

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Issuer, under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, (i) interest on the Series 2021A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2021A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. Bond Counsel to the Issuer 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 any political subdivision thereof, including The City of New York. In addition, interest on the Series 2021B Bonds is included in gross income for federal income tax purposes under the Code and is not exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York. See "TAX MATTERS" herein.

\$51,160,000
BUILD NYC RESOURCE CORPORATION
Revenue Bonds
(New World Preparatory Charter School Project)
Series 2021A



\$965,000
BUILD NYC RESOURCE CORPORATION
Revenue Bonds
(New World Preparatory Charter School Project)
Series 2021B (Taxable)

Dated: Date of Issuance

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

The Build NYC Resource Corporation Revenue Bonds (New World Preparatory Charter School Project), Series 2021A (the "Series 2021A Bonds") and Build NYC Resource Corporation Revenue Bonds (New World Preparatory Charter School Project), Series 2021B (Taxable) (the "Series 2021B Bonds") are special limited revenue obligations of Build NYC Resource Corporation (the "Issuer") payable exclusively from the Trust Estate as described in this Official Statement. The Series 2021A Bonds and the Series 2021B Bonds are referred to herein collectively as the "Series 2021 Bonds."

The Series 2021 Bonds are special limited revenue obligations of the Issuer, payable as to principal, sinking fund installments, redemption price and interest, primarily from and secured by (i) certain unconditional payments to be made pursuant to the Loan Agreement, dated as of June 1, 2021 (the "Loan Agreement"), to be entered into between each of New World Preparatory Charter School, a New York not-for-profit education corporation (the "Charter School"), and Friends of New World Prep, Inc., a New York not-for-profit corporation (the "Facility Owner" and together with the Charter School, the "Institutions"), and the Issuer, (ii) a pledge of certain funds and accounts established under the Indenture of Trust, dated as of June 1, 2021 (the "Indenture"), to be entered into between the Issuer and U.S. Bank National Association, New York, New York, as trustee (the "Trustee"), and (iii) mortgage liens on and security interests in the Facility (defined herein) and other Mortgaged Property (as defined in the Mortgage 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 sinking fund installments 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 any 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 including amounts held in the Debt Service Reserve Fund (Tax-Exempt) and the Debt Service Reserve Fund (Taxable); and (ii) Loan Payments to be made by the Facility Owner under the Loan Agreement. The Series 2021 Bonds will be additionally secured by the Mortgage, as defined in and as more fully described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS" in this Official Statement. The Facility Owner entered into an Amended and Restated Master Lease Agreement, dated as of February 1, 2021 (the "Master Lease"), with the Charter School, whereby the Charter School has leased the Facility from the Facility Owner. The payment of rent ("Rent") to the Facility Owner under the Master Lease should be in amounts sufficient to pay Loan Payments under the Loan Agreement. Pursuant to the Custody Agreement, the Charter School will covenant to promptly pay, or cause to be paid, to U.S. Bank National Association, New York, New York, as custodian (the "Custodian"), the payments of Education Aid received by the Charter School. The Custodian will make transfers from the installments of Education Aid due to the Charter School directly to the Trustee for deposit under the Indenture (on account of said Rent) at the time and in the amounts as Loan Payments are due under the Loan Agreement, all to pay debt service on the Series 2021 Bonds. See "THE PROJECT AND PLAN OF FINANCE" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS" herein.

Proceeds derived from the sale of the Series 2021 Bonds will be used by the Institutions for the purpose of financing or refinancing a portion of: (1) the acquisition of parcels of land totaling approximately 1.38 acres located at 19 Treadwell Avenue, 26 Sharpe Avenue (a/k/a 15 Treadwell Avenue and a/k/a 2222/2240 Richmond Terrace) and 2230 Richmond Terrace, Staten Island, New York (collectively commonly referred to as 26 Sharpe Avenue, Staten Island, New York) and the five buildings and improvements thereon; (2) the demolition of four of such buildings thereon with the following gross square footage ("GSF"): a church building consisting of approximately 5,700 GSF, an office building consisting of approximately 8,400 GSF, a gymnasium/cafeteria building consisting of approximately 8,200 GSF, and an office building consisting of approximately 9,600 GSF; (3) the design, construction, renovation, equipping and furnishing of an approximately 91,300 GSF three-story (plus basement level) building consisting of the existing building at 26 Sharpe Avenue, Staten Island, New York and a new approximately 17,300 GSF addition of renovations and improvements thereto, all for general classroom and administrative use, together with approximately 37,700 GSF of related site improvements (collectively, the "Facility"); which Facility is leased by the Facility Owner to the Charter School, for operation by the Charter School as a public charter school providing educational services to students in kindergarten through grade 8; (4) funding debt service reserve funds and capitalized interest; and (5) paying for certain costs related to the issuance of the Series 2021 Bonds (collectively, the "Project"). Interest on the Series 2021 Bonds will be payable on June 15 and December 15 of each year, commencing December 15, 2021. See "THE PROJECT AND PLAN OF FINANCE" and "THE SERIES 2021 BONDS" in this Official Statement.

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 2021A Bonds are subject to optional redemption and the Series 2021A Bonds and Series 2021B Bonds are subject to mandatory redemption as described in this Official Statement. See "THE SERIES 2021 BONDS" in this Official Statement. An investment in the Series 2021 Bonds is subject to certain risks. See "RISK FACTORS" in this Official Statement. Investors must read this entire Official Statement, including the Appendices hereto.

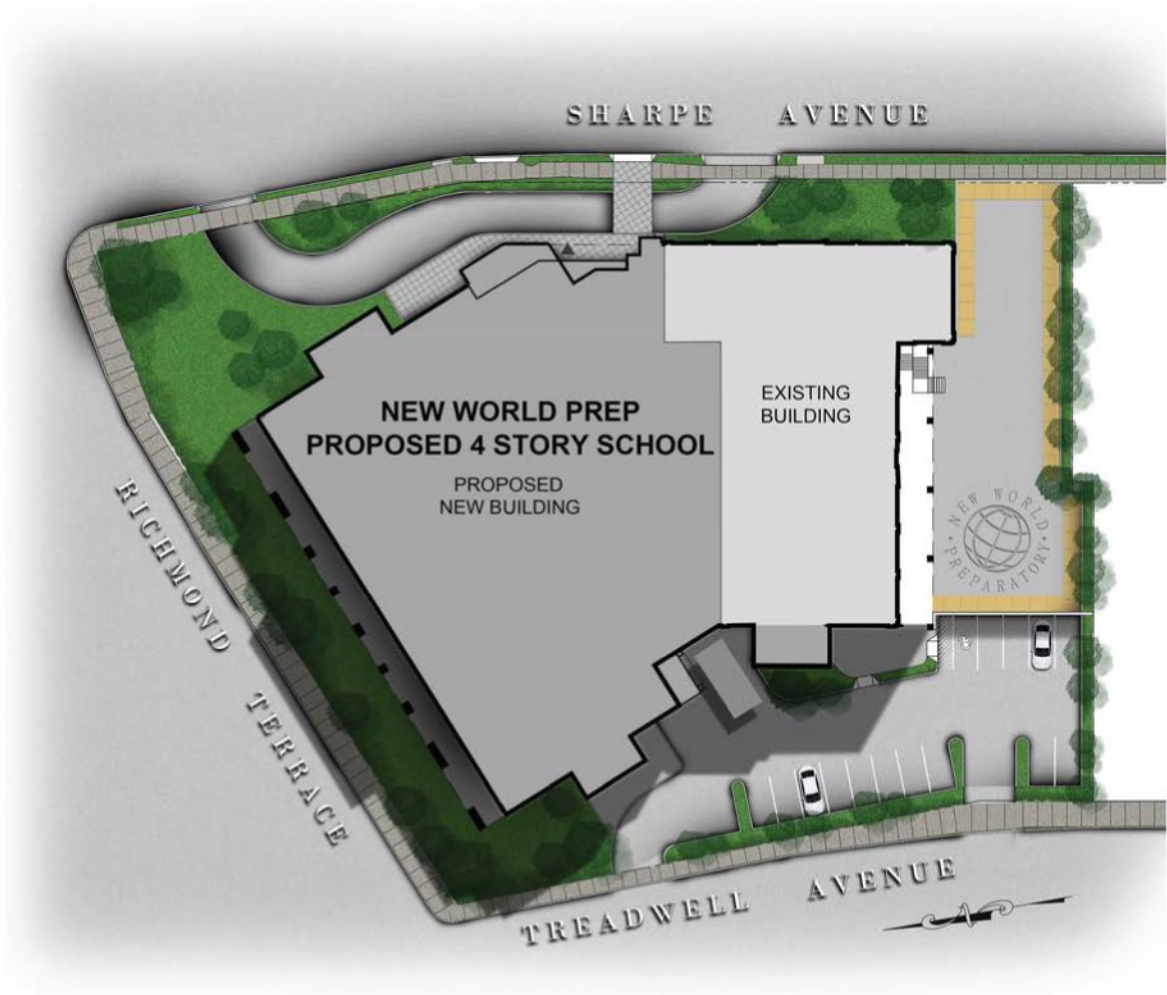
The Series 2021 Bonds are to be offered and sold (including in secondary market transactions) only to "qualified institutional buyers" (as defined in Rule 144A of the Securities Act of 1933, as amended (the "Securities Act")) or "accredited investors" (as defined in Rule 501 of Regulation D of the Securities Act). The Indenture contains provisions limiting transfers of the Series 2021 Bonds and beneficial ownership interests in the Series 2021 Bonds only to qualified institutional buyers and accredited investors.

THE SERIES 2021 BONDS ARE NOT RATED. The purchase of the Series 2021 Bonds involves a high degree of risk and the Series 2021 Bonds are a speculative investment. See "RISK FACTORS" and "NOT RATED" herein.

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 Robert W. Baird & Co. Incorporated (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 Hawkins Delafield & Wood, LLP, New York, New York, Bond Counsel to the Issuer, the approval of certain legal matters for the Issuer by its General Counsel, for the Institutions by their special counsel, Whiteman Osterman & Hanna LLP, Albany, New York and for the Underwriter by its counsel, Quarles & Brady LLP, Milwaukee, Wisconsin, and certain other conditions. It is expected that delivery of the Series 2021 Bonds will be made on or about June 24, 2021 through the facilities of DTC.





MATURITY SCHEDULE

\$51,160,000

Build NYC Resource Corporation

Revenue Bonds

(New World Preparatory Charter School Project), Series 2021A

\$6,275,000	4.000%	Term Bond	Due June 15, 2031;	Yield 2.750%;	Price 110.839%	CUSIP ¹ 12008ERQ1
\$12,940,000	4.000%	Term Bond	Due June 15, 2041;	Yield 3.050%;	Price 108.116 ^c %	CUSIP ¹ 12008ERR9
\$19,155,000	4.000%	Term Bond	Due June 15, 2051;	Yield 3.250%;	Price 106.345 ^c %	CUSIP ¹ 12008ERS7
\$12,790,000	4.000%	Term Bond	Due June 15, 2056;	Yield 3.300%;	Price 105.907 ^c %	CUSIP ¹ 12008ERT5

\$965,000

Build NYC Resource Corporation

Revenue Bonds

(New World Preparatory Charter School Project), Series 2021B (Taxable)

\$965,000	4.375%	Term Bond	Due June 15, 2025;	Yield 4.375%;	Price 100.000%	CUSIP ¹ 12008ERU2
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^c Priced to the first optional redemption date of June 15, 2031.

¹ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer, the Facility Owner, the Charter School or the Underwriter and are included solely for the convenience of the holders of the Series 2021 Bonds. None of the Issuer, the Facility Owner, the Charter School or the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2021 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Series 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2021 Bonds.

Issuer

Build NYC Resource Corporation

Bond Counsel to the Issuer

Hawkins Delafield & Wood, LLP
New York, New York

Charter School Board

Angelo J. Aponte
Lawrence Miraldi
Rev. Terry Troia
Carin Marie Guarasci
Bernard Lopez
Michael McVey
Jack Minogue
Ana Romero
Alice Tobin
Peter Weinman

Charter School Officials

Eugene Foley
Amanda Ainley
Randi Schafer
Germaine Buchanan
Teresa Casimire
Diane Sorensen
Yasmin Peralta

Facility Owner

Friends of New World Prep, Inc.

Special Counsel to the Institutions

Whiteman Osterman & Hanna LLP
Albany, New York

Underwriter

Robert W. Baird & Co. Incorporated
Denver, Colorado

Underwriter's Counsel

Quarles & Brady LLP
Milwaukee, Wisconsin

Trustee and Paying Agent

U.S. Bank National Association
New York, New York

NOTICE TO INVESTORS OF THE SERIES 2021 BONDS

No person has been authorized by the Issuer, the Underwriter, the Facility Owner or the Charter School to give any information regarding the Series 2021 Bonds, the Facility Owner, the Charter School, the Project, the offering contained herein and related matters or to make any representations other than those contained in this Official Statement 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 Official Statement 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 Official Statement has been furnished by or on behalf of the Facility Owner and the Charter 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 Official Statement 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 Official Statement. The Underwriter has reviewed the information in this Official Statement 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 Official Statement or investigated the statements or representations contained herein, except for those statements relating to the Issuer set forth under the captions "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION — The Issuer." Except with respect to the information contained under such captions, neither the Issuer nor any of its members, agents, employees or representatives makes any representation as to the completeness, sufficiency and truthfulness of the statements set forth in this Official Statement. 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 "ABSENCE OF MATERIAL LITIGATION — The Issuer," the Issuer assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2021 Bonds. Except for information under the heading "THE TRUSTEE," the Trustee has or assumes no responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

References in this Official Statement to the Indenture, the Loan Agreement, the Master Lease, the Mortgage, the Assignment of Leases and Rents, the Assignment of Contracts, the Custody Agreement and the Continuing Disclosure Agreement are qualified in their entirety by reference to such documents, and the description of the Series 2021 Bonds is qualified in its entirety by reference to the terms thereof and the information with respect thereto included in the Indenture and the Loan Agreement. References in this Official Statement to New York law 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 or drafts of such documents are on file with the Underwriter.

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

THE SERIES 2021 BONDS ARE NOT RATED. The purchase of the Series 2021 Bonds involves a high degree of risk and the Series 2021 Bonds are a speculative investment. See "RISK FACTORS" and "NOT RATED" herein.

THE SERIES 2021 BONDS ARE TO BE OFFERED AND SOLD (INCLUDING IN SECONDARY MARKET TRANSACTIONS) ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) OR "ACCREDITED

INVESTORS" (AS DEFINED IN RULE 501 OF REGULATION D OF THE SECURITIES ACT). THE INDENTURE CONTAINS PROVISIONS LIMITING TRANSFERS OF THE SERIES 2021 BONDS AND BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2021 BONDS ONLY TO QUALIFIED INSTITUTIONAL BUYERS AND ACCREDITED INVESTORS.

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 OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

THIS OFFICIAL STATEMENT, 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 ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS OR IN THE BUDGET PROJECTION INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS OR IN THE BUDGET PROJECTION. THE CHARTER SCHOOL DOES NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS OR TO THE BUDGET PROJECTION IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS OR FORECASTS ARE BASED, OCCUR.

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OFFICIAL STATEMENT

\$51,160,000 Build NYC Resource Corporation Revenue Bonds (New World Preparatory Charter School Project), Series 2021A	\$965,000 Build NYC Resource Corporation Revenue Bonds (New World Preparatory Charter School Project) Series 2021B (Taxable)
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INTRODUCTORY STATEMENT

The following is a brief introduction as to certain matters discussed elsewhere in this Official Statement 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 herein or in the Indenture, the Loan Agreement or other document with respect to which the term is used. The Appendices to this Official Statement are an integral part of this Official Statement 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 the Not-For-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York (the "Issuer"), will issue its (i) Revenue Bonds (New World Preparatory Charter School Project), Series 2021A (the "Series 2021A Bonds"), in the aggregate principal amount of \$51,160,000, and (ii) Revenue Bonds (New World Preparatory Charter School Project), Series 2021B (Taxable) (the "Series 2021B Bonds" and together with the Series 2021A Bonds, the "Series 2021 Bonds"), in the aggregate principal amount of \$965,000, pursuant to an Indenture of Trust, dated as of June 1, 2021 (the "Indenture"), to be entered into between the Issuer and U.S. Bank National Association, New York, New York, as trustee (the "Trustee"), on behalf of, and for the benefit of, New World Preparatory Charter School (the "Charter School"), a New York not-for-profit education corporation organized under Article 56 of the New York Education Law, as amended (the "Charter Schools Act"), and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and Friends of New World Prep, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York and an organization described in Section 501(c)(3) of the Code, the owner of the Facility (as defined herein) (the "Facility Owner" and together with the Charter School, the "Institutions"). The sole shareholder of the Facility Owner is the Charter School.

The Issuer will loan the proceeds derived from the sale of the Series 2021 Bonds (the "Loan") to the Facility Owner pursuant to the terms of a Loan Agreement, dated as of June 1, 2021 (the "Loan Agreement"), to be entered into between the Issuer and the Institutions. 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 principal or sinking fund installments of, redemption premium, if any, and interest on the Series 2021 Bonds. Proceeds of the Series 2021 Bonds will be used by the Institutions for the purposes of funding of a portion of the Project (as defined herein). The entire Facility is owned by the Facility Owner and leased to the Charter School for use as a public charter school, pursuant to an Amended and Restated Master Lease Agreement, dated as of February 1, 2021 (the "Master Lease"). See "THE PROJECT AND PLAN OF FINANCE," "SOURCES AND USES OF FUNDS" and "APPENDIX B — THE FACILITY OWNER AND THE CHARTER SCHOOL" in this Official Statement.

Loan of Series 2021 Bond Proceeds; Mortgage and Other Security

Proceeds of the Series 2021 Bonds will be loaned by the Issuer to the Facility Owner pursuant to the Loan Agreement, and the Series 2021 Bonds will be payable primarily from and secured by a pledge of payments to be made by the Facility Owner (the "Loan Payments") under the Loan Agreement and two certain promissory notes from the Facility Owner to the Issuer, and endorsed by the Issuer to the Trustee (collectively, the "Promissory Notes"), which, if fully and promptly paid, should be sufficient to pay when due the scheduled principal of and interest on the Series 2021 Bonds and any Additional Bonds (collectively, the "Bonds").

The Series 2021 Bonds will also be secured by (i) mortgage liens on and security interests in the Facility and other Mortgaged Property, subject to certain "Permitted Encumbrances" described in the Mortgage (defined below), pursuant to that certain Mortgage and Security Agreement (Acquisition Loan), Mortgage and Security Agreement (Building Loan) and Mortgage and Security Agreement (Indirect Loan), each dated as of June 1, 2021 (collectively, the "Mortgage"), each to be executed by the Institutions in favor of the Issuer and the Trustee, and each as assigned by the Issuer to the Trustee under the terms of that certain Assignment of Mortgage and Security Agreement (Acquisition Loan), Assignment of Mortgage and Security Agreement (Building Loan) and Assignment of Mortgage and Security Agreement (Indirect Loan), each dated as of June 1, 2021 (collectively, the "Assignment of Mortgage"), (ii) a collateral assignment of all of the Facility Owner's right, title and interest in all leases and rents with respect to the Facility, including the Master Lease, pursuant that certain Assignment of Leases and Rents (Acquisition Loan), Assignment of Leases and Rents (Building Loan) and Assignment of Leases and Rents (Indirect Loan), each dated as of June 1, 2021 (collectively, the "Assignment of Leases and Rents"), each to be executed by the Facility Owner in favor of the Issuer and Trustee, and each as assigned by the Issuer to the Trustee under the terms of that certain Assignment of Assignment of Leases and Rents (Acquisition Loan), Assignment of Assignment of Leases and Rents (Building Loan) and Assignment of Assignment of Leases and Rents (Indirect Loan), each dated as of June 1, 2021 (collectively, the "Assignment of ALR"), and (iii) a collateral assignment of all of the Facility Owner's right, title and interest in all Contracts and Permits (each as defined in the Assignment of Contracts defined below) pursuant that certain Assignment of Contracts and Interest in Licenses, Permits and Agreements, dated as June 1, 2021 (the "Assignment of Contracts"), to be executed by the Facility Owner in favor of the Trustee. In addition, pursuant to the Custody Agreement, dated as of June 1, 2021 (the "Custody Agreement"), to be entered into by the Charter School, the Trustee, and U.S. Bank National Association, New York, New York, as custodian (the "Custodian"), the Charter School will covenant to promptly pay, or cause to be paid to the Custodian, all payments of Education Aid payable by any school district in which pupils enrolled in the Charter School reside (the "School Districts") in accordance with the Loan Agreement. See "APPENDIX D — GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS" in this Official Statement.

The obligation of the Facility Owner to make Loan Payments under the Loan Agreement is an absolute and unconditional obligation of the Facility Owner. However, the Facility Owner will not have any other sources of revenue other than rent payments received from the Charter School under the Master Lease ("Rent"), and the ability of the Facility Owner to generate additional revenues is limited in the event that the Education Aid payments and Facilities Access Payments (as defined herein) received by the Charter School are not sufficient to make the required payments of Rent under the Master Lease. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS" in this Official Statement.

