Lease is transferred to the Debtor, as the same may be amended or modified.

Permitted Encumbrances shall have the meaning assigned to that term in the Indenture.

Person shall have the meaning assigned to that term in the Indenture.

Project shall mean (i) refinancing a loan incurred by Hellenic Classical Charter Schools to finance leasehold improvements to a four-story, approximately 46,000 square foot building located on the Land, which includes or will include approximately 21 classrooms, 14 private rooms for offices or specialized learning, locker areas, a cafeteria, gymnasium, library, administrative offices and serves students from kindergarten through grade eight, (ii) paying all or a portion of the cost of the construction, furnishing, and equipping of additional leasehold improvements to the Facility and (iii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Initial Bonds.

Project Documents shall have the meaning assigned to that term in the Indenture.

Project Work shall have the meaning assigned to that term in the Indenture.

Trustee shall have the meaning assigned to that term in the Recitals hereto.
Section 1.2. <u>Construction</u> . In this Mortgage, unless the context otherwise requires:
(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Mortgage, refer to this Mortgage, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the Closing Date.
(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.
(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.
(d) Any headings preceding the texts of the several Articles and Sections of this Mortgage, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Mortgage, nor shall they affect its meaning, construction or effect.
(e) Unless the context indicates otherwise, references to designated "Exhibits," "Articles", "Sections", "Subsections", "clauses" and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Mortgage.
(f) The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".
(g) The word "will" shall be construed to have the same meaning and effect as the word "shall".
(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein).
(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person's successors and permitted assigns or such Person's successors in such capacity, as the case may be.

Promissory Note shall have the meaning assigned to that term in the Indenture.

Security Documents shall have the meaning assigned to that term in the Indenture.

Secured Principal Amount shall mean \$_____.

State shall mean the State of New York.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF DEBTOR

Section 2.1. <u>Representations and Warranties of Debtor</u>. The Debtor does hereby represent and warrant that:

- (a) The Debtor shall (i) duly and punctually pay as provided in the Initial Bonds, as and when due and payable, all sums due and payable under the Initial Bonds, the Loan Agreement, this Mortgage and the other Project Documents, and shall duly and punctually pay all other sums secured hereby, and (ii) satisfy all of its other obligations under the Project Documents in accordance with the terms of the Project Documents.
- (b) The Debtor is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State, is not in violation of any provision of its certificate of incorporation or by-laws, has the requisite corporate power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Mortgage and each other Project Document to which it is or shall be a party.
- (c) The execution, delivery and performance of this Mortgage and each other Project Document to which the Debtor is or shall be a party and the consummation of the transactions herein and therein contemplated will not (x) violate any provision of any applicable law, any order of any court or agency of government, or any of the certificate of incorporation or by-laws of the Debtor, or any indenture, agreement or other instrument to which the Debtor is a party or by which it or any of its property is bound or to which it or any of its property is subject, (y) be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or (z) result in the imposition of any lien, charge or encumbrance of any nature whatsoever other than Permitted Encumbrances.
- (d) There is no action or proceeding pending or, to the best of the Debtor's knowledge, after diligent inquiry, threatened by or against the Debtor by or before any court or administrative agency that would adversely affect the ability of the Debtor to perform its obligations under this Mortgage or any other Project Document to which it is or shall be a party.
- (e) The Debtor has obtained all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by the Debtor as of the Closing Date in connection with the execution and delivery of this Mortgage and each other Project Document to which the Debtor is a party or in connection with the performance of the obligations of the Debtor hereunder and under each of the Project Documents.
- (f) This Mortgage and the other Project Documents to which the Debtor is a party (x) have been duly authorized by all necessary action on the part of the Debtor, (y) have been duly executed and delivered by the Debtor, and (z) assuming the due execution and delivery by the other parties, as applicable, constitute the legal, valid and binding obligations of the Debtor, enforceable against the Debtor in accordance with their respective terms, except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.
- (g) The assumption by the Debtor of its obligations hereunder will result in a direct financial benefit to the Debtor.

- (h) The Debtor has power to enter into and perform this Mortgage, to create, pledge and grant the mortgage, pledge, assignment and security interest in the Mortgaged Property as provided in this Mortgage, and to own its property and assets.
- (i) The Debtor is vested with good and marketable leasehold title to the Facility Realty and a valid leasehold interest in the Park Slope Ground Lease, subject to no mortgage, lien, charge, pledge, assignment, security interest, conditional sale agreement or encumbrance of any kind whatsoever, other than Permitted Encumbrances.
- (j) The Debtor is, as of the Closing Date, and after giving effect to all instruments evidencing or securing the Obligations will be, in a solvent condition.
- (k) The execution and delivery of this Mortgage does not constitute a "fraudulent conveyance" within the meaning of Title 11 of the United States Code as so constituted or under any other applicable law.
- (l) No bankruptcy or insolvency proceedings are pending or contemplated by or, to the best knowledge of the Debtor, against, the Debtor.
- (m) This Mortgage does not give any Person other than the Mortgagee the right to payment of the Obligations.
- (n) The Debtor is duly authorized to mortgage and grant a security interest in the Mortgaged Property, and this Mortgage is a second lien upon the Mortgaged Property, subject only to Permitted Encumbrances.

ARTICLE III

GENERAL AGREEMENTS OF DEBTOR

Section 3.1. Payment, Performance, Observance and Compliance. The Debtor agrees to pay, perform, observe and comply with such of the Obligations to which it shall be subject (including this Mortgage) upon the terms and provisions required of the Debtor under the Project Documents.

Section 3.2. Acknowledgment of Amount Due. The Debtor shall, upon written request, furnish to the Mortgagee, in person within five (5) days, or, by mail within ten (10) days, a written statement duly acknowledged of the amount due under this Mortgage and whether any offsets or defenses exist against the Obligations.

Section 3.3. Security Agreement. This Mortgage is and shall be deemed to be a security agreement under the New York State Uniform Commercial Code with respect to the Mortgaged Property, and the Mortgagee shall have all the rights of a secured party thereunder with respect to that part of the Mortgaged Property that constitutes personal property subject thereto (sometimes referred to herein as the "Secured Property"). Upon request by the Mortgagee, Debtor, at its sole cost and expense, shall execute and deliver to the Mortgagee any security agreement, financing or continuation statement or other document the Mortgagee reasonably deems necessary to protect or perfect its lien on the Mortgaged Property. Following the occurrence of and during the continuance of an Event of Default, the Mortgagee, in addition to any other rights and remedies that it may have, shall have and may exercise immediately and without demand any and all rights and remedies granted to a secured party upon default under the New York State Uniform Commercial Code, including the right to take possession of the Secured Property or any part thereof or indicia thereof, and to take such other measures as the Mortgagee may deem necessary for the care, protection and preservation of the Secured Property. Upon written request or written demand of the Mortgagee following the occurrence of and during the continuance of an Event of Default, the Debtor shall, at the Debtor's sole cost and expense, assemble the Secured Property and make it available to the Mortgagee at a convenient place located in the Borough of Brooklyn, New York and acceptable to the Mortgagee. The Debtor shall pay to the Mortgagee on written demand all costs and expenses, including reasonable legal expenses and attorneys' fees and expenses, incurred or paid by the Mortgagee in protecting its interest in the Secured Property and in enforcing its rights hereunder with respect to the Secured Property. Any written notice of sale, other disposition, or other intended action by the Mortgagee with respect to the Secured Property sent to the Debtor in accordance with the provisions of this Mortgage at least ten (10) days prior to the date of any such sale, other disposition, or other intended action set forth or specified in the notice shall conclusively be deemed to be commercially reasonable within the meaning of the New York State Uniform Commercial Code unless objected to in writing by the Debtor within five (5) days after receipt by the Debtor of the notice. The proceeds of any sale or other disposition of the Secured Property, or any part thereof, shall be applied to the payment of the Obligations as provided in Section 5.17.

Section 3.4. Ownership: Instruments of Further Assurance. The Mortgagee on behalf of the Debtor (at the sole cost and expense of the Debtor) shall defend the title of the Debtor to the Mortgaged Property and every part thereof and the Debtor agrees to warrant and defend such title against the claims and demands of all Persons whomsoever (except for holders of Permitted Encumbrances). The Debtor covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, at the sole cost and expense of the Debtor, such supplements hereto and such further acts, instruments and transfers as the Mortgagee may reasonably require for the better

assuring, transferring, conveying, pledging, assigning and confirming unto the Mortgagee all and singular the property herein described and subject to the lien and security interest of this Mortgage and those revenues pledged hereby and by the Indenture to the payment of the Obligations. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien and security interest hereof shall <u>ipso facto</u>, and without any further conveyance, assignment or act on the part of the Debtor or the Mortgagee, become and be subject to the lien and security interest of this Mortgage as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Debtor heretofore made by this Section 3.4.

Section 3.5. Creation of Liens; Indebtedness; Sale of Facility. The Debtor covenants that this Mortgage is and will be a second leasehold mortgage lien upon the Mortgaged Property, subject only to Permitted Encumbrances. The Debtor shall not create or suffer to be created any lien or charge upon or pledge of the Mortgaged Property or any part thereof, except the lien, charge and pledge created by this Mortgage and the other Permitted Encumbrances. The Debtor shall not incur any indebtedness or issue any evidences of indebtedness, other than the Obligations, secured by a lien on or pledge of the Mortgaged Property, except for Permitted Encumbrances or as set forth in the Loan Agreement. The Debtor further covenants and agrees not to sell, convey, transfer, lease, mortgage or encumber the Facility or any part thereof except as specifically permitted under the Loan Agreement, the Indenture, this Mortgage and the other Permitted Encumbrances, so long as any of the Obligations are Outstanding.

The Debtor shall not, without the consent in writing of the Mortgagee, voluntarily change the use of the Mortgaged Property or sell, transfer or convey its interest in the Mortgaged Property or any part thereof in or by any one or series of transactions or permit the Mortgaged Property or any part thereof or any interest therein to be sold, transferred, or conveyed except as specifically permitted under the Loan Agreement, the Indenture, this Mortgage and the other Permitted Encumbrances, so long as any of the Obligations are Outstanding. For the purposes of this Section a "sale" shall include: (1) if the Debtor is a for-profit corporation, a majority of its voting shares of stock shall be sold, transferred or pledged, or the majority interest therein shall be transferred by the issuance of new shares or otherwise, in any one or series of transactions; (2) if the Debtor is a not-for-profit corporation, the sale, transfer or pledge of a majority of its membership interests; or (3) if the Debtor is a partnership, limited liability company, joint venture or similar entity, the majority of the interest or interests in the Debtor be sold, transferred or pledged or the majority of the interests therein be transferred or diluted by the admission of new partners, members or otherwise, in any one or series of transactions or, if by operation of law, either the Mortgaged Property or such voting shares or interests shall be sold, transferred or pledged, in any one or series of transactions. Consent to one such transaction shall not be deemed to be a waiver of the right to require such consent to further or successive transactions.

Section 3.6. Release of Property. Reference is made to the provisions of the Loan Agreement, including, without limitation, Sections 3.5 and 8.10 thereof, whereby the Debtor may withdraw from the Facility any Facility Personalty or fixtures or any right-of-way, easement, permit or license or unimproved portion thereof, all upon compliance with the terms and conditions of the Loan Agreement. At the request of the Debtor, and at the sole cost and expense of the Debtor, the Mortgagee shall release from the lien and security interest of this Mortgage, the Mortgage and Security Agreement (Refinancing Loan) and the Mortgage and Security Agreement (Indirect Loan) and release from the Loan Agreement, such portion of the property of the Facility so withdrawn upon compliance with the provisions of the Loan Agreement and shall confirm any such release.

Section 3.7. Recording and Filing. (a) The Debtor shall cause this Mortgage and all supplements hereto to be recorded (at the sole cost and expense of the Debtor) as a mortgage of real property in the appropriate offices of the Register of The City of New York or in such other offices as may be at the time provided by law as the proper place for the recordation thereof. In addition, the security interest of the Mortgagee, as created by this Mortgage, in the personal property and fixtures and the rights and other intangible interests herein described, shall be perfected by the filing of financing statements by the Debtor, at the sole cost and expense of the Debtor, in the offices of the Secretary of State of the State of New York in the City of Albany, New York, and in the offices of such Register of The City of New York, which financing statements shall be in accordance with the New York State Uniform Commercial Code - Secured Transactions. All mortgage recording taxes, if any, and filing and recording charges and fees shall be payable by the Debtor.

- (a) The Debtor and the Mortgagee acknowledge that, as of the Closing Date,
- (i) Section 9-515 of the New York State Uniform Commercial Code-Secured Transactions provides that an initial financing statement filed in connection with a "public-financed transaction" is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public financed transaction,
- (ii) Section 9-102(67) of the New York State Uniform Commercial Code-Secured Transactions defines a public-finance transaction as a secured transaction in connection with which, in substance, (x) bonds are issued, (y) all or a portion of the bonds have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured party or assignee with respect to the collateral or secured obligation is a governmental unit of a state, and
- (iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.
- (b) The parties hereto acknowledge and agree that, because the foregoing financing statements evidence collateral for the Bonds, and because the Bonds are municipal securities with a term that is at least twenty (20) years in duration, there is no need under the New York State Uniform Commercial Code to re-file such financing statements in order to preserve the liens and security interests that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

Subsequent to the foregoing recordation and filings, if in the Opinion of Counsel to the Debtor (described herein below), to preserve (after the thirtieth (30th) anniversary of the Closing Date) the lien and security interest of this Mortgage, it is necessary to re-record and/or re-index documents, refile financing statements and/or file continuation statements and/or take any other actions (individually or collectively, the "Continuation Action(s)"), then, the Debtor in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Mortgagee all necessary instruments and filing papers, together with remittances equal to the cost of required filing fees and other charges, so that the Mortgagee may perform the Continuation Actions, or (ii) electronically perform the Continuation Actions and deliver to the Mortgagee written certification (upon which the Mortgagee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause "(i)" and the others in the manner described in clause "(ii)"; and (B) deliver or cause to be delivered to the Mortgagee the Opinion of Counsel to the Debtor as described below. The Mortgagee may conclusively rely upon (y) when applicable, the certification

referred to in clause "(A)(ii)," and (z) in all instances, the Opinion of Counsel to the Debtor. In the event the Debtor chooses to have the Mortgagee perform all or some of the Continuation Actions, as provided in clause "(A)(i)" hereinabove, the Mortgagee shall reasonably promptly perform such Continuation Actions at the Debtor's sole expense. The Debtor shall perform the obligations described hereinabove in clauses "(A)" and "(B)" no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause "(i)") on which a Continuation Action is to be taken to preserve the lien and security interest of this Mortgage.

The Opinion of Counsel to the Debtor shall be addressed to the Debtor and the Mortgagee. Counsel shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year period thereafter through the term of the Bonds, and/or (ii) the date of any required Continuation Action not covered by clause "(i)," in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Debtor, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Mortgagee with instruments and papers prepared by the Debtor, or (ii) the Debtor through electronic filing, or (iii) the Mortgagee as to some Continuation Actions, and the Debtor as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Debtor and the Mortgagee then requisite to the maintenance of the perfection of the security interest of the Mortgagee in and to all property and interests which by the terms of this Mortgage are to be subjected to the lien and security interest of this Mortgage.

- (c) The Debtor, the Issuer and the Trustee (on behalf of itself and the Bondholders) acknowledge and agree that neither the Issuer, the Trustee, nor any of their respective directors, members, officers, employees, servants, agents, persons under its control or supervision, or attorneys (including Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any New York State Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests, or the recording or rerecording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.
- (d) All costs (including reasonable attorneys' fees and expenses) incurred in connection with the effecting of the requirements specified in this Section shall be paid by the Debtor.
- (e) The Debtor agrees to perform all other acts (including the payment of all fees and expenses) necessary in order to enable the Mortgagee to comply with this Section, and with Section 7.07 of the Indenture, including but not limited to, providing prompt notice to the Mortgagee of any change in either of the name or address of the Debtor. The Debtor agrees that the Mortgagee, if permitted by applicable law, may provide for the re-recording of the Indenture or any other Security Document or the filing or re-filing of continuation statements without the cooperation of the Debtor as necessary at the Debtor's sole cost and expense.
- (f) Any filings with respect to the New York State Uniform Commercial Code financing statements may be made electronically, and the Issuer shall have the right to designate a company (which shall be reasonably acceptable to the Trustee) to facilitate the filing of the New York State Uniform Commercial Code financing statements.

Section 3.8. After-Acquired Property. All right, title and interest of the Debtor in and to all improvements, betterments, renewals, substitutes and replacements of, and all additions, accessions and appurtenances to, the Mortgaged Property (other than trade fixtures), or any part thereof, hereafter acquired, constructed, assembled or placed by or at the direction of the Debtor on or in the Facility (other than trade fixtures), and all conversions and proceeds of the security constituted thereby, immediately upon such acquisition, construction, assembly, placement or conversion, as the case may be, and in each such case without any further mortgage, conveyance or assignment or other act of the Debtor, shall become subject to the security and lien of this Mortgage as fully and completely, and with the same effect, as though now owned by the Debtor and specifically described in the Granting Clauses hereof; but at any and all times the Debtor, on demand, will execute, acknowledge, deliver to the Mortgagee and the Debtor will cause to be recorded or filed as provided in Section 3.7, any and all such further assurances and mortgages, conveyances or assignments thereof as the Mortgagee may reasonably require for the purposes of expressly and specifically subjecting the same to the security and lien of this Mortgage.

Section 3.9. Additional Taxes or Charges. If any law or ordinance is enacted or adopted which imposes a tax, either directly or indirectly, on this Mortgage, the Debtor will pay such tax, with interest and penalties thereon, if any. If at any time the United States of America, any state thereof or any governmental subdivision of any such state, shall require revenue or other stamps to be affixed to this Mortgage or any of the other Security Documents, the Debtor agrees to pay for the same, with interest and penalties thereon, if any. Nothing contained in this Section 3.9 shall obligate the Debtor to indemnify the Mortgagee for any income tax liability arising by reason of this Mortgage.

Section 3.10. Notice of Event of Default. The Debtor shall immediately notify the Mortgagee in writing of any Event of Default (as defined in Section 5.5 of this Mortgage) or any event which with notice and/or lapse of time would constitute an Event of Default under any Security Document. Any notice required to be given pursuant to this Section shall be signed by the Debtor and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken to cure a default, the notice should plainly state this fact.