Master Lease

The Facility Owner has leased the entire Facility to the Charter School. The Charter School will operate its public charter school at the Facility upon completion of construction. The payment of Rent to the Facility Owner under the Master Lease should be in amounts sufficient to pay the Loan Payments under the Loan Agreement. The initial term of the Master Lease commenced on May 1, 2020 and extends to June 30, 2060. For a further description of the Master Lease, see "APPENDIX E – COPY OF MASTER LEASE" herein.

Custody Agreement

Pursuant to the Custody Agreement, the Charter School will covenant to promptly pay, or cause to be paid, to the Custodian, the payments of Education Aid received by the Charter School. The Custodian will make transfers from the installments of Education Aid due to the Charter School directly to the Trustee for deposit under the Indenture (on account of said Rent payments under the Master Lease) at the time and in the amounts as Loan Payments are due under the Loan Agreement, to pay debt service on the Series 2021 Bonds. See "THE PROJECT AND PLAN OF FINANCE" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS" herein.

Continuing Disclosure

The Institutions and the Trustee will agree in the Continuing Disclosure Agreement to provide certain annual financial reports, certain periodic quarterly and annual financial reports and notices of certain other events with respect to the Series 2021 Bonds. See "CONTINUING DISCLOSURE" in this Official Statement.

Bondholders' Risks

Certain risks associated with an investment in the Series 2021 Bonds are discussed under "RISK FACTORS" in this Official Statement.

Miscellaneous

This Official Statement (including the Appendices hereto) contains descriptions of, among other matters, the Indenture, the Loan Agreement, the Mortgage, the Master Lease, the Assignment of Leases and Rents, the Assignment of Contracts, the Custody Agreement, the Continuing Disclosure Agreement, the Issuer, the Facility, the Facility Owner, the Charter 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 or drafts of which are available for inspection at the designated corporate trust office of the Trustee or the Charter School.

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 (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 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, Sinking Fund Installments, 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 Official Statement, except for statements under the sections captioned "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION — The Issuer," and except as aforesaid, the Issuer is not responsible for any statements made in this Official Statement. 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 Official Statement or otherwise made in connection with the offer, sale or distribution of the Series 2021 Bonds. The Institutions have agreed to indemnify the Issuer against certain liabilities relating to this Official Statement.

THE FACILITY OWNER

The Facility Owner is a New York not-for-profit corporation incorporated on September 27, 2018. The sole purpose of the Facility Owner is to support the goals and needs of its sole member, the Charter School. The Facility Owner has acquired the real property located at 19 Treadwell Avenue, 26 Sharpe Avenue (a/k/a 15 Treadwell Avenue and a/k/a 2222/2240 Richmond Terrace) and 2230 Richmond Terrace, Staten Island, New York (the "Land") on which it will construct and complete the Project (defined below). The Facility Owner has leased the Facility (defined below) to the Charter School. Additional information about the Facility Owner and the Facility is located in "APPENDIX B – THE FACILITY OWNER AND THE CHARTER SCHOOL" in this Official Statement. The Facility Owner is a party to the Loan Agreement and will be obligated to repay the indebtedness evidenced by the Promissory Notes and will be obligated to make payments under the Loan Agreement and pay debt service on the Series 2021 Bonds.

THE CHARTER SCHOOL

The Charter 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 Charter 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 Charter School's bylaws provide that the Charter School is managed and controlled by a Board of Trustees. The Charter School, together with the Facility Owner, is a party to the Loan Agreement. For more information with respect to the Charter School and its history and operations, see "APPENDIX B – THE FACILITY OWNER AND THE CHARTER SCHOOL" in this Official Statement.

THE AUTHORIZING BODY

The Charter Schools Act grants the Board of Regents of the State University of New York – Charter Schools Institute ("SUNY-CSI" or the "Authorizer") on behalf of the New York State Education Department, authorizing power to grant charters for the purpose of organizing and operating independent and autonomous public charter schools. SUNY-CSI is the authorizing body of the Charter School and has issued a charter to the Charter School incorporating the Charter School as an education corporation in the State. SUNY-CSI oversees and monitors the Charter School's Board of Trustees in their compliance with all applicable state and federal laws pertaining to charter schools. The Authorizer granted the Charter School its initial charter (the "Charter") on February 17, 2010 for a five-year term and the Charter School began operating in September, 2010 with approximately 125 students in the 6th grade. The Authorizer subsequently renewed the Charter School's Charter for a three year term from August 4, 2015 to July 31, 2018, and for a full five-year term on June 11, 2018 through July 31, 2023, with authority to provide instruction to students in grades K-8 and a maximum enrollment of 685, plus an additional twenty percent (20%). See "APPENDIX B – THE FACILITY OWNER AND THE CHARTER SCHOOL" herein.

THE PROJECT AND PLAN OF FINANCE

Use of Series 2021 Bond Proceeds

Proceeds derived from the sale of the Series 2021 Bonds will be used by the Institutions for the purpose of financing or refinancing a portion of: (1) the acquisition of parcels of land totaling approximately 1.38 acres located at 19 Treadwell Avenue, 26 Sharpe Avenue (a/k/a 15 Treadwell Avenue and a/k/a 2222/2240 Richmond Terrace) and 2230 Richmond Terrace, Staten Island, New York (collectively commonly referred to as 26 Sharpe Avenue, Staten Island, New York) and the five buildings and improvements thereon; (2) the demolition of four of such buildings thereon with the following gross square footage ("GSF"): a church building consisting of approximately 5,700 GSF, an office building consisting of approximately 8,400 GSF, a gymnasium/cafeteria building consisting of approximately 8,200 GSF, and an office building consisting of approximately 9,600 GSF; (3) the design, construction, renovation, equipping and furnishing of an approximately 91,300 GSF three-story (plus basement level) building consisting of the existing building at 26 Sharpe Avenue, Staten Island, New York and a new approximately 17,300 GSF addition of renovations and improvements thereto, all for general classroom and administrative use, together with approximately 37,700 GSF of related site improvements (collectively, the "Facility"); which Facility is leased by the Facility Owner to the Charter School, for operation by the Charter School as a public charter school providing educational services to students in kindergarten through grade 8; (4) funding debt service reserve funds and capitalized interest; and (5) paying for certain costs related to the issuance of the Series 2021 Bonds (collectively, the "Project"). See "APPENDIX B – THE FACILITY OWNER AND THE CHARTER SCHOOL" herein.

Project Construction

The Charter School intends to begin construction on the Land after the issuance of the Series 2021 Bonds. It is anticipated that construction will be substantially completed by December 31, 2022. The Charter School has entered into standard AIA A132-2019 and A232-2019 agreements for the construction of the Facility with JRM Construction Management (the "General Contractor"), an organization that provides specialized general contracting and construction management services for commercial, private and institutional clients throughout the New York City metropolitan area. See "APPENDIX B – THE FACILITY OWNER AND THE CHARTER SCHOOL – THE PROJECT – Project Construction" herein.

SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of proceeds of the Series 2021 Bonds:

Sources of Funds	Series 2021A <u>Bonds</u>	Series 2021B <u>Bonds</u>	<u>Total</u>
Bond Proceeds	\$51,160,000.00	\$965,000.00	\$52,125,000.00
Original Issue Premium	<u>3,701,247.70</u>	-	<u>3,701,247.70</u>
Total Sources of Funds	<u>\$54,861,247.70</u>	<u>\$965,000.00</u>	<u>\$55,826,247.70</u>
Uses of Funds			
Deposit to the Project Funds	\$46,901,921.12	-	\$46,901,921.12
Deposit to the Debt Service Reserve Funds	2,822,363.47	\$ 53,236.53	2,875,600.00
Deposit to the Capitalized Interest Accounts	4,041,640.00	83,382.05	4,125,022.05
Cost of Issuance ⁽¹⁾	<u>1,095,323.11</u>	<u>828,381.42</u>	<u>1,923,704.53</u>
Total Uses of Funds	<u>\$54,861,247.70</u>	<u>\$965,000.00</u>	<u>\$55,826,247.70</u>

⁽¹⁾ Includes Underwriter's compensation, legal fees and expenses, printing costs, Trustee fees, Issuer fees, real estate costs and other expenses associated with the issuance of the Series 2021 Bonds.

THE SERIES 2021 BONDS

Interest; Maturity; Payment

The Series 2021A Bonds will be issued in the aggregate principal amount of \$51,160,000 and the Series 2021B Bonds will be issued in the aggregate principal amount of \$965,000. 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 15 and December 15 (each an "Interest Payment Date") of each year, commencing on December 15, 2021 (or, if any such day is not a Business Day, the immediately succeeding Business Day). Interest on the Series 2021 Bonds will be calculated on the basis of a 360-day year with twelve months of thirty days.

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 (each an "Authorized Denomination"). The principal or sinking fund installments of, interest on, and redemption 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, sinking fund installments, interest and redemption premium, if any, to Participants, which Participants will in turn remit such principal, sinking fund installments, interest and redemption premium, if any, to the Beneficial Owners of the Series 2021 Bonds as described in this Official Statement. See "BOOK-ENTRY ONLY SYSTEM" in this Official Statement.

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 of, Sinking Fund Installments for, and the Redemption Price of the Series 2021 Bonds will be payable by check or draft at maturity or upon earlier redemption to the persons in whose names such Series 2021 Bonds are registered on the registration books maintained by the Trustee at the maturity or redemption date thereof, provided, however, that the payment in full of any Series 2021 Bond either at final maturity or upon redemption in whole will 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 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

General Optional Redemption. The Series 2021A Bonds are subject to optional redemption, on or after June 15, 2031, 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 Facility Owner of its intention to prepay Loan Payments due under the Loan Agreement), at the Redemption Price of 100% of the unpaid principal amount of the Series 2021A Bonds to be redeemed, plus accrued interest to the Redemption Date.

The Series 2021B Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Installment Redemption. The Series 2021A Bonds maturing on June 15, 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.

Series 2021A Term Bond Maturing June 15, 2031

<u>Redemption Date (June 15)</u>	<u>Principal Amount</u>	<u>Redemption Date (June 15)</u>	<u>Principal Amount</u>
2025	\$630,000	2029	\$ 960,000
2026	850,000	2030	995,000
2027	885,000	2031 ⁺	1,035,000
2028	920,000		

⁺Stated Maturity.

The Series 2021A Bonds maturing on June 15, 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.

Series 2021A Term Bond Maturing June 15, 2041

<u>Redemption Date (June 15)</u>	<u>Principal Amount</u>	<u>Redemption Date (June 15)</u>	<u>Principal Amount</u>
2032	\$1,080,000	2037	\$1,310,000
2033	1,120,000	2038	1,365,000
2034	1,165,000	2039	1,420,000
2035	1,210,000	2040	1,475,000
2036	1,260,000	2041 ⁺	1,535,000

⁺Stated Maturity.

The Series 2021A Bonds maturing on June 15, 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.

Series 2021A Term Bond Maturing June 15, 2051

<u>Redemption Date (June 15)</u>	<u>Principal Amount</u>	<u>Redemption Date (June 15)</u>	<u>Principal Amount</u>
2042	\$1,595,000	2047	\$1,940,000
2043	1,660,000	2048	2,020,000
2044	1,725,000	2049	2,100,000
2045	1,795,000	2050	2,185,000
2046	1,865,000	2051 ⁺	2,270,000

⁺Stated Maturity.

The Series 2021A Bonds maturing on June 15, 2056 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.

Series 2021A Term Bond Maturing June 15, 2056

Redemption Date (June 15)	Principal Amount	Redemption Date (June 15)	Principal Amount
2052	\$2,360,000	2055	\$2,655,000
2053	2,455,000	2056 ⁺	2,765,000
2054	2,555,000		

⁺*Stated Maturity.*

The Series 2021B Bonds are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the 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 Bond Maturing June 15, 2025

Redemption Date (June 15)	Principal Amount
2024	\$775,000
2025 ⁺	190,000

⁺*Stated Maturity.*

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 Facility Owner (which option shall be exercised only upon the giving of notice by the Facility Owner 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 one year from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the Charter School is thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

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

(iii) as a result of changes in the Constitution of the United States of America or of the State or of legislative or executive action of the State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by an 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 an 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 Institutions shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institutions stating that, as a result of the occurrence of the event giving rise to such redemption, the Charter School has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

Mandatory Redemption from Excess Proceeds Certain Other Amounts. The Series 2021A Bonds shall be redeemed on any Business Day in whole or in part by lot prior to maturity in the event and to the extent: (i) excess Series 2021A Bond proceeds shall remain in the Project Fund (Tax-Exempt) after the completion of the Project, (ii) excess title insurance or property insurance proceeds or condemnation awards 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) certain funds received by an Institution pursuant to any capital campaign which are earmarked for specific Project Costs (Tax-Exempt) shall remain with an Institution and shall not be required for completion of the Project or related Project Costs (Tax-Exempt). In the case of redemption under clauses (i), (ii) and (iii) above, the Redemption Price shall equal one hundred percent (100%) of the principal amount of the Series 2021A Bonds to be redeemed, together with interest accrued thereon to the Redemption Date. In the case of redemption under clause (iv) above, the Redemption Price shall equal the original purchase price of, less any amortized premium allocable to, the Series 2021A Bonds to be redeemed.

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 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 Charter School is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project Operations, (x) an Institution, any Principal of an Institution or any Person that directly or indirectly Controls, is Controlled by or is under common Control with an 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) an 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, an 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 Institutions of written notice of such default or failure from the Issuer and a demand by the Issuer on the Institutions 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 twenty (120) days following such Determination of Taxability, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the Redemption Date. The Series 2021A 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.

Purchase in Lieu of Optional Redemption. In lieu of calling the Series 2021A Bonds for optional redemption, the Series 2021A Bonds shall be subject to mandatory tender for purchase at the direction of the Issuer, upon the direction of the Facility Owner, in whole or in part (and, if in part, in such manner as determined by the Facility Owner) on any date on or after June 15, 2031, at a Purchase Price equal to the applicable Redemption Price for any optional redemption of such Series 2021A Bonds as provided in the Indenture, plus accrued interest to the purchase date. Purchases of tendered Series 2021A Bonds may be made without regard to any provision of the Indenture relating to the selection of Series 2021A 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 Facility Owner, 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 2021A 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 Series 2021A Bonds for purposes of federal income taxation, 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 "BOOK-ENTRY ONLY SYSTEM" IN THIS OFFICIAL STATEMENT.

Notice of Redemption. When redemption of any Series 2021 Bonds is requested or required pursuant to the Indenture, notice of redemption of any Series 2021 Bonds will be given by the Trustee in the name of the Issuer. Notice of any redemption of Series 2021 Bonds will be (i) mailed 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 thereof at the last addresses appearing on the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of such Series of Series 2021 Bonds with respect to which proper mailing was effected, and (ii) sent to the national information service that disseminates redemption notices. Each notice of redemption will contain all of the following information: (a) the name of the Series 2021 Bonds, (b) CUSIP number, (c) Bond numbers, (d) the date of original issue of the Series 2021 Bonds, (e) the date of mailing of the notice of redemption, (f) maturities, interest rates and principal amounts of the Series 2021 Bonds or portions thereof to be redeemed, (g) the Redemption Date, (h) the Redemption Price, (i) 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), (j) the principal amounts of the Series 2021 Bonds or portions thereof to be payable, (k) 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, and (l) that on such date there shall become due and payable upon each Series 2021 Bond or portion thereof to be redeemed at the Redemption Price thereof together with interest accrued to the Redemption Date.

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 discretion may deem fair, except that (i) the Series 2021 Bonds to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the Trustee shall select the Series 2021 Bonds for redemption such that no Series 2021 Bond shall be of a denomination of less than the Authorized Denomination for such 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 Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series 2021 Bonds to be redeemed and by lot within a maturity. The portion of the Series 2021 Bonds to be redeemed in part shall be in the principal amount of the minimum Authorized Denomination thereof or some integral multiple thereof and, in selecting Series 2021 Bonds for redemption, the Trustee shall treat each such Series 2021 Bond as representing that number of Series 2021 Bonds 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 date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only).

Purchase and Transfer Restrictions on Series 2021 Bonds

THE SERIES 2021 BONDS ARE BEING OFFERED ONLY TO, AND MAY BE TRANSFERRED ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A ("RULE 144A") PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) OR "ACCREDITED INVESTORS" (AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT).

Each Series 2021 Bond will be transferable only upon compliance with the restrictions on transfer set forth on such Series 2021 Bond and only upon the books of the Issuer, which will be kept for that 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 Series 2021 Bond together with a written instrument of transfer in the form appearing on such Series 2021 Bond duly executed by the registered owner or his duly authorized attorney-in-fact with 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. Upon the transfer of any Series 2021 Bond, the Trustee will prepare and issue in the name of the transferee one or more new Series 2021 Bonds of the same aggregate principal amount, related Series, maturity and interest rate as the surrendered Series 2021 Bond.

Each Holder and Beneficial Owner 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)(i) it is a "qualified institutional buyer" as defined in Rule 144A of 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 transfer restrictions set forth in the Indenture as described in the paragraph above.

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, SINKING FUND INSTALLMENTS, REDEMPTION PRICE AND INTEREST, SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL, SINKING FUND INSTALLMENTS, 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 SINKING FUND INSTALLMENTS 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.

General

Under the Loan Agreement, the Issuer agrees to issue the Series 2021 Bonds and to lend the proceeds thereof to the Facility Owner to finance the Project, and the Facility Owner 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 or sinking fund installments of, redemption premium, if any, and interest on the Series 2021 Bonds when due (whether by maturity, mandatory sinking fund redemption or acceleration) and to perform the obligations set forth therein. The obligation of the Facility Owner to make Loan Payments under the Loan Agreement sufficient to pay the Series 2021 Bonds is an absolute and unconditional obligation of the Facility Owner; provided, however, that the ability of the Facility Owner to generate additional revenues is limited in the event payments of Rent by the Charter School are insufficient for the Facility Owner to make Loan Payments. Under the Loan Agreement, "Loan Payment Dates" are the fifteenth (15th) day of each January, March, May, July, September and November, commencing July 15, 2021 (or, if any such day shall not be a Business Day, the immediately preceding Business Day).

Pursuant to the terms of the Mortgage, the Institutions will grant to the Issuer and the Trustee mortgage liens on and security interests in the Facility and the other Mortgaged Property, subject to Permitted Encumbrances. The Issuer will assign all of its interests under the Mortgage to the Trustee pursuant to the Assignment of Mortgage. The liens and security interests created by the Indenture and the Mortgage are for the equal and ratable benefit of the Series 2021 Bonds. The Loan Agreement and the Mortgage contain the general liability insurance and property insurance requirements for the Institutions and the General Contractor with respect to the Facility. In addition, the Facility Owner (i) will grant a collateral assignment of all of its right, title and interest in all Contracts and Permits to the Trustee pursuant to the Assignment of Contracts; and (ii) will grant a collateral assignment of all of its right, title and interest in all leases and rents with respect to the Facility, including the Master Lease, to the Issuer and the Trustee pursuant to the Assignment of Leases and Rents, and the Issuer will assign its right, title and interest under the Assignment of Leases and Rents to the Trustee pursuant to the Assignment of ALR. See "RISK FACTORS" in this Official Statement for a discussion of certain limitations on the enforceability of the security for the Series 2021 Bonds.

The Indenture

General

The Series 2021 Bonds are to be issued pursuant to the Indenture and will be equally and ratably secured 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); (ii) all right, title and interest of the Issuer in and to the Promissory Notes; and (iii) all moneys and securities from time to time held by the Trustee under the Indenture (other than the Rebate Fund); provided, however, (i) amounts held in the Project Fund (Tax-Exempt), in the Debt Service Reserve Fund (Tax-Exempt) and in the Bond Fund (Tax-Exempt) shall be pledged only to the Holders of the Tax-Exempt Bonds, and (ii) amounts held in the Project Fund (Taxable), in the Debt Service Reserve Fund (Taxable) (except as set forth in the Indenture when the Taxable Bonds are no longer Outstanding) and in the Bond Fund (Taxable) shall be pledged only to the Holders of the Taxable Bonds. The Indenture provides that all Bonds issued thereunder shall be special limited revenue obligations of the Issuer, payable solely from and secured solely by the Trust Estate. See "APPENDIX D – GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST" in this Official Statement.

Establishment of Funds

The Indenture establishes and creates the following funds as special trust funds:

- (i) Project Fund (Tax-Exempt) (containing subaccounts);
- (ii) Project Fund (Taxable) (containing subaccounts);
- (iii) Bond Fund (Tax-Exempt) (containing subaccounts);
- (iv) Bond Fund (Taxable) (containing subaccounts);
- (v) Renewal Fund;
- (vi) Earnings Fund;
- (vii) Rebate Fund;
- (viii) Debt Service Reserve Fund (Tax-Exempt);
- (ix) Debt Service Reserve Fund (Taxable);
- (x) Repair and Replacement Fund;
- (xi) Revenue Fund; and
- (xii) Supplemental Reserve Fund.

All of the funds and accounts created under the Indenture are to be held by the Trustee. All moneys required to be deposited with or paid to the Trustee for the credit of any fund or account under any provision of the Indenture and all investments made therewith must be held by the Trustee in trust and applied only in accordance with the provisions of the Indenture, and while held by the Trustee constitute part of the Trust Estate (subject to the granting clauses of the Indenture), other than the Rebate Fund, and be subject to the lien set forth in the Indenture.

For additional information, see "APPENDIX D — GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST" herein.

Revenue Fund and the Custody Account

The Revenue Fund. Under the Indenture, there shall be deposited in the Revenue Fund as and when received, (i) the payments paid to the Trustee by the Facility Owner pursuant to the Loan Agreement, (ii) transfers made by the Custodian pursuant to the Custody Agreement and (iii) all other moneys to be deposited into the Revenue Fund pursuant to the Loan Agreement or the Indenture.

Application of Revenue Fund Moneys. Amounts in the Revenue Fund shall be transferred or disbursed by the Trustee on each Loan Payment Date (except as set forth below under "FIFTH"), to the following Funds and Accounts in the following manner and in the order of priority indicated:

- FIRST: (i) to the applicable Bond Fund, an amount of moneys, less any credits received against such amounts, equal to one-third (1/3) of the interest due on the applicable Series 2021 Bonds on the next Interest Payment Date, plus (ii) to the applicable Bond Fund, an amount of money equal to one-sixth (1/6) of the Sinking Fund Installment due on any Sinking Fund Installment payment date occurring in the next 12 months, plus (iii) to the applicable Bond Fund, an amount of money equal to one-sixth (1/6) 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 Rebate Fund, any amount of moneys required to be deposited in the Rebate Fund pursuant to the Indenture or the Tax Regulatory Agreement;
- THIRD: to the applicable 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 Fund to equal the applicable Debt Service Reserve Fund Requirement;
- FOURTH: following the Closing Date, \$3,333.34 to the Repair and Replacement Fund on each Loan Payment Date until the amount on deposit in the Repair and Replacement Fund equals the Repair and Replacement Fund Requirement; provided that, following any disbursement or deficiency 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 or deficiency deposited in equal amounts on each Loan Payment Date over the 24-month period to begin on the Loan Payment Date following such disbursement or deficiency;
- FIFTH: to the Supplemental Reserve Fund on each November 15, commencing on November 15, 2022, an amount not less than 50% of Excess Net Revenues of the prior Fiscal Year until the amount on deposit in the Supplemental Reserve Fund equals the Supplemental Reserve Requirement; provided that, following any disbursement or deficiency from the Supplemental Reserve Fund, the amount required to be deposited therein shall additionally include an amount necessary to replenish the Supplemental Reserve Fund by the total amount of such disbursement or deficiency deposited in equal amounts on each Loan Payment Date over the 24-month period to begin on the Loan Payment Date following such disbursement or deficiency;
- SIXTH: with respect to a redemption pursuant to the Indenture, to the applicable Bond Fund, an amount of money equal to the Redemption Price due on the Redemption Date, and

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

Custody Agreement. The Trustee shall deliver a Custody Agreement Notice to the Custodian no later than five (5) Business Days before each State Education Operating Aid Payment Date (each July 1, September 1, November 1, January 1, March 1 and May 1, or such other dates as may in the future be established as the payment dates for Education Aid). Each Custody Agreement Notice shall be prepared by the Trustee in substantially the form attached to the Indenture, with respect to each period from and including the Closing Date, and from and including each succeeding State Education Operating Aid Payment Date, through and including the calendar day preceding each subsequent State Education Operating Aid Payment Date (each an "Education Aid Funding Period"), certifying the respective aggregate amounts to be transferred by the Custodian to the Trustee during the applicable Education Aid Funding Period.

Each Custody Agreement Notice shall describe the amount of Education Aid necessary to be paid to the Trustee to satisfy the payment obligations of the Facility Owner as set forth in the Loan Agreement for the next Education Aid Funding Period. Accordingly, each Custody Agreement Notice shall contain the following information: (1) a statement of the total amount of Education Aid to be paid over to the Trustee on the applicable State Education Operating Aid Payment Date, and (2) statements describing the portions of such total amount to be deposited into the various Funds and Accounts held by the Trustee under the Indenture. The Trustee shall prepare each Custody Agreement Notice in consultation with the Institutions. The Institutions shall provide the Trustee, in a timely fashion (but at least ten (10) Business Days prior to each State Education Operating Aid Payment Date), the information reasonably needed by the Trustee in order to permit the Trustee to prepare each Custody Agreement Notice.

Debt Service Reserve Funds

The Trustee has established under the Indenture a Debt Service Reserve Fund (Tax-Exempt) and a Debt Service Reserve Fund (Taxable). Upon receipt by the Trustee of the original proceeds of the sale and delivery of the Series 2021A Bonds, the Trustee shall deposit the amount of \$2,822,363.47 in the Debt Service Reserve Fund (Tax-Exempt) and \$53,236.53 in the Debt Service Reserve Fund (Taxable).

On the Loan Payment Date next preceding the final maturity date of the Series 2021A Bonds, any moneys in the Debt Service Reserve Fund (Tax-Exempt) will be transferred to the Bond Fund (Tax-Exempt) and used to pay the principal and interest on the Series 2021A Bonds on the final maturity date. On the date the Series 2021B Bonds are no longer Outstanding, the Trustee will transfer any amounts held in the Debt Service Reserve Fund (Taxable) into the Debt Service Reserve Fund (Tax-Exempt).

Amounts on deposit in the applicable Debt Service Reserve Fund shall be invested pursuant to the Indenture. Amounts in the applicable Debt Service Reserve Fund may be used by the Trustee to pay principal, sinking fund installments and interest on the applicable series of the Series 2021 Bonds in the event money provided in the applicable Bond Fund is insufficient for such purpose. Amounts in the applicable Debt Service Reserve Fund are valued at fair market value as determined by the Trustee on June 15 and December 15 of each year commencing December 15, 2021 (each a "Valuation Date") as provided in the Indenture. If the applicable Debt Service Reserve Fund falls below the applicable Debt Service Reserve Fund Requirement, the Facility Owner shall pay, or cause to be paid, to the Trustee for deposit in the applicable Debt Service Reserve Fund on the first day of the month immediately following the receipt by the Facility Owner 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 the applicable Debt Service Reserve Fund.

Supplemental Reserve Fund

On each November 15, commencing November 15, 2022, until the Institutions can demonstrate that the Supplemental Reserve Release Requirement has been met, the Trustee shall deposit into the Supplemental Reserve Fund all amounts required to be deposited therein pursuant to the Indenture and all payments required to be made by the Facility Owner pursuant to the Loan Agreement. The Facility Owner shall cause the deposit to the Supplemental Reserve Fund an amount equal to at least 50% of Excess Net Revenues of the prior Fiscal Year until the Supplemental Reserve Fund balance is \$2,000,000 (the "Supplemental Reserve Requirement"). So long as the Institutions shall not be in default with respect to any of their covenants under the Loan Agreement, the Supplemental Reserve Requirement may be reduced to \$0 on and after any date on which the Net Income Available for Debt Service as of the close of the immediately preceding Fiscal Year was sufficient to pay an amount representing not less than 120% of the respective combined Annual Debt Service for all outstanding Long-Term Indebtedness for such Fiscal Year (as applicable, the "Supplemental Reserve Release Date" and the "Supplemental Reserve Release Requirement"); provided, however, the Supplemental Reserve Release Date shall be a date after the 2021A Capitalized Interest Period and the 2021B Capitalized Interest Period end.

Until the Supplemental Reserve Release Date, the Trustee shall, at the request of an Authorized Representative of the Institutions, disburse moneys from the Supplemental Reserve Fund to pay: (i) Operating Expenses, and (ii) regularly scheduled principal of, premium, if any, and interest on the Initial Bonds and any Additional Bonds upon receipt by the Trustee of requisitions in the form set forth in the Indenture and signed by an Authorized Representative of the Institutions. The Trustee shall be fully protected in releasing moneys from the Supplemental Reserve Fund based on such requisition signed by an Authorized Representative of the Institutions. Amounts in the Supplemental Reserve Fund may not be used to pay capital expenditures.

On any Valuation Date, the Institutions may determine whether the Supplemental Reserve Release Requirement has been met based upon the results of the annual audit of the Institutions for the most recent Fiscal Year for which an audit has been completed. If the Supplemental Reserve Release Requirement has been met, the Institutions shall provide the Trustee a written statement by an Authorized Representative of the Institutions (i) certifying that the Supplemental Reserve Release Requirement set forth in the Indenture has been satisfied and (ii) requesting that any amount held in the Supplemental Reserve Fund be delivered to the Facility Owner. As long as no Event of Default in the Indenture has occurred and is continuing, upon receipt of such written statement, the Trustee shall deliver any amount held in the Supplemental Reserve Fund to the Facility Owner to be applied by the Facility Owner for any lawful purpose of the Facility Owner. Once the moneys held in the Supplemental Reserve Fund have been released, the Facility Owner shall have no further obligation to replenish the Supplemental Reserve Fund.

Repair and Replacement Fund

The Indenture establishes a Repair and Replacement Fund. Under the Indenture, there shall be deposited into the Repair and Replacement Fund as and when received (a) all payments by the Facility Owner as described in the Loan Agreement, and (b) all other moneys deposited into the Repair and Replacement Fund pursuant to the Indenture. There shall also be retained in the Repair and Replacement Fund, interest and other income received on investment of moneys in the Repair and Replacement Fund to the extent provided in the Indenture. Prior to the Project Completion Date, if any amounts on deposit in the Repair and Replacement Fund is in excess of the Repair and Replacement Fund Requirement, defined as a maximum amount equal to \$100,000 to be funded over 5 years from the Closing Date, the Trustee shall notify the Issuer and the Facility Owner thereof and shall upon written instructions of the Facility Owner transfer an amount equal to such surplus to the Interest Account of the Bond Fund (Tax-Exempt) and applied to the payment of the interest on the Series 2021A Bonds.

After the Project Completion Date, moneys in the Repair and Replacement Fund shall be disbursed by the Trustee upon receipt by the Trustee of a written requisition from an Authorized Representative of the Institutions (y) to the Facility Owner or to the Facility Owner'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 Facility Owner are insufficient therefor (prior to the use of moneys in the applicable Debt Service Reserve Fund and after the use of moneys in the Earning 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 after the Project Completion Date, the balance of the Repair and Replacement Fund exceeds the Repair and Replacement Fund Requirement, at the written request of the Facility Owner, the sum of such excess shall be delivered by the Trustee to the Facility Owner to be applied by the Facility Owner for any lawful purpose of the Facility Owner.

Additional Bonds

So long as the Promissory Notes, the Loan Agreement and the other Security Documents are each in effect, and the prior written consent of the Holders of at least sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds shall have been obtained (except such consent shall not be required with respect to refunding all or a portion of any Outstanding Bonds to achieve interest cost savings), 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 Institutions shall enter into an amendment to the Loan Agreement, and the Facility Owner shall execute a new Promissory Note, which shall provide, among other things, that the loan payments payable by the Facility Owner 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 Institutions 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.

Each such Series of Additional Bonds must 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 the items required by the Indenture.

Upon the request of the Facility Owner, one or more Series of Refunding Bonds may be authenticated and made available for pick-up upon original issuance to refund 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 the Indenture and of the resolution authorizing said Series of Refunding Bonds. In the case of the refunding as described in this paragraph 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 the provisions of the Indenture.

Each Series of Additional Bonds issued pursuant to the Indenture 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 Bond over any other Bonds except as expressly provided in or permitted by the Indenture, including, without limitation, the exception that the Project Fund (Taxable), the Debt Service Reserve Fund (Taxable) (except as set forth in the Indenture when the Taxable Bonds are no longer Outstanding) and the Bond Fund (Taxable) shall only secure the Taxable Bonds, and the Project Fund (Tax-Exempt), the Debt Service Reserve Fund (Tax-Exempt) and the Bond Fund (Tax-Exempt) shall only secure the Tax-Exempt Bonds.

No Series of Additional Bonds shall be issued unless the Master Lease, the Promissory Notes, the Loan Agreement, the Assignment of Leases and Rents, 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.

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," and "APPENDIX D – GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST" in this Official Statement.

Custody Agreement

Pursuant to the Custody Agreement, the Charter School will provide standing instructions to the State to submit all payments of Education Aid for direct deposit to the Custodian in accordance with the Loan Agreement. Notwithstanding the foregoing, if, for any reason, the Charter School shall receive payments of Education Aid, the Charter School shall pay over to the Custodian any and all amounts of such Education Aid paid by the School District within two (2) Business Days of receipt thereof by the Charter School. The Custody Agreement provides that the Custodian shall act as a custody agent of the Charter School and requires that, upon receipt of any such payments, the Custodian shall immediately transfer to the Trustee the amount of moneys described in the Custody Agreement Notice, which Custody Agreement Notices shall certify the amounts necessary to make payments of interest, sinking fund installments, Redemption Price or Purchase Price, as applicable, for the Series 2021 Bonds as set forth in the Custody Agreement.

The Custody Agreement provides that in the event that the Charter School has incurred Additional Parity Indebtedness, the Custodian shall, transfer to the issuer of, or the trustee for, any such Additional Parity Indebtedness, as the case may be, any amounts due and payable with respect to such Additional Parity Indebtedness. In the event that the Custodian shall at any time be required to transfer moneys held by it to two or more recipients (excluding the Charter School) and the aggregate amount then on deposit in the Custody Account shall not be sufficient to pay such recipients in full, the Custodian shall transfer the available amount to such recipients on a pro rata basis.

The Loan Agreement

Under the Loan Agreement, the Issuer agrees to loan the proceeds of the Series 2021 Bonds to the Facility Owner, and the Facility Owner agrees to pay the Promissory Notes and repay the Loan made pursuant to the Loan Agreement by making loan payments which the Issuer agrees shall be paid in immediately available funds directly to the Trustee for deposit into the Revenue Fund no later than on each Loan Payment Date (except in certain circumstances which require payment on the respective due dates thereof) in order to pay the interest, principal, sinking fund installments and Redemption Price of the Series 2021 Bonds when due and payable, together with any deposits to be made with respect to the Debt Service Reserve Fund Requirement (Tax-Exempt), the Debt Service Reserve Fund Requirement (Taxable), the Repair and Replacement Fund Requirement and the Supplemental Reserve Requirement. See "APPENDIX D – GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT" herein.

Limitations on Incurrence of Additional Indebtedness

Under the Loan Agreement, the Institutions are precluded from incurring Additional Indebtedness that is senior to the lien of the Mortgage on the Mortgaged Property and the obligations of the Institutions under the Loan Agreement. The Institutions may incur Additional Parity Indebtedness only upon providing to the Trustee a certificate of an Authorized Representative of the Institutions, accompanied by a confirming Independent Financial Consultant's Certificate, to the effect that (i) the requirements regarding the incurrence of Additional Bonds under the Indenture have been met, but this clause (i) applies only if the other Indebtedness takes the form of Additional Bonds, and (ii) either:

- (a) (i) the Net Income Available for Debt Service is equal to or greater than 110% of the combined Annual Debt Service for outstanding Long-Term Indebtedness related to the Facility as determined in the most recent audited financial statements of the Institutions and (ii) the Net Income Available for Debt Service is equal to or greater than 110% of combined Annual Debt Service for outstanding Long-Term Indebtedness related to the Facility and the Long-Term Indebtedness related to the

facility proposed to be incurred as determined in the most recent audited financial statements of the Institutions; or

(b) the projected Net Income Available for Debt Service of the Institutions is not less than 125% of the combined projected Annual Debt Service for currently outstanding Long-Term Indebtedness related to the Facility and the Long-Term Indebtedness related to the facility proposed to be incurred for three consecutive fiscal years after the earlier of (i) the date the new facility is placed into service or (ii) the year provision for payment of debt service with capitalized interest is expended.

In addition to the foregoing, prior to the incurrence of Additional Parity Indebtedness, the Custodian, the Trustee, the Institutions and any issuer of such Additional Parity Indebtedness shall have entered into an intercreditor agreement, satisfactory to all parties, providing for, among other things, the application and disposition of amounts on deposit in the account under the Custody Agreement and any amendment or supplement thereof.

Additional Indebtedness subordinate to the obligations of an Institution under the Loan Agreement and lien on the Mortgaged Property are permitted by the Loan Agreement.

Financial Covenants

Minimum Days Cash on Hand Covenant

Under the Loan Agreement, each Institution will covenant that the Institutions shall, on a consolidated basis, beginning with the Fiscal Year ending June 30, 2021, and for so long as any Bonds remain Outstanding, maintain cumulative unrestricted cash reserves (which may include amounts held in the Supplemental Reserve Fund) sufficient to meet 45 days of Operating Expenses to be tested as of June 30 of each year based on the results of the annual audit of the Institutions for such Fiscal Year upon the release of such audit.

If on any testing date the Days Cash on Hand is below that required, the Institutions shall retain, on a consolidated annual basis, a minimum 50% of the Excess Net Revenues until such time as it is in compliance. Operating Expenses for purposes calculating Days Cash on Hand will include interest payments on Long-Term Indebtedness. If the Institutions are in violation of the minimum Days Cash on Hand requirement, then the Majority Holders shall have the right to direct the Trustee to require the Institutions to engage a Management Consultant acceptable to the Majority Holders at the Institutions' expense, which shall deliver a written report within 60 days of engagement to the Trustee and the Institutions containing recommendations concerning either Institution's:

- (a) operations;
- (b) financing practices and activities, including Short-Term Indebtedness, lease financing, and investment activities;
- (c) management practices, including the use of consultants, budgeting practices, and ongoing financial systems and monitoring of the Institutions' financial condition;
- (d) governance and administration practices; and
- (e) other factors relevant to maintaining such compliance.

Upon submission of the Management Consultant's report, the Institutions are required to arrange for payment of the amount owed to the Management Consultant and issue a written certificate to the Trustee indicating their acceptance or rejection of all or any material portion of the recommendations of the consultant within 30 days of receiving the report of the Management Consultant. The Majority Holders shall have the right to require the Institutions to comply with any reasonable recommendation of the Management Consultant with respect to items (a) through (e) above.

Notwithstanding anything to the contrary contained in the Loan Agreement, the failure to satisfy any of the covenants set forth above shall not constitute or be deemed to constitute an Event of Default under the Loan

Agreement, provided the recommendations of the Management Consultant are being followed as certified in writing by the Management Consultant at least bi-monthly during the period of the consultancy and provided to the Trustee.

Long-Term Debt Service Coverage Ratio

Under the Loan Agreement, the Institutions will covenant that, so long as any Bonds remain Outstanding, they will, on a consolidated basis, maintain a Long-Term Debt Service Coverage Ratio greater than 1.10 to 1.0. Beginning with the Fiscal Year commencing July 1, 2021, the Institutions shall calculate annually the Long-Term Debt Service Coverage Ratio for the most recently completed Fiscal Year, and shall provide a copy of such calculation to the Trustee at the time of delivery of the annual audited financial statements. If the Long-Term Debt Service Coverage Ratio indicates that the Long-Term Debt Service Coverage Ratio of the Institutions for such previous Fiscal Year shall be less than 1.10 to 1.0 but equal to or greater than 1.0 to 1.0, the Institutions shall, within thirty (30) days of the date of such calculation, provide the Trustee with a detailed written explanation from an Authorized Representative of the Institutions stating the reasons for the Institutions' failure to achieve the required Long-Term Debt Service Coverage Ratio and their plan for achieving such Long-Term Debt Service Coverage Ratio by the end of the next Fiscal Year. In such event, the Majority Holders shall have the right to direct the Trustee to require the Institutions to engage, at the Institutions' expense, a Management Consultant acceptable to the Majority Holders, which shall deliver a written report within 60 days of engagement to the Trustee containing recommendations concerning either Institution's:

- (a) operations;
- (b) financing practices and activities, including Short-Term Indebtedness, lease financing, and investment activities;
- (c) management practices, including the use of consultants, budgeting practices, and ongoing financial systems and monitoring of the Institutions' financial condition;
- (d) governance and administration practices; and
- (e) other factors relevant to maintaining such compliance.

Upon submission of the Management Consultant's report, the Institutions are required to arrange for payment of the amount owed to the Management Consultant and issue a written certificate to the Trustee indicating their acceptance or rejection of all or any material portion of the recommendations of the consultant within 30 days of receiving the report of the Management Consultant. The Majority Holders shall have the right to require the Institutions to comply with any reasonable recommendation of the Management Consultant with respect to items (a) through (e) above.

Notwithstanding anything to the contrary contained in the Loan Agreement, the Institutions' failure to maintain a Long-Term Debt Service Coverage Ratio of at least 1.0 to 1.0 shall constitute an Event of Default under the Loan Agreement.

Mortgage and Assignment of Leases and Rents

Pursuant to the Mortgage to be executed by the Institutions in favor of the Issuer and Trustee, as beneficiaries, and assigned by the Issuer to the Trustee pursuant to the Assignment of Mortgage, the payment of the principal of, premium, if any, and interest on the Series 2021 Bonds will be secured by mortgage liens on and security interests in the Facility and the other Mortgaged Property, subject to certain Permitted Encumbrances. The Mortgage also contains the property and casualty insurance requirements for the Facility. Pursuant to the Assignment of Leases and Rents to be executed by the Facility Owner in favor of the Issuer and the Trustee, and assigned by the Issuer to the Trustee pursuant to the Assignment of ALR, the Series 2021 Bonds will be further secured by the collateral assignment by the Facility Owner of all of its right, title and interest in all leases and rents with respect to the Facility, including the Master Lease.