Section 3.11. <u>Insurance Requirements</u>. In addition to any insurance required pursuant to Section 8.1 of the Loan Agreement, the Debtor does hereby warrant and agree as follows:

- (a) At all times throughout the term of this Mortgage, including without limitation during any period of construction, reconstruction or substantial renovation of the Facility, the Debtor shall maintain insurance, or cause there to be maintained insurance, if applicable, with respect to the Facility, with insurance companies licensed to do business in the State, against such risks, loss, damage and liability (including liability to third parties) and for such amounts as are customarily insured against by other enterprises of like size and type as that of the Debtor. In addition to this general requirement, such insurance shall, for purposes of subsections (b) through (f) of this Section 3.11, include, without limitation, insurance coverage described in paragraphs (i) through (iv) below (hereinafter, "Specific Coverage"):
 - (i) (A) Property damage insurance, and (B) during any period of construction, reconstruction or substantial renovation of the Facility (to the extent not otherwise covered by property damage insurance), Builders' All Risk Insurance written on "100% builders' risk completed value, non-reporting form" including coverage therein for "completion and/or premises occupancy" and coverage for property damage insurance, all of which insurance shall include coverage for removal of debris, insuring the buildings, structures, facilities, fixtures and other property constituting a part of the Facility against loss or damage to the Facility by all risk of physical loss at all times in an amount such that the proceeds of such insurance shall be sufficient to prevent the Issuer, the Debtor or the Trustee from becoming a co-insurer of any loss

under the insurance policies but in any event in amounts equal to the greater of (A) 110% of the actual replacement value of the Facility as determined by a qualified insurance appraiser or insurer (selected by the Debtor) not less often than once every three years, at the expense of the Debtor, and (B) the principal amount of the Outstanding Bonds; any such insurance may provide that the insurer is not liable to the extent of the first \$10,000 with the result that the Debtor is its own insurer to the extent of \$10,000 of such risks;

- (ii) Boiler and machine property damage insurance in respect of any steam and pressure boilers and similar apparatus located on the Facility from risks normally insured against under boiler and machinery policies and in amounts and with deductibles customarily obtained for similar business enterprises but in any event in an amount not less than \$1,000,000;
- (iii) To the extent the Facility may be located in a flood zone, or if otherwise required by federal law, flood certification or flood insurance, to the extent not covered by property damage insurance, in an amount equal to the greater of the full replacement cost or the maximum amount then available under the National Flood Insurance Program; and
- (iv) Such other insurance, including revision of the insurance requirements set forth above, in such amounts and against such insurable hazards as the Trustee (at the specific written direction of the Majority Holders) from time to time may reasonably require.
- (b) All Specific Coverage required by Section 3.11(a) shall be procured and maintained in financially sound and generally recognized responsible insurance companies authorized to write such insurance in the State and having an A.M. Best rating of "A" or better. At least once every two Fiscal Years, the Debtor agrees to deliver a certificate of an independent insurance consultant to the Trustee which indicates that the insurance then maintained by the Debtor meets the requirements of this Section 3.11 and Section 8.1 of the Loan Agreement.
- (c) Each of the policies evidencing the Specific Coverage required above to be obtained shall:
 - (i) designate the Debtor and Trustee as additional insureds as their respective interests may appear;
 - (ii) provide that all insurance proceeds with respect to loss or damage to the property of the Facility be endorsed (by the Debtor) and made payable to the Trustee and shall name the Trustee as a loss payee under the standard loss payee clause and as a mortgagee under the terms of a standard mortgagee clause, which insurance proceeds shall be paid over to the Trustee and deposited in the Renewal Fund (except as otherwise provided in Section 3.11(d));
 - (iii) provide that there shall be no recourse against the Trustee for the payment of premiums or commissions or (if such policies or binders provide for the payment thereof) additional premiums or assessments;
 - (iv) provide that in respect of the interest of the Trustee in such policies, the insurance shall not be invalidated by any action or inaction of the Debtor or any other Person and shall insure the Trustee regardless of, and any losses shall be payable notwithstanding, any such action or inaction:
 - (v) provide that such insurance shall be primary insurance without any right of contribution from any other insurance carried by the Trustee to the extent that such other

insurance provides the Trustee with contingent and/or excess liability insurance with respect to its interest in the Facility;

- (vi) provide that if the insurers cancel such insurance for any reason whatsoever, including the insured's failure to pay any accrued premium, or the same is allowed to lapse or expire, or there be any reduction in amount, or any material change is made in the coverage, such cancellation, lapse, expiration, reduction or change shall not be effective as to the Trustee until at least thirty (30) days, or ten (10) days due to nonpayment of premium, after receipt by the Trustee of written notice by such insurers of such cancellation, lapse, expiration, reduction or change;
- (vii) waive any right of subrogation of the insurers thereunder against any Person insured under such policy, and waive any right of the insurers to any setoff or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any Person insured under such policy; and
- (viii) contain such other terms and provisions as any owner or operator of facilities similar to the Facility would, in the prudent management of its properties, require to be contained in policies or interim insurance contracts with respect to facilities similar to the Facility owned or operated by it.
- (d) The Net Proceeds of any insurance received with respect to any loss or damage to the property of the Facility (except if such Net Proceeds so received for any Loss Event shall be less than \$250,000 in which event such Net Proceeds shall be paid directly to the Debtor and applied by the Debtor to the rebuilding, replacement, repair and restoration of the Facility with any excess to be retained by the Debtor) shall be deposited in the Renewal Fund and applied in accordance with Section 6.2 of the Loan Agreement and the Indenture.
- (e) The Debtor shall deliver or cause to be delivered to the Trustee the following documents evidencing compliance with the Specific Coverage requirements of this Section 3.11: (i) on or prior to the Closing Date: (A) a broker's certificate of coverage, upon which the Trustee may conclusively rely in order to confirm compliance with the requirements of this Section 3.11, confirming that the Debtor, as of the Closing Date, has obtained Specific Coverage in accordance with the requirements of this Section 3.11, and (B) evidence of property insurance and certificates or other evidence of other required insurance and, (ii) as soon as practicable thereafter, upon request, duplicate copies of insurance policies and/or binders. At least seven (7) Business Days prior to the expiration of any such policy, the Debtor shall furnish the Trustee with evidence that such policy has been renewed or replaced or is no longer required by this Mortgage.
- (f) The Debtor shall, at its own cost and expense, make all proofs of loss and take all other steps necessary or reasonably requested by the Trustee (upon the specific written direction of the Majority Holders) to collect from insurers for any loss covered by any insurance required to be obtained by this Section 3.11. The Debtor shall not do any act, or suffer or permit any act to be done, whereby any Specific Coverage required by this Section 3.11 would or might be suspended or impaired.
- (g) THE DEBTOR ACKNOWLEDGES THAT THE INSURANCE SPECIFIED HEREIN AND IN THE LOAN AGREEMENT IS NOT IN ANY WAY A REPRESENTATION BY THE ISSUER OR THE TRUSTEE THAT SUCH INSURANCE, WHETHER IN SCOPE OR COVERAGE OR LIMITS OF COVERAGE, IS ADEQUATE OR SUFFICIENT TO PROTECT THE BUSINESS OR INTEREST OF THE DEBTOR.

Section 3.12. <u>Maintenance of the Mortgaged Property and Compliance with Laws</u>. The Debtor shall (at its expense insofar as is applicable by the context):

- (a) maintain the Mortgaged Property in good and substantial order and repair (reasonable wear and tear excepted) and in such fashion that the value and utility of the Mortgaged Property will not be diminished and will make or cause to be made all necessary and appropriate repairs, replacements, and renewals thereof, whether interior or exterior, structural or non-structural; all repairs, replacements and renewals to be at least equal, in quality and class, to that of the original;
- (b) not use or cause the whole or any part of the Mortgaged Property to be used in such a manner as to cause the same to be subject to forfeiture under applicable laws. In the event that any person or entity, in possession of the whole or any part of the Mortgaged Property, or otherwise, may, by acts or omissions, cause the Mortgaged Property to be subject to forfeiture, the Debtor, within five (5) days after receiving notice of the occurrence of any such act or omission, shall notify the Trustee of the occurrence of such act or omission and shall commence such legal proceedings against the party committing or permitting the acts or omissions as shall be necessary to prevent such forfeiture;
- (c) comply with, or cause to be complied with all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorization, directions and requirements of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers which may, as at the Closing Date or thereafter, affect the Mortgaged Property or any part thereof or its use or condition, or which may affect any adjoining sidewalks, curbs, vaults and vault space, if any, or streets or ways insofar as the Debtor is required to comply therewith;
- (d) comply with, or cause to be complied with, all requirements of the issuer of any policy(s) of insurance covering or affecting the whole or any part of the Mortgaged Property, and all orders, rules, regulations and other requirements of the New York Board of Fire Underwriters (or that of any other body exercising similar functions) applicable to the Mortgaged Property or any part thereof; and
- (e) not do or permit any act or thing which is contrary to the requirements or prohibitions of any document of record affecting the Mortgaged Property nor commit or permit any material waste of or nuisance in, at or on the Mortgaged Property or any part thereof.
- Section 3.13. <u>Compliance with Park Slope Ground Lease</u>. The Debtor shall fully and timely observe, perform and comply with all of the terms, covenants and provisions contained in the Park Slope Ground Lease in such a manner so as to prevent the occurrence of a default thereunder.
- Section 3.14. <u>Debtor's Bankruptcy; Effect on Park Slope Ground Lease</u>. (a) The Debtor shall not elect to treat the Park Slope Ground Lease as terminated, canceled or surrendered pursuant to the applicable provisions of the Federal Bankruptcy Code (including, but not limited to, Section 365(h)(1) thereof) without the Mortgagee's prior written consent in the event of the Debtor's Bankruptcy, notwithstanding any rejection thereof by the Debtor or any trustee, custodian or receiver. Any such election made without Mortgagee's consent shall be null and void ab initio.
- (b) The lien of this Mortgage shall attach to all of the Debtor's rights and remedies at any time arising under or pursuant to Subsection 365(h) of the Federal Bankruptcy Code, including, without limitation, all of the Debtor's rights to remain in possession of the property.
- (c) The Debtor shall, after obtaining knowledge thereof, promptly notify the Mortgagee of any filing by or against the Park Slope Church of a petition under the Federal Bankruptcy Code. The Debtor shall promptly deliver to the Mortgagee, following receipt, copies of any and all notices,

summonses, pleadings, applications and other documents received by the Debtor in connection with any such petition and any proceedings relating thereto. If any action, proceeding, motion or notice shall be commenced or filed in respect of Park Slope Church or the Park Slope Ground Lease in connection with any case under the Federal Bankruptcy Code, then the Mortgagee shall have the option, exercisable upon notice from the Mortgagee to the Debtor, to participate directly in such litigation (including, without limitation, the right to file and prosecute, without joining or the joinder of the Debtor, any proofs of claim, complaints, motions, applications, notices and other documents) with counsel of the Mortgagee's choice. The Mortgagee may proceed in its own name or, during the continuance of an Event of Default, in the name of the Debtor in connection with any such litigation, and the Debtor agrees to execute any and all authorizations, consents or other documents reasonably required by the Mortgagee in connection therewith, and the Debtor hereby grants to the Mortgagee a power-of-attorney, coupled with an interest, for the purpose of executing all such authorizations, consents and other documents. This assignment constitutes a present, irrevocable and unconditional assignment of the foregoing claims, rights and remedies, and shall continue in effect until all of the debt shall have been satisfied and discharged in full. Any amounts received by the Mortgagee as damages arising out of the rejection of the Park Slope Ground Lease as aforesaid shall be applied by the Mortgagee in its sole and absolute discretion. The Debtor shall promptly make, execute, acknowledge and deliver, in form and substance satisfactory to the Mortgagee, a Uniform Commercial Code financing statement and all such additional instruments, agreements and other documents, as may at any time hereafter be required by the Mortgagee to effectuate and carry out the assignment pursuant to this paragraph (and hereby authorizes and grants an irrevocable power of attorney to the Mortgagee to file the same in the name of, and on behalf of, the Debtor). The Debtor shall, upon demand, pay to the Mortgagee all costs and expenses (including attorneys' fees) paid or incurred by the Mortgagee in connection with the prosecution or conduct of any such proceedings. The Debtor shall not commence any action, suit, proceeding or case, or file any application or make any motion, in respect of the Park Slope Ground Lease in any such case under the Federal Bankruptcy Code without the prior written consent of the Mortgagee.

(d) If pursuant to section 365(h)(2) of the Federal Bankruptcy Code, the Debtor shall seek to offset against the rent reserved in the Park Slope Ground Lease the amount of any damages caused by the nonperformance by the Park Slope Church of its obligations under the Park Slope Ground Lease after the rejection by the Park Slope Church of the Park Slope Ground Lease under the Federal Bankruptcy Code, then the Debtor shall, prior to effecting such offset, notify the Mortgagee of its intent to do so, setting forth the amount proposed to be so offset and the basis therefor. The Mortgagee shall have the right to object to all or any part of such offset that, in the reasonable judgment of the Mortgagee, would constitute a breach of the Park Slope Ground Lease, and in the event of such objection (unless the Debtor shall have obtained a bankruptcy court order expressly authorizing such offset), the Debtor shall not effect any offset of the amounts so objected to by the Mortgagee. Neither the Mortgagee's failure to object as aforesaid nor any objection relating to such offset shall constitute an approval of any such offset by the Mortgagee.

(e) If a proceeding under the Federal Bankruptcy Code shall be filed with respect to the Debtor as debtor, and the Debtor, as lessee under the Park Slope Ground Lease, shall determine to reject such Park Slope Ground Lease pursuant to section 365(a) of the Federal Bankruptcy Code, then the Debtor shall give the Mortgagee not less than ten (10) days' prior notice of the date on which such Debtor shall apply to the bankruptcy court for authority to reject the Park Slope Ground Lease. The Mortgagee shall have the right, but not the obligation, to serve upon the Debtor within such ten (10) day period a notice stating that (A) the Mortgagee demands that the Debtor assume and assign the Park Slope Ground Lease to the Mortgagee pursuant to section 365 of the Federal Bankruptcy Code and (B) the Mortgagee covenants to cure or provide adequate assurance of future performance under the Park Slope Ground Lease. If the Mortgagee shall serve upon the Debtor the notice described in clause (A) of the preceding sentence, the Debtor shall not seek to reject the Park Slope Ground Lease and shall comply with the

demand provided for in the preceding sentence subject to performance by the Mortgagee of the covenant provided for in clause (B) of the preceding sentence.

- (f) Effective upon the entry of an order for relief with respect to the Debtor under the Federal Bankruptcy Code, the Debtor hereby assigns and transfers to the Mortgagee a non-exclusive right to apply to the bankruptcy court under section 365(d)(4) of the Federal Bankruptcy Code for an order extending the period during which the Park Slope Ground Lease may be rejected or assumed.
- (g) If the Park Slope Ground Lease shall be terminated prior to the scheduled expiration of its term, and if the Park Slope Ground Lease contains a provision pursuant to which the Mortgagee or its designee shall acquire from the Park Slope Church a new lease of the Land, the Debtor shall have no right, title or interest in or to such new lease or the leasehold estate created thereby, or renewal privileges, if any, therein contained.
- (h) If the Park Slope Ground Lease is rejected in connection with a bankruptcy proceeding by the Debtor, a trustee in a bankruptcy or such other party to such proceeding on behalf of the Debtor, such rejection shall be deemed an assignment by the Debtor to the Mortgagee of the Park Slope Ground Lease and all of the Debtor's right, title and interest in and to the Park Slope Ground Lease, and the Park Slope Ground Lease shall not terminate. In connection therewith, the Mortgagee shall have all of the right, title and interest of the Debtor as if such bankruptcy proceeding has not occurred, unless the Mortgagee shall reject such deemed assignment by notice in writing to the Park Slope Church within thirty (30) days following rejection of the Park Slope Ground Lease by the Debtor, the trustee in bankruptcy or such other party to such proceeding, as applicable. If any court of competent jurisdiction shall determine that, notwithstanding the terms of the preceding sentences, the Park Slope Ground Lease shall have been terminated as a result of a rejection by the Debtor, the trustee in the bankruptcy or such other party to such proceeding, as applicable, the Debtor shall use commercially reasonable efforts to cause the Park Slope Church, on the Mortgagee's written election, promptly to enter into a new, direct lease with the Mortgagee or its designee for the property on the same terms and conditions as those contained in the Park Slope Ground Lease ("New Lease"), it being the intention of the parties to preserve the Park Slope Ground Lease and the leasehold estate created by the Park Slope Ground Lease for the benefit of the Mortgagee without interruption. The New Lease shall be superior to all rights, liens and interests granted at any time on the fee interest in the applicable property and to all rights, liens and interests intervening between the date of the Park Slope Ground Lease and the granting of the New Lease, and shall be free of any and all rights of the Debtor under the Park Slope Ground Lease. If the Mortgagee designates the Park Slope Church to enter into the New Lease in accordance with the terms hereof, the Debtor shall use commercially reasonable efforts to cause the Park Slope Church to acknowledge and agree that the Mortgagee shall have the right to encumber the New Lease and the estate created thereby with a mortgage or deed of trust on the same terms and conditions, and with the same lien priority as this Mortgage, it being the intention of the parties to preserve the priority of the Mortgage, the New Lease and the leasehold estate created by the New Lease for the benefit of the Mortgagee without interruption.

Section 3.15. Park Slope Ground Lease Covenants.

(a) *Prohibited Actions*. The Debtor shall not without the express written consent of the Mortgagee (a) in any manner, cancel, terminate or surrender, or permit the cancellation, termination or surrender of the Park Slope Ground Lease, in whole or in part, (b) either orally or in writing, modify, amend, supplement, replace or restate or permit any modification, amendment, supplement, replacement or restatement of any of the material terms thereof or the Park Slope Ground Lease in its entirety, or (c) permit the subordination of its leasehold interest under the Park Slope Ground Lease to any mortgage or deed of trust other than this Mortgage; and any attempt on the part of Debtor to do any of the foregoing

without such written consent of Mortgagee shall be null and void ab initio and shall constitute an Event of Default.