Master Lease

Payments of Rent due from the Charter School to the Facility Owner under the Master Lease should be in amounts anticipated to be sufficient to make Loan Payments (including amounts required to pay debt service on the Series 2021 Bonds and any other required payments of fees or other ancillary or related payments) under the Loan Agreement. The first payment of Rent will be due on July 15, 2021, and thereafter Rent will be payable on the first day (or if such day is not a business day, on the next succeeding business day) of each Loan Payment Date. See "APPENDIX B – THE FACILITY OWNER AND THE CHARTER SCHOOL" and "APPENDIX E — COPY OF MASTER LEASE" in this Official Statement.

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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 amounts deposited in, and any earnings on, funds and accounts established under the Indenture.

Year Ending (June 15)	Series 2021A Bonds		Series 2021B Bonds		Total Debt Service
	Principal Amount	Interest Amount	Principal Amount	Interest Amount	
2022	-	\$1,995,240	-	\$41,163	\$2,036,403
2023	-	2,046,400	-	42,219	2,088,619
2024	-	2,046,400	\$775,000	42,219	2,863,619
2025	\$ 630,000	2,046,400	190,000	8,312	2,874,712
2026	850,000	2,021,200			2,871,200
2027	885,000	1,987,200			2,872,200
2028	920,000	1,951,800			2,871,800
2029	960,000	1,915,000			2,875,000
2030	995,000	1,876,600			2,871,600
2031	1,035,000	1,836,800			2,871,800
2032	1,080,000	1,795,400			2,875,400
2033	1,120,000	1,752,200			2,872,200
2034	1,165,000	1,707,400			2,872,400
2035	1,210,000	1,660,800			2,870,800
2036	1,260,000	1,612,400			2,872,400
2037	1,310,000	1,562,000			2,872,000
2038	1,365,000	1,509,600			2,874,600
2039	1,420,000	1,455,000			2,875,000
2040	1,475,000	1,398,200			2,873,200
2041	1,535,000	1,339,200			2,874,200
2042	1,595,000	1,277,800			2,872,800
2043	1,660,000	1,214,000			2,874,000
2044	1,725,000	1,147,600			2,872,600
2045	1,795,000	1,078,600			2,873,600
2046	1,865,000	1,006,800			2,871,800
2047	1,940,000	932,200			2,872,200
2048	2,020,000	854,600			2,874,600
2049	2,100,000	773,800			2,873,800
2050	2,185,000	689,800			2,874,800
2051	2,270,000	602,400			2,872,400
2052	2,360,000	511,600			2,871,600
2053	2,455,000	417,200			2,872,200
2054	2,555,000	319,000			2,874,000
2055	2,655,000	216,800			2,871,800
2056	2,765,000	110,600			2,875,600
Totals	\$51,160,000	\$46,668,040	\$965,000	\$133,913	\$98,926,953

*Totals may not add due to rounding.

CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK

This section provides a brief overview of New York's current system for funding charter schools. Prospective purchasers of the Series 2021 Bonds should note that the overview contained below and the summary of relevant New York state law provisions contained in APPENDIX A 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 Official Statement.

General

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

For the 2019-20 school year, the Charter School received \$8,990,301 in "Expense Per Pupil" payments for general education students and \$2,242,015 in "Expense Per Pupil" payments for students with a disability. In addition, for the 2019-20 school year, the Charter School received \$670,000 in Facilities Access Payments (as defined and more fully set forth below).

Facilities Access Payments/Rental Assistance

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

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

school an amount attributable to the grade level expansion or the formation of the new charter school that is equal to the lesser of:

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

Pursuant to the Charter Schools Act, there have been annual adjustments to the calculation of Charter School Basic Tuition, which have resulted in increases to the amount of Facilities Access Payments available to eligible New York City charter schools, to the extent such amount does not exceed a charter school's actual rental costs.

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 A – SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW – Financing of Charter Schools" herein 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 A – SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW – Charter School Basic Tuition" in this Official Statement for a detailed discussion of the Charter School Basic Tuition formula and applicable definitions, including "Approved Operating Expense."

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

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

Enrollment Index. Enrollment Index is computed by dividing the public school enrollment for the current year by public school enrollment for the Base Year, with the result carried to three decimal places without rounding. "Enrollment" means the unduplicated count of all children registered to receive educational services in grades K-12, including children in ungraded programs, as registered on the date prior to November 1 that is specified by the Commissioner as the enrollment reporting date. "Public School District Enrollment" means the sum of: (1) the number of children on a regular enrollment register of a public school district on such date; (2) the number of children eligible to receive home instruction in the school district on such date; (3) the number of children for whom Equivalent Attendance must be computed on such date; (4) the number of children with disabilities who are residents of such district who are registered on such date to attend certain programs under the New York Education

Law; (5) the number of children eligible to receive educational services on such date but not claimed for aid; and (6) the number of children registered on such date to attend certain programs pursuant to the New York Education Law.

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

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

(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 Charter School, the NYC DOE on behalf of the New York City Community School District 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 A – SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW – Financial Obligations of Charter Schools, Public School Districts and Education Department" in this Official Statement.

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 A – SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW – Financing of Charter Schools" and "– Public School District Payments to Charter Schools" in this Official Statement.

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 A – SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW – Financing of Charter Schools" in this Official Statement.

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, SINKING FUND INSTALLMENTS, REDEMPTION PRICE AND INTEREST, SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR SINKING FUND INSTALLMENTS 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 SINKING FUND INSTALLMENTS 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.

Speculative Investment

Purchase of the Series 2021 Bonds involves a high degree of risk and the Series 2021 Bonds are a speculative investment. The Series 2021 Bonds have not been rated. Such securities may exhibit price fluctuations due to changes in interest rate or bond yield levels. As a result, the value of the Series 2021 Bonds may fluctuate significantly in the short-term. Further, such securities have a less liquid resale market. As a result, potential investors may have difficulty selling or disposing of the Series 2021 Bonds quickly in certain markets or market environments. Such securities are also considered predominately speculative with respect to the obligor's continuing ability to make principal and interest payments. See also " – Dependence on Facility Owner's Ability to Pay Loan Payments; Ability of Charter School to Pay Payments of Rent" below. The Series 2021 Bonds should not be

purchased by any potential investor who, because of financial condition, investment policies or otherwise, does not desire to assume, or have the ability to bear, the risks inherent in an investment in the Series 2021 Bonds.

Dependence on Facility Owner's Ability to Pay Loan Payments; Ability of Charter School to Pay Payments of Rent

Payment of principal or sinking fund installments of, redemption premium, if any, and interest on, the Series 2021 Bonds is intended to be made from Loan Payments made by the Facility Owner 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 Facility Owner has no significant assets or business other than the assets and business related to the Facility. The ability of the Facility Owner to make Loan Payments will depend on the Facility Owner's ability to generate revenues sufficient to pay the Loan Payments, which will primarily depend on the ability of the Charter School to make payments of Rent under the Master Lease. See "APPENDIX B – THE FACILITY OWNER AND THE CHARTER SCHOOL" in this Official Statement.

The Charter School's general revenues are a combination of State payments provided under several State and federal programs, including the Education Aid payments and Facilities Access Payments. See "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK" in this Official Statement. Facilities Access Payments alone will likely be insufficient to make the total payments due under the Master Lease. Prior enrollment history of the Charter School is no guarantee of future enrollment and revenues. See "APPENDIX B – THE FACILITY OWNER AND THE CHARTER SCHOOL" in this Official Statement.

The amounts and the timing of future revenues of the Charter School cannot be determined with assurance. Prior revenues and expenditures of the Charter School are no guarantee as to future revenue and expenditures of the Charter School. Any event that would cause a delay, reduction or elimination of Education Aid or Facilities Access Payments would have a material adverse effect on the ability of the Charter School to pay Rent under the Master Lease and therefore on the ability of the Facility Owner to make payments under the Loan Agreement representing debt service on the Series 2021 Bonds.

Operating History; Reliance on Projections

The Charter School has only operated since the 2010-11 school year. The School's projections of revenues and expenses contained in "APPENDIX B – THE FACILITY OWNER AND THE CHARTER SCHOOL – Projected Revenues and Expenses" were prepared by the Charter School, but have not been independently verified by any party other than the Charter School. The Charter School's projections have not been prepared in accordance with generally accepted accounting principles. No feasibility studies have been conducted with respect to operations of the Charter School pertinent to the Series 2021 Bonds. The projections are "forward-looking statements" and are subject to the general qualifications and limitations described under " – Forward-Looking Statements" below. The Underwriter has not independently verified the Charter School's projections, and makes no representations nor gives any assurances that such projections, or the assumptions underlying them, are complete or correct. Further, the projections relate only to a limited number of fiscal years, and consequently do not cover the entire period that the Series 2021 Bonds will be outstanding.

The Charter School has prepared its projections based on its operating history and its assumptions about future State funding levels and future operations of the Charter School, including student enrollment and expenses. There can be no assurance that actual enrollment revenues and expenses will be consistent with the Charter School's assumptions underlying such projections. Moreover, no guarantee can be made that the Charter School's projections of revenues and expenses included herein will correspond with the results actually achieved in the future because there can be no assurance that actual events will correspond with the projections' underlying assumptions. Actual operating results may be affected by many factors, including, but not limited to, increased costs, lower than anticipated revenues (as a result of insufficient enrollment, reduced State or federal aid payments, or otherwise), employee relations, changes in taxes, changes in applicable government regulation, changes in demographic trends, changes in education competition and changes in local or general economic conditions. Refer to "APPENDIX B – THE FACILITY OWNER AND THE CHARTER SCHOOL – Projected Revenues and Expenses" to review the projections, their underlying assumptions, and the other factors that could cause actual results to differ significantly

from projected results. Refer to " – Forward-Looking Statements" below for qualifications and limitations applicable to forward-looking statements.

NO GUARANTEE CAN BE MADE THAT THE PROJECTED INFORMATION CONTAINED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE BY THE CHARTER SCHOOL. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED STATE PAYMENTS, OR OTHERWISE), EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENT REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, FACTORS ASSOCIATED WITH EDUCATION, COMPETITION FOR STUDENTS, AND CHANGES IN LOCAL OR GENERAL ECONOMIC CONDITIONS.

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

The Facility Owner and the Charter School do not possess any taxing authority and the Charter School is substantially dependent upon the State to continue to provide funding for public charter schools. The obligation of the State under the Charter and State law to fund the Charter 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 Charter School for any reason, even a reason that is ultimately determined to be invalid or unlawful, it is likely that the Charter School would be forced to cease operations.

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

The regulations adopted by the New York State Commissioner of Education (the "Commissioner") provide that a charter school shall notify the Commissioner in the event that a school district (the NYC DOE on behalf of the New York City Community School District 31 with respect to the Charter School) fails to make a required bi-monthly payment of Education Aid to a charter school such as the Charter School. Such notice shall be given subsequent to the date a bi-monthly payment is due, but in no event later than May 31 of the school year in which such payments are due. Upon receipt of such notice, the Commissioner must certify to the State Comptroller (the "Comptroller") the amount of the unpaid obligation of the school district, which said amount shall be deducted from any Education Aid payment due to such school district (the NYC DOE on behalf of the New York City Community School District 31 with respect to the Charter School) and instead will be paid directly by the Comptroller to the Charter School. There can be no assurance of the timing of receipt of any such amounts so paid by the Comptroller. The regulations that refer to payments required by Section 2856 of the Charter Schools Act (Charter School Basic Tuition and federal/state aid attributable to students with disabilities) do not directly address Facilities Access Payments that are described in Section 2853 of the Charter Schools Act. The NYC DOE letter notifying the Charter School that it will receive Facilities Access Payments stated that the Facilities Access Payments will be paid consistently with the bi-monthly basis outlined in Section 2856(1)(b) of the Charter Schools Act.

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

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

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

deficits and such State budgetary pressures could continue and cause revisions to the funding of charter schools in the State.

State Financial Difficulties

Charter schools, like all public schools, depend on revenues from the State for a large portion of their operating budgets. The availability of State funds for public education is a function of constitutional and statutory provisions affecting school district revenues and expenditures, the condition of the State economy and the annual State budget process. Decreases in State revenues may adversely affect education appropriations made by the State legislature. As noted, the State legislature bases its decisions about appropriations on many factors, including the State's economic performance, and, because some public officials, their constituents, commentators and others have viewed charter schools as controversial, political factors may also come to bear on charter school funding. See "– Delay in or Termination or Reduction of Education Aid or Facilities Access Payments" above.

Information about the financial condition of the State, as well as its budget and spending for education, is available and regularly updated on various State-maintained websites. Such information is prepared by the respective State entity maintaining each such website and not by any of the parties to this transaction. The parties to this transaction take no responsibility for the accuracy, completeness or timeliness of such information or the continued accuracy of the internet addresses noted herein, and no such information is incorporated herein by these references.

Factors Associated with Education

There are a number of factors affecting schools in general, including the Charter School, which could have an adverse effect on the Charter School's financial position and the ability of the Facility Owner and Charter School to generate sufficient revenues for payment of debt service on the Series 2021 Bonds. These factors include, but are not limited to, the ability to attract a sufficient number of students; 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; any unionization of the charter school's work force with consequent impact on wage scales and operating costs of the Facility Owner or the Charter School; changes in existing statutes pertaining to the powers of the Facility Owner or the Charter School and legislation or regulations which may affect program funding. Neither the Facility Owner nor the Charter School can assess or predict the ultimate effect of these factors on the Charter School's operations or financial results of operations.

Competition for Students

The Charter School competes for students within the School District, other schools within or near the School District and neighboring districts, and private schools that are located in the Charter School's service area. There are five other charter schools within the boundaries of the School District and approximately 72 traditional public schools in the School District. See "APPENDIX B – THE FACILITY OWNER AND THE CHARTER SCHOOL – Service Area and Competing Schools." The Charter School faces constant competition for students and there can be no assurance that the Charter School will continue to attract and retain the number of students that are needed to generate sufficient revenues for payment of debt service on the Series 2021 Bonds.

Termination or Revocation of Charter

The Charter may be terminated by the Board of Regents or the Authorizer for the grounds set forth in the Charter Schools Act. The Charter also provides that it may be terminated and revoked by mutual agreement of the parties. For more information regarding conditions under which the Charter may be revoked, the revocation procedure, and other information regarding the Charter and the Charter Schools Act, see "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK," "APPENDIX B – THE FACILITY OWNER AND THE CHARTER SCHOOL – The Charter Contract," and "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW" in this Official Statement.

While the Charter School believes that it is in good standing with the Authorizer and is in material compliance with the Charter, no assurance can be given that the Charter School will be able to maintain such good

standing in the future. In addition, even though the Charter School does not anticipate any non-renewal or revocation of its Charter, there can be no assurance that the Authorizer or the Board of Regents will not revoke the Charter in the future.

No Pledge of Revenues by the Charter School

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

Factors Associated with the Charter School's Operations

There are a number of factors affecting schools generally that could have an adverse effect on the Charter School's financial position and therefore the Facility Owner's ability to make debt service payments on the Series 2021 Bonds. These factors include, but are not limited to, increasing costs of compliance with federal, State or local laws or regulations, including, but not limited to, laws or regulations concerning environmental quality, work safety and accommodation of persons with disabilities; taxes or other charges imposed by federal, State or local governments, changes in wage scales and operating costs of the Charter School as a result of any change in union contracts pertaining to unionized workers of the Charter School; the ability to attract a sufficient number of students for each grade level; a decline in the reputation of the Charter School; changes in existing statutes pertaining to the powers of the Charter School and disruption of the Charter School's operations by real or perceived threats against the Charter School, its staff members or students. The Charter School cannot assess or predict the ultimate effect of such factors on its operations or financial results of its operations or on the Facility Owner's ability to make Loan Payments with respect to the Series 2021 Bonds.

Foreclosure Delays and Deficiency

Should Loan Payments be insufficient to pay the principal or sinking fund installment of and interest on the Series 2021 Bonds, the Trustee may seek to foreclose on or sell the Facility securing the Series 2021 Bonds. However, no assurance can be given that the value of the Facility at the time of such foreclosure or sale would be sufficient to meet all remaining principal and interest payments on the Series 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 Institutions in the event of any default or dispute under the Loan Agreement.

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

The Indenture, the Loan Agreement, the Mortgage, the other Security Documents, the Series 2021 Bonds and the Master Lease are subject to bankruptcy, insolvency, moratorium, reorganization and other state and federal laws affecting the enforcement of creditors' rights and to general principles of equity. A claim for payment of the principal of or interest on the Series 2021 Bonds could be made subject to any statutes that may be constitutionally enacted by the United States Congress or the New York State Legislature affecting the time and manner of payment or imposing other constraints upon enforcement.

If either Institution were to file a petition for relief under the United States Bankruptcy Code (the "Bankruptcy Code"), the filing could operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against such Institution and its property. If the bankruptcy court so ordered, the assets of such Institution, including its accounts receivable and proceeds thereof, could be used for the benefit of such Institution despite the claims of its creditors.

In a case under the Bankruptcy Code, an Institution could file a plan of reorganization. The plan is the vehicle for satisfying, and provides for the comprehensive treatment of, all claims against the debtor, and could result in the modification of rights of creditors generally, or the rights of any class of creditors, secured or unsecured. Under certain circumstances, those voting against the plan or not voting at all are nonetheless bound by the terms thereof. Other than as provided in the confirmed plan, all claims and interests are discharged and

extinguished. If less than all the impaired classes accept the plan, the plan may nevertheless be confirmed by the bankruptcy court, and the dissenting claims and interests bound thereby.

The Bankruptcy Code permits a bankruptcy court to modify the rights of a secured creditor. The potential effects of the bankruptcy of an Institution could be to delay substantially the enforcement of remedies otherwise available to the Issuer or the Trustee and to allow the bankruptcy court, under certain circumstances (i) to substitute other assets of such Institution for collateral under the Loan Agreement and the Mortgage, (ii) to sell all or part of the collateral under the Loan Agreement and the Mortgage without application of the proceeds to the payment of parity debt, (iii) to subordinate the Loan Agreement and the Mortgage to liens securing borrowings approved by the bankruptcy court, (iv) to permit such Institution to cure defaults and reinstate the Loan Agreement and the Mortgage, (v) to compel release of the Mortgage or termination of the Loan Agreement and the Mortgage by payment of an amount determined by the bankruptcy court to be the value of the collateral pledged by such Institution thereunder (even though less than the total amount of parity debt outstanding), or (vi) to modify the terms of or payments due under the Loan Agreement and the Mortgage. For additional detail, reference is made to the Bankruptcy Code, 11 U.S.C. §101 *et seq.*

Other Limitations on Enforceability of Remedies

There exists common law authority or authority under various State statutes pursuant to which courts may terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that the corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court's own motion or pursuant to a petition of a state attorney general or other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

In addition to the foregoing, the realization of any rights under the Loan Agreement, the Indenture and the Mortgage upon a default by the Institutions depends upon the exercise of various remedies specified in the Loan Agreement, the Indenture and the Mortgage. These remedies may require judicial action which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Loan Agreement, the Indenture and the Mortgage may not be readily available or may be limited. For example, a court may decide not to order the specific performance of the covenants contained in the Loan Agreement, the Indenture and the Mortgage. Accordingly, the ability of the Issuer or the Trustee to exercise remedies under the Loan Agreement, the Indenture and the Mortgage upon an Event of Default could be impaired by the need for judicial or regulatory approval.

Key Personnel

The Charter School's creation, curriculum, educational philosophy, and day-to-day operations reflect the vision and commitment of the individuals who serve on the Charter School's Board of Trustees and as the Charter School's administrators (the "Key Personnel"). The loss of any Key Personnel could adversely affect the Charter School's operations, its ability to attract and retain students and ultimately its financial results. For more information regarding the Charter School's Key Personnel, see "APPENDIX B – THE FACILITY OWNER AND THE CHARTER SCHOOL — GOVERNANCE AND MANAGEMENT" in this Official Statement.

Additional Indebtedness

The Loan Agreement places certain restrictions on the incurrence of indebtedness by the Charter School and the Facility Owner. No assurance can be given that the Issuer will not issue Additional Bonds for the benefit of the Facility Owner or the Charter School and the Facility Owner or the Charter School will not incur Additional Indebtedness in the future. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS – Financial Covenants" in this Official Statement.

Reputational Risk

Changes in the reputation of the Charter School and/or schools' faculty or student body, either generally or with respect to certain academic or extracurricular areas, may affect the ability of the Charter School to attract

students to projected enrollment levels, and may affect the ability of the Charter School to attract quality teachers and staff at competitive salaries. In addition, litigation brought against the Charter School by parents, civil authorities, students, or former or potential employees may have a materially adverse impact on the reputation of the Charter School. There can be no assurance that these or other factors will not adversely affect the Charter School's ability to generate adequate funds to make payments under the Master Lease and, therefore, that the Facility Owner will realize revenues in amounts sufficient to make the required payments under the Loan Agreement when due.