- (b) Required Actions. The Debtor shall pay or cause to be paid all rent under the Park Slope Ground Lease, as and when the same is due (and promptly provide the Mortgagee with reasonable evidence of such payment upon request) and shall promptly and faithfully observe, abide by, discharge and perform, or cause to be kept, observed, discharged and performed, all other material terms, obligations, covenants, conditions, agreements, indemnities, representations, warranties or liabilities of the Park Slope Ground Lease, on the part of the lessee thereunder to be kept, observed, discharged and performed, and the Debtor shall do, or cause to be done, all things necessary to preserve and keep unimpaired all material rights of the Debtor as lessee under the Park Slope Ground Lease, and to prevent any default on its part under the Park Slope Ground Lease, or any termination, surrender, cancellation, forfeiture, subordination or impairment thereof. In the event of the failure of the Debtor to make, prior to the expiration of any applicable grace or cure period, any payment required to be made by the Debtor pursuant to the provisions of the Park Slope Ground Lease or to observe or perform, prior to the expiration of any applicable grace or cure period, any of the terms and conditions of the Park Slope Ground Lease on the part of the Debtor to be observed and performed, the Debtor does hereby authorize and irrevocably appoint and constitute the Mortgagee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, in its name, place and stead, after notice to the Debtor, to take any and all actions deemed necessary or desirable by Mortgagee to perform and comply with all the obligations of the Debtor under the Park Slope Ground Lease, to do and take, but without any obligation so to do, any action which the Mortgagee deems necessary or desirable to cure any default by the Debtor under the Park Slope Ground Lease and all sums so expended by the Mortgagee, shall be deemed to constitute part of the debt secured by the Mortgage, shall bear interest at a rate being the lesser of (i) ten (10) percent or (ii) the highest rate permitted under the applicable usury law from the date of each such expenditure until paid, shall be paid by the Debtor to the Mortgagee upon demand by the Mortgagee.
- (c) Defaults Under Park Slope Ground Lease. The Debtor shall enforce the material obligations of the Park Slope Church under the Park Slope Ground Lease to the end that the Debtor may enjoy all of the material rights granted to the Debtor under the Park Slope Ground Lease. The Debtor shall promptly advise the Mortgagee in writing upon becoming aware of the occurrence of any event of default by the Park Slope Church. The Debtor shall, within five (5) Business Days after receipt of any material notice, demand, or request for compliance made by the Park Slope Church under the Park Slope Ground Lease, deliver to the Mortgagee a true and complete copy of such notice, demand or request, including, without limitation, any notice or invoice (and any supporting documentation) stating that rent under the Park Slope Ground Lease is due thereunder.
- (d) Assignment of Rights Under Park Slope Ground Lease. Upon the occurrence and during the continuance of any Event of Default, all rights of the Debtor to make any election or give any consent or approval for which a right to do so is conferred upon the Debtor as lessee under the Park Slope Ground Lease, together with the right of termination or amendment of the Park Slope Ground Lease, all of which have been assigned for collateral purposes to the Mortgagee pursuant to this Mortgage, shall automatically vest exclusively in and be exercisable solely by the Mortgagee without notice to the Debtor.
- (e) Arbitration Proceeding Under Park Slope Ground Lease. The Debtor shall give the Mortgagee prompt written notice of the commencement of any arbitration or appraisal proceeding under and pursuant to the provisions of the Park Slope Ground Lease. If at the time any such proceeding shall be commenced or shall be in progress, and an Event of Default shall exist hereunder, the Debtor hereby irrevocably appoints and constitutes the Mortgagee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, in its name, place and stead, to exercise, at the expense of the Debtor, all right, title and interest of the Debtor in connection with such arbitration, including the right to

appoint arbitrators or appraisers and to conduct arbitration or appraisal proceedings on behalf of the Debtor. Nothing contained herein shall obligate the Mortgagee to participate in such arbitration.

ARTICLE IV

ASSIGNMENT OF LEASES AND RENTS

Assignment of Leases and Rents. To the extent permitted by law, the Section 4.1. Debtor hereby assigns to the Mortgagee the rents, issues and profits of the Facility (other than any amounts paid pursuant to the Loan Agreement) as further security for the payment of the Obligations, and the Debtor grants to the Mortgagee the right at reasonable times and upon reasonable notice to enter upon and to take possession of the Facility for the purpose of collecting the same and to let the Facility or any part thereof, and to apply the rents, issues and profits, after payment of all necessary charges and expenses, on account of the Obligations. This assignment and grant shall continue in effect until the Obligations are paid. The Mortgagee hereby waives the right to enter upon and to take possession of the Facility for the purpose of collecting said rents, issues and profits, and the Debtor shall be entitled to collect and receive said rents, issues and profits and to apply same in payment of the amounts becoming due on the Obligations, operating expenses related to the Facility and other expenses (capital or otherwise) consistent with the purposes of the Debtor until the occurrence and during the continuance of an Event of Default hereunder. The Debtor will not, without the written consent of the Mortgagee, receive or collect rent from any tenant of the Facility or any part thereof for a period of more than one month in advance. Upon the occurrence and during the continuation of an Event of Default hereunder, the Debtor will pay monthly in advance to the Mortgagee, or to any receiver appointed to collect said rents, issues and profits, the fair and reasonable rental value for the use and occupation of the Facility or of such part thereof as may be in the possession of the Debtor, and upon default in any such payment will vacate and surrender the possession of the Facility to the Mortgagee or to such receiver, and in default thereof may be evicted by summary proceedings.

Section 4.2. No Cancellation or Modification of Leases. The Debtor shall not, as to the Mortgaged Property, without the prior written consent of the Mortgagee make, or suffer to be made, any leases or cancel or modify any leases or accept prepayments of installments of rent for a period of more than one month in advance or further assign the whole or any part of the rents. No lease (other than the Park Slope Ground Lease or Permitted Encumbrances) or contract (other than the Loan Agreement or Permitted Encumbrances) covering all or any part of the Mortgaged Property shall be valid or effective without the prior written approval of the Mortgagee. The Mortgagee shall have all of the rights against the Debtor of the Mortgaged Property as set forth in Section 291-f of the Real Property Law of New York. In respect of any lease, the Debtor will (i) fulfill or perform each and every provision thereof on its part to be fulfilled or performed; (ii) promptly send copies of all notices of default which it sent or received thereunder to the Mortgagee; and (iii) enforce, short of termination thereof, the performance or observance of the provisions thereof. Nothing contained in this Mortgage shall be deemed to impose on the Mortgagee any of the obligations of the lessor under the leases.

Section 4.3. Required Lease Provisions. Subject to Section 4.1, all leases entered into after the date hereof must provide that the tenant thereunder shall pay to the Mortgagee upon an Event of Default hereunder all sums due under the lease upon notice to the tenant from the Mortgagee, and that the Debtor, and any tenant shall, at the Mortgagee's option, furnish the Mortgagee with a nondisturbance, an estoppel and attornment letter as to the leases in form and substance reasonably acceptable to the Mortgagee.

Section 4.4. Debtor Not to Waive Rents. The Debtor will not waive, release, reduce, discount or otherwise discharge or assign (except for Permitted Encumbrances) to any Person other than the Mortgagee the leasehold payments, rents, issues and profits of the Facility (other than as contemplated by the Loan Agreement), or cancel, abridge or otherwise modify any lease of all or any part of the Facility, without the prior written consent of the Mortgagee. In addition, the Debtor will observe and comply with all of its obligations as lessor under any such lease, will promptly notify the Mortgagee if it receives any default notice thereunder and forward a copy of the default notice to the Mortgagee, and enforce any default thereunder by the tenant. The Debtor shall not, however, terminate any such lease without the prior written consent of the Mortgagee, such consent not to be unreasonably withheld or delayed.

Section 4.5. Debtor to Furnish Rent Rolls. The Debtor will furnish to the Mortgagee, within fifteen (15) Business Days after mailing to the Debtor of a written request therefore but no more than four (4) times during any calendar year, a detailed statement in writing, duly sworn, and covering the period of time specified in such request, showing all income derived from the operation of the Facility and all disbursements made in connection therewith, and containing a list of the names of all tenants of the Facility specified in such request, showing all income derived from the operation of the Facility and occupants other than those claiming possession through such tenants, the portion or portions of the Facility occupied by such tenant and occupant, the rents and other charges payable under the terms of their leases or other agreements, and the periods covered by such leases or other agreements.

ARTICLE V

REMEDIES; EVENTS OF DEFAULT

Section 5.1. **Protective Action**. To the fullest extent permitted by applicable law, the Mortgagee (at the direction of the Majority Holders) may take such action as the Mortgagee deems reasonably appropriate upon ten (10) days' prior written notice to the Debtor (except that no such prior notice shall be required if in the reasonable judgment of the Mortgagee an emergency condition shall exist that threatens to do severe damage to or destruction of the Facility) to protect the Mortgaged Property or the status or priority of the lien of this Mortgage thereon including, but not limited to, entry upon the Facility upon reasonable prior notice and during normal business hours and accompanied by a representative of the Debtor to protect it from deterioration or damage, or to cause the Mortgaged Property to be put in compliance with any governmental, insurance rating or contract requirements; dispossession of the Debtor if necessary to remedy an emergency condition; payments of amounts due on liens having priority over this Mortgage if such lien constitutes a default pursuant to this Mortgage; curing any default by the Debtor under any of the Project Documents including this Mortgage; payment of any tax or charge for purposes of assuring the priority or enforceability of this Mortgage if failure to pay such tax by the Debtor is a default pursuant to this Mortgage subject to the Debtor's right to contest such tax or charge in accordance with the Loan Agreement; obtaining insurance meeting the requirements of Section 3.11 on the Mortgaged Property; or commencement or defense of any legal action or proceeding to assert or protect the validity or priority of the lien of this Mortgage. The Debtor agrees to reimburse the Mortgagee for all expenses in taking any such action, on demand, within ten (10) Business Days of the Debtor's receipt of written demand therefore, with interest at a rate being the lesser of (i) ten (10) percent or (ii) the highest rate permitted under the applicable usury law, and the amount thereof shall be secured by this Mortgage and shall, to the extent permitted by law, be in addition to the maximum amount of the Obligations heretofore stated.

- Section 5.2. <u>Benefit of Section 254 of the Real Property Law.</u> Nothing herein contained shall be construed as depriving the Mortgagee of any right or advantage available under Section 254 of the Real Property Law of the State of New York, but all covenants herein differing therefrom shall be construed as conferring additional and not substitute rights and advantages.
- Section 5.3. Sole Discretion of the Mortgagee. Except as otherwise provided in this Mortgage, wherever pursuant to this Mortgage, the Mortgagee exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to the Mortgagee the decision of the Mortgagee to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory shall be in the sole discretion of the Mortgagee and shall be final and conclusive. Notwithstanding the foregoing, if, pursuant to the terms of the Indenture or this Mortgage, or a stated percentage of Holders of the Outstanding Bonds has the right to direct the Mortgagee in the exercise of any such right, such direction shall be final and conclusive, provided that such direction shall not be arbitrary or capricious, unless otherwise agreed to in writing by the Mortgagee.
- Section 5.4. Recovery of Sums Required To Be Paid. The Mortgagee shall have the right (at the written direction of the Majority Holders) from time to time to take action to recover any sum or sums which constitutes a part of the Obligations as the same becomes due, without regard to whether or not the balance of the Obligations shall be due, and without prejudice to the right of the Mortgagee thereafter to bring an action of foreclosure, or any other action, for an Event of Default by the Debtor existing at the time such earlier action was commenced.
- Section 5.5. Events of Default. Any one or more of the following events shall constitute an "Event of Default" hereunder:
- (a) Failure of the Debtor to pay any amount that has become due and payable hereunder, and continuance of such failure for a period of five (5) Business Days after written notice has been given to the Debtor specifying the nature of such default by the Mortgagee;
- (b) Failure of the Debtor to observe and perform any covenant, condition or agreement hereunder on its part to be performed (except as set forth in Section 5.5(a) above) and (1) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Debtor specifying the nature of such failure by the Mortgagee, or (2) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Debtor 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;
- (c) The Debtor shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against itself in an involuntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (vii) take any action for the purpose of effecting any of the foregoing, or (viii) be adjudicated a bankrupt or insolvent by any court and any such involuntary proceeding or case shall continue undismissed, or an order, judgement or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect for a period of sixty (60) days;

- (d) A proceeding or case shall be commenced, without the application or consent of the Debtor 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 Debtor 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 Debtor shall be entered in an involuntary case under the Federal Bankruptcy Code (as now or hereafter in effect); the terms "dissolution" or "liquidation" of the Debtor as used above shall not be construed to prohibit any action otherwise permitted by Section 8.20 of the Loan Agreement;
- (e) Any representation or warranty made by the Debtor (i) in the application and related materials submitted to the Issuer for approval of the Project or the transactions contemplated by this Mortgage, (ii) herein, (iii) in any other Project Document, or (iv) in any report, certificate, financial statement or other instrument furnished pursuant hereto or any of the foregoing, shall, in any case, prove to be false, misleading or incorrect in any material respect as of the date made;
- (f) The Debtor shall be in default under any other mortgage covering any part of the Mortgaged Property and proceedings shall have been commenced to foreclose such mortgage, whether it be superior or inferior to the lien of this Mortgage and such proceeding shall continue undismissed for sixty (60) days;
 - (g) The Mortgaged Property is abandoned; or
- (h) An "Event of Default" under any Project Document shall occur and be continuing.
- Section 5.6. Remedies Following an Event of Default. Upon the occurrence and during the continuance of an Event of Default hereunder, the Mortgagee may, in addition to any other rights or remedies available to it hereunder or elsewhere, take such action, upon advance notice and demand, as it deems advisable, as directed by the Majority Holders, to protect and enforce its rights against the Debtor and in and to the Mortgaged Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise and to the extent permitted by applicable law, at such time and in such order as the Mortgagee, as directed by the Majority Holders, may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of the Mortgagee:
- (a) enter into or upon the Mortgaged Property, either personally or by its agents, nominees or attorneys, and dispossess the Debtor and its agents and servants therefrom, and thereupon the Mortgagee, as directed by the Majority Holders, may:
 - (1) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Mortgaged Property and conduct business thereat and therewith;
 - (2) complete any construction, renovation, rebuilding or repairing of the Mortgaged Property in such manner and form as the Mortgagee deems advisable;

- (3) make alterations, additions, renewals, replacements and improvements to or on the Mortgaged Property;
- (4) exercise all rights and powers of the Debtor with respect to the Mortgaged Property, whether in the name of the Debtor or otherwise, including, without limitation, the right to make, cancel, enforce or modify leases, obtain and evict tenants, and demand, sue for, collect and receive all earnings, revenues, rents, issues, profits and other income of the Mortgaged Property and every part thereof; and
- (5) apply the receipts from the Mortgaged Property to the payment of the Obligations in accordance with Section 8.03 of the Indenture:
- (b) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Mortgage for the portion of the Obligations then due and payable, subject to the continuing security and lien of this Mortgage for the balance of the Obligations not then due;
- (c) institute proceedings to foreclose the lien of this Mortgage against all or, from time to time, against any part of the Mortgaged Property and to have the same sold under the judgment or decree of a court of competent jurisdiction to the highest bidder, at public or private sale, subject to statutory and other legal requirements, if any, including all right, title and interest, claim and demand therein and thereto and all right of redemption thereof;
- (d) sell, assign or transfer the Mortgaged Property or any part thereof and all estate, claim, demand, right, title and interest of the Debtor therein and right of redemption thereof, pursuant to power of sale or otherwise, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law (provided that ten (10) days notice of sale of the Mortgaged Property shall be deemed reasonable notice) for such price and form of consideration as the Mortgagee may determine or as may be required by law;
- (e) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein;
- (f) apply for the appointment of or appoint a trustee, receiver, liquidator or conservator of the Mortgaged Property, without regard for the adequacy of the security for the Obligations and without regard for the solvency of any Person liable for the payment of the Obligations whether or not in connection with an action to foreclose this Mortgage;
- (g) take possession of the Mortgaged Property (which shall, to the extent practicable, be assembled and made available to the Mortgagee by the Debtor at such place in New York City or elsewhere as may be required by the Mortgagee) and otherwise exercise any and all of the rights of secured parties under the New York State Uniform Commercial Code-Secured Transactions;
- (h) without prejudice to its right to bring an action for foreclosure of this Mortgage, sell the Mortgaged Property, or any part thereof, and all estate, right, title and interest, claim and demand therein, and right of redemption thereof, to the extent permitted and pursuant to the procedures provided by applicable law, at one or more sales as a single parcel or in parcels, and at such time and place and upon such terms and after such notice thereof as may be required or permitted by law; or
 - (i) pursue such other remedies as the Mortgagee may have under applicable law.

Further, the Debtor, if there shall exist an Event of Default which is continuing, shall pay monthly in advance to the Mortgagee, or to any receiver appointed at the request of the Mortgagee to collect the rents, revenues, issues, income and profits of the Mortgaged Property, the fair and reasonable rental value for the use and occupancy of the Mortgaged Property or of such part thereof as may be in the possession of the Debtor. Upon default in the payment thereof, the Debtor shall vacate and surrender possession of the Mortgaged Property to the Mortgagee or such receiver, and upon a failure so to do may be evicted by summary proceedings.

If an Event of Default shall happen and be subsisting, in case there shall be pending proceedings for the bankruptcy or for the reorganization of the Debtor under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Debtor or in the case of any other similar judicial proceedings relative to the Debtor, or to the credits or property of the Debtor, the Mortgagee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Mortgage, irrespective of whether the principal of the Obligations or any amount hereunder shall then be due and payable as therein or herein expressed or by declaration or otherwise, and irrespective of whether the Mortgagee shall have made any demand pursuant to the provisions of this Section 5.6 or of Section 8.01 of the Indenture, 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 Mortgagee allowed in such judicial proceedings relative to the Debtor, its creditors, or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of their charges and expenses; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Mortgagee, and to pay to the Mortgagee any amount due it for compensation and expenses, including reasonable counsel fees and expenses incurred by it up to the date of such distribution.

Section 5.7. Appointment of a Receiver. Upon the occurrence and continuation of an Event of Default, the Mortgagee shall be entitled to the appointment of a receiver. The right to have a receiver appointed shall be a matter of strict right and without regard to the value or adequacy of the security and such receiver may enter upon and take possession of the Mortgaged Property, collect the rents, issues and profits therefrom and apply the same as the court may direct, such receiver to have all of the rights and powers as a receiver may have under the laws of the State of New York. The expenses, including, without limitation, receiver's fees, counsel fees and expenses, costs and agent's commissions and compensation incurred pursuant to the powers herein granted shall be added to the principal portion of the Obligations and secured hereby.

In the event the maturity of the principal amount of the Bonds shall be accelerated in accordance with the Indenture, in addition to the costs and fees described in Section 5.15, the Debtor shall pay to the Mortgagee, upon demand, together with the interest thereon at a rate being the lesser of (i) ten (10) percent or (ii) the highest rate permitted under the applicable usury law, the fees and costs incurred by the Mortgagee, following such acceleration, in obtaining an appraisal of the fair market value of the Mortgaged Property prepared by an appraiser, duly qualified under applicable law and governmental regulations to issue appraisals of real property. Upon reasonable notice to the Debtor, the Mortgagee, its officers, employees, agents and contractors, may enter the Mortgaged Property to conduct an environmental survey. Any such fees and costs paid by the Mortgagee and the interest thereon shall be a lien on the Mortgaged Property prior to any claim, lien, right, title or interest in, to or on the Mortgaged Property attaching or accruing subsequent to the lien of this Mortgage, and shall be deemed to be secured by this Mortgage.

Section 5.8. Foreclosure. In a case of a foreclosure sale or pursuant to any order in any judicial proceeding or otherwise, the Mortgaged Property may be sold as an entirety in one parcel (or as one integrated unit) or separate parcels (or one or more of the interests comprising the Mortgaged Property separately from the others) in such manner or order as the Mortgagee in its sole and absolute discretion may elect. If the Mortgagee so elects it may sell the remainder of the property except for the land, buildings and improvements, at one or more separate sales in the manner provided by the Uniform Commercial Code of the State of New York. One or more exercises of the powers herein granted shall neither extinguish nor exhaust such powers, until the entire property is sold or the Obligations secured hereby are paid in full or otherwise provided for in accordance with their terms.

Upon any sale made under or by virtue of this Section 5.8 (whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale), the Mortgagee may bid for and acquire the Mortgaged Property or any part thereof and in lieu of paying cash therefor may take settlement for the purchase price by crediting upon the Obligations secured by this Mortgage the net sale price after deducting therefrom the expenses of the sale and the costs of the action and any other sums which the Mortgagee is authorized to deduct under this Mortgage.

In the event of a foreclosure of this Mortgage or the succession by the Mortgagee to the interests of the Debtor hereunder, the purchaser of the Mortgaged Property or such successor shall succeed to all rights of the Debtor, including any right to proceeds of insurance and to unearned premiums, and in and to all policies or certificates of insurance assigned and delivered to the Mortgagee pursuant to this Mortgage.

Section 5.9. Non-Impairment. No provision of this Mortgage: (a) is or shall be deemed to be a release or impairment of any of the Obligations including this Mortgage, (b) shall preclude the Mortgagee, upon the occurrence and during the continuation of an Event of Default hereunder, from foreclosing this Mortgage or from enforcing its rights hereunder or under any other instrument governing or securing the Obligations, (c) shall preclude or bar the Mortgagee upon foreclosure from obtaining a deficiency judgment against the Debtor, against any subsequent owner of the Mortgaged Property who assumes the Obligations on a non-recourse basis, or against any other Person liable for the payment and performance of the Obligations (subject to the provisions of Section 6.1), (d) shall require the Mortgagee to accept a part of the Mortgaged Property (as distinguished from its entirety) as payment of the debt secured hereby, or (e) shall compel the Mortgagee to accept or allow any apportionment of the debt secured hereby to or among any separate parts of the Mortgaged Property.

Section 5.10. No Remedy Exclusive. No remedy conferred upon or reserved to the Mortgagee hereunder is or shall be deemed to be exclusive of any other available remedy or remedies. Each such remedy shall be distinct, separate and cumulative, shall not be deemed to be inconsistent with or in exclusion of any other available remedy, may be exercised in the discretion of the Mortgagee at any time, in any manner, and in any order, and shall be in addition to and separate and distinct from every other remedy given the Mortgagee under this Mortgage or any other Security Document or now or hereafter existing in favor of the Mortgagee at law or in equity or by statute. Without limiting the generality of the foregoing, the Mortgagee shall have the right to exercise any available remedy to recover any amount due and payable hereunder without regard to whether any other amount is due and payable, and without prejudice to the Mortgagee to exercise any available remedy for other Events of Default existing at the time the earlier action was commenced.

Section 5.11. Delay To Not Constitute Waiver. Any delay, omission or failure by the Mortgagee to insist upon the strict performance by the Debtor of any of the covenants, conditions and agreements herein set forth to be exercised by it or to exercise any right or remedy available to it upon the occurrence and continuation of an Event of Default hereunder shall not impair any such right or remedy or be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce, by injunction or other appropriate legal or equitable remedy, strict compliance by the Debtor with all of the covenants, conditions and agreements herein to be exercised by it, or of the right to exercise any such rights or remedies if such Event of Default by the Debtor be continued or repeated. Any failure of the Mortgagee to exercise the option to accelerate the maturity of Obligations secured hereby, or any forbearance by the Mortgagee before or after any exercise of any such option, or any forbearance to exercise any other remedy of the Mortgagee, or any withdrawal or abandonment of the Mortgagee of any of its rights in any one circumstance shall not be construed as a waiver of any option, power, remedy or right of the Mortgagee hereunder. The rights and remedies of the Mortgagee expressed and contained in this Mortgage are cumulative and none of them shall be deemed to be exclusive of any other or of any right or remedy the Mortgagee may now or hereafter have in law or in equity. The election of any one or more remedies shall not be deemed to be an election of remedies under any statute, rule, regulation or case law. The covenants of this Mortgage shall run with the Mortgaged Property and other properties and the estates hereby mortgaged and bind the Debtor and its assigns and successors and shall inure to the benefit of the Mortgagee, its successors and assigns.

Section 5.12. Effect of Discontinuance of Proceedings. In case any proceedings taken by the Mortgagee on account of any Event of Default hereunder shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Mortgagee, then and in every such case, the Debtor, the Mortgagee and the Holders of the Bonds shall be restored, respectively, to their former positions and rights hereunder, and all rights, remedies, powers and duties of the Mortgagee shall continue as in effect prior to the commencement of such proceedings.

Section 5.13. <u>Marshalling</u>. The Debtor waives and releases any right to have the Mortgaged Property marshalled.

Section 5.14. Actions and Proceedings. The Mortgagee shall have the right to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to bring any action or proceeding which the Mortgagee, in its discretion, determines to be brought to protect its interest in the Mortgaged Property. The Mortgagee shall further have the right, from time to time, to sue for any sums required to be paid under the terms of this Mortgage or any other mortgage to which this Mortgage is expressly subordinate, as the same become due, without regard to whether or not the principal sums secured or any other sums secured by this Mortgage shall be due and without prejudice to the right of the Mortgagee thereafter to bring an action of foreclosure or any other action for a default or defaults by the Debtor existing at the time such earlier action was commenced.

Section 5.15. Attorneys' Fees and Other Costs. The Debtor agrees to bear all costs, fees and expenses including court costs and reasonable expenses (including reasonable attorneys' fees and disbursements) for legal services of or incidental to the enforcement of any provisions hereof (whether incurred during the continuance of an Event of Default or by the Mortgagee, or any Holders of the Bonds), or enforcement, compromise or settlement of any of the collateral pledged hereunder, and for the curing thereof, or defending or asserting the rights and claims of the Mortgagee in respect thereof, by litigation or otherwise, and will pay to the Mortgagee any such expenses incurred, and such expenses shall be deemed part of the Obligations secured by this Mortgage and shall be collectible in like manner as the Obligations secured by this Mortgage, and until so paid shall bear interest at a rate being the lesser of (i) ten (10) percent or (ii) the highest rate permitted under the applicable usury law. All rights and remedies of the Mortgagee shall be cumulative and may be exercised singly or concurrently.

Section 5.16. No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Mortgage should be breached by the Debtor and thereafter waived by the Mortgagee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be binding unless it is in writing and signed by the Mortgagee. No course of dealing between the Issuer and/or the Debtor and/or any other Person or any delay or omission on the part of the Mortgagee in exercising any rights hereunder shall operate as a waiver.

Section 5.17. Application of Proceeds. All proceeds derived through the exercise of any remedies or the commencement of any proceedings under this Mortgage shall be applied in accordance with Section 8.03 of the Indenture.

Section 5.18. Waiver of Moratorium. The Debtor will not at any time insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of any stay or extension or moratorium law, or the exemption from execution from sale of any or all of the property, now or any time hereafter enacted or enforced, nor claim, take or insist upon the benefit of any law now or hereafter enacted or enforced providing for the valuation or appraisal of the Mortgaged Property or any part thereof prior to any sale or sales thereof which may be made pursuant to any provisions herein or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor, after any sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted or enforced to redeem the property so sold or any part thereof. The Debtor, to the extent permitted by law, hereby expressly waives the benefit or advantage of any such law or laws and covenants not to delay or impede the execution of any power herein granted or delegated to the Mortgagee.

Section 5.19. Waiver of Notice. The Debtor shall not be entitled to any notices of any nature whatsoever from the Mortgagee except with respect to matters for which this Mortgage or any other Project Document specifically and expressly provides for the giving of notice by the Mortgagee to the Debtor, and the Debtor hereby expressly waives the right to receive any notice from the Mortgagee with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of such notice.

ARTICLE VI

LIMITATIONS ON LIABILITY

Section 6.1. No Liability of Debtor's Members, Managers, Officers, Directors, Employees and Agents. It is agreed that the members, managers, directors, officers, employees and agents of the Debtor shall have no personal liability hereunder. All covenants, stipulations, promises, agreements and obligations of the Debtor contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Debtor and not of any member, manager, director, officer, employee or agent of the Debtor in his individual capacity, and no recourse shall be had hereunder for the payment of the principal of any debt or interest thereon or any of the Obligations or for any claim based thereon or hereunder against any member, manager, director, officer, employee or agent of the Debtor or any natural person executing this Mortgage.

Section 6.2. <u>Usury Laws</u>. This Mortgage and all other Security Documents are subject to the express condition that at no time shall the Issuer or the Debtor be obligated or required to pay interest on the principal balance due under the Obligations at a rate which could subject the holder of the Obligations to either civil or criminal liability as a result of being in excess of the maximum interest rate which the Issuer or the Debtor, as applicable, is permitted by law to contract or agree to pay. If by the terms of this Mortgage or any of the other Security Documents, the Issuer or the Debtor is at any time

required or obligated to pay interest on the principal balance due under the Obligations at a rate in excess of such maximum rate, the rate of interest under the Obligations shall be deemed to be immediately reduced to such maximum rate and the interest payable shall be computed at such maximum rate.

ARTICLE VII

MISCELLANEOUS

Section 7.1. Applicability of Section 13 of the Lien Law. This Mortgage is given in order to secure funds to pay for the Project and by reason thereof, it is intended that this Mortgage shall be superior to any laborers', mechanics' or materialmen's liens which may be placed upon the Mortgaged Property subsequent to the recordation hereof. The Debtor shall, therefore, in compliance with Section 13 of the New York Lien Law, receive the advances secured hereby and shall hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of the improvements of the Facility Realty and shall apply the same first to the payment of the cost of the improvements of the Facility Realty before using any part of the total of the same for any other purpose.

No Merger. It is the intention of this Mortgage that if the Mortgagee shall at any time hereafter acquire title to all or any portion of the Mortgaged Property, or any interest therein or lien thereon under any other mortgage or instrument, then, and until the Obligations have been paid in full or otherwise discharged or satisfied in accordance with their terms, the interest of the Mortgagee hereunder and the security interest created by this Mortgage shall not merge or become merged in or with the estate and interest of the Mortgagee as the holder and owner of title to all or any portion of the Mortgaged Property, or in or with the interest of the Mortgagee under or the lien of such other mortgage or instrument, and that, until such payment, discharge or satisfaction, the estate of the Mortgagee in the Mortgaged Property and the security interest created by this Mortgage and the interest of the Mortgagee hereunder shall continue in full force and effect to the same extent as if the Mortgagee had not acquired title to all or any portion of the Mortgaged Property or any other interest therein or lien thereon. If, however, the Mortgagee shall consent to such merger or if such merger shall nevertheless occur without its consent, then this Mortgage shall attach to, and cover and be a conveyance of the fee title or any other estate, title or interest in the Mortgaged Property acquired by the Debtor, and the same shall be considered as granted, released, assigned, transferred, pledged, conveyed and set over to the Mortgagee and this Mortgage spread to cover such estate with the same force and effect as though specifically herein granted, released, assigned, transferred, pledged, conveyed, set over and spread, provided, however, the Debtor shall pay any and all transfer, recording or other taxes in connection therewith.

Section 7.3. This Mortgage Constitutes A Commercial Transaction. THE DEBTOR ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS MORTGAGE IS A PART IS A COMMERCIAL TRANSACTION, AND HEREBY VOLUNTARILY AND KNOWINGLY WAIVES, TO THE EXTENT PERMITTED BY LAW, ITS RIGHTS TO NOTICE AND HEARING AS ALLOWED UNDER ANY STATE OR FEDERAL LAW OR OTHER RIGHT WITH RESPECT TO ANY PREJUDGMENT REMEDY OR OTHER RIGHT WHICH THE MORTGAGEE MAY DESIRE TO USE. FURTHER, THE DEBTOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY LAW, THE BENEFITS OF ALL PRESENT AND FUTURE VALUATION, APPRAISEMENT, HOMESTEAD, EXEMPTION, STAY, REDEMPTION AND MORATORIUM LAWS.

Section 7.4. Consents. Wherever in this Mortgage the prior consent of the Mortgagee is required, the consent of the Mortgagee given as to one such transaction shall not be deemed to be a waiver of the right to require such consent to future or successive transactions. Any such consents shall be in writing.

Section 7.5. Service of Process. The Debtor represents that it is subject to service of process in the State and covenants that it will remain so subject until all obligations, covenants and agreements of the Debtor under this Mortgage shall be satisfied and met. If for any reason the Debtor should cease to be so subject to service of process in the State, the Debtor hereby irrevocably designates and appoints the Secretary of State of the State of New York as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Debtor as a result of any of its obligations under this Mortgage; provided, however, that the service of such process, pleadings, notices or other papers shall not constitute a condition to the Debtor's obligations hereunder.

For such time as any of the obligations, covenants and agreements of the Debtor under this Mortgage remain unsatisfied, the Debtor's agent(s) designated in this Section 7.5 shall accept and acknowledge on the Debtor's behalf each service of process in any such suit, action or proceeding brought by Mortgagee in any such court. The Debtor agrees and consents that each such service of process upon such agents and written notice of such service to the Debtor in the manner set forth in Section 7.6 shall be taken and held to be valid personal service upon the Debtor whether or not the Debtor shall then be doing, or at any time shall have done, business within the State and that each such service of process shall be of the same force and validity as if service were made upon the Debtor according to the laws governing the validity and requirements of such service in the State, and waives all claim of error by reason of any such service.

Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Debtor or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Debtor.

Section 7.6. Notices. All notices, requests, consents, demands and other communications to any party hereunder or any other Person specified herein shall be in writing (including bank wire, telecopy or similar writing) and shall be given to such party or other Person, addressed to it, at its address or telecopy number set forth below or such other address or telecopy number as such party or other Person may hereafter specify for the purpose by notice to the other parties or such other Person. Each such notice, request, consent or demand or other communication shall be effective if sent by (i) registered or certified United States mail, return receipt requested and postage prepaid, (ii) a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) hand delivery, addressed, as follows:

Party Address

To the Debtor Friends of Hellenic Classical Charter Schools, Inc.

646 5th Avenue,

Brooklyn, New York 11215

Attention: Charles Capetanakis, Chair-President

Telephone: (646) 428-3206

with a copy to:

Windels Marx Lane & Mittendorf, LLP

156 West 56th Street

New York, New York 10019 Attention: Michele Arbeeny, Esq. Telephone: (212) 237-1024

To the Issuer Build NYC Resource Corporation

One Liberty Plaza,

New York, New York 10006

Attention: General Counsel (with a copy to the Executive

Director of the Issuer at the same address)

Telephone: (212) 312-3563 Facsimile: (212) 312-3912

To the Trustee The Bank of New York Mellon

240 Greenwich Street, Floor 7W New York, New York 10286

Attention: Corporate Trust Administration

Telephone: (212) 815-6955

Email: diana.f.torres@bnymellon.com

Any party hereunder may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

Section 7.7. <u>Consent to Jurisdiction</u>. The Debtor irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of this Mortgage or any other Project Document, the Facility, the Project, the relationship between the Issuer and the Debtor, the Debtor's ownership, use or occupancy of the Facility and/or any claim for injury or damages may be brought in the

courts of record of the State in New York County or the United States District Court for the Southern District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (w) to move to dismiss on grounds of forum non conveniens, (x) to remove to any federal court other than the United States District Court for the Southern District of New York, and (y) to move for a change of venue to a New York State Court outside New York County.

If the Debtor commences any action against the Mortgagee in a court located other than the courts of record of the State in New York County or the United States District Court for the Southern District of New York, the Debtor shall, upon request from the Mortgagee, either consent to a transfer of the action or proceeding to a court of record of the State in New York County or the United States District Court for the Southern District of New York, or, if the court where the action or proceeding is initially brought will not or cannot transfer the action, the Debtor shall consent to dismiss such action without prejudice and may thereafter reinstitute the action in a court of record of the State in New York County or the United States District Court for the Southern District of New York.

- Section 7.8. Mortgage for Benefit of Issuer, Debtor and Trustee. The covenants and agreements contained in this Mortgage (including all indemnities set forth herein) shall run with the land and bind the Debtor and its successors and assigns and each Person constituting the Debtor, and all subsequent owners, encumbrancers and tenants of the Mortgaged Property, or any part thereof, and shall inure to the benefit of the Issuer and the Trustee, their respective successors and assigns, and all subsequent beneficial owners of this Mortgage, and survive the foreclosure of this Mortgage.
- **Section 7.9. Authorization**. The execution of this Mortgage has been duly authorized by the appropriate governing body of the Debtor.
- **Section 7.10.** <u>Amendments and Modifications</u>. This Mortgage shall be amended, modified or supplemented only by a written agreement executed by the Debtor and the Mortgagee and, in any event, only in accordance with the Indenture.
- **Section 7.11.** Applicable Law. This Mortgage shall be governed by and construed in accordance with the laws of the State, without regard or giving effect to the principles of conflicts of laws thereof.
- Section 7.12. <u>Date of Mortgage for Reference Purposes Only</u>. The date of this Mortgage shall be for reference purposes only and shall not be construed to imply that this Mortgage was executed on the date first above written. This Mortgage was executed and delivered on the Closing Date.
- Section 7.13. <u>Incorporation of Certain Indenture Provisions</u>. All provisions of Article IX of the Indenture shall be construed as extending to and including all of the rights, duties and obligations imposed upon the Trustee and the Mortgagee under this Mortgage as fully and for all purposes as if said Article IX were contained in this Mortgage.
- **Section 7.14.** Entire Agreement; Counterparts. This Mortgage constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof (other than any Project Documents) and may be executed simultaneously in several counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

- **Section 7.15.** Severability. If any one or more of the provisions of this Mortgage shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions of this Mortgage, but this Mortgage shall be construed and enforced as if such illegal or invalid provision had not been contained herein.
- Section 7.16. Waiver of Jury Trial. The Debtor hereby expressly waives, to the extent permitted by law, the right to assert a counterclaim in any action or proceeding brought against it by the Mortgagee, and waives, to the extent permitted by law, all rights to a trial by jury on any cause of action or proceeding brought by any party hereto against the other or in any counterclaim asserted by the Mortgagee against the Debtor, or in any matters whatsoever arising out of or in any way connected with this Mortgage or the Obligations, the Debtor's obligations hereunder, the Facility, the Mortgaged Property, the Project, the relationship between the Issuer and the Debtor, the Debtor's ownership, use or occupancy of the Facility and/or any claim for injury or damages.
- **Section 7.17.** <u>Property Not Covered.</u> This Mortgage does not cover property principally improved or to be improved by one or more structures containing in the aggregate not more than six individual residential dwelling units, each having its own separate cooking facilities.
- **Section 7.18.** <u>Assignment of Mortgage</u>. Upon the execution and delivery by the Issuer of the Assignment of Mortgage, all references within this Mortgage to the "Mortgagee" shall be deemed to refer to the Trustee.
- **Section 7.19.** <u>Mortgage Subject to Other Mortgage</u>. This Mortgage is and shall be subject to the Mortgage and Security Agreement (Refinancing Loan).
- Section 7.20. <u>Legal Counsel; Mutual Drafting</u>. Each party acknowledges that this Mortgage is a legally binding contract and that it was represented by legal counsel in connection with the drafting, negotiation and preparation of this Mortgage. Each party acknowledges that it and its legal counsel has cooperated in the drafting, negotiation and preparation of this Mortgage and agrees that this Mortgage and any provision hereof shall be construed, interpreted and enforced without regard to any presumptions against the drafting party. Each party hereby agrees to waive any rule, doctrine or canon of law, including without limitation, the contra preferentum doctrine, that would require interpretation of any ambiguities in this Mortgage against the party that has drafted it.
- **Section 7.21.** <u>Time of Essence</u>. The Debtor agrees that where, by the terms of the Bonds, this Mortgage or any of the other Project Documents, a day is named or a time is fixed for the payment of any sum of money or the performance of any agreement, the day and time stated enters into the consideration, and is of the essence, of the whole agreement between the Debtor and the Mortgagee.