Forward-Looking Statements

This Official Statement 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 Official Statement, 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 Charter School's operations and expectations regarding student enrollment, future operations, revenues, capital resources, and expenditures for capital projects. Although the Facility Owner and the Charter School believe that the assumptions upon which the forward-looking statements contained in this Official Statement 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 Facility Owner and the Charter School involve risks and uncertainties, many of which are outside the control of the Facility Owner and the Charter School and any one of which, or a combination of which, could materially affect the results of the Charter 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 Charter School's market, including the acceptance of the education services offered by the Charter School; lower enrollments than projected; unanticipated expenses; the capabilities of the Charter 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 Official Statement.

No representation or assurance can be given that the Charter School will realize revenues in an amount sufficient to make the required payments under the Master Lease or, therefore, that the Facility Owner will realize revenues in amounts sufficient to make the required payments under the Loan Agreement. No market study or demand analysis has been prepared for the Charter School to analyze the existing or future demand for the Charter 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 Charter School. After acquiring the Facility, the Facility Owner filed an application for exemption from real property taxes based on the fact that it is a disregarded entity whose sole member is a charitable organization using the property in connection with its charitable purposes. Such exemption was granted and the property tax exemption was retroactive to the date the Facility Owner acquired the Facility. 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 Facility Owner and the Charter School. If the Facility Owner or the Charter School is required to pay property taxes with respect to the Facility in the future, it would have a negative impact on the cash flow of the Facility Owner and the Charter School. The Charter School has assumed for purposes of the Budget Projection that the Facility Owner and the Charter School will continue to be exempt from property taxes with respect to the Facility; however, no assurance can be given that such exemption will continue.

Tax-Exempt Status of the Charter School and the Facility Owner

The tax-exempt status of the Series 2021A Bonds currently depends upon the maintenance by the Facility Owner of its status as an organization described in Section 501(c)(3) of the Code and the maintenance by the Charter School, as the lessee of the Facility, of its status as an organization described in Section 501(c)(3) of the Code. If the Facility Owner were to lose its tax-exempt status, its property and its revenues could become subject to federal, State and local income taxation. Loss of the tax-exempt status of the Facility Owner also could result in loss of the tax-exempt status of the Series 2021A Bonds. For these reasons, loss of the tax-exempt status of the Facility Owner or the Charter School could have a material adverse effect on the results of operations and financial condition of the Facility Owner and/or Charter School.

The maintenance of the federal tax-exempt status of an organization is contingent on compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable and educational purposes and their avoidance of transactions which may cause their earnings or assets to inure to the benefit of private individuals. As these general principles were developed primarily for public charities which do not conduct technical operations and business activities, they often do not adequately address the myriad of operations and transactions entered into by modern tax-exempt organizations.

One of the tools available to the Internal Revenue Service to discipline a tax-exempt entity for private inurement or unlawful private benefit is revocation of the entity's tax-exempt status. Although the Internal Revenue Service has not often revoked the tax-exempt status of an organization, it could do so in the future.

Tax-Exempt Status of the Series 2021A Bonds

The tax-exempt status of the interest on the Series 2021A Bonds is conditioned upon the Charter School and the Facility Owner complying with the requirements of the Code and applicable Treasury Regulations as they relate to the Series 2021A Bonds. Failure of the Facility Owner and the Charter School to comply with the terms and conditions of the Loan Agreement, the Tax Regulatory Agreement, the Indenture, the Master Lease and other documents as described herein may result in the loss of the tax-exempt status of the interest or premium 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 will be subject to mandatory redemption. See "TAX MATTERS – Series 2021A Bonds" and "THE SERIES 2021 BONDS – Redemption" in this Official Statement.

Unrelated Business Taxable Income

In recent years, the Internal Revenue Service and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt institutions with respect to their exempt activities and the generation of unrelated business taxable income ("UBTI"). The Facility Owner and the Charter School believe they have properly accounted for and reported UBTI; nevertheless, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI and in some cases could affect the tax-exempt status of the Facility Owner or the Charter School as well as the excludability from gross income for federal income tax purposes of the interest payable on the Series 2021A Bonds and any other tax-exempt debt issued on behalf of either Institution.

Resale of Series 2021 Bonds/Lack of Secondary Market

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. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends but is not obligated to make a market in the Series 2021 Bonds.

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 Charter School and the Facility Owner 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.

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

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

Construction Risk Relating to the Project

Construction, installation and equipping of any capital improvement are subject to the risks of cost overruns and delays due to a variety of factors, including, but not limited to, delays in obtaining necessary permits, licenses and other governmental approvals, site difficulties, labor disputes, delays in delivery and shortage of materials, adverse weather conditions, fire and other casualties and default by either Institution, a contractor or subcontractor, environmental restrictions or similar unknown or unforeseeable contingencies. The occurrence of any of the foregoing could result in increases in construction costs or considerable delays, in, or the complete impossibility of, the completion of the Facility.

The Facility is expected to be completed during the 2022-23 school year. The Institutions believe that the proceeds of the Series 2021 Bonds will be sufficient to finance the costs of the Project. The costs of construction, installation and equipping any capital improvement, as applicable, may be increased, however, if there are change orders. Whether the Facility will be completed on schedule depends upon a large number of factors beyond the control the Institutions, including those described in the preceding paragraph. Although construction work will be inspected periodically, there can be no assurance that the Facility will conform to construction specifications or state or local regulations. Any delay in completion of the Facility could have an adverse effect on the Charter School and the Charter School's operations at the Facility.

Damage or Destruction of the Facility

The Loan Agreement and the Mortgage 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 Facility Owner and Charter School obtain insurance policies. The Facility Owner and the Charter School believe that the risks associated with their properties and their operations are adequately provided for through the insurance policies they maintain. The Facility Owner and the Charter School will provide property insurance on the Facility through a standard commercial insurance policy.

Environmental Risks

The Facility is subject to various federal, State and local laws and regulations relating to human health and safety and the environment. In general, these laws and regulations could require the Facility Owner 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.

Environmental Regulations and Permitting

Federal, State, and local environmental and health and safety laws, regulations, and standards regulate the Facility. Conditions or mitigation as required by these laws and regulations can be imposed either through permitting or by audit, any of which could result in increased costs to the Institutions. While the Institutions believe that they are in material compliance with applicable environmental laws for the Facility, there is no assurance that the Institutions, either under construction or in operation as currently contemplated, are now or will always be in compliance with these regulations or be able to obtain all required construction or operating permits. In addition, the costs incurred by the Institutions with respect to compliance with human health and safety and environmental laws and regulations could adversely affect their financial condition and the ability of the Facility Owner to own, and the Charter School to operate, the Facility.

No Appraisal

No appraisal of the Facility has been commissioned to be provided upon the issuance of the Series 2021 Bonds. An appraisal is required upon completion of construction of the Facility. In the event of a foreclosure of the Mortgage, the value of the Facility in such event cannot be determined and may be substantially less than the cost of the acquisition, renovation and equipping of the Facility and there can be no assurance that the value received for the Facility will be sufficient to pay the principal of and interest due on the Series 2021 Bonds.

Not Rated

The Series 2021 Bonds will not be rated at the time of issuance. See "NOT RATED" in this Official Statement.

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.

Failure to Provide Continuing Disclosure

The Institutions and the Trustee will enter into the Continuing Disclosure Agreement. Neither the Facility Owner nor the Charter School has previously been subject to a continuing disclosure undertaking under Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended or supplemented by the SEC from time to time (the "Rule"). Failure by the Facility Owner or the Charter 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 G – FORM OF CONTINUING DISCLOSURE AGREEMENT" in this Official Statement.

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 2021A Bonds are subject to redemption at the option of the Facility Owner. The Series 2021A and the Series 2021B Bonds are subject to mandatory redemption in the event of certain occurrences. See "THE SERIES 2021 BONDS – Redemption" in this Official Statement.

Reserve Funds

The Indenture has established the Debt Service Reserve Fund (Tax-Exempt) and the Debt Service Reserve Fund (Taxable) for payment of principal and interest due to the registered owners of the Series 2021A Bonds and of the Series 2021B Bonds, respectively, to the extent revenues are insufficient to make such payments. Although the Institutions believe such reserve funds to be reasonable, and anticipate that revenues will be sufficient to cover the debt service on the Series 2021A Bonds and on the Series 2021B Bonds, there is no assurance that funds reserved and future revenues will be sufficient to cover debt service on the Series 2021A Bonds or the Series 2021B Bonds.

Cybersecurity

The Charter School, like many other public and private entities, relies on a technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Charter School is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the Charter School's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. No assurances can be given that the Charter School's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Charter School.

Impact of the Spread of COVID-19 on the Charter School

The outbreak of the coronavirus disease (COVID-19), referred to herein as "COVID-19," has been declared a pandemic by the World Health Organization. The Governor of the State of New York (the "Governor") and the Mayor of the City of New York declared states of emergency in their respective jurisdictions in early March 2020. Since declaring a state of emergency in New York State on March 7, 2020 the Governor has issued numerous Executive Orders suspending or modifying dozens of State and local law and has issued numerous directives to aid the State's response.

By order of the Governor ("New York State on PAUSE"), as of March 22, 2020 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.

In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, including limitations on certain activities, such as large indoor gatherings including bars and restaurants. The sudden cessation of certain business activity, travel and tourism resulting from the pandemic, and the government's response to it, has had, and continues to have, a devastating impact on the retail, cultural, hospitality and the entertainment sectors in the State and the City. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve.

The continued spread of COVID-19 and the continued impact on social interaction, travel, economies and financial markets may adversely impact the Charter School's finances and operations. The continued spread of COVID-19 and its related impacts may (a) adversely affect the ability of the Charter 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 Charter 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

Charter School's ability to access capital markets generally. The Charter 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 Charter 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 Charter 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.

COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which COVID-19 impacts the Charter School and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the Charter School, including the duration of the outbreak and measures taken to address the outbreak. The State's finances may materially be adversely affected by the continued spread of COVID-19, which could affect the amount or timing of State aid appropriated to school districts, including charter schools such as the Charter School. See "RISK FACTORS – No Taxing Authority; Dependence on Education Aid Payments and Facilities Access Payments," "– Delay in or Termination or Reduction of Education Aid or Facilities Access Payments" and "– Impact of the Spread of COVID-19 on the Finances of the State."

The current City school year began on September 21, 2020, with public schools operating at various levels of remote and in-person learning. Some schools have moved to full remote learning in areas in which cases of COVID-19 have increased. See "APPENDIX B – THE FACILITY OWNER AND THE CHARTER SCHOOL — CHARTER SCHOOL – COVID-19 Response" in this Official Statement.

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

Federal Response The federal government has passed several pieces of legislation in response to the COVID-19 pandemic including the \$2.3 trillion Coronavirus Aid, Relief, and Economic Security ("CARES") Act of 2020 and the \$1.9 trillion American Rescue Plan Act ("ARP") Act of 2021, both of which provide funding for pandemic related expenses and attempt to address financial stability and liquidity issues through a variety of stimulus measures.

Stimulus Efforts for State and Local Governments: The CARES Act included a \$150 billion Coronavirus Relief Fund, which provided funds to states, tribal governments and local governments with populations exceeding 500,000 (local governments with smaller populations could receive moneys from the amount allocated to their state). This money was intended for programs that were necessary expenditures incurred due to the public health emergency resulting from the pandemic. This money was not intended to be used to directly account for revenue shortfalls due to the COVID-19 pandemic, but it could indirectly assist with revenue shortfalls in cases where the expenses that were covered by this fund would otherwise create a further budget shortfall. The CARES Act also included an Education Stabilization Fund, which provided \$30.75 billion for K-12 and higher education systems. There were three main forms of relief: \$13.2 billion for K-12 schools that was administered on a state-by-state basis, \$14 billion for public and private colleges and universities, and \$3 billion in emergency relief that governors could distribute to schools, colleges and universities that were particularly affected by COVID-19 and the ensuing crisis.

The ARP Act includes an additional \$350 billion for states, tribal governments and local governments. Notably, in addition to the uses allowed under the CARES Act, ARP funds can be used to replace revenues lost due to COVID-19 and to make necessary investments in water, sewer or broadband infrastructure. These broader categories allow such governments much more flexibility utilizing such funds. The ARP Act also includes a total of \$170.3 billion in funding for education, including more than \$122.8 billion for the Elementary and Secondary School Emergency Relief Fund ("ESSER"). The largest portion of such ESSER funds will be distributed to school districts based on their relative share of Title I funding, but additional moneys are also allocated to help schools address learning time lost by students, after-school and summer enrichment programs, and administration costs.

State Fiscal Year 2020-21 Budget. Provisions in the State's 2020-2021 Enacted Budget ("FY 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. The State's FY 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 District 31. 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 the FY 2021 Enacted Budget.

On October 30, 2020, the Division of the Budget ("DOB") released a mid-year update, with a revised projection of a \$14.9 billion shortfall. This update noted that the State had reduced spending through September by \$4.3 billion compared to fiscal year 2020 spending over the same period through freezing hiring, new contracts and pay raises, and through a 20% withholding of aid to localities payments starting in June, which resulted in approximately \$2.4 billion in local aid payments not made as budgeted. As of February 1, 2021, the State Education Department (the "SED") advised school districts that DOB would, at some point, be providing approval for SED to make the payments for State aid and other pre-K- 12 grant programs that had been subject to a 20% withholding. Many of the State's budget decisions were based on the uncertainty of future federal aid. Although these funds will help the State's budget, it is uncertain whether the State will continue to have budget shortfalls necessitating further cuts to State aid. Reductions in the payment of State aid is anticipated through the remainder of FY 2021 and could adversely affect the financial condition of school districts in the State, including the District.

Fiscal Year 2021-22 Budget. In April 2021, the State legislature passed the budget bills for FY 2022 (the "FY 2022 Enacted Budget"). Pursuant to the FY 2022 Enacted Budget, the total spending for the FY 2022 Budget is \$212 billion, a 9.7% or \$193.3 billion increase from the State's FY 2021 Enacted Budget. Federal funds make up a significant share of the increase. Notably the FY 2022 Enacted Budget does not change the tuition formula previously enacted for the FY 2021-22 school year. Supplemental basic charter tuition for the City DOE is reduced by \$35 million and the City's School Aid for Students with Disabilities is reduced by \$35 million, each such reductions to be made up by grants provided by the ARP. The FY 2022 Enacted Budget provides \$29.5 billion in State school aid funding to districts (including District 31), an increase of \$3.0 billion (11.3%) compared to the Enacted Budget for FY 2020-21.

The FY 2022 Enacted Budget provides \$13 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, is anticipated to assist schools safely reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The FY 22 Enacted Budget allocates \$629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs and directs \$105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-22 school year.

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 FY 2022 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.

Certain Other Risks

The following factors, among others, may also adversely affect the Facility Owner and the Charter School, to an extent that cannot be determined at this time:

(1) Cost and availability of insurance, as well as the potential for claims in excess of available insurance funds.

(2) Increased costs of attracting and retaining or decreased availability of a sufficient number of teachers and other professionals.

- (3) Increased costs resulting from more stringent requirements governing the quality of education.
- (4) Increases in costs, including costs associated with, among other things, salaries, wages and fringe benefits, supplies, technology and equipment, insurance, energy and other utilities and other costs, without a corresponding increase in revenues.
- (5) Inability of the Charter School to obtain future governmental approvals to undertake additional projects necessary to remain competitive as to the quality of education or any limitation on the availability of tax-exempt or other financing for future projects.
- (6) The occurrence of natural disasters, including floods, hurricanes, tornadoes, earthquakes and epidemics, or the occurrence of criminal or terrorist acts or other calamities could damage the Facility, interrupt utility service and interrupt the operations of the Charter School with a resulting decline in revenues and any failure of the insurance carried by the Charter School or the Facility Owner to cover any losses resulting from the occurrence of any such event.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2021 Bonds. In order for potential investors to identify risk factors and make an informed decision, potential investors should be thoroughly familiar with this entire Official Statement including the appendices hereto.

AUDITED FINANCIAL STATEMENTS OF THE CHARTER SCHOOL

The audited financial statements of the Charter School as of and for the fiscal year ended June 30, 2020 (the "Audited Financial Statements") are included in APPENDIX C to this Official Statement and have been audited by NCheng LLP (the "Auditor"), to the extent and for the periods indicated in its reports thereon. Potential purchasers should read the Audited Financial Statements in their entirety for more complete information concerning the Charter School's financial position. The Charter School has not requested the Auditor to perform, and the Auditor has not performed, any additional examination, assessment, procedures or evaluation with respect to the Audited Financial Statements since the date thereof. Although the inclusion of the Audited Financial Statements in this Official Statement is not intended to demonstrate the fiscal condition of the Charter School since the date of the Audited Financial Statements, in connection with the issuance of the Series 2021 Bonds, the Charter School represents that there has been no material adverse change in the financial position or results of operations of the Charter School, nor has the Charter School incurred any material liabilities, which would make the Audited Financial Statements misleading.

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from DTC. The Issuer, the Facility Owner, the Charter School, the Trustee and the 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 securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2021A Bond certificate and one fully-registered Series 2021B Bond certificate will be issued for each maturity of such Series 2021 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct

Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). 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 Bond are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 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 the 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 Bond; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bond are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2021 Bond documents. For example, Beneficial Owners of the Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 Bond for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices are required to be sent to DTC. If less than all of the Series 2021 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Series 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 Series 2021 Bond are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of redemption proceeds and principal and interest 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

Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest on the Series 2021 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 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 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-only transfers through DTC (or a successor securities depository). In that event, Series 2021 Bond certificates will be printed and delivered to DTC.

THE INFORMATION ABOVE DISCUSSING THE BOOK-ENTRY SYSTEM HAS BEEN FURNISHED BY DTC. NO REPRESENTATION IS MADE BY THE ISSUER, THE FACILITY OWNER, THE CHARTER SCHOOL OR THE UNDERWRITER AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY THE ISSUER, THE FACILITY OWNER, THE CHARTER SCHOOL OR THE UNDERWRITER TO DETERMINE WHETHER DTC IS OR WILL BE FINANCIALLY OR OTHERWISE CAPABLE OF FULFILLING ITS OBLIGATIONS. THE ISSUER HAS NO RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS, OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2021 BOND, OR FOR ANY PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST PAYMENT THEREON.

TAX MATTERS

Series 2021A Bonds

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Issuer ("Bond Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2021A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2021A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Issuer, the Facility Owner, the Charter School and others, in connection with the Series 2021A Bonds, and Bond Counsel has assumed compliance by the Issuer, the Facility Owner and the Charter School with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2021A Bonds from gross income under Section 103 of the Code. In addition, in rendering its opinion, Bond Counsel has relied on the opinion of counsel to the Facility Owner and the Charter School regarding, among other matters, the current qualifications of the Facility Owner and the Charter School as organizations described in Section 501(c)(3) of the Code.

In addition, in the opinion of Bond Counsel to the Issuer, under existing statutes, interest on the Series 2021A Bonds is exempt from personal income taxation imposed by the State of New York or any political subdivision thereof.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2021A Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance

that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2021A Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2021A Bonds in order that interest on the Series 2021A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2021A Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2021A Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Issuer, the Facility Owner and the Charter School have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2021A Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2021A Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2021A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2021A Bonds.

Prospective owners of the Series 2021A Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Series 2021A Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Bond Premium

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

tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 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 if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2021A 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 Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2021A Bonds under federal or state law or otherwise prevent beneficial owners of the Series 2021A Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2021A Bonds.

Prospective purchasers of the Series 2021A Bonds should consult their own tax advisors regarding the foregoing matters.

Series 2021B Bonds

In the opinion of Bond Counsel to the Issuer, interest on the Series 2021B Bonds (the "Taxable Bonds") (i) is included in gross income for federal income tax purposes pursuant to the Code, and (ii) is not exempt, under existing statutes, from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York.

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

Certain taxpayers that are required to prepare certified financial statements and 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 that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

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

Disposition and Defeasance

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

The Institutions may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Bonds to be deemed to be no longer Outstanding under the Indenture (a "defeasance"). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Taxable Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

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

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a Taxable Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous

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

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

The form of the approving opinion of Bond Counsel for the Series 2021 Bonds is attached to this Official Statement as "APPENDIX F – FORM OF APPROVING OPINION OF BOND COUNSEL."

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 Hawkins Delafield & Wood, LLP, New York, New York, as Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by its General Counsel, for the Facility Owner and the Charter School by their special counsel,

Whiteman Osterman & Hanna LLP, Albany, New York. Quarles & Brady LLP, Milwaukee, Wisconsin, represents the Underwriter in this transaction.

CONTINUING DISCLOSURE

The Facility Owner, the Charter School and Trustee, as dissemination agent, will enter into a Continuing Disclosure Agreement, dated as of the date of issuance of the Series 2021 Bonds. Neither the Facility Owner nor the Charter School has been subject to any prior continuing disclosure undertakings under the Rule. See "APPENDIX G – FORM OF CONTINUING DISCLOSURE AGREEMENT" in this Official Statement.

The Issuer will not have any obligation with respect to the Continuing Disclosure Agreement. The Issuer will not monitor the compliance by the Facility Owner or the Charter School with the terms of the Continuing Disclosure Agreement.

NOT RATED

No ratings have been applied for with respect to the Series 2021 Bonds. No representation can be made that ratings with respect to the Series 2021 Bonds, if applied for, could be obtained.

RELATIONSHIPS AMONG THE PARTIES

In connection with the issuance of the Series 2021 Bonds, the Issuer, the Facility Owner, the Charter School and the Underwriter are being represented by the attorneys or law firms identified above under the heading "LEGAL MATTERS." In other transactions not related to the Series 2021 Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Facility Owner, the Charter School, or the Underwriter or their affiliates, in capacities different from those described under "LEGAL MATTERS," and there will be no limitations imposed as a result of the issuance of the Series 2021 Bonds on the ability of any of these firms or attorneys to act as bond counsel or represent any of these parties in any future transactions. Potential purchasers of the Series 2021 Bonds should not assume that the Issuer, the Facility Owner, the Charter School, and the Underwriter or their respective counsel or Bond Counsel have not previously engaged in, or will not after the issuance of the Series 2021 Bonds engage in, other transactions with each other or with any affiliates of any of them, and no assurances can be given that there are or will be no past or future relationship or transactions between or among any of these parties or these attorneys or law firms.

ABSENCE OF MATERIAL LITIGATION

The Issuer

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

The Facility Owner

No litigation, investigations or proceedings are now pending or, to the best knowledge of the Facility Owner, are any threatened against the Facility Owner which would have a materially adverse effect on the financial condition or operations of the Facility Owner or in any manner challenge or adversely affect the corporate existence or power of the Facility Owner to enter into and carry out the transactions described in or contemplated by, or the execution, delivery, validity or performance by the Facility Owner of the Loan Agreement, the Mortgage, the Assignment of Contracts, the Assignment of Leases and Rents, the Master Lease, the Continuing Disclosure Agreement, the Tax Regulatory Agreement or the Bond Purchase Agreement, as appropriate.

The Charter School

There is no investigation or litigation pending seeking to restrain or enjoin the issuance or delivery of the Series 2021 Bonds or questioning or affecting the corporate existence or power of the Charter School to enter into and carry out the transactions described in or contemplated by, or the execution, delivery or performance by the Charter School under, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Loan Agreement, the Mortgage, the Custody Agreement, the Tax Regulatory Agreement or the Master Lease (collectively, the "Charter School Documents"), the legality of the Series 2021 Bonds or the proceedings and authority under which the Series 2021 Bonds are to be issued. There is no litigation pending which in any manner questions the undertaking of the financing by the Charter School or the validity or enforceability of the Charter School Documents.

UNDERWRITING

Robert W. Baird & Co. Incorporated, Denver, Colorado (the "Underwriter") is underwriting the Series 2021 Bonds. On the sale date, the Underwriter will enter into a Bond Purchase Agreement with the Issuer, the Facility Owner and the Charter School, pursuant to which the Underwriter will agree to purchase the Series 2021 Bonds subject to certain conditions contained in the Bond Purchase Agreement at an underwriting discount of \$976,959.33 (\$960,071.83 with respect to the Series 2021A Bonds and \$16,887.50 with respect to the Series 2021B Bonds). Expenses associated with the issuance of the Series 2021 Bonds are being paid from proceeds of the Series 2021 Bonds. 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 Underwriter has initially offered the Series 2021 Bonds to the public at the prices set forth on the inside front cover page of this Official Statement. Such prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Series 2021 Bonds to the public.

THE TRUSTEE

The Issuer has appointed U.S. Bank National Association, New York, New York to serve as Trustee. The Trustee is a banking association organized and existing under the laws of the United States of America, having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Series 2021 Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Issuer of any of the Series 2021 Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Series 2021 Bonds by the Institutions. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2021 Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Series 2021 Bonds, or the investment quality of the Series 2021 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

The mailing address of the Trustee is 100 Wall Street, 6th Floor, New York, New York 10005, Attention: Global Corporate Trust.

MISCELLANEOUS

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 ISSUER 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.

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 Official Statement 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, 210 University Blvd., Suite 460, Denver, CO 80206.

Official Statement Certification

The Facility Owner, the Charter School and the Issuer have authorized and approved the use and distribution of this Official Statement. 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 captions "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION – The Issuer" (the "Issuer's Portion") in this Official Statement.

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Certification

The preparation of this Official Statement and its distribution have been authorized by the Facility Owner, the Charter School and the Issuer (but only with respect to the Issuer's Portion of the Official Statement). This Official Statement is not to be construed as an agreement or contract among the Facility Owner, the Charter School or the Issuer and any purchaser, owner or holder of any of the Series 2021 Bonds.

NEW WORLD PREPARATORY CHARTER SCHOOL

By: /s/ Eugene Foley
Name: Eugene Foley
Title: President

FRIENDS OF NEW WORLD PREP, INC.

By: /s/ Angelo J. Aponte
Name: Angelo J. Aponte
Title: President

APPENDIX A

**SUMMARY OF CERTAIN PROVISIONS
OF NEW YORK EDUCATION LAW**

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APPENDIX A

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 Official Statement.

Purpose (New York Education Law § 2850(2))

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.

Charter Renewal (New York Education Law § 2850(4))

Charters may be renewed, upon application, for a term of up to five years in accordance with the provisions of this article for the issuance of such charters pursuant to §2852 of this article; 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 subdivision two of section twenty-eight hundred fifty-seven of this article, 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 one million 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 one million 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.

Notwithstanding any provision of law, rule or regulation to the contrary for a period of one year from the effective date of this subdivision, a charter school approved by a charter entity listed in subdivision three of this section may apply at any time during this period to another charter entity, defined in paragraph (a), (b) or (c) of subdivision three of this section to request such other charter entity to oversee and supervise such charter school. All standards and requirements established in the original charter agreement shall remain in effect until the scheduled expiration of such charter agreement and provided however that all obligations of the previous charter entity to oversee and supervise a charter school shall terminate upon the transfer of authorization of such charter school to a new charter entity, as defined in subdivision five of section twenty-eight hundred fifty-two of this article, and the previous charter entity shall provide in a timely fashion information relevant to the charter as requested by such other charter entity. A charter school that seeks to change its charter entity must have met all other requirements of this article and cannot be in violation of any legal requirement, in probationary status, or slated for closure.

If a school's application for renewal of their Charter is denied, New York case law holds that schools are not entitled to judicial review of a non-renewal decision nor do schools have a constitutional right to an administrative review of a non-renewal decision. *Matter of Fahari Academy Charter School v. Bd. Of Educ. Of City School Dist. of City of New York* 27 N.Y.S.3d 688 (2d Dept 2016) (citing *Pinnacle Charter Sch. V. Board of Regents of the Univ. of the State of N.Y.*, 969 N.Y.S.2d 318 (4th Dept 2013)).

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

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

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

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

(a) The board of education of a school district eligible for an apportionment of aid under § 3602(4) (apportionment of public moneys to school districts employing eight or more teachers) of the New York Education Law; provided that a board of education shall not approve an application for a school to be operated outside the

school district's geographic boundaries and further provided that in a city having a population of 1,000,000 or more, the chancellor of any such city school district shall be the charter entity established by this paragraph;

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

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

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

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

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

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

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

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

(d) Indications of parent and student satisfaction.

(e) The means by which the charter school will meet or exceed enrollment and retention targets as prescribed by the Board of Regents or the Board of Trustees of the State University of New York, as applicable, of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program which shall be considered by the charter entity prior to approving such charter school's application for renewal. When developing such targets, the Board of Regents and the Board of Trustees of the State University of New York shall ensure (1) that such enrollment targets are comparable to the enrollment figures of such categories of students attending the public schools within the school district, or in a city school district in a city having a population of 1,000,000 or more inhabitants, the community school district, in which the charter school is located; and (2) that such retention targets are comparable to the rate of retention of such categories of students attending the public schools within the school district, or in a city school district in a city have a population of 1,000,000 or more inhabitants, the community school district, in which the proposed charter school would be located.

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

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

(a) Upon the approval of a charter by the Board of Regents, the Board of Regents shall incorporate the charter school as an education corporation for a term not to exceed five (5) years, provided however in the case of charters issued pursuant to § 2852(9-a) of the Act the Board of Regents shall incorporate the charter school as an education corporation for a term not to exceed five (5) years in which instruction is provided to pupils plus the

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

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

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

(i) a charter school may operate in more than one building at a single site; and

(ii) a charter school which provides instruction to its students at different locations for a portion of their school day shall be deemed to be operating at a single site.

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

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

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

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

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

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

Effective until June 30, 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. Notwithstanding any provision of law to the contrary, any approval prior to January 1, 2014, pursuant to § 2590-g(1)(h) of New York Education Law, of a significant change in school utilization relating to the co-location of a school authorized pursuant to the Act or to allocate such school space in a district school building made prior to the implementation of the requirements of § 2590-g(1)(h) of New York Education Law shall not, on or after January 21, 2014, be altered, revised, amended, overturned or withdrawn by the board of education or the chancellor as of January 21, 2014 fail to be implemented without the consent of the charter school approved for co-location in a public school building unless such charter school is no longer authorized pursuant to the Act.

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

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

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

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

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

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

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

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

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

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

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

(b) Any child who is qualified under the laws of this state for admission to a public school is qualified for admission to a charter school. Applications for admission to a charter school shall be submitted on a uniform application form created by the department and shall be made available by a charter school in languages predominately spoken in the community in which such charter school is located. The school shall enroll each eligible student who submits a timely application by the first day of April each year, unless the number of applications exceeds the capacity of the grade level or building. In such cases, students shall be accepted from among applicants by a random selection process, provided, however, that an enrollment preference shall be provided to pupils returning to the charter school in the second or any subsequent year of operation and pupils residing in the school district in which the charter school is located, and siblings of pupils already enrolled in the charter school. Preference may also be provided to children of employees of the charter school or charter management organization, provided that such children of employees may constitute no more than 15% of the charter school's total enrollment. The Commissioner shall establish regulations to require that the random selection process conducted pursuant to this paragraph be performed in a transparent and equitable manner and to require that the time and place of the random selection process be publicized in a manner consistent with the requirements of §104 of the Public Officers Law and be open to the public. For purposes of this paragraph and paragraph (a) above, the school district in which the charter school is located shall mean, for the city school district of the city of New York, the community district in which the charter school is located.

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

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

Charter School Personnel (New York Education Law § 2854(3))

(a) An employee of a charter school shall be an employee of the education corporation formed to operate the charter school and not an employee of the local school district in which the charter school is located. An employee of a charter school shall be deemed to be a public employee solely for purposes of article fourteen of the civil service law, except for section two hundred twelve of such law, and for no other purposes unless otherwise specified in this article, the board of trustees of the charter school shall constitute a board of education solely for purposes of article fourteen of the civil service law, except for section two hundred twelve of such law, and for no other purposes unless otherwise specified in this article, a charter school shall be deemed to be a public employer solely for purposes of article fourteen of the civil service law, except for section two hundred twelve of such law, and for no other purposes unless otherwise specified in this article, and the chief executive officer of the charter school shall be the person designated as such by the board of trustees of the charter school.

(a-1) The board of trustees of a charter school shall employ and contract with necessary teachers, administrators and other school personnel. Such teachers shall be certified in accordance with the requirements applicable to other public schools; provided, however, that a charter school may employ as teachers (i) uncertified teachers with at least three years of elementary, middle or secondary classroom teaching experience; (ii) tenured or tenure track college faculty; (iii) individuals with two years of satisfactory experience through the Teach for America program; and (iv) individuals who possess exceptional business, professional, artistic, athletic, or military experience, provided, however, that such teachers described in clauses (i), (ii), (iii), and (iv) of this paragraph shall not in total comprise more than the sum of: (A) thirty per centum of the teaching staff of a charter school, or five teachers, whichever is less; plus (B) five teachers of mathematics, science, computer science, technology, or career and technical education; plus (C) five additional teachers. A teacher certified or otherwise approved by the Commissioner shall not be included in the numerical limits established by the preceding sentence.

(a-2) The board of trustees of a charter school shall require, for purposes of a criminal history record check, the fingerprinting of all prospective employees pursuant to section three thousand thirty-five of this chapter, who do not hold valid clearance pursuant to such section or pursuant to section three thousand four-b of this chapter

or section five hundred nine-cc or twelve hundred twenty-nine-d of the vehicle and traffic law. Prior to initiating the fingerprinting process, the prospective employer shall furnish the applicant with the form described in paragraph (c) of subdivision thirty of section three hundred five of this chapter and shall obtain the applicant's consent to the criminal history records search. Every set of fingerprints taken pursuant to this paragraph shall be promptly submitted to the Commissioner for purposes of clearance for employment.

(a-3) The board of trustees of a charter school shall upon commencement and termination of employment of an employee by the charter school district, provide the Commissioner with the name of and position held by such employee.

(b) The school employees of a charter school that has been converted from an existing public school who are eligible for representation under article fourteen of the civil service law shall be deemed to be included within the negotiating unit containing like titles or positions, if any, for the school district in which such charter school is located and shall be subject to the collective bargaining agreement covering that school district negotiating unit; provided, however, that a majority of the members of a negotiating unit within a charter school may modify, in writing, a collective bargaining agreement for the purposes of employment in the charter school with the approval of the board of trustees of the charter school.

(b-1) The employees of a charter school that is not a conversion from an existing public school shall not be deemed members of any existing collective bargaining unit representing employees of the school district in which the charter school is located, and the charter school and its employees shall not be subject to any existing collective bargaining agreement between the school district and its employees. Provided, however, that (i) if the student enrollment of the charter school on the first day on which the charter school commences student instruction exceeds two hundred fifty or if the average daily student enrollment of such school exceeds two hundred fifty students at any point during the first two years after the charter school commences student instruction, all employees of the school who are eligible for representation under article fourteen of the civil service law shall be deemed to be represented in a separate negotiating unit at the charter school by the same employee organization, if any, that represents like employees in the school district in which such charter school is located; (ii) the provisions of subparagraph (i) of this paragraph may be waived in up to ten charters issued on the recommendation of the charter entity set forth in paragraph (b) of subdivision three of section twenty-eight hundred fifty-one of this article; (iii) the provisions of subparagraph (i) of this paragraph shall not be applicable to the renewal or extension of a charter; and (iv) nothing in this sentence shall be construed to subject a charter school subject to the provisions of this paragraph or its employees to any collective bargaining agreement between any public school district and its employees or to make the employees of such charter school part of any negotiating unit at such school district. The charter school may, in its sole discretion, choose whether or not to offer the terms of any existing collective bargaining to school employees.

(c) The employees of the charter school may be deemed employees of the local school district for the purpose of providing retirement benefits, including membership in the teachers' retirement system and other retirement systems open to employees of public schools. The financial contributions for such benefits shall be the responsibility of the charter school and the school's employees. The Commissioner, in consultation with the comptroller, shall develop regulations to implement the provisions of this paragraph in a manner that allows charter schools to provide retirement benefits to its employees in the same manner as other public school employees.

(c-1) Reasonable access.

(i) If employees of the charter school are not represented, any charter school chartered pursuant to this article must afford reasonable access to any employee organization during the reasonable proximate period before any representation question is raised; or

(ii) If the employee organization is a challenging organization, reasonable access must be provided to any organization seeking to represent employees beginning with a date reasonably proximate to a challenge period. Reasonableness is defined, at a minimum, as access equal to that provided to the incumbent organization.

(c-2) Employer neutrality. It shall be an improper practice for a charter school board of directors, chief administrative officer and their agents to commit any of the acts set forth in subdivision one of section two hundred nine-a of the civil service law and could in accordance with section twenty-eight hundred fifty-five of this article, result in the revocation of the charter.

(d) A teacher employed by a school district may make a written request to the board of education for an extended leave of absence to teach at a charter school. Approval for such a leave of absence for a period of three years or less shall not be unreasonably withheld. If such approval is granted to a teacher by the school district, the teacher may return to teach in the school district during such period of leave without the loss of any right of certification, retirement, seniority, salary status or any other benefit provided by law or by collective bargaining agreement. If an appropriate position is unavailable, the teacher's name shall be placed on a preferred eligible list of candidates for appointment to a vacancy that may thereafter occur in an office or position similar to the one such teacher filled in such school district immediately prior to the leave of service.

(d-1) In a school district of a city having a population of one million or more, a principal employed by such school district may make a written request to the board of education for an extended leave of absence to serve as a principal of a charter school. Approval for such a leave of absence for a period of three years or less shall not be unreasonably withheld. If such approval is granted to a principal by the school district, the principal may return to serve as a principal in the school district during such period of leave without the loss of any right of certification, retirement, seniority, salary status or any other benefit provided by law or by collective bargaining agreement. If an appropriate position is unavailable, the principal's name shall be placed on a preferred eligible list of candidates for appointment to a vacancy that may thereafter occur in an office or position similar to the one such principal filled in such school district immediately prior to the leave of service.

Current case law indicates that employees of new charter schools, not charter school converted from a district school, would likely be subject to the federal National Labor Relations Act (the National Labor Relations Board) as opposed to New York State's Taylor Law (the Public Employment Relations Board) for collective bargaining and labor disputes. See *Buffalo United Charter Sch. V. New York State Pub. Empl.*, 107 A.D.3d 1437 (4th Dept 2013), and see *Hyde Leadership Charter School Matter*, 364 NLRB No. 88 (2016).

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) (1) 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 moneys 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 2017-2021 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 2021-2019 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 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 2017-2021 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 2017-2021 school year, for a school district for which the Charter School Basic Tuition for the 2010-2011 school year is greater than the Charter School Basic Tuition for the current year pursuant to the provisions of subparagraph (i) of this paragraph, the positive difference of the Charter School Basic Tuition for the 2010-2011 school year minus the Charter School Basic Tuition for the current year pursuant to the provisions of subparagraph (i) of this paragraph and (C) for school years following the 2016-2017 school years, for a school district for which the Charter School Basic Tuition for the 2010-2011 school year is greater than the Charter School Basic Tuition for the current year pursuant to the provisions of subparagraph (i) of this paragraph, the sum of (i) the supplemental basic tuition calculated for the 2016-2017 school year plus (ii) \$500.

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

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

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

Effective June 30, 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 2017-2021 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 2021-2019 school year, the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year five years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(l)(t) of the New York Law Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year, provided that the highest and lowest annual quotients shall be excluded from the calculation of such average or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(l)(n) of the New York Education Law for the year prior to the Base Year;

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

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

For the purposes of this subdivision, the "supplemental basic tuition" shall be (A) for a school district for which the Charter School Basic Tuition for the current year is greater than or equal to the Charter School Basic Tuition for the 2010-2011 school year pursuant to the provisions of subparagraph (i) of this paragraph, (1) for the 2014-2015 school year \$250, (2) for the 2015-2016 school year \$350, (3) for the 2016-2017 school year \$500, and (4) for the 2017-2021 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 2017-2021 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.

"Current year" shall mean the school year during which the apportionment is to be paid pursuant to this section.

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

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

(a) "Pupils with disabilities" shall mean pupils of school age who are identified as students with disabilities pursuant to Article 89 (Children with Handicapping Conditions) of the New York Education Law and the regulations of the Commissioner and who receive special education services or attend special education programs

which meet criteria established by the Commissioner, operated by a school district eligible for total foundation aid pursuant to this section or by a board of cooperative educational services, whether or not the school district is a component of such board.

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

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

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

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

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

(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; (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.

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

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

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

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

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

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

- (1) any balances and transfers;
- (2) any payments for transportation of pupils to and from school during the regular school year inclusive of capital outlays and debt service therefor;
- (2-a) a portion of any payments for transportation of pupils to and from district operated summer school programs pursuant to § 3622-a(6) (aidable regular transportation) of the New York Education Law, inclusive of capital outlays and debt service therefor, equal to the product of such expenditures multiplied by the quotient of the total apportionment after the proration, if any, required by such subdivision 6 of the New York Education Law divided by the total apportionment prior to such proration;
- (3) any payments for capital outlay and debt service for school building purposes, provided, however, that in the case of a school district which has entered into a contract with state university pursuant to § 355(2)(o) (conduct of research and experiments) of the New York Education Law, under which the school district makes payment to state university on account of capital outlay relating to certain children residing in such school district, such payments shall not be so excluded;
- (4) any payments for cafeteria or school lunch programs;

(5) any proceeds of short term borrowings in the general fund and any payments from the proceeds of the sale of obligations in the capital fund;

(6) any cash receipts which reduce the cost of an item when applied against the expenditure therefor, except gifts, donations and earned interest and any refunds made;

(7) any payments made to boards of cooperative educational services for purposes or programs for which an apportionment is paid pursuant to other sections of the New York Education Law, except that payments attributable to eligible pupils with disabilities and ineligible pupils residing in noncomponent districts shall be included in operating expense;

(8) any tuition payments made to other school districts inclusive of payments made to a central high school district by one of its component school districts;

(9) any apportionment or payment received from the state for experimental or special programs paid under provisions other than those found in this section and other than any apportionments or payments received from the state by the city school district of the city of Yonkers for the purpose of funding an educational improvement program pursuant to a court order and other than any other state grants in aid identified by the Commissioner for general use as specified by the board of education pursuant to § 1718(2) (limitation upon expenditures) of the New York Education Law;

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

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

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

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

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

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

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

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

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

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

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

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

For the purposes of this section:

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

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

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

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

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

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

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

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

the student's level of service provided directly or indirectly by the charter school pursuant to § 3602(19)(b)(1)-(4) of the New York Education Law, and the student's enrollment in such charter school in the current school year.