IN WITNESS WHEREOF, the Debtor has duly executed this Mortgage as of the date first above written.

FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC.

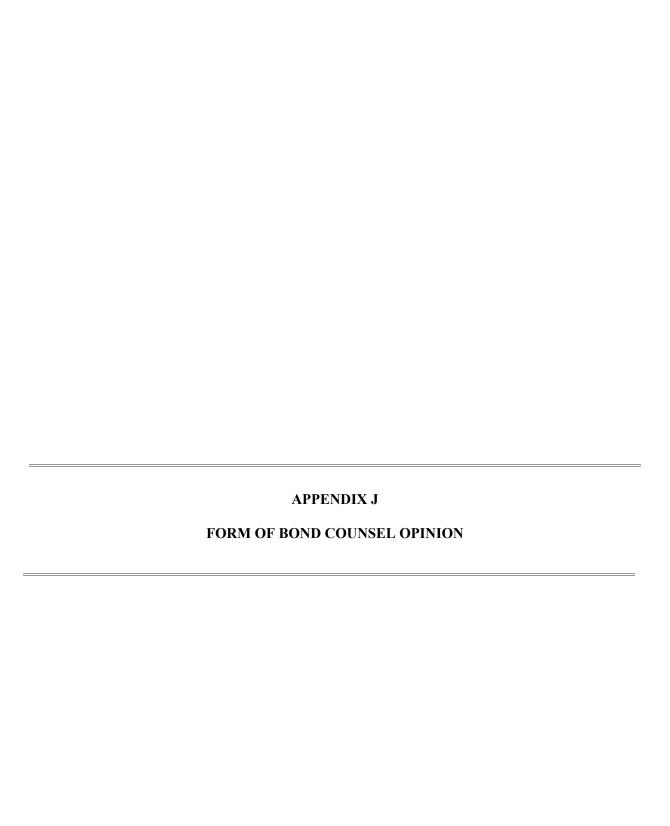
By:			
	Name:	Charles Capetanakis	
	Title:	Chair-President	

STATE OF NEW YORK)		
	: ss.:		
COUNTY OF NEW YORK)		
appeared Charles Capetanakis, evidence to be the individual wh that he executed the same in his	personally known to nose name is subscrib s capacity, and that b	year 2021, before me, the undersigned of me or proved to me on the basis of bed to the within instrument and acknowly his signature on the instrument, the inual acted, executed the instrument.	satisfactory ledged to me
		Notary Public	

EXHIBIT A

DESCRIPTION OF LAND







APPENDIX J

FORM OF BOND COUNSEL OPINION

Upon the delivery of the Series 2021 Bonds, Bond Counsel to the Issuer proposes to issue its approving opinion in substantially the following form:

January 27, 2021

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 Tax-Exempt Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A in the aggregate principal amount of \$40,970,000 (the "Series 2021A Bonds") and its Taxable Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021B in the aggregate principal amount of \$835,000 (the "Series 2021B Bonds" and, together with the Series 2021A Bonds, the "Series 2021 Bonds").

The Series 2021 Bonds are issued under and pursuant to that certain Indenture of Trust, dated as of January 1, 2021 (the "Indenture"), between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"), and a resolution of the Issuer adopted on September 22, 2020, authorizing the Series 2021 Bonds (the "Resolution").

The Series 2021 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 2021 Bonds.

The Series 2021 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 2021 Bonds.

The Series 2021 Bonds are issued for the purpose of financing a project, on behalf of Friends of Hellenic Classical Charter Schools, Inc. (together with any assignee of the Loan Agreement hereafter referred to, the "Institution"), consisting of (a) (i) refinancing a loan incurred by Hellenic Classical Charter Schools (the "School") to finance leasehold improvements to a four-story, approximately 46,000 square foot building located on a 23,244 square foot parcel of land at 646 Fifth Avenue, Brooklyn, New York 11215 (the "Park Slope Facility"), which includes or will include approximately 21 classrooms, 14 private rooms for offices or specialized learning, locker areas, a cafeteria, gymnasium, library, administrative offices and serves students from kindergarten through grade eight, (ii) paying all or a portion of the cost of the construction, furnishing, and equipping of additional leasehold improvements to the Park Slope Facility and (iii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Series 2021 Bonds, and (b) (i) financing the construction, furnishing, and equipping of a four-story, approximately 48,000 square foot building located on an approximately 100,000 square foot parcel of leased land at 1641 Richmond Avenue, Staten Island, New York 10314 (the "Staten Island Facility" and, together with the Park Slope Facility, the "Facility"), which is expected to include 24 classrooms, 17 private rooms for offices or specialized learning, locker areas, a cafeteria, auditorium, library, and administrative offices and serve students from kindergarten through grade eight

and (ii) funding a ratable portion of the debt service reserve fund, capitalized interest and costs of issuance with respect to the Series 2021 Bonds (collectively, the "Project").

The Issuer and the Institution, a duly organized and validly existing New York not-forprofit 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, 2021 (the "Loan Agreement"), providing, among other things, for the financing of the Project and the loan of the proceeds of the Series 2021 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 2021 Bonds are also secured by mortgage liens on and security interests in the Institution's leasehold interest in the Mortgaged Property (as defined in the Mortgages defined below), including the Institution's leasehold interest in the Park Slope Facility pursuant to that certain Mortgage and Security Agreement (Refinancing Loan), that certain Mortgage and Security Agreement (Building Loan) and that certain Mortgage and Security Agreement (Indirect Loan) relating to the Park Slope Facility, and the Institution's leasehold interest in the Staten Island Facility pursuant to that certain Mortgage and Security Agreement (Building Loan) and that certain Mortgage and Security Agreement (Indirect Loan) relating to the Staten Island Facility, each dated as of January 1, 2021 (collectively, the "Mortgages"), and each from the Institution, as mortgagor, to the Trustee and Issuer, as mortgagee.

The Code establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Series 2021A Bonds for interest on the Series 2021A 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 and the School 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 2021A 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 2021A Bonds, the Issuer, the Institution and the School 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, the Institution and the School, as applicable, 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, of interest on the Series 2021A Bonds, 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 2021A Bonds, of any such change

occurring, or such action or other action taken or not taken, after the date of issue of the Series 2021A 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 2021 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 2021 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 2021 Bonds have been fulfilled.
- 4. Under existing statutes, regulations, rulings and court decisions, interest on the Series 2021A Bonds is not includable in gross income for federal income tax purposes, assuming continuing compliance by the Issuer, the Institution and the School (and their successors) with the covenants and the accuracy of the representations referenced above. Interest on the Series 2021A 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 Windels Marx Lane & Mittendorf, LLP, New York, New York, special counsel to the Institution and the School, regarding, among other matters, the current qualification of the Institution and the School as organizations described in Section 501(c)(3) of the Code. We note that the opinion of special counsel to the Institution and the School is subject to a number of qualifications and limitations. Failure of the Institution or the School to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of the status of the Institution and the School as organizations described in Section 501(c)(3) of the Code, or the failure of the Institution or the School to use the proceeds of the Series 2021A Bonds in furtherance of exempt purposes may result in interest on the Series 2021A Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Series 2021A Bonds.

- 5. Interest on the Series 2021B Bonds is not excludable from gross income for federal income tax purposes. Each owner of the Series 2021B Bonds should seek advice based on its particular circumstances from an independent tax advisor.
- 6. Under existing statutes, regulations, rulings and court decisions, interest on the Series 2021A 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 the School (and their successors) with the covenants and the accuracy of the representations referenced in paragraph 4 above. Interest on the Series 2021B Bonds is 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).

Except as stated in paragraphs 4, 5 and 6 above, we express no opinion regarding any other federal tax consequences of the ownership or disposition of the Series 2021 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, the Institution and the School with respect to the use of proceeds of the Series 2021A Bonds, the use of the Facility and the investment of certain funds, and other matters affecting the exclusion of interest on the Series 2021A Bonds from gross income for federal income tax purposes under Section 103 of the Code, (ii) relied upon the opinion of Windels Marx Lane & Mittendorf, LLP, New York, New York, special counsel to the Institution and the School, dated the date hereof, and (iii) relied upon and assumed compliance by the Issuer, the Institution and the School, as applicable, 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 2021A Bonds to be included in gross income for federal income tax purposes, retroactive to the date of issuance of the Series 2021A Bonds, irrespective of the date on which such noncompliance occurs or is ascertained. Compliance with certain of such requirements may necessitate that persons not within the control of the Issuer, the Institution or the School take or refrain from taking certain actions.

We have examined one of the Series 2021A Bonds in fully registered form and one of the Series 2021B Bonds in fully registered form and, in our opinion, the forms of said Series 2021A Bond and Series 2021B Bond are regular and proper.

The foregoing opinions are qualified only to the extent that the enforceability of the Series 2021 Bonds, the Indenture, the 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 Windels Marx Lane & Mittendorf, LLP, New York, New York, special counsel to the Institution and the School, 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 the School, as applicable, and, (ii) the current qualification of the Institution and the School as organizations described in Section 501(c)(3) of the Code, we have relied upon the opinion of Windels Marx Lane & Mittendorf, LLP, New York, New York, special counsel to the Institution and the School, 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 and the School other than the record of

proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of the Series 2021 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.

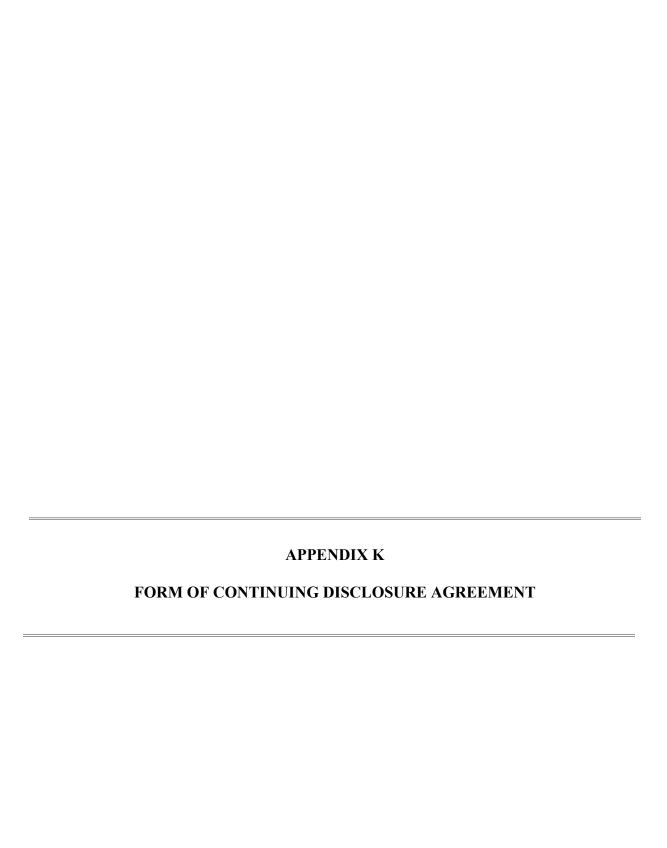
The foregoing opinions are further subject, however, to the qualification that we express no opinion as to matters relating to the rights in, title to or sufficiency of the description of any property or collateral described in the Security Documents (as defined in the Indenture) or the creation, perfection 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 2021 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,







AGREEMENT TO PROVIDE CONTINUING DISCLOSURE

BUILD NYC RESOURCE CORPORATION

\$40,970,000

TAX-EXEMPT REVENUE BONDS (FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC. PROJECT), SERIES 2021A \$835,000 TAXABLE REVENUE BONDS (FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC. PROJECT), SERIES 2021B

This **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE** (the "Disclosure Agreement"), dated as of January 27, 2021, is executed and delivered by Friends of Hellenic Classical Charter Schools, Inc. (the "Institution") and Hellenic Classical Charter Schools (the "School" and, together with the Institution, the "Obligated Person"), The Bank of New York Mellon, as Trustee (the "Trustee") and Digital Assurance Certification, L.L.C. ("DAC"), as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) issued by the Build NYC Resource Corporation (the "Issuer" or "Build NYC") and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the parties hereto through use of the DAC system and are not intended to constitute "advice" within the meaning of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC is not obligated hereunder to provide any advice or recommendation to the Obligated Person or anyone on the Obligated Person's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

- SECTION 1. <u>Definitions</u>. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Resolution (hereinafter defined). The capitalized terms shall have the following meanings:
 - "Annual Filing Date" means the date, set in Sections 2(a) and 2(f) of this Disclosure Agreement, by which the Annual Report is to be filed with the MSRB.
 - "Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.
 - "Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.
 - "Audited Financial Statements" means the financial statements (if any) of the Obligated Person for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.
 - "Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure required to be or voluntarily submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Obligated Person and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Obligated Person pursuant to Section 9 hereof.

"Disclosure Representative" means the chief financial officer of the Obligated Person or his or her designee, or such other person as the Obligated Person shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the Obligated Person's failure to file an Annual Report on or before the Annual Filing Date.

"Financial Obligation" means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "financial obligation" shall not include municipal securities as to which a final limited offering memorandum has been provided to the MSRB consistent with the Rule.

"Force Majeure Event" means: (i) acts of God, war or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access System maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"Issuer" means the Build NYC Resource Corporation, as conduit issuer of the Bonds.

"Limited Offering Memorandum" means that Limited Offering Memorandum prepared by the Issuer and the Obligated Person in connection with the Bonds, as listed on Exhibit A.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the United States Securities Exchange Act of 1934, as amended.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Resolution" means Build NYC's bond resolution(s) pursuant to which the Bonds were issued.

"Trustee" means The Bank of New York Mellon and its successors and assigns.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

- (a) The Obligated Person shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than 150 days after the end of each fiscal year of the Obligated Person (or any time thereafter following a Failure to File Event as described in this Section), commencing with the fiscal year ending June 30, 2021, such date and each anniversary thereof, the "Annual Filing Date." Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide the Annual Report to the MSRB through its Electronic Municipal Market Access ("EMMA") System for municipal securities disclosures. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.
- (b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Obligated Person of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Obligated Person shall, not later than two (2) business days prior to the Annual Filing Date, either: (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Financial Information, Audited Financial Statements, if available, and unaudited financial statements, if Audited Financial Statements are not available in accordance with subsection (d) below and the Certification, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Trustee, that a Failure to File Event may occur, state the date by which the Annual Financial Information and Audited Financial

Statements for such year are expected to be provided, and, at the election of the Obligated Person, instruct the Disclosure Dissemination Agent to send a notice to the MSRB in substantially the form attached as Exhibit B on the Annual Filing Date, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

- (c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Obligated Person hereby irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.
- (d) If Audited Financial Statements of the Obligated Person are prepared but not available prior to the Annual Filing Date, the Obligated Person shall provide unaudited financial statements for filing prior to the Annual Filing Date in accordance with Section 3(b) hereof and, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.
 - (e) The Disclosure Dissemination Agent shall:
 - (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
 - (ii) upon receipt, promptly file each Annual Report received under Section 2(a) and 2(b) with the MSRB;
 - (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
 - (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
 - 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, or their failure to perform;
 - 6. Adverse tax opinions, IRS notices or events affecting the tax-exempt status of the securities;
 - 7. Modifications to rights of securities holders, if material;
 - 8. Bond calls, if material;
 - 9. Defeasances;

- 10. Release, substitution, or sale of property securing repayment of the securities, if material:
- 11. Ratings changes;
- 12. Tender offers:
- 13. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
- 14. Merger, consolidation, or acquisition of the Obligated Person, if material;
- 15. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- 16. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
- 17. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Obligated Person pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
 - 1. "amendment to continuing disclosure undertaking;"
 - 2. "change in obligated person;"
 - 3. "notice to investors pursuant to bond documents;"
 - 4. "certain communications from the Internal Revenue Service;"
 - 5. "secondary market purchases;"
 - 6. "bid for auction rate or other securities;"
 - 7. "capital or other financing plan;"
 - 8. "litigation/enforcement action;"

- 9. "change of tender agent, remarketing agent, or other on-going party;"
- 10. "derivative or other similar transaction;" and
- 11. "other event-based disclosures;"
- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Obligated Person pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
 - 1. "quarterly/monthly financial information;"
 - 2. "change in fiscal year/timing of annual disclosure;"
 - 3. "change in accounting standard;"
 - 4. "interim/additional financial information/operating data;"
 - 5. "budget;"
 - 6. "investment/debt/financial policy;"
 - 7. "information provided to rating agency, credit/liquidity provider or other third party;"
 - 8. "consultant reports;" and
 - 9. "other financial/operating data;"
- (viii) provide the Obligated Person evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.
- (f) The Obligated Person may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, the Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.
- (g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

Each Annual Report shall contain:

- (a) Annual Financial Information with respect to the Obligated Person which shall include operating data and financial information of the type included in the Limited Offering Memorandum for the Bonds as described in "APPENDIX A HELLENIC CLASSICAL CHARTER SCHOOLS" under the headings, (i) "GOVERNANCE Board of Trustees (list of Board members for the School)", "– Friends of Hellenic Board (list of Board members for the Institution)", "– School Leadership Team", "– Management Biographical Information" and "–Faculty and Staff", (ii) "ENROLLMENT" (iii) "ACADEMIC PERFORMANCE" (iv) "SCHOOL FINANCES Summary of Historical and Projected Revenues and Expenses", "– Charter School Funding" and "– Historic Per Pupil Funding Chart NY State Funding" (unless such information is included in the audited financial statements of the Obligated Person prepared and filed by the Obligated Person at or before the time that any other Annual Financial Information is required to be provided); together with a narrative explanation as may be necessary to avoid misunderstanding regarding the presentation of such Annual Financial Information concerning the Obligated Person; and
- (b) Audited Financial Statements prepared in accordance with generally accepted accounting principles ("GAAP") or alternate accounting principles as described in the Limited Offering Memorandum will be included in the Annual Report. If Audited Financial Statements are not available, the Obligated Person shall be in compliance under this Disclosure Agreement if unaudited financial statements, prepared in accordance with GAAP or alternate accounting principles as described in the Limited Offering Memorandum, are included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including limited offering memorandums of debt issues with respect to which the Obligated Person is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or are available from the MSRB Internet Website. If the document incorporated by reference is a final limited offering memorandum, it must be available from the MSRB. The Obligated Person will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information shall include an explanation, in narrative form, of such modifications.

SECTION 4. Reporting of Notice Events.

- (a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:
 - 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, or their failure to perform;

- 6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices and determinations with respect to the tax status of the securities or other material events affecting the tax status of the securities;
- 7. Modifications to rights of the security holders, if material;
- 8. Bond calls, if material;
- 9. Defeasances;
- 10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
- 11. Rating changes;
- 12. Tender offers;
- 13. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(13) of this Section 4: For the purposes of the event described in subsection (a)(13) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

- 14. The consummation of a merger, consolidation or acquisition involving the Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- 15. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- 16. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
- 17. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

The Obligated Person shall, in a timely manner not in excess of ten business days after its occurrence, notify the Trustee and the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Upon actual knowledge of the occurrence of a Notice Event, the Trustee shall promptly notify

the Obligated Person and also shall notify the Disclosure Dissemination Agent in writing of the occurrence of such Notice Event. Each such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the desired text of the disclosure, the written authorization for the Disclosure Dissemination Agent to disseminate such information, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

- or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Obligated Person or the Disclosure Representative, such notified party will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Obligated Person determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).
- (c) If the Disclosure Dissemination Agent has been instructed as prescribed in subsection (a) or as prescribed in subsection (b) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB, in accordance with Section 2(e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers.

Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference in the Annual Reports, Audited Financial Statements, Notice Event notices and Voluntary Event Disclosure, the Obligated Person shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations.

- (a) The School shall provide to the Disclosure Dissemination Agent, together with a copy for the Trustee, electronic copies (i) of the School's annual operating budget, not later than thirty (30) days after the start of each fiscal year of the School, commencing with the fiscal year beginning July 1, 2021, and (ii) the School's quarterly financial results compared to the School's budget within forty-five (45) days after the end of each fiscal quarter, commencing with the quarter ended March 31, 2021. Promptly upon receipt of an electronic copy of each of the Budget Report and the Quarterly Report, the Disclosure Dissemination Agent shall provide such Reports to the MSRB through its EMMA System.
- (b) The Obligated Person acknowledges and understands that other state and federal laws, including but not limited to the United States Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the United States Securities Exchange Act of 1934, as amended, may apply to the

Obligated Person, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Obligated Person acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

(c) The Obligated Person shall post to the EMMA System all monthly reports related to the status of the Project (as defined in the Indenture) provided by, Avison Young, Inc., the Project's construction monitor.

SECTION 7. Voluntary Filing.

- (a) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.
- (b) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the desired text of the disclosure, contain the written authorization for the Disclosure Dissemination Agent to disseminate such information, if applicable, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.
- (c) The parties hereto acknowledge that the Obligated Person is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or to file any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.
- (d) Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Person from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Section 7, or including any other information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement. If the Obligated Person chooses to include any information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement or to file Voluntary Event Disclosure or Voluntary Financial Disclosure, the Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Voluntary Financial Disclosure, Voluntary Event Disclosure, Failure to File Event Notice or Notice Event notice.

SECTION 8. <u>Termination of Reporting Obligation</u>.

The obligations of the Obligated Person and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Person is no longer an Obligated Person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent.

The Obligated Person hereby appoints DAC as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Obligated Person may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Obligated Person or DAC, the Obligated Person agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, agrees to assume all responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Obligated Person shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Obligated Person.

SECTION 10. Remedies in Event of Default.

In the event of a failure of the Obligated Person or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Person has provided such information to the Disclosure Dissemination Agent as provided in this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information, or any other information, disclosures or notices provided to it by the Obligated Person and shall not be deemed to be acting in any fiduciary capacity for the Obligated Person, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Person's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Obligated Person has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Obligated Person at all times.

THE OBLIGATED PERSON AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT AND THE TRUSTEE AND THEIR RESPECTIVE OFFICERS.

DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITY WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LOSSES, EXPENSES AND LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND THE TRUSTEE'S (AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS') NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Person under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

- (b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and it shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Obligated Person.
- (c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format through the EMMA System and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. No Issuer or Trustee Responsibility.

The Obligated Person and the Disclosure Dissemination Agent acknowledge that neither the Issuer nor the Trustee have undertaken any responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Disclosure Agreement (other than, with respect to the Trustee only, those notices required under Section 4 hereof), and shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures (other than, with respect to the Trustee only, those notices required under Section 4 hereof). Build NYC (as conduit issuer) is not, for purposes of and within the meaning of the Rule, (i) committed by contract or other arrangement to support payment of all, or part of, the obligations on the Bonds, or (ii) a person for whom annual financial information and notices of material events will be provided. The Trustee shall be indemnified and held harmless in connection with this Disclosure Agreement to the same extent provided in the Resolution for matters arising thereunder.

SECTION 13. Amendment; Waiver.

Notwithstanding any other provision of this Disclosure Agreement, the Obligated Person, the Trustee and the Disclosure Dissemination Agent 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 expert in federal securities laws acceptable to each of the Obligated Person, the Trustee and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided none of the Obligated Person, the Trustee or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Obligated Person, the Trustee and the Disclosure Dissemination Agent shall have the right to amend this Disclosure Agreement for any of the following purposes:

- (i) to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time;
- (ii) to add or change a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (iii) to evidence the succession of another person to the Obligated Person or the Trustee and the assumption by any such successor of the covenants of the Obligated Person or the Trustee hereunder;
- (iv) to add to the covenants of the Obligated Person or the Disclosure Dissemination Agent for the benefit of the Holders, or to surrender any right or power herein conferred upon the Obligated Person or the Disclosure Dissemination Agent; and
- (v) for any purpose for which, and subject to the conditions pursuant to which, amendments may be made under the Rule, as amended or modified from time to time, or any formal authoritative interpretations thereof by the Securities and Exchange Commission.

SECTION 14. Investor Calls.

Commencing in 2022, the School shall hold a conference call with the Holders in January, no later than January 31, of each calendar year following issuance of the Audited Financial Statements of the School for the immediately preceding fiscal year. In addition, during the construction period of the Project, the Obligated Person will hold investor calls in July 2021 and July 2022 to review the status of the Project with the Holders. Notice of all investor calls shall be posted to the EMMA System at least three (3) business days prior to the occurrence of the call. The Disclosure Dissemination Agent shall only be required to post notice of such annual conference calls if requested to do so in writing by the School. Such conference call shall be recorded and posted to the EMMA System for at least a thirty (30) day period following occurrence of the conference call.

SECTION 15. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the Obligated Person, the Trustee, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 16. Governing Law.

This Disclosure Agreement shall be governed by the laws of the State of New York (without regard to its conflicts of laws provisions).

SECTION 17. 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.

The Disclosure Dissemination Agent, the Trustee and the Obligated Person have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

Name:_____ Title: FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC., **Obligated Person** Name:_____ Title: HELLENIC CLASSICAL CHARTER SCHOOLS, Obligated Person Name:_____ Title:_____ THE BANK OF NEW YORK MELLON, as Trustee Name: Title: _____

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,

as Disclosure Dissemination Agent

[Signature Page to Continuing Disclosure Agreement]

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: Build NYC Resource Corporation

Obligated Person(s): (i) Friends of Hellenic Classical Charter Schools, Inc. and

(ii) Hellenic Classical Charter Schools

Name of Bond Issue: Tax-Exempt Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc.

Project), Series 2021A

Taxable Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc.

12008E RC2

Project), Series 2021B

January 27, 2021

Date of Issuance: Date of Limited

Offering Memorandum:

January 14, 2021

2027

Maturity	
(December 1)	CUSIP No.
2031	12008E QY5
2041	12008E QZ2
2051	12008E RA6
2055	12008E RB4

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Build NYC Resource Corporation
Obligated Person(s):	(i) Friends of Hellenic Classical Charter Schools, Inc. and (ii) Hellenic Classical Charter Schools
Name of Bond Issue:	Tax-Exempt Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021A Taxable Revenue Bonds (Friends of Hellenic Classical Charter Schools, Inc. Project), Series 2021B
Date of Issuance:	January 27, 2021
CUSIP Numbers:	
the above-named Bonds as reby and among the Obligated L.L.C., as Disclosure Dissen	BY GIVEN that the Obligated Person has not provided an Annual Report with respect to equired by the Agreement to Provide Continuing Disclosure, dated as of January 27, 2021, Person, The Bank of New York Mellon, as Trustee and Digital Assurance Certification, nination Agent. The Obligated Person has notified the Disclosure Dissemination Agent nual Report will be filed by
Dated:	
	Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, on behalf of the Obligated Person
cc: Obligated Person	

EXHIBIT C-1 EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and Obligated Person's Names:			
Six-Digit CUSIP Number:			
or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:			
Number of pages attached:			
Description of Notice Events (Check One):			
 "Principal and interest payment delinquencies;" "Non-Payment related defaults, if material;" "Unscheduled draws on debt service reserves reflecting financial difficulties;" "Unscheduled draws on credit enhancements reflecting financial difficulties;" "Substitution of credit or liquidity providers, or their failure to perform;" "Adverse tax opinions, IRS notices or events affecting the tax status of the security;" "Modifications to rights of securities holders, if material;" "Bond calls, if material;" "Defeasances;" "Release, substitution, or sale of property securing repayment of the securities, if material;" "Rating changes;" "Tender offers;" "Bankruptcy, insolvency, receivership or similar event of the obligated person;" "Merger, consolidation, or acquisition of the obligated person, if material;" "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;" "Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material;" and "Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material;" and 			
Failure to provide annual financial information as required.			
I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:			
Signature:			
Name: Title:			
Digital Assurance Certification, L.L.C. 390 N. Orange Avenue Suite 1750 Orlando, FL 32801			

Date:

407-515-1100

EXHIBIT C-2 VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of January 27, 2021 by and among the Obligated Person, the Trustee and DAC.

Issuer's and Obligated Person's Names:					
Six-Digit CUS	Six-Digit CUSIP Number:				
or Nine-Digit	CUSIP Number(s) of the bonds to which this notice relates:				
Number of pa	ges attached:				
Description of	Voluntary Event Disclosure (Check One):				
2 3 4 5 6 7 8 9 10	"notice to investors pursuant to bond documents;"				
I hereby repre Signature:	sent that I am authorized by the obligated person or its agent to distribute this information publicly:				
Name:	Title:				
	Digital Assurance Certification, L.L.C. 390 N. Orange Avenue Suite 1750				

Date:

Orlando, FL 32801 407-515-1100

EXHIBIT C-3 VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

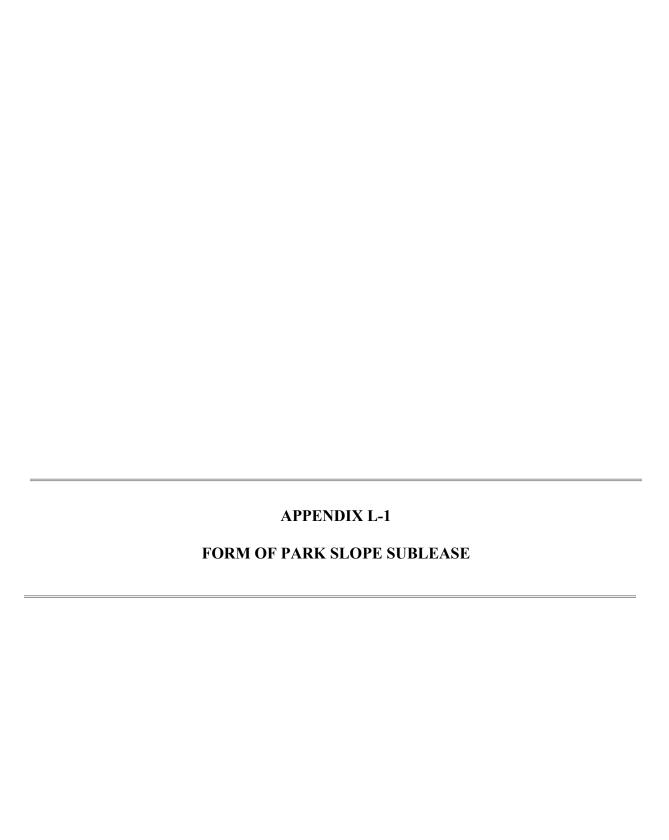
This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of January 27, 2021 by and among the Obligated Person, the Trustee and DAC.

Issuer's and Obligated Person's Names:			
Six-Digit CUSI	P Number:		
or Nine-Digit C	USIP Number(s) of the bonds to which this notice relates:		
Number of page	es attached:		
1 2 3 4 5 6 7 8 9	"quarterly/monthly financial information;" —"change in fiscal year/timing of annual disclosure;" —"change in accounting standard;" —"interim/additional financial information/operating data;" —"budget;" —"investment/debt/financial policy;" —"information provided to rating agency, credit/liquidity provider or other third party;" —"consultant reports;" and —"other financial/operating data."		
	Title:		
	Digital Assurance Certification, L.L.C. 390 N. Orange Avenue Suite 1750 Orlando, FL 32801		

Date:

407-515-1100







SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT (this "Sublease") dated as of the 27th day of January, 2021 (the "Effective Date") by and between Friends of Hellenic Classical Charter Schools, Inc. ("Sublandlord"), and Hellenic Classical Charter Schools ("Subtenant").

WHEREAS, pursuant to that certain Assignment of Lease and Lease Amendment by and between Sublandlord, Subtenant and Greek Orthodox Community of Kimisis Theotokou, Inc. ("Overlandlord") dated as of January 27, 2021 (the "Assignment"), Subtenant has assigned to Sublandlord all of its right, title, and interest in and amended certain terms of that certain lease and rider dated as of March 16, 2012 (the "Original Lease") as amended by that certain First Rider to Lease dated as of October 20, 2013 (the "First Rider") Overlandlord and Sublandlord, for the lease of those certain premises located at 646 5th Avenue, Brooklyn, NY 11215 (the "Premises"). The Assignment, the Original Lease and the First Rider are hereinafter referred to as the "Lease", attached hereto as Exhibit A; and

WHEREAS, Sublandlord desires to sublease to Subtenant the Premises, subject to the terms and conditions of the Lease; and

WHEREAS, Subtenant desires to sublease the Premises from the Sublandlord, all upon the terms and subject to the provisions and conditions hereinafter set forth; and

WHEREAS, as a condition to consenting to the Assignment, Overlandlord requires that Subtenant guarantees the Lease pursuant to the terms set forth in the guaranty attached hereto as **Exhibit B** (the "Guaranty").

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants, conditions and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby agree as follows:

- 1. <u>Sublease</u>. Sublandlord, for and in consideration of the covenants and agreements herein contained on the part of Subtenant to be performed, hereby subleases the Premises to Subtenant, and Subtenant accepts from Sublandlord, the Premises and agrees to perform each and every obligation set forth therein.
- 2. <u>Term.</u> The term (the "Term") of this Sublease shall commence on the Effective Date and shall expire on the day that is one (1) day prior to the Expiration Date as defined in the Lease.
- 3. <u>Rental.</u> This Sublease is made for and in consideration of rent (the "Base Rent"), payable to Sublandlord on or before the first of each month during the Term as set forth in <u>Schedule 1</u> attached hereto and incorporated by reference herein, to the designated bank account set forth in <u>Schedule 1-A</u>, attached hereto and incorporated by reference herein. Each Sublease Year running from July 1st to June 30th, except the first Sublease Year which shall run from the Effective Date through June 30, 2021, with the obligation to pay Base Rent commencing on February 1, 2021. Additionally, except as otherwise set forth herein, Subtenant shall pay all other payments due and

owing by Sublandlord to Overlandlord under the Lease as Additional Rent, said payments payable as and when the same are due to the Overlandlord under the Lease.

- 4. <u>No Default under Lease</u>. To the best of the knowledge and belief of Subtenant and Sublandlord, the Lease is, as of the date hereof, in full force and effect, and no event of default has occurred under the Lease and no event has occurred and is continuing that would constitute an event of default under the Lease but for the requirement of the giving of notice and/or the expiration of the period of time to cure.
- 5. Payments made by Sublandlord. If Subtenant shall default in making any payment required to be made by Subtenant or in performing any obligation of Subtenant under this Sublease which shall require the expenditure of money and such default shall continue beyond applicable notice and cure periods provided herein (except in case of emergency in which case no notice shall be required), Sublandlord may, but shall not be obligated to, make such payment on behalf of Subtenant or expend such sum as may be necessary to perform or fulfill such obligation. Any sums so paid by Sublandlord shall be deemed rent and shall be due and payable to Sublandlord immediately.
- 6. <u>Improvements by Subtenant</u>. Subtenant may construct such improvements within the Premises only under the conditions and only to the extent that Sublandlord would be permitted to construct same under the Lease. Subtenant shall cause such construction work to be done and completed in good and workmanlike manner, free from faults and defects and in compliance with all legal requirements. Subtenant shall provide and pay for all labor, materials, goods, supplies, equipment, appliances, tools, construction equipment and machinery necessary for the proper execution and completion of such work; promptly pay when due all costs and expenses incurred in connection with such work; and at all times maintain the Premises free and clear from any and all liens, claims, security interests and encumbrances arising from or in connection with such work.
- 7. <u>Sublandlord's Work.</u> Sublandlord shall perform or cause to be performed the improvements and work as summarized in <u>Exhibit C</u> ("Sublandlord's Work") to prepare the Additional Premises (as defined in the Lease) for Subtenant's occupancy, with a goal to substantially complete such work on or about August 31, 2022.
- 8. <u>Services & Maintenance</u>. Commencing March 1, 2021 and continuing through November 30, 2027, Sublandlord shall be responsible for funding the monthly payment of \$1,155.00 into the Repair and Replacement Fund (as defined in Sublandlord's bond documents), which shall be utilized in accordance with the bonds documents for certain repairs and replacements required within the Premises.
- 9. <u>Assignment and Sublease</u>. Subtenant may not, without Overlandlord's and Sublandlord's prior written consent, assign this Sublease or further sublease any portion or all of the Premises. Any attempted assignment or subletting made contrary to the provisions of this Sublease shall be null and void.
- 10. <u>Indemnity from Liens</u>. Subtenant agrees to indemnify and hold Overlandlord and Sublandlord harmless from and against any and all mechanic's or other liens or claims for work,

labor or services performed, or for materials furnished, and all costs, damages and expenses in connection therewith, by reason of any act or omission on the part of Subtenant.