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

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

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

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

Charter school obligations:

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

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

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

Public school district of residence obligations:

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

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

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

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

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

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

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

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

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

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

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

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

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

Department obligations:

(a) On or before the first day of June of each year, or as soon as practicable upon the receipt of Federal notice of the estimated State appropriation for the next school year, the Commissioner shall notify all school districts and all charter schools of the adjusted expense per pupil of each public school district and the estimated per

pupil allocation under part B of the Federal Individuals with Disabilities Education Act to be used in the calculation of payments due to charter schools in next school year. Notice of final Federal per pupil allocation will be issued as soon as practicable upon the State's receipt of the notice of final allocation from the Federal government.

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

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APPENDIX B

THE FACILITY OWNER AND THE CHARTER SCHOOL

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INTRODUCTION

General

Facility Owner

Friends of New World Prep, Inc. (the "Facility Owner") is a New York not for profit corporation which was incorporated on September 27, 2018. The Facility Owner is organized as a supporting organization of the New World Preparatory Charter School (the "Charter School"). The sole purpose of the Facility Owner is to support the educational purposes of the Charter School in its charitable activities, by acquiring, leasing, constructing, renovating and maintaining real estate and other facilities for the use of the students and faculty of the Charter School, and by undertaking or funding other activities and services that enhance, augment, and complement the Charter School's educational programs and activities. The sole shareholder of the Facility Owner is the Charter School. The Facility Owner is governed by a Board of Directors (the "Board of Directors").

The Facility Owner is an organization described under Section 501(c)(3) of the Code and 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 Section 501(b) (provided the Facility Owner is not a "private foundation" as defined in Section 509(a) of the Code).

The Facility Owner is authorized to take such actions which are necessary to consummate the financing or refinancing of a portion of the costs of (1) the acquisition of parcels of land totaling approximately 1.38 acres located at 19 Treadwell Avenue, 26 Sharpe Avenue (a/k/a 15 Treadwell Avenue and a/k/a 2222/2240 Richmond Terrace) and 2230 Richmond Terrace, Staten Island, New York (collectively commonly referred to as 26 Sharpe Avenue, Staten Island, New York) and the five buildings and improvements thereon; (2) the demolition of four of such buildings thereon with the following gross square footage ("GSF"): a church building consisting of approximately 5,700 GSF, an office building consisting of approximately 8,400 GSF, a gymnasium/cafeteria building consisting of approximately 8,200 GSF, and an office building consisting of approximately 9,600 GSF; (3) the design, construction, renovation, equipping and furnishing of an approximately 91,300 GSF three-story (plus basement level) building consisting of the existing building at 26 Sharpe Avenue, Staten Island, New York and a new approximately 17,300 GSF addition of renovations and improvements thereto, all for general classroom and administrative use, together with approximately 37,700 GSF of related site improvements (collectively, the "New Facilities"); which New Facilities will be leased by the Facility Owner to the Charter School, for operation by the Charter School as a public charter school providing educational services to students in kindergarten through grade 8; (4) funding debt service reserve funds and capitalized interest; and (5) paying for certain costs related to the issuance of the Series 2021 Bonds (collectively, the "Project").

The New Facilities are owned by the Facility Owner and leased to the Charter School for use as a public charter school pursuant to a Master Lease dated as of May 1, 2020, as amended and restated by that certain Amended and Restated Master Lease Agreement dated as of February 1, 2021 (the "Master Lease") to include references to additional campus locations for the Charter School and certain provisions required as part of the issuance of the Series 2021 Bonds. The Facility Owner purchased the Main Campus (as defined below) at which the Charter School currently operates on June 19, 2019. For further information on the New Facilities and the current facilities of the Charter School, see "- Existing Facilities" and "THE PROJECT" below. Upon completion of the financing the Charter School will continue to use the address of 26 Sharpe Avenue, Staten Island, New York for the New Facilities.

Charter School

The Charter School is a New York education corporation authorized by the State University of New York – Charter Schools Institute (the "SUNY-CSI" or the "Authorizer") and incorporated by the New York State Board of Regents pursuant to Article 56 of the New York Education Law. The Charter School was granted its initial charter on February 17, 2010 (the "Charter") for the sole purpose of operating a public charter school in accordance with that certain Charter Agreement dated October 29, 2009, between the Board of Trustees of the Charter School and SUNY-CSI.

The Charter School is an organization described under Section 501(c)(3) of the Code and 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 Section 501(b) (provided the Charter School is not a "private foundation" as defined in Section 509(a) of the Code). The Charter School's Charter and bylaws provide that the

Charter School is governed and controlled by a board of trustees (the "Board of Trustees"). See "Governance and Management" herein.

The Charter School was founded by a small group of experienced and gifted educators (veteran teachers from the top ranks of New York's education system) who believed that every child in the Port Richmond section of Staten Island, New York must be given the keys to a productive life. For reference, Staten Island, located in New York Harbor, is known as Richmond County, New York and is one of the five boroughs which make up New York City. The Port Richmond section of Staten Island traditionally had a high rate of high school dropouts from the immigrant community. These educators (or founders) sought to create a school that would serve immigrant children from the most impoverished families in the Port Richmond area as well as other Staten Island north shore communities.

The Charter School educates students residing predominantly on Staten Island located within New York City Department of Education Community School District 31 (the "District"). Students may come from one of the other New York City boroughs due to the fact that the parent(s) work location is on Staten Island, or a student has been relocated to another borough as a result of homelessness or if a family relocates and the student wishes to remain at the Charter School. As of October 7, 2020, enrollment at the Charter School was over 635 students. The Charter School has operated on the existing site, 26 Sharpe Avenue, Staten Island, New York, since it began instruction in September of 2010. See "CHARTER SCHOOL" below.

The Charter School received its first charter renewal from SUNY-CSI for a three-year term on August 4, 2015. On June 11, 2018, SUNY-CSI granted the Charter School a full five-year renewal of its Charter based on the fact that the Charter School (1) met the requirements as set forth in Article 56 of the Education Law, and all other applicable laws, rules and regulations; (2) demonstrated the ability to operate the Charter School in an educationally and fiscally sound manner; (3) improved student learning and achievement; and (4) provided significant educational benefit to the students expected to attend the Charter School. This renewal also amended the Charter to authorize the Charter School to serve students in the 5th grade and allowing the Charter School to serve 463 students. The following year, on January 28, 2019, the Charter was further amended by SUNY-CSI to authorize the Charter School to serve students in grades K-4 with a maximum enrollment of 685 students by the commencement of the 2022-23 school year. As expressly permitted in the Charter, the Charter School has consistently maintained an enrollment which is 20% higher than the approved enrollment amount stated in the Charter.

Since opening in September 2010 with 125 students in 6th grade, the Charter School has increased student enrollment and undertaken various facility improvements and expansions in order to support student enrollment growth. Through the Facility Owner, the Charter School is now planning to undertake the Project to construct a new facility to consolidate all of its students in one location and to house the fully approved educational program expansion to a K-8 elementary and middle school at the New Facilities. Upon completion of consolidation of students at the 26 Sharpe Avenue location, the Charter School anticipates that it will maintain a total enrollment of approximately 822 students.

CHARTER SCHOOL

Mission

The Charter School's mission is to provide an exceptional education for students by employing research-based strategies to raise academic achievement through academic rigor and relevance, personalization, focused professional development, and meaningful family engagement and collaboration with the larger community. The Charter School builds on the promise of opportunity by exemplifying the role social justice holds in shaping a community of the people, by the people and for the people. The goal of the Charter School is to graduate students with a strong academic foundation, an awareness of the needs of others, and with the social and emotional readiness needed to succeed in high school and graduate from college.

Charter School Philosophy / Vision

The vision of the Charter School is to prepare students for higher education by providing a meaningful curriculum that challenges each student academically while nurturing character development. The philosophy of the Charter School is to provide students with the skills necessary to inquire about the world around them by actively participating in community-based projects. The Charter School's guiding values are represented by the reference of the word "PREP" in its school name. Students, their families and all members of the Charter School community are asked to guide their actions and behavior towards their schoolwork, towards themselves and others with Pride, Respect, Excellence, and Purpose.

Recent Accomplishments

The following provides a summary of recognitions and grants recently received by the Charter School:

- In 2020, the Charter School received a \$75,000 grant from the Kelleher Family for the development of a plan and establishment of a Development Office to assist with fundraising and grant writing.
- In 2019, the Charter School was awarded the distinction of Recognition School by the University of New York State Department of Education. Recognition Schools are those schools which have been determined to be one of the highest performing and rapidly improving schools across the State of New York.
- In 2018, the Charter School received a \$250,000 grant from the Staten Island Foundation to establish a Learning Center and an electronic library for student use in the new school building.
- In 2017 and 2018, the Charter School received two grants from Northfield Bank each in the amount of \$40,000 for the development of the Charter School's One-to-One Laptop Program. This program was initially targeted for the middle school grades 6th to 8th but was expanded to include the 5th grade students. This program was originally designed to be implemented over three years but with the assistance of Northfield Bank, as well the financial planning of the Board of Trustees, full implementation of the program was completed in two years.

Instructional Program of the Charter School

Set in a neighborhood in close proximity to the Statue of Liberty, the Charter School is viewed as "a golden door," a school community where diversity is not just accepted but celebrated. The Charter School's instructional program is specifically designed with the goal to meet or exceed all of the New York State Learning Standards ("NYSLs"). Instruction is age/grade appropriate with a strong emphasis on the development of students' social and academic skills through character building activities. Since 2013, the Charter School has utilized NYSLs aligned curriculum and recently has incorporated into its curriculum components of the Next Generation Learning Standards.

The Charter School continues to implement the following Key Design Elements stated in their Charter:

- Academic Rigor and Relevance
- Data Driven Instruction
- Technology Based Instruction
- Personalization
- Professional Development
- Engaging Families and Community

Academic Rigor and Relevance: The Charter School uses a curriculum that is research based and aligned to the Common Core Standards and the NYSLs. Students benefit from an extended school day with more time on task for mastery of academic subjects. The Charter School has a school-wide focus on critical thinking, reading and writing across all content areas to improve the overall academic performance of every student.

The students are challenged by a strong focus on social emotional learning that supports their ability to regulate emotions in order to promote learning and personal growth. Students develop habits and dispositions that enable this growth. This focus is developed through the middle school advisor program and the elementary school morning meeting programs.

Data Driven Instruction: Each teacher uses his or her student and classroom data to design instructional strategies to address the individual learning needs of each student. Student assessments at the Charter School are designed to provide ongoing, useful feedback to staff and students. The regular classroom assessments, both formal and informal, include a range of activities such as quizzes, selected responses, open-ended and closed constructed responses, end of unit tests, performance tasks, interviews, and parent-teacher conferences. The staff meets regularly to analyze data, review student work and use it to plan instruction. Interim assessments are included on a quarterly basis to support a structure for evaluating student progress and identifying students' needs so that interventions can be integrated into the daily academic program.

Technology Based Instruction: Technology is an integral part of instruction and learning for both teachers and students. Laptops, internet, audio/visual delivery systems, and interactive whiteboards (e.g. Smartboards™) are utilized as a critical part of instructional learning.

The Charter School became a one to one laptop school for its middle school program in September 2017. This program provides for every student in 5th through 8th grade a Chromebook Laptop, and if needed a hotspot for internet connectivity, to utilize in the classroom during the school day, as well as to take home each day in order to complete their homework assignments. When the student graduates they keep their laptop. In addition, a laptop is available for every student in kindergarten to second grade and is expected to be available for each new student.

Personalization: Research relied upon by the Charter School indicates that quality relationships matter for students, especially middle grade students, particularly those from lower socio-economic backgrounds. Students from lower socio-economic backgrounds have to work strenuously to accomplish a positive sense of identity in school when they find that the skills, values, and ways of interacting found in school do not resemble those in their home community. The Charter School teachers mentor students or offer emotional support during hard times, acting as the student's advocate when conflicts arise at school or at home, or by providing an opportunity to pursue a special talent or interest.

Each grade level at the Charter School contains 3 to 4 classes, depending on the enrollment plan for each grade, but there is no more than 20 to 25 students in a class. By keeping the student population and class size small, the Charter School creates a school community where each student is known and supported. Additionally, students in all grade levels will participate in a structured advisory program that functions to further develop relationships that support learning. Each teacher is assigned a group of approximately 18 students to whom they serve as an advisor over the course of the students' years at the Charter School. That teacher will establish a relationship with not only the students but their families as well.

Professional Development. There are several structures built into the Charter School's design that provide the staff with a variety of professional development opportunities. A professional development plan is developed based upon the student assessment data, classroom observations and staff evaluations, staff input, programmatic and curriculum needs, and professional best practices. The Principal utilizes these resources to plan pre-service training, as well as to develop the Charter School's yearly and monthly professional development calendars.

The Charter School staff returns to school two weeks before classes begin each year for professional development. This time is used for professional development on school wide programs as well as for curriculum development and planning. Teachers are broken into cohorts so that training is not repetitive for returning teachers and new teachers receive the necessary introduction to the curriculum, school procedures and policies, as well as school culture. New teachers also receive additional training days earlier in the summer for the curriculum programs they will be implementing during the school year.

Engaging Families and Community. Family involvement and community participation are ongoing challenges and goals for the Charter School. The Charter School's attendance rate consistently demonstrates family support for their child to attend the Charter School as well as students' desire to be a part of the school community. The Charter School implemented the position of Coordinator of Recruitment and Outreach in order to expand family and community involvement. This individual is responsible for marketing and outreach efforts for recruitment. To illustrate the impact this position has had, the number of student applications for the first lottery that occurred after this position increased significantly. This individual is also responsible for the Parent Academy which serves as a family resource coordinator and for planning workshops that support the parents with attending to their child's academic, social and emotional needs, as well as other workshops that address issues such as immigration information and social services.

The Charter School works closely with several community-based organizations in particular Project Hospitality and El Centro. Project Hospitality is designed to reach out to the community to work with families who are experiencing homelessness (or otherwise in need of essentials such as food, clothing and shelter), health and mental health services, substance abuse services, domestic violence services and financial services in order to work with individuals and families to achieve self-sufficiency. El Centro is a community-based program focused on immigrant and labor advocacy, educational workshops, labor leadership training, and emergency intervention for hunger, homelessness and health/safety needs. Both Project Hospitality and EL Centro work collaboratively with the Charter School's Parent Academy and Parent Teacher Organization with providing workshops to support the students' families.

Grades K-8 Curriculum and Online Resources

English Language Arts Instruction: All K, 1st, 5th, and 6th grade English Language Arts ("ELA") curriculum are supported by Journeys Common Core (Houghton Mifflin Harcourt) ("Journeys") which offers instructional support, including complete whole-group instruction, five-day small group instruction, intervention and English Language Learner ("ELL") support. The Journeys curriculum includes a full library of leveled readers, interactive whiteboard activities and a home component entitled, Think Central. The Charter School believes the latter will improve its connection between home and school and increase the time students spend reading, because the web-based software enables parents to see what their children are learning and provides strategies they can use to support classroom instruction. This program can also support the tutorial support components of the Charter School's Comprehensive Intervention Program.

The main component of the language arts literature curriculum in grades 7 and 8 consists of the units found in Engage New York. NYSED has provided the EngageNY curriculum as a framework for each grade level to "adopt/adapt" based on students' needs. Units are aligned to NYSLs and provide educators with multiple resources and task modalities to enhance the instruction of each main class text. Students learn to understand the text; move to analysis, interpretation, and evaluation; weigh several avenues of meaning, revise thinking; and then convey this thinking in an organized, cogent fashion.

A second component of the ELA program is the writing curriculum. The Writing Revolution provides an accessible and comprehensive approach to writing, thinking, and learning. The grade K, 1, 5-8 curriculum includes strategies for building complex sentences in order to generate well-structured and developed summaries, paragraphs, and expository and research writing all within different text structures.

The third component of the ELA program is the Literacy Block Program in grades 5-8 and iRead in grades K and 1. The Literacy Block allows the Charter School staff members and students to become leaders of literacy. Students receive skill-based instruction to develop their reading proficiency.

Mathematics Instruction: In an effort to create a challenging seventh and eighth grade curriculum with high expectations for all students, the Charter School uses a variety of resources including Big Ideas Math by Big Ideas Learning, Engage NY, Crosswalk Coach by Triumph Learning, and Ready NY by Curriculum Associates to develop and differentiate rigorous and engaging lessons. All resources are aligned to the Common Core and NYSLs (Next Generation Mathematics Learning Standards Pending) and include all of the domains the students must develop an understanding of, including: ratios and proportions, the number system, expressions and equations, probability and statistics, geometry, and functions (8th Grade). Students in seventh and eighth grade also have the opportunity to take an accelerated two-year Algebra Sequence, which culminates with students taking the New York State Algebra Regents. This opportunity is open to all students and students are chosen based on class performance and school-wide assessments for readiness.

In grades K, 1, 5, and 6 the Houghton Mifflin Harcourt's Go Math! curriculum is implemented. It is a comprehensive Kindergarten—Grade 6 mathematics program developed to support the Common Core and NYSLs for Mathematics (Next Generation Mathematics Learning Standards pending and the NCTM Curriculum Focal Points). The program emphasizes big ideas and depth of understanding through interactive lessons; research based instructional approaches, and best practices from around the world, and differentiated instructional resources to ensure success for all students.

In addition to the Go Math! Curriculum, Do the Math, a math intervention program by Houghton Mifflin Harcourt, was implemented to support student's math learning in first grade. Do the Math provides flexible, classroom-tested instruction for building numerical reasoning and restoring confidence by rebuilding critical foundations on understanding and skills with both whole numbers and fractions. Do the Math presents students with additional math support which aligns with Go Math!.

Science Instruction: The Amplify Science Program is implemented in Grades K, 1, 5, 6, 7, and 8. This curriculum is aligned to the Next Generation Science Standards and is developed through a partnership between Amplify, a leader in technology integration and University of California Berkeley's Lawrence Hall of Science – known for their research-based science curriculum. Amplify Science was named a 2018 CODiE Award finalist for best science instructional solutions and best Emerging technology solution categories.

Each unit of study offers teachers a detailed curriculum with embedded formative assessments, inquiry-oriented investigations, online simulations and apps, literacy activities and readings to engage the students in the

multimodal, 3-Dimensional (NGSS) learning of science. The units are aligned to the New York City Department of Education Science Scope and Sequence and will allow the students to engage in science practices and apply crosscutting concepts to deepen their knowledge of the disciplinary core ideas across the science disciplines.

In addition to the 8th Grade Science course, students have the opportunity to take a Living Environment Course which culminates in the New York State Living Environment Regents exam. This opportunity is open to all students and students are chosen based on class performance and school-wide assessments for readiness.

Additional Programs and Activities

Technology: Technology and computer skills are incorporated into the curriculum in all grades. The Charter School provides each student with his/her own laptop/tablet for use throughout the day. Students in 5th through 8th grade take their laptops home with them each day. With the use of technology, students are able to collaborate with one another to complete their classroom assignments and enhance their understanding of new concepts. Students are also able to access a wider variety of instructional tools and resources with the use of technology. This also allows for teachers to provide differentiated learning materials and scaffold instruction to meet the needs of all students in the classroom. In all content areas, technology is incorporated into classroom instruction with the use of the Google Classroom Platform, which allows for teachers to communicate with students and their families, post/submit assignments, and provide feedback for assessment.

Physical and Health Education: The physical education curriculum provides students in grades K- 8 with the opportunity to develop their fitness and wellness as well as engage in a range of sporting activities. Students build the foundation for a physically active life through the mastery of motor skills and safe game play in a variety of large motor games. Through the health education program, students learn health prevention concepts and development of positive life skills. Students demonstrate an understanding of health promotion and disease prevention concepts to establish a foundation for leading healthy and productive lives.

Language other than English - Spanish: The Spanish elective curriculum is an introduction to Spanish and focuses on the four key areas of foreign language study: listening, speaking, reading, and writing. The primary purpose of the course is to prepare students to be college-ready, well-rounded global citizens who can communicate effectively in Spanish and are aware of the cultural influences of the Spanish and Latino heritage at home and abroad. Students in this elective learn Spanish phonemes and basic vocabulary including family, numbers, colors, greetings, and objects in the classroom. Students are expected to master proper Spanish sentence constructions, articles and adjectives, subject-verb agreement, and regular and irregular verb conjugations.

Fine Arts: Music / Visual Art: An important goal of the Charter School's mission is to further develop the students' creativity and higher order thinking skills. To achieve this end an emphasis is placed on discipline-based arts education that teaches students to express their creativity and to experience satisfaction and accomplishment through art. The main component of the music program engages students in study of the importance and role of music in everyday lives both around the world and through the ages and learning the elements of music theory. The main component of the visual arts program engages students in hands-on projects while they learn how to express themselves using different mediums.

Business Elective - Virtual Enterprise: The VE-JV Career Academy is a two-year program that enables 7th and 8th graders to develop technology and entrepreneurial skills by starting and managing business ventures. The VE-JV Career Academy will also engage students in fun and exciting competitions as well as after-school activities that build 21st Century skills in business, communication, and technology.