- 11. <u>Indemnity</u>. Subtenant shall indemnify and hold Overlandlord and Sublandlord and their respective directors, officers, employees, contractors, representatives and agents harmless from all liabilities, charges, expenses (including reasonable counsel fees), and costs on account of all claims for damages by reason of any injury or injuries to any person or property of any kind whatsoever, which is occasioned by the negligence or willful actions of Subtenant or third parties they engage to work, services or duties on their behalf. Sublandlord shall save and hold Subtenant and its directors, officers, employees, contractors, representatives and agents harmless from all liabilities, charges, expenses (including counsel fees), and costs on account of all claims for damages by reason of any injury or injuries to any person or property of any kind which is occasioned by the negligence or willful actions of Overlandlord and Sublandlord.
- 12. <u>Insurance Coverage</u>. To the extent not the obligation of Sublandlord under the Lease, Subtenant shall during the entire term of this Sublease, at Subtenant's own expense, keep in force all insurance as shall be required under the Lease, naming Overlandlord and Sublandlord as additional insureds on a primary and non-contributory basis. Additionally, Subtenant shall also provide evidence on an annual basis of its insurance coverage including without limitation general liability, workers' compensation, automobile, personal property (with coverage for 100% full replacement cost) and business interruption insurance equal to 12 months of rent, and name Sublandlord as an additional insured on such policies as the carriers will permit, provided that Subtenant shall not be required to do so if a carrier charges additional costs/premiums.
- 13. <u>Personal Property Taxes</u>. Subtenant shall pay all taxes, public rates, dues and special assessments of every kind which shall become due and payable or which are assessed against or levied upon any personal property or other items placed upon the Premises by Subtenant.
- 14. <u>Obligations of Subtenant, Default</u>. Subtenant shall perform all obligations of Sublandlord under the Lease. Any default or event of default under the Lease, which is, under this Sublease, the obligation of Subtenant, shall be a default under this Sublease. It is agreed that Subtenant shall be in default if Subtenant shall file bankruptcy or otherwise become insolvent. In the event a default occurs as set forth above, Sublandlord may terminate this Sublease, take possession of the Premises and recover any other damages allowable by law.
- 15. <u>Casualty</u>. If the Premises should be totally destroyed by fire or other casualty, the obligation to restore and the ability to terminate shall be controlled by the Lease. Whatever rights and obligations Sublandlord has under the Lease with respect to casualty shall be available to Subtenant under this Sublease.
- 16. <u>Laws, Rules and Regulations</u>. Subtenant shall fully comply with and obey all laws, rules and regulations of regularly constituted authorities which govern the use of the Premises.
- 17. <u>Inspections</u>. Subtenant shall permit Overlandlord and Sublandlord and the agents of Overlandlord and Sublandlord to enter upon the Premises at all reasonable times after notice to Subtenant to examine the condition thereof in accordance with the terms of the Lease.

- 18. <u>Surrender at Termination</u>. At the termination of this Sublease, Subtenant shall surrender the Premises to Sublandlord in the condition required under the Lease for surrender.
- 19. <u>Compliance with Regulations</u>. It is expressly understood that the parties intend that this Sublease will comply with all applicable rules and regulations of all governmental, regulatory and accreditation authorities. Accordingly, the parties agree to renegotiate, in good faith, any term, condition or provision of this Sublease, or any other agreement between the parties, that any such authority determines to be in contravention of any federal, state or local regulation or law.
- 20. <u>Holding Over</u>. Should Subtenant, with or without the express or implied consent of Sublandlord, continue to hold and occupy the Premises after the expiration of the term of this Sublease, all payments due from Sublandlord to Overlandlord during any period of holding over shall be an obligation of Subtenant under this Sublease, payable as and when due to the Overlandlord under the Lease. Subtenant shall, unless otherwise directed by Overlandlord, pay all such payments directly to the Overlandlord.
- 21. <u>Waivers</u>. No waiver of any default or breach of any covenant, agreement or condition of this Sublease shall be construed to be a waiver of the rights as to any future default or breach by Subtenant or Sublandlord.
- 22. <u>Remedies to be Cumulative</u>. The remedies available to the parties under the terms of this Sublease and in law or equity shall be cumulative and the exercise of any remedy shall not constitute an election of remedies.
- 23. <u>Notice</u>. Any notice required to be given hereunder shall be in writing and shall be served by hand delivery or by reputable overnight express courier for next business day delivery. All such notices shall be sent as follows:

If to Sublandlord:

Friends of Hellenic Classical Charter Schools, Inc. c/o Hellenic Classical Charter Schools 646 5th Avenue
Brooklyn, NY 11215
Attn: Board Chair

If to Subtenant:

Hellenic Classical Charter Schools 646 5th Avenue Brooklyn, NY 11215 Attn: Board Chair Either party may hereafter and from time to time designate in writing a different address for the mailing of notices.

- 25. <u>Captions</u>. The paragraph captions in this Sublease are for convenience only and shall have no effect upon the terms and provisions of this Sublease.
- 26. <u>No Joint Venture</u>. Nothing contained in this Sublease shall be deemed or construed to create the relationship of principal and agent or of partnership or joint venture or of any association whatsoever between Sublandlord and Subtenant, except that of sublandlord and subtenant.
- 27. <u>Quiet Enjoyment</u>. Sublandlord represents that it has good right and authority to lease the Premises and that Subtenant shall quietly enjoy the Premises so long as it complies with the terms and conditions of this Sublease.
- 28. <u>Severable Provisions</u>. The provisions of this Sublease shall be severable and if any provisions shall be invalid or void or unenforceable in whole or in part for any reason, the remaining provisions shall remain in full force and effect.
- 29. <u>Entire Agreement</u>. This Sublease and any other agreements executed and delivered contemporaneously herewith contain the entire agreement of the parties and supersede any and all prior agreements between the parties, written or oral, with respect to the subject matter contemplated hereby. This Sublease may not be changed or terminated orally, but may only be changed by an agreement in writing signed by the party or parties against whom enforcement of any waiver, change, modification, extension, discharge or termination is sought.
- 30. <u>Binding Effect</u>. This Sublease shall be binding and shall inure to the benefit of the parties hereto, and their respective heirs, legatees, executors, administrators, successors and assigns.
- 31. <u>Incorporation and Reference</u>. The terms of the Lease are incorporated herein by reference, with "Sublandlord" being substituted for "Landlord" under the Lease, "Subtenant" being substituted for "Tenant" under the Lease, and "Sublease" being substituted for "Lease" under the Lease, except with respect to such obligations that remain as Sublandlord's obligations as set forth in this Sublease. Any capitalized terms not defined herein shall have the meanings ascribed to them in the Lease.
- 32. <u>Self-Help.</u> If Sublandlord or Subtenant shall default in the performance or observance of any agreement, condition or other provision in this Sublease and shall not cure such default within thirty days after notice in writing from the other party specifying the default (or shall not within said period commence to cure such default and thereafter prosecute the curing of such default to completion with due diligence) the non-defaulting party may (in addition to any other remedy available to the non-defaulting party at law or in equity) at any time thereafter cure such default and the defaulting party shall reimburse the non-defaulting party for any amount paid and any expense or contractual liability so incurred, and any amounts due from Subtenant shall be deemed additional rent due and payable with the next installment of monthly rent and any amount due from Sublandlord may be deducted by Subtenant from any rent due hereunder; provided however, that either may cure any such default as aforesaid prior to the expiration of said cure period but after

notice to the other party, if it is necessary to protect the Premises, or to prevent injury or damages to persons or property.

- 33. Overlandlord and Sublandlord Access. Overlandlord and Sublandlord, and Overlandlord's and Sublandlord's agents, contractors, consultants, mortgagees and insurers shall have access to the Premises in any emergency at any time, and at reasonable times and upon reasonable notice to Subtenant, for purposes of determining the general condition of the Premises, or for the purpose of complying with the laws, regulations or directions of governmental authorities, or for the purpose of showing the Premises to prospective tenants.
- 34. <u>Subordination</u>. This Sublease is subject and subordinate to all mortgages that may now or hereafter affect the Premises (the "Underlying Mortgages") and to all renewals, modifications, consolidations, replacements and extensions of any such Underlying Mortgages. This clause shall be self-operative, and no further instrument of subordination shall be required by any mortgagee affecting this Sublease or the real property of which the Premises are a part. Subtenant shall, nevertheless, promptly execute and deliver such further instruments confirming the subordination of this lease as may be desired by the holder of any Underlying Mortgage, or by the Overlandlord and Sublandlord without charge or delay.
- Renewal Option. Pursuant to Section 3 of the Lease, Sublandlord has two (2) options to extend the Term: the first, to extend the Term for ten (10) years (the "Initial Option") and the second and final, to extend the Term for nine (9) years (the "Second Option"; the extended term upon exercise of either the Initial Option and/or the Second Option, the "Option Period"). To exercise either the Initial Option and/or the Second Option, Sublandlord must deliver written notice to Landlord at least six (6) months prior to the conclusion of the then-current Term. Accordingly, should Subtenant desire to extend the Term of this Sublease for a period equal to an Option Period, Subtenant shall provide Sublandlord with not less than seven (7) months written notice prior to the expiration of the then-current Term, and upon receipt of same, Sublandlord shall exercise the corresponding renewal option under the Lease.
- 36. <u>Landlord Consent</u>. Pursuant to the Assignment, Overlandlord has provided the required consent for this Sublease.
- 37. <u>Sublease Adjustments</u>. Given the length of the Term of this Sublease and Sublandlord and Subtenant's inability to predict with precision a variety of factors including without limitation potential effects on per pupil funding as a result of the Covid-19 pandemic and certain unknowns with respect to the costs that Subtenant may incur in connection with operating the Premises (the "Variables"), Sublandlord and Subtenant agree to work collaboratively prior to the Commencement Date and thereafter from time to time as may be necessary to address such Variables as they may arise, which may include, without limitation, amending the Base Rent due under this Sublease and responsibility for certain services and maintenance obligations set forth hereunder.

IN WITNESS WHEREOF, Sublandlord and Subtenant have hereunto executed this Sublease on the day and year first above written.

SUB	BLANDLORD:		
	ENDS OF HELLENIC CLASSICA ARTER SCHOOLS, INC.	AL	
By:			
-	Name:		
	Title:		
SUB	BTENANT:		
HEI	LLENIC CLASSICAL CHARTER	SCHOOLS	
By:			
	Name:		
	Title:		

Schedule 1
Rent Schedule

Sublease Year	Annual Rent	Monthly Rent
February 1, 2021 through June 30, 2021		\$71,975.40
July 1, 2021 through June 30, 2022	\$949,049.00	\$79,087.42
July 1, 2022 through June 30, 2023	\$949,049.00	\$79,087.42
July 1, 2023 through June 30, 2024	\$977,993.00	\$81,499.42
July 1, 2024 through June 30, 2025	\$977,993.00	\$81,499.42
July 1, 2025 through June 30, 2026	\$977,993.00	\$81,499.42
July 1, 2026 through June 30, 2027	\$1,198,137.00	\$99,844.75
July 1, 2027 through June 30, 2028	\$1,180,481.00	\$98,373.42
July 1, 2028 through June 30, 2029	\$1,259,386.00	\$104,948.83
July 1, 2029 through June 30, 2030	\$1,289,594.00	\$107,466.17
July 1, 2030 through June 30, 2031	\$1,287,694.00	\$107,307.83
July 1, 2031 through June 30, 2032	\$1,290,494.00	\$107,541.17
July 1, 2032 through June 30, 2033	\$1,320,548.00	\$110,045.67
July 1, 2033 through June 30, 2034	\$1,325,673.00	\$110,472.75
July 1, 2034 through June 30, 2035	\$1,320,298.00	\$110,024.83
July 1, 2035 through June 30, 2036	\$1,354,732.00	\$112,894.33
July 1, 2036 through June 30, 2037	\$1,358,357.00	\$113,196.42
July 1, 2037 through June 30, 2038	\$1,356,357.00	\$113,029.75
July 1, 2038 through June 30, 2039	\$1,390,793.00	\$115,899.42
July 1, 2039 through June 30, 2040	\$1,392,668.00	\$116,055.67
July 1, 2040 through June 30, 2041	\$1,393,793.00	\$116,149.42
July 1, 2041 through June 30, 2042	\$1,394,168.00	\$116,180.67
July 1, 2042 through June 30, 2043	\$1,432,577.00	\$119,381.42
July 1, 2043 through June 30, 2044	\$1,436,327.00	\$119,693.92
July 1, 2044 through June 30, 2045	\$1,429,327.00	\$119,110.58
July 1, 2045 through June 30, 2046	\$1,431,577.00	\$119,298.08
July 1, 2046 through June 30, 2047	\$1,477,743.00	\$123,145.25

Initial Option- Years 1-3 (7.1. 47 through 6.30.50)	Greater of (a) \$859,368.63; (b) or
	\$814.446.63 x Option Period Base
	Level (as defined in the Lease).
	The result referred to as the Option
	Base Rent.
Balance of Initial Option and Second Option	Ever three (3) years, Rent shall be
	escalated to equal the greater of (a)
	105% of the previous three (3) year
	period's Option Base Rent; or (b)
	the previous three (3) year period's
	Option Base Rent x Option Period
	Base Level

Schedule 1-A

Rent Payment Instructions

Subtenant shall pay the Base Rent due under this Sublease directly to the following bank account:

[insert DACA electronic payment/mailing instructions]

EXHIBIT A

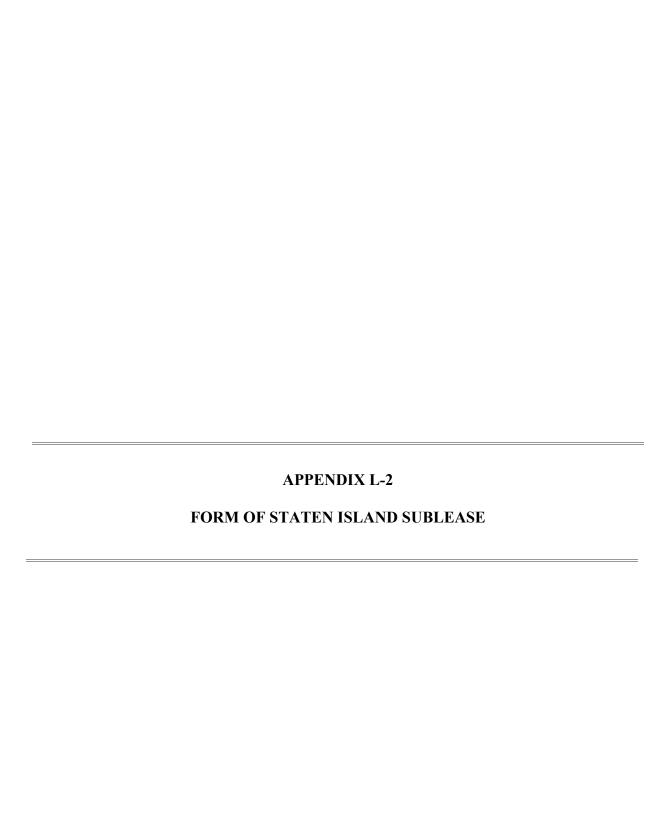
Lease

See attached.

EXHIBIT B

Guaranty

See attached.





SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT (this "Sublease") dated as of the 27th day of January, 2021 (the "Effective Date") by and between Friends of Hellenic Classical Charter Schools, Inc. ("Sublandlord"), and Hellenic Classical Charter Schools ("Subtenant").

WHEREAS, pursuant to that certain Assignment and Assumption of Lease Agreement by and between Sublandlord and Subtenant dated as of January 27, 2021 (the "Assignment"), Subtenant has assigned to Sublandlord all of its right, title, and interest in that certain Lease Agreement dated July 17, 2019 (the "Original Lease") by and between Greek Orthodox Community Holy Trinity Church of Staten Island (hereinafter the "Overlandlord") and the Subtenant, as amended by that certain first amendment to Lease dated as of July 17, 2019 (the "First Amendment"), and as further amended by that certain second amendment to Lease dated as of September ___, 2020 (the "Second Amendment"; together with the Original Lease, the First Amendment, and the Assignment, the "Lease"—attached hereto as **Exhibit A**), for the lease of those certain premises located at 1641 Richmond Avenue, Staten Island, NY 10314 (the "Premises"); and

WHEREAS, Sublandlord desires to sublease to Subtenant the Premises, subject to the terms and conditions of the Lease; and

WHEREAS, Subtenant desires to sublease the Premises from the Sublandlord, all upon the terms and subject to the provisions and conditions hereinafter set forth; and

WHEREAS, as a condition to consenting to the Assignment, Overlandlord requires that Subtenant guarantees the Lease pursuant to the terms set forth in the guaranty attached hereto as **Exhibit B** (the "Guaranty").

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants, conditions and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby agree as follows:

- 1. <u>Sublease</u>. Sublandlord, for and in consideration of the covenants and agreements herein contained on the part of Subtenant to be performed, hereby subleases the Premises to Subtenant, and Subtenant accepts from Sublandlord, the Premises and agrees to perform each and every obligation set forth therein.
- 2. <u>Term.</u> The term (the "Term") of this Sublease shall commence on the Effective Date and shall expire one (1) day prior to the Expiration Date as defined in the Lease.
- 3. <u>Rental</u>. This Sublease is made for and in consideration of rent (the "Base Rent"), payable to Sublandlord on or before the first of each month during the Term as set forth in <u>Schedule 1</u> attached hereto and incorporated by reference herein, to the designated bank account set forth in <u>Schedule 1-A</u>, attached hereto and incorporated by reference herein. Each Sublease Year during the Term shall run from July 1st to June 30th, except the first Sublease Year which shall run from

the Effective Date through June 30, 2021, with the obligation to pay Base Rent commencing on February 1, 2021. Additionally, except as otherwise set forth herein, Subtenant shall pay all other payments due and owing by Sublandlord to Overlandlord under the Lease as Additional Rent, said payments payable as and when the same are due to the Overlandlord under the Lease.

- 4. <u>No Default under Lease</u>. To the best of the knowledge and belief of Subtenant and Sublandlord, the Lease is, as of the date hereof, in full force and effect, and no event of default has occurred under the Lease and no event has occurred and is continuing that would constitute an event of default under the Lease but for the requirement of the giving of notice and/or the expiration of the period of time to cure.
- 5. Payments made by Sublandlord. If Subtenant shall default in making any payment required to be made by Subtenant or in performing any obligation of Subtenant under this Sublease which shall require the expenditure of money and such default shall continue beyond applicable notice and cure periods provided herein (except in case of emergency in which case no notice shall be required), Sublandlord may, but shall not be obligated to, make such payment on behalf of Subtenant or expend such sum as may be necessary to perform or fulfill such obligation. Any sums so paid by Sublandlord shall be deemed rent and shall be due and payable to Sublandlord immediately.
- 6. <u>Improvements by Subtenant</u>. Subtenant may construct such improvements within the Premises only under the conditions and only to the extent that Sublandlord would be permitted to construct same under the Lease. Subtenant shall cause such construction work to be done and completed in good and workmanlike manner, free from faults and defects and in compliance with all legal requirements. Subtenant shall provide and pay for all labor, materials, goods, supplies, equipment, appliances, tools, construction equipment and machinery necessary for the proper execution and completion of such work; promptly pay when due all costs and expenses incurred in connection with such work; and at all times maintain the Premises free and clear from any and all liens, claims, security interests and encumbrances arising from or in connection with such work.
- 7. <u>Sublandlord's Work.</u> Sublandlord shall perform or cause to be performed the improvements and work as summarized in <u>Exhibit C</u> ("Sublandlord's Work") to prepare the Additional Premises (as defined in the Lease) for Subtenant's occupancy, with a goal to substantially complete such work on or about August 31, 2022.
- 8. <u>Security Deposit</u>. Sublandlord acknowledges that as of the date hereof, Subtenant has already deposited with Overlandlord the sum of \$126,500.01 as the Security Deposit defined in and required by the Lease, and Sublandlord shall return or cause Overlandlord to return the Security Deposit to Subtenant subsequent to the end of the Term provided that Subtenant returns the Premises at the end of the Term in the condition required under the Lease.
- 9. <u>Services</u>. Commencing March 1, 2021 and continuing through November 30, 2027, Sublandlord shall be responsible for funding the monthly payment of \$3,845.00 into the Repair and Replacement Fund (as defined in Sublandlord's bond documents), which shall be utilized in accordance with the bond documents for certain repairs and replacements required within the Premises.

- 10. <u>Assignment and Sublease</u>. Subtenant may not, without Overlandlord's and Sublandlord's prior written consent, assign this Sublease or further sublease any portion or all of the Premises. Any attempted assignment or subletting made contrary to the provisions of this Sublease shall be null and void.
- 11. <u>Indemnity from Liens</u>. Subtenant agrees to indemnify and hold Overlandlord and Sublandlord harmless from and against any and all mechanic's or other liens or claims for work, labor or services performed, or for materials furnished, and all costs, damages and expenses in connection therewith, by reason of any act or omission on the part of Subtenant.
- 12. <u>Indemnity</u>. Subtenant shall indemnify and hold Overlandlord and Sublandlord and their respective directors, officers, employees, contractors, representatives and agents harmless from all liabilities, charges, expenses (including reasonable counsel fees), and costs on account of all claims for damages by reason of any injury or injuries to any person or property of any kind whatsoever, which is occasioned by the negligence or willful actions of Subtenant or third parties they engage to work, services or duties on their behalf. Sublandlord shall save and hold Subtenant and its directors, officers, employees, contractors, representatives and agents harmless from all liabilities, charges, expenses (including counsel fees), and costs on account of all claims for damages by reason of any injury or injuries to any person or property of any kind which is occasioned by the negligence or willful actions of Overlandlord and Sublandlord.
- 13. <u>Insurance Coverage</u>. To the extent not the obligation of Sublandlord under the Lease, Subtenant shall during the entire term of this Sublease, at Subtenant's own expense, keep in force all insurance as shall be required under the Lease, naming Overlandlord and Sublandlord as additional insureds on a primary and non-contributory basis. Additionally, Subtenant shall also provide evidence on an annual basis of its insurance coverage including without limitation general liability, workers' compensation, automobile, personal property (with coverage for 100% full replacement cost) and business interruption insurance equal to 12 months of rent, and name Sublandlord as an additional insured on such policies as the carriers will permit, provided that Subtenant shall not be required to do so if a carrier charges additional costs/premiums.
- 14. <u>Personal Property Taxes</u>. Subtenant shall pay all taxes, public rates, dues and special assessments of every kind which shall become due and payable or which are assessed against or levied upon any personal property or other items placed upon the Premises by Subtenant.
- 15. <u>Obligations of Subtenant, Default</u>. Subtenant shall perform all obligations of Sublandlord under the Lease. Any default or event of default under the Lease, which is, under this Sublease, the obligation of Subtenant, shall be a default under this Sublease. It is agreed that Subtenant shall be in default if Subtenant shall file bankruptcy or otherwise become insolvent. In the event a default occurs as set forth above, Sublandlord may terminate this Sublease, take possession of the Premises and recover any other damages allowable by law.
- 16. <u>Casualty</u>. If the Premises should be totally destroyed by fire or other casualty or if they should be so damaged so that rebuilding cannot reasonably be completed within the period set

forth for such rebuilding under the Lease, this Sublease shall terminate and the rent shall abate pursuant to the terms of the Lease.

- 17. <u>Laws, Rules and Regulations</u>. Subtenant shall fully comply with and obey all laws, rules and regulations of regularly constituted authorities which govern the use of the Premises.
- 18. <u>Inspections</u>. Subtenant shall permit Overlandlord and Sublandlord and the agents of Overlandlord and Sublandlord to enter upon the Premises at all reasonable times after notice to Subtenant to examine the condition thereof.
- 19. <u>Surrender at Termination</u>. At the termination of this Sublease, Subtenant shall surrender the Premises to Sublandlord in the condition required under the Lease for surrender.
- 20. <u>Compliance with Regulations</u>. It is expressly understood that the parties intend that this Sublease will comply with all applicable rules and regulations of all governmental, regulatory and accreditation authorities. Accordingly, the parties agree to renegotiate, in good faith, any term, condition or provision of this Sublease, or any other agreement between the parties, that any such authority determines to be in contravention of any federal, state or local regulation or law.
- 21. <u>Holding Over</u>. Should Subtenant, with or without the express or implied consent of Sublandlord, continue to hold and occupy the Premises after the expiration of the term of this Sublease, all payments due from Sublandlord to Overlandlord during any period of holding over shall be an obligation of Subtenant under this Sublease, payable as and when due to the Overlandlord under the Lease. Subtenant shall, unless otherwise directed by Sublandlord, pay all such payments directly to the Overlandlord.
- 22. <u>Waivers</u>. No waiver of any default or breach of any covenant, agreement or condition of this Sublease shall be construed to be a waiver of the rights as to any future default or breach by Subtenant or Sublandlord.
- 23. <u>Remedies to be Cumulative</u>. The remedies available to the parties under the terms of this Sublease and in law or equity shall be cumulative and the exercise of any remedy shall not constitute an election of remedies.
- 24. <u>Notice</u>. Any notice required to be given hereunder shall be in writing and shall be served by hand delivery or by reputable overnight express courier for next business day delivery. All such notices shall be sent as follows:

If to Sublandlord:

Friends of Hellenic Classical Charter Schools, Inc. c/o Hellenic Classical Charter Schools 1641 Richmond Avenue
Staten Island, NY 10314
Attn: Board Chair

If to Subtenant:

Hellenic Classical Charter Schools 1641 Richmond Avenue Staten Island, NY 10314 Attn: Board Chair

Either party may hereafter and from time to time designate in writing a different address for the mailing of notices.

- 25. <u>Captions</u>. The paragraph captions in this Sublease are for convenience only and shall have no effect upon the terms and provisions of this Sublease.
- 26. <u>No Joint Venture</u>. Nothing contained in this Sublease shall be deemed or construed to create the relationship of principal and agent or of partnership or joint venture or of any association whatsoever between Sublandlord and Subtenant, except that of sublandlord and subtenant.
- 27. <u>Quiet Enjoyment</u>. Sublandlord represents that it has good right and authority to lease the Premises and that Subtenant shall quietly enjoy the Premises so long as it complies with the terms and conditions of this Sublease.
- 28. <u>Severable Provisions</u>. The provisions of this Sublease shall be severable and if any provisions shall be invalid or void or unenforceable in whole or in part for any reason, the remaining provisions shall remain in full force and effect.
- 29. <u>Entire Agreement</u>. This Sublease and any other agreements executed and delivered contemporaneously herewith contain the entire agreement of the parties and supersede any and all prior agreements between the parties, written or oral, with respect to the subject matter contemplated hereby. This Sublease may not be changed or terminated orally, but may only be changed by an agreement in writing signed by the party or parties against whom enforcement of any waiver, change, modification, extension, discharge or termination is sought.
- 30. <u>Binding Effect</u>. This Sublease shall be binding and shall inure to the benefit of the parties hereto, and their respective heirs, legatees, executors, administrators, successors and assigns.
- 31. <u>Incorporation and Reference</u>. The terms of the Lease and the Sublease are incorporated herein. Any capitalized terms not defined herein shall have the meanings ascribed to them in the Sublease.
- 32. <u>Self-Help</u>. If Sublandlord or Subtenant shall default in the performance or observance of any agreement, condition or other provision in this Sublease and shall not cure such default within thirty days after notice in writing from the other party specifying the default (or shall not within said period commence to cure such default and thereafter prosecute the curing of such default to completion with due diligence) the non-defaulting party may (in addition to any other remedy available to the non-defaulting party at law or in equity) at any time thereafter cure such default and the defaulting party shall reimburse the non-defaulting party for any amount paid and any

expense or contractual liability so incurred, and any amounts due from Subtenant shall be deemed additional rent due and payable with the next installment of monthly rent and any amount due from Sublandlord may be deducted by Subtenant from any rent due hereunder; provided however, that either may cure any such default as aforesaid prior to the expiration of said cure period but after notice to the other party, if it is necessary to protect the Premises, or to prevent injury or damages to persons or property.

- 33. Overlandlord and Sublandlord Access. Overlandlord and Sublandlord, and Overlandlord's and Sublandlord's agents, contractors, consultants, mortgagees and insurers shall have access to the Premises in any emergency at any time, and at reasonable times and upon reasonable notice to Subtenant, for purposes of determining the general condition of the Premises, or for the purpose of complying with the laws, regulations or directions of governmental authorities, or for the purpose of showing the Premises to prospective tenants.
- 34. <u>Subordination</u>. This Sublease is subject and subordinate to all mortgages that may now or hereafter affect the Premises (the "Underlying Mortgages") and to all renewals, modifications, consolidations, replacements and extensions of any such Underlying Mortgages. This clause shall be self-operative, and no further instrument of subordination shall be required by any mortgagee affecting this Sublease or the real property of which the Premises are a part. Subtenant shall, nevertheless, promptly execute and deliver such further instruments confirming the subordination of this lease as may be desired by the holder of any Underlying Mortgage, or by the Overlandlord and Sublandlord without charge or delay.
- 35. Renewal Options. Pursuant to the Lease, Sublandlord has two (2) 10-year options (each, a "Renewal Option Period") to renew the Term of the Lease by providing Overlandlord with not less than one (1) year's written notice prior to the expiration of the then-current Term. Should Subtenant desire to renew the Term of this Sublease for a period equal to a Renewal Option Period, Subtenant shall provide Sublandlord with not less than thirteen (13) month's written notice prior to the expiration of the then-current Term, and upon receipt of same, Sublandlord shall exercise the corresponding renewal option under the Lease.
- 36. <u>Landlord Consent Not Required</u>. Pursuant to Section 18(P) of the Second Amendment to Lease, Overlandlord has provided the required consent for this Sublease.
- 37. <u>Sublease Adjustments</u>. Given the length of the Term of this Sublease and Sublandlord and Subtenant's inability to predict with precision a variety of factors including without limitation potential effects on per pupil funding as a result of the Covid-19 pandemic and certain unknowns with respect to the costs that Subtenant may incur in connection with operating the Premises (the "Variables"), Sublandlord and Subtenant agree to work collaboratively prior to the Commencement Date and thereafter from time to time as may be necessary to address such Variables as they may arise, which may include, without limitation, amending the Base Rent due under this Sublease and responsibility for certain services and maintenance obligations set forth hereunder.

IN WITNESS WHEREOF, Sublandlord and Subtenant have hereunto executed this Sublease on the day and year first above written.

SUBLANDLORD:
FRIENDS OF HELLENIC CLASSICAL CHARTER SCHOOLS, INC.
By:
Name:
Title:
SUBTENANT:
HELLENIC CLASSICAL CHARTER SCHOOLS
D _{vv}
By:Name:
- 1994-21

Title:

Schedule 1
Rent Schedule

Sublease Year	Annual Rent	Monthly Rent
February 1, 2021 through June 30, 2021		\$160,140.75
July 1, 2021 through June 30, 2022	\$2,281,083.40	\$190,090.28
July 1, 2022 through June 30, 2023	\$2,299,401.95	\$191,616.83
July 1, 2023 through June 30, 2024	\$2,300,440.00	\$191,703.33
July 1, 2024 through June 30, 2025	\$2,355,440.00	\$196,286.67
July 1, 2025 through June 30, 2026	\$2,360,440.00	\$196,703.33
July 1, 2026 through June 30, 2027	\$2,831,981.00	\$235,998.42
July 1, 2027 through June 30, 2028	\$2,956,071.00	\$246,339.25
July 1, 2028 through June 30, 2029	\$2,941,450.00	\$245,120.83
July 1, 2029 through June 30, 2030	\$2,944,350.00	\$245,362.50
July 1, 2030 through June 30, 2031	\$2,941,350.00	\$245,112.50
July 1, 2031 through June 30, 2032	\$2,942,450.00	\$245,204.17
July 1, 2032 through June 30, 2033	\$3,095,333.33	\$257,944.44
July 1, 2033 through June 30, 2034	\$3,120,500.00	\$260,041.67
July 1, 2034 through June 30, 2035	\$3,121,125.00	\$260,093.75
July 1, 2035 through June 30, 2036	\$3,120,000.00	\$260,000.00
July 1, 2036 through June 30, 2037	\$3,122,000.00	\$260,166.67
July 1, 2037 through June 30, 2038	\$3,216,875.00	\$268,072.92
July 1, 2038 through June 30, 2039	\$3,223,500.00	\$268,625.00
July 1, 2039 through June 30, 2040	\$3,224,375.00	\$268,697.92
July 1, 2040 through June 30, 2041	\$3,223,000.00	\$268,583.33

Sublease Year	Annual Rent	Monthly Rent
July 1, 2041 through June 30, 2042	\$3,224,250.00	\$268,687.50
July 1, 2042 through June 30, 2043	\$3,345,100.00	\$278,758.33
July 1, 2043 through June 30, 2044	\$3,357,325.00	\$279,777.08
July 1, 2044 through June 30, 2045	\$3,355,700.00	\$279,641.67
July 1, 2045 through June 30, 2046	\$3,356,200.00	\$279,683.33
July 1, 2046 through June 30, 2047	\$3,358,575.00	\$279,881.25
July 1, 2047 through June 30, 2048	\$3,452,575.00	\$287,714.58
**July 1, 2048 through June 30, 2049	\$3,461,950.00	\$288,495.83
July 1, 2049 through June 30, 2050	\$3,464,075.00	\$288,672.92
July 1, 2050 through June 30, 2051	\$3,462,450.00	\$288,537.50
July 1, 2051 through June 30, 2052	\$3,461,950.00	\$288,495.83
July 1, 2052 through June 30, 2053	\$3,587,147.50	\$298,928.96
July 1, 2053 through June 30, 2054	\$3,599,495.00	\$299,957.92
July 1, 2054 through June 30, 2055	\$3,595,995.00	\$299,666.25
July 1, 2055 through June 30, 2056	\$3,597,745.00	\$299,812.08
July 1, 2066 through June 30, 2057	\$1,532,370.00	\$127,697.50
July 1, 2057 through June 30, 2058	\$1,627,245.00	\$135,603.75
**July 1, 2058 through June 30, 2059	\$1,635,870.00	\$136,322.50
July 1, 2059 through June 30, 2060	\$1,635,870.00	\$136,322.50
July 1, 2060 through June 30, 2061	\$1,635,870.00	\$136,322.50
July 1, 2061 through June 30, 2062	\$1,635,870.00	\$136,322.50
July 1, 2062 through June 30, 2063	\$1,763,687.25	\$146,973.94
July 1, 2063 through June 30, 2064	\$1,775,307.00	\$147,942.25

Sublease Year	Annual Rent	Monthly Rent
July 1, 2064 through June 30, 2065	\$1,775,307.00	\$147,942.25
July 1, 2065 through June 30, 2066	\$1,775,307.00	\$147,942.25
July 1, 2066 through June 30, 2067	\$1,775,307.00	\$147,942.25
July 1, 2067 through July 31, 2067		\$12,328.52

^{**} If exercised (Sublease Years 48-57 are the "Initial Renewal Option Period"; Sublease Years 58-67 are the "Second Renewal Option Period")

Schedule 1-A

Rent Payment Instructions

Subtenant shall pay the Base Rent due under this Sublease directly to the following bank account:

[insert DACA electronic payment/mailing instructions]

EXHIBIT A

Lease

EXHIBIT B

Guaranty

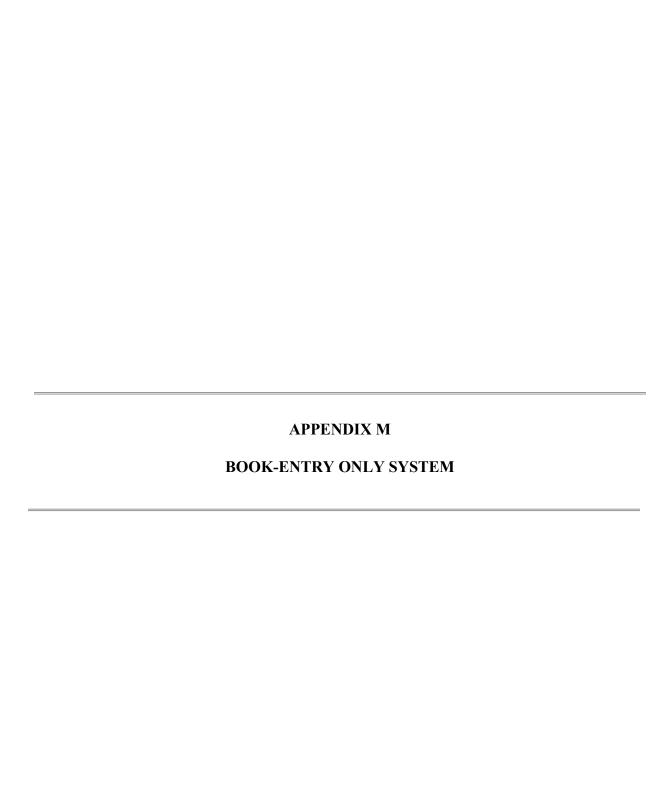
EXHIBIT C

Sublandlord's Work

EXHIBIT C-1

Plans







APPENDIX M

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning The Depository Trust Company ("DTC") and DTC's book-entry-only system has been obtained from DTC. The Issuer, Institution and Underwriter take no responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2021 Bonds. The Series 2021 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 Bond certificate will be issued for each maturity of the Series 2021 Bonds, each in the principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity 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 the Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 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 Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 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 Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds; DTC's

records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an 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 made among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2021 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 Series 2021 Bonds, as the case may be, to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 the Series 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Series 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Issuer or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or 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 securities depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2021 Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2021 Bond certificates will be printed and delivered to DTC.

THE INFORMATION IN THIS APPENDIX CONCERNING DTC AND THE DTC BOOK ENTRY SYSTEM HAS BEEN PROVIDED BY DTC. THE ISSUER, THE INSTITUTION AND THE UNDERWRITER BELIEVE SUCH INFORMATION TO BE RELIABLE, BUT TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NO REPRESENTATION IS MADE BY ANY SUCH PARTY AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