Social Emotional Learning: In addition to the advisory and morning meetings that have curriculums which were addressed earlier, two additional programs that support the social emotional learning in the 5th through 8th grades are the Restorative Circle and Peer Mediation Programs. These programs help to further build students' social and emotional skills, strengthen the classroom and school community, and make the school more caring and equitable.

Through a highly structured process, restorative circles create a space where everyone knows that they belong and will be heard. Within the circle, participants develop and practice skills in communication, relationship-building, empathy, democratic decision-making, conflict resolution, and problem-solving. Over time, the skills and community students and adults build in circle lead to a more positive and collaborative classroom environment and to fewer conflicts and discipline incidents, creating a more equitable and caring classroom community

Guidance & Counseling: The Charter School offers guidance and counseling that are fully integrated with the Charter School's instructional programs and focused on college and career readiness. The Charter School follows

the American School Counselor Association National Model that consists of four components: (a) foundation, (b) delivery, (c) management, and (d) accountability. The Charter School delivers counseling through individualized student planning sessions, providing responsive services and clear, school-wide support for student academic, social and emotional success.

Instructional Planning: The Charter School's staff meets as subject-area and grade level professional learning communities ("PLC") to adapt these unit plans, which include guidelines for differentiating instruction for ELL, Students With Disabilities, and high-risk students. Through the PLCs, teachers adapt these unit plans and develop weekly lessons plans that meet the specific needs of their students. They also identify any additional resources necessary to effectively deliver and assess the curriculum. By meeting both on grade level and in subject areas, the Charter School helps ensure both horizontal and vertical alignment of curriculum and instruction.

Athletics: The Charter School's athletic program supports the academic mission of the Charter School. It promotes interscholastic athletics that provide lifelong learning experiences to student athletes while enhancing their achievement of educational goals. The Charter School provides interscholastic athletics in co-ed Fall Soccer, Cheerleading, Basketball, Cross Country track, and Spring Soccer.

Extra-Curricular Activities: In addition to the Athletic Program, all students are invited to be part of one of the many after school clubs, which have included Chess Club, Cursive Club, Art Club, Guitar Club, Multicultural Club, Violin Club, Cooking Club, Robotics Club, Intramural Sports, the Gay - Straight Alliance, and Chorus.

In addition, the Charter School partners with the Police Athletic League ("PAL") as a community based organization that provides the students with additional year-long extended day afterschool programming. This program is from 4:00 p.m. to 6:30 p.m. and has a literacy focus to all of their activities. PAL provides both academic and social opportunities for the students to participate.

COVID-19 Response

Effective March 16, 2020, New York City public schools, including the Charter School and other public charter schools, shifted to on-line instruction out of concern for the developing COVID-19 pandemic. The initial temporary closure and online instruction were eventually extended through the end of the 2019-20 school year. The Charter School largely followed the District on the closure plan. The Charter School's prior efforts to embrace technology were well served, as most students, teachers, and administrators were prepared to make a quick transition to online instruction. The Charter School was able to identify the few students who were not ready for on-line instruction and quickly provided the necessary additional support (e.g., internet hotspots).

The Charter School's teachers adapted to an instruction format coordinated by the Principal, Assistant Principal, Associate Director of Academics, and Literacy Instructional Specialist. The initial instruction format that went into effect on March 17, 2020 included posting asynchronous assignments with group and one-on-one follow-ups to ensure full participation and comprehension and allow for any necessary support. Special education staff similarly adapted to online support, finding many of their students seemed to flourish with the increased one-on-one support provided.

After review of the initial instruction format, adaptations were made effective April 20, 2020 through the rest of the school year. A specific schedule was developed for teachers in order to provide additional support for students. Teachers continued to make themselves available Monday through Friday during specified hours for students to reach out for support whether it was through Google Classroom, email, Google G-Chat, or scheduled Google Hangouts. If a student was in need of support outside of the teacher's availability time frame, they were encouraged to email the teacher and the teacher would respond accordingly.

Each week, on designated review days ("Review Days"), teachers held a "Synchronous Office Hour." During this specified hour students were provided with a link on Google Classroom which brought them to a Live Video Session (Google Hangout) with their teacher. During this time students asked questions regarding their grades and/or review the content material with their teacher in a live virtual session. These Synchronous Office Hours occurred weekly at the same time specified, but teachers were holding additional live office hours throughout the week. These additional office hour links were also posted on Google Classroom.

Throughout the E-Learning Program members of the Student Support Services Team (Guidance Counselors, Dean's Staff, and other support staff) made documented weekly outreach to all families of students at the Charter School.

There was a slight decline in the Charter School's overall attendance rate. The usual attendance rate for the school year averages 96%. The yearly attendance rate for the 2019-20 school year was 94.9%. The decline occurred from March through June 2020. The Charter School made a concerted effort to contact every family not participating to follow up and address individual situations.

Given the focused outreach made by staff members to support families and students, the COVID-induced remote environment did not have an effect on the grading system or the progression of the students.

There have been minimal COVID-19 cases reported within the Charter School's community (i.e., students, families, and staff). Given the shift to remote learning, there has been no known spread of cases within the Charter School community to date.

Parents generally have expressed appreciation of, and support to, the Charter School's response to the pandemic. In preparation for the 2020-21 school year, the Charter School surveyed parents to determine the needs of the students' families and their preference for in-person, hybrid or 100% virtual learning. Based on parental response, the similarity of the District's announced plans for the start of the 2020-21 school year to those of the Charter School, and the extensive wait list for enrollment, the Charter School did not have any notable changes in total enrollment. Staff has expressed appreciation with respect to the Charter School's open communications and clear focus on student and staff safety, and the Charter School does not anticipate any notable staff attrition due to the COVID-19 pandemic.

Program/Instructional Considerations. On August 1, 2020, parents were provided information on how to access a Google Form to indicate the education learning model they wanted for their child for the 2020-21 school year. The learning model options were either Hybrid or 100% Virtual. The data from this survey was used to determine student and teacher schedules.

On July 16, 2020, the Charter School announced its plan to begin school as scheduled on September 8, 2020, in a Hybrid Learning format. On September 1, 2020, the District announced its delayed opening to September 21, 2020. As a result, the Charter School, decided to delay its opening to September 14, 2020. Under the hybrid learning model, some students have been on site for in-person learning Mondays and Thursdays, with remote learning the rest of the week; other students have been on site for in-person learning Tuesday and Fridays, with remote learning the rest of the week. On Wednesdays, the cohorts rotate in-person or remote learning. Students/families may choose to remain in remote learning full time. The Charter School will continue to monitor and adjust plans according to changes in safety, recommendations from the District Department of Health, requirements from the District, and other factors. The Charter School holds the safety of its students, staff, and families as its highest priority along with quality of instruction and equitable access.

Safety Considerations. The Charter School's plans are guided by the requirements and recommendations from the New York State Department of Health and the Centers for Disease Control and Prevention (the "CDC"). Basic safety parameters include:

- Having a limited number of students and staff per classroom to allow for appropriate social distancing.
- Students remain in the same classroom except for lunch and physical education. Teachers move from classroom to classroom limiting the amount of exposure to other students.
- Enforcing social distancing (six feet), along with other health practices such as rigorous and additional cleaning protocols and regular hand washing.
- Mandatory wearing face coverings while on campus.

Budget Considerations. The Charter School anticipated some added costs as a result of operational adjustments for COVID-19. Anticipated budget impacts are summarized as follows.

Facilities. Additional school logo signage was purchased and distributed throughout the Charter School buildings and classroom on all of the Charter School campuses. These signs provided information and served as reminders about expected behaviors including such items as room capacity, directions for movement in the building, reminders regarding the wearing of masks, and social distancing expectations. Also the offices were set up with plexiglass partitions to deal with visitors to the campus and high traffic areas.

Staffing. The Charter School was able to design its instructional program with a limited number of additional instructional staff to meet the needs of all in-person and virtual students. The Charter School attempted when possible to accommodate teacher preferences to teach in-person or virtually. The responsibilities of the student support staff

(guidance counselors, Dean's Office staff, etc.) were reorganized so as to provide additional support to the students and to the social emotional learning program of the Charters School. The operational staff responsibilities (school security, custodial, cafeteria, and office staff) were restructured so as to meet the additional needs for assistance with the supervision of the smaller grouping of students because of limited group sizes. They supported temperature checks, additional attendance support, cafeteria supervision, etc.

As virtual learning significantly reduces the scope of after school academic and extracurricular programs, the supplemental revenue expectations for these programs for the 2020-21 school year have been reduced. However, many of these staff are being redirected to provide supplemental program support to the virtual learning days, and to provide added staffing/safety supports to on site learning.

The impact of COVID-19 on student and staff retention has not impacted enrollment targets. The Charter School has successfully navigated communications with families to ensure that the whole community understands the commitment to safety. Retention of both students and staff is not significantly different than any other year.

Supplies/Equipment. The Charter School has long embraced technology. For the past four years the Charter School has put into place a one-to-one laptop program, including providing internet connectivity for any student who does not have internet access at home, accessibility, for 5th through 8th grades. In class Chromebooks were also available for grades kindergarten through 2nd grade. These laptops usually remain in the classroom but during the hybrid learning program these have been sent home with the students.

As the Charter school opened for the 2020-21 school year, the increased demand for Chromebooks caused a delay in the delivery of the Charter School's Chromebooks. The Charter School was able to expedite the delayed Chromebook order by a limited additional cost which ensured all faculty and students could move to virtual learning when COVID-19 closures would be required. This also provided the Charter School the opportunity to continue to assess student progress through on-line assessment programs.

The Charter School supply budget has been increased recognizing the increased need for cleaning supplies and personal protective equipment (masks, shields, and health screening materials), and for individual (vs shared) student supplies where practical. Part of the staffing supports mentioned are focused on regular and frequent cleaning of classrooms, offices, and all other areas of the Charter School buildings.

Existing Facilities

The Facility Owner is (i) the owner of the real property commonly known as 26 Sharpe Avenue, Staten Island, New York (the "Main Campus"); and (ii) the tenant of certain real property and improvements situated in the Borough and County of Staten Island (Richmond), City and State of New York, commonly known as (a) 130 Merrill Avenue, Staten Island, New York (the "South Campus"), (b) 285 Clove Road, Staten Island, New York (the "East Campus"), (c) 355 Morningstar Road, Staten Island, New York (the "West Campus" and collectively, with the Main Campus, South Campus and East Campus, the "Existing Facilities").

Pursuant to the Master Lease, the Existing Facilities are leased by the Facility Owner to the Charter School for a term of 40 years, expiring June 30, 2060, with one option to renew for an additional term of five years. Pursuant to the Master Lease, the Charter School will pay, pro-rated monthly or, installments upon the issuance of the Series 2021 Bonds, no later than each Loan Payment Date (as defined in the Loan Agreement), to Facility Owner, rent in the annual amount determined as of the commencement of each school year based on the greater of the following: (i) number of registered pupils for each grade multiplied by the sum of \$5,000; or (ii) the amount due for the payment of debt service on the Series 2021 Bonds issued for improvements made by either the Charter School or the Facility Owner at the Main Campus (the "Base Rent"). The Base Rent will include education aid payments received by the Charter School and the Charter School will direct that such aid payments be paid to the Custodian (as defined in the Custody Agreement) appointed to receive such payments in connection with the Series 2021 Bonds issued for improvements at the Main Campus in accordance with the Loan Agreement. The Base Rent will be increased annually by the minimum rate of two (2.00%) percent at the commencement of each fiscal year beginning July 15, 2021. The Facility Owner may not increase the Base Rent more than four percent (4.00%) annually upon ninety (90) day prior written notice to the Charter School.

In accordance with the Master Lease, the Charter School currently leases and occupies the premises at the Existing Facilities, which currently serve students in grades K-2 and 5-8. The following table provides the description of the buildings on the Existing Facilities, the grades located at the Existing Facilities, whether the locations are leased or owned by the Facility Owner, and the estimated maximum physical capacity (in terms of number of students) that

the related buildings could presently accommodate. The Charter School does not have students in the 3rd or 4th grade for 2020-21 school year. The Charter School anticipates expanding the students it serves to include the 3rd grade in the 2021-22 school year and 4th grades by the 2022-23 school year.

TABLE B-1: EXISTING FACILITIES

	Building Description	Grades¹	Owned or Leased	Lease Term	Approx. Physical Capacity (Students)
Main Campus 26 Sharpe Avenue Staten Island, New York 10302	16,680 sq.ft. Academic building, 5,670 Main Office building, 8,169 sq.ft. Admin. building, 7,520 sq.ft Gym/Cafeteria	None	Owned	N/A	See "THE PROJECT" below
South Campus 130 Merrill Avenue, Staten Island, New York 10314	8,095 sq. ft. building containing Classrooms, Office and Administration facilities	K-1	Leased ²	February, 2019 through July, 2023 (with one option to renew for 5 years)	200
West Campus 355 Morningstar Road, Staten Island, New York 10303	8,855 sq. ft. building, 4,794 sq. ft. Main Office building, 6,268 sq. ft. Gym and Classroom building	2, 5-6	Leased ³	August, 2020 through July 2025 (with one option to renew for 5 years)	330
East Campus 285 Clove Road, Staten Island, New York 10310	23,054 sq. ft. building containing Classrooms, Office and Administration facilities	7-8	Leased ⁴	January 2021 through December 2024	490

Source: The Charter School.

¹ Grades listed are for the 2020-21 school year.

The Main Campus was closed to students on January 1, 2021. Due to the commencement of site work on the Main Campus, it is expected that 3rd and 4th grades will be added by 2022-23 school year. Grade configurations at each location will be modified as shown on Table B-2. By the 2022-23 school year, only 2nd and 3rd grade will be housed in the West Campus and the grades 4 through 8 will be housed at the East Campus. South Campus will remain a K-1 grades

² Leased by Facility Owner from Moore Catholic High School. Subleased by Charter School from Facility Owner.

³ Leased by Facility Owner from St. Adalbert/St Roch Catholic Church/Archdiocese of New York. Subleased by Charter School from Facility Owner. The Facility Owner maintains an option to increase the rental space to 25,054 sq.ft., for 2021-22 school year and 39,907 sq. ft. for 2022-23 school year, respectively.

⁴ Leased by Facility Owner from Our Lady of Mount Carmel-St. Benedicta School. Subleased by Charter School from Facility Owner.

Main Campus. The Main Campus, which formerly housed the 7th and 8th grades, was purchased for \$3,750,000 by the Facility Owner from the Archdiocese of New York on June 19, 2019. The Charter School loaned proceeds to the Facility Owner for payment of the purchase price pursuant to a promissory note ("Main Campus Note"). The Main Campus Note requires the Facility Owner to pay interest-only, in arrears, annually at a rate of 2.76%. The Main Campus Note will be repaid in full with proceeds of the Series 2021 Bonds.

The Main Campus includes the Academic Building, the Main Office Building, the Administration Building and the Gymnasium/Cafeteria Building. The Academic Building is comprised of 16,680 sq. ft, 2- story building with 15 general and special education classrooms, 2 administrative offices, 1 reflection room, 1 copy room, 2 large bathrooms, 2 individual bathrooms, 2 storage areas for curriculum materials and 1 safe room. There are four additional buildings located on the Main Campus which, as part of the Project, will be demolished. See "THE PROJECT" below.

The Main Campus was closed to students on January 1, 2021 to allow for certain environmental remediation to occur and to plan for demolition of the structures as part of the Project.

East Campus. The East Campus is leased to the Facility Owner (and subleased to the Charter School pursuant to the Master Lease) from Our Lady of Mount Carmel – St. Benedicta School (an unrelated third-party to the Institutions) pursuant to a lease dated December 4, 2020 (the "Mount Carmel Lease") to provide additional space needed for the Charter School's expansion to include 7th and 8th grades during the construction of the New Facilities. The East Campus is approximately one mile to the southeast of the Main Campus. The term of the Mount Carmel Lease expires on December 31, 2024. Rent payments for the Mount Carmel Lease for the initial six-months from January 1, 2021 through June 30, 2021 is \$80,000; thereafter, annual rent (or any pro-rated portion thereof) commencing July 1, 2021 ending December 31, 2024 shall be either be \$115,000 annually or, if additional second-floor class rooms are rented commencing July 1, 2022, \$210,000 annually. The East Campus includes two connected buildings comprised of 23,054 sq. ft, with a main office building, 10 classrooms, cafeteria and food preparation room. Four additional second floor classrooms (for a total of 25,054 sq.ft.) will be made available to the Charter School commencing July 1, 2021 with the option for an additional five second floor classrooms in July 1, 2022 (for a total of 39,907 sq.ft.) and thereafter. As set forth in Table B-2 below, beginning in the 2022-23 school year, students in 4th through 8th grade will be housed at the East Campus until such time as all students are moved to the Main Campus at the completion of the New Facilities.

South Campus. The South Campus is leased to the Facility Owner (and subleased to the Charter School pursuant to the Master Lease) from Moore Catholic High School (an unrelated third-party to the Institutions) pursuant to a sublease dated February 28, 2019 (the "Moore Catholic Lease") to provide additional space needed for the Charter School's expansion to include kindergarten and 1st grade. The South Campus is approximately three miles to the south of the Main Campus. The term of the Moore Catholic Lease expires on June 30, 2023 with one option to renew for an additional term of five years. Rent payments for the Moore Catholic Lease for the initial lease year of July, 2019 through June, 2020 was \$295,000, with rent escalating by approximately 1.0153% per year thereafter. The South Campus includes one building comprised of 8,094 sq. ft, with 1 main office area, 7 classrooms, 1 staff meeting work/lunchroom, 1 food preparation room, 1 nurse's room, and 1 technology area. As set forth in Table B-2 below, beginning in the 2022-23 school year, students in K through 1st grade will be housed at the South Campus until such time as all students are moved to the Main Campus at the completion of the New Facilities.

West Campus. The West Campus is leased to the Facility Owner (and subleased to the Charter School pursuant to the Master Lease) from the Roman Catholic Church of Saint Adalbert and Saint Roch pursuant to a lease dated as of August 24, 2020 (the "St. Adalbert Lease") to provide additional space needed for the Charter School's expansion to include the 2nd grade. In addition, the Charter School anticipates using a portion of the West Campus to relocate the 5th and 6th grade students from the Main Campus to allow demolition and construction to begin on the New Facilities. The West Campus is approximately one mile to the south of the Main Campus. The term of the St. Adalbert's Lease expires on July 31, 2025 with the option to renew by the Charter School for a mutually agreed upon term of years. Rent payment for the St. Adalbert's Lease for the initial lease year of August, 2020 through July, 2021 is \$400,000, escalating annually with the annual rent for the fifth year of the St. Adalbert equally \$530,450.

The West Campus includes the School Building, the Main Office Building and Gymnasium-Classroom Building. The School Building is comprised of 8,855 sq. ft, 1-story building with 8 classrooms, 5 offices, 1 cafeteria, 1 kitchen and food preparation area, and 1 teacher work/lunch area. The Main Office Building is comprised of 4,794 sq. ft, 3-story building with 2 offices, 1 student library, 1 kitchen and 2 large storage area. The Gymnasium-Classroom Building is comprised of 6,288 sq. ft., 1-story building with 2 classrooms, 2 office areas and 1 gymnasium. As set forth in Table B-1 below, beginning in the 2022-23 school year, students in 2nd and 3rd grade will be housed at the West Campus until such time as all students are moved to the Main Campus at the completion of the New Facilities.

As stated above, the Charter School anticipates expanding the students it serves to include the 3rd and 4th grades by the 2022-23 school year. The table below indicates the anticipated location of the Charter School students in grades K through 8 by the school year 2022-23. All of the Charter School's students will be located at the Main Campus upon completion of construction of the New Facilities. See "THE PROJECT" below.

TABLE B-2: PROPOSED EXPANSION			
Grade	2020-2021	2021-22	2022-2023
Kindergarten	South Campus	South Campus	South Campus
1st Grade	South Campus	South Campus	South Campus
2nd Grade	West Campus	West Campus	West Campus
3rd Grade	No Students	West Campus	West Campus
4th Grade	No Student	No Students	East Campus
5th Grade	West Campus	East Campus	East Campus
6th Grade	West Campus	West Campus	East Campus
7th Grade	East Campus	East Campus	East Campus
8th Grade	East Campus	East Campus	East Campus

THE PROJECT

General

It is expected that a portion of the proceeds of the Series 2021 Bonds will be used to pay all of the costs of the Project (as defined above). Currently, the Charter School operates in four separate campuses located at Sharpe Avenue (the Main Campus), Morning Star Road (the West Campus), Merrill Avenue (the South Campus) and Clove Road (the East Campus). The focus of the Project is to renovate and increase the size of the Main Campus to eventually house all of the Charter School students in one location. To accomplish this goal, the demolition of a number of separate buildings currently located at 19 Treadwell Avenue, 26 Sharpe Avenue (a/k/a 15 Treadwell Avenue and a/k/a 222/2240 Richmond Terrace) and 2230 Richmond Terrace will be required. These buildings include a church, rectory, gym and administration building. Once these buildings are removed, the Charter School intends to build a new building measuring an additional 73,800 square feet.

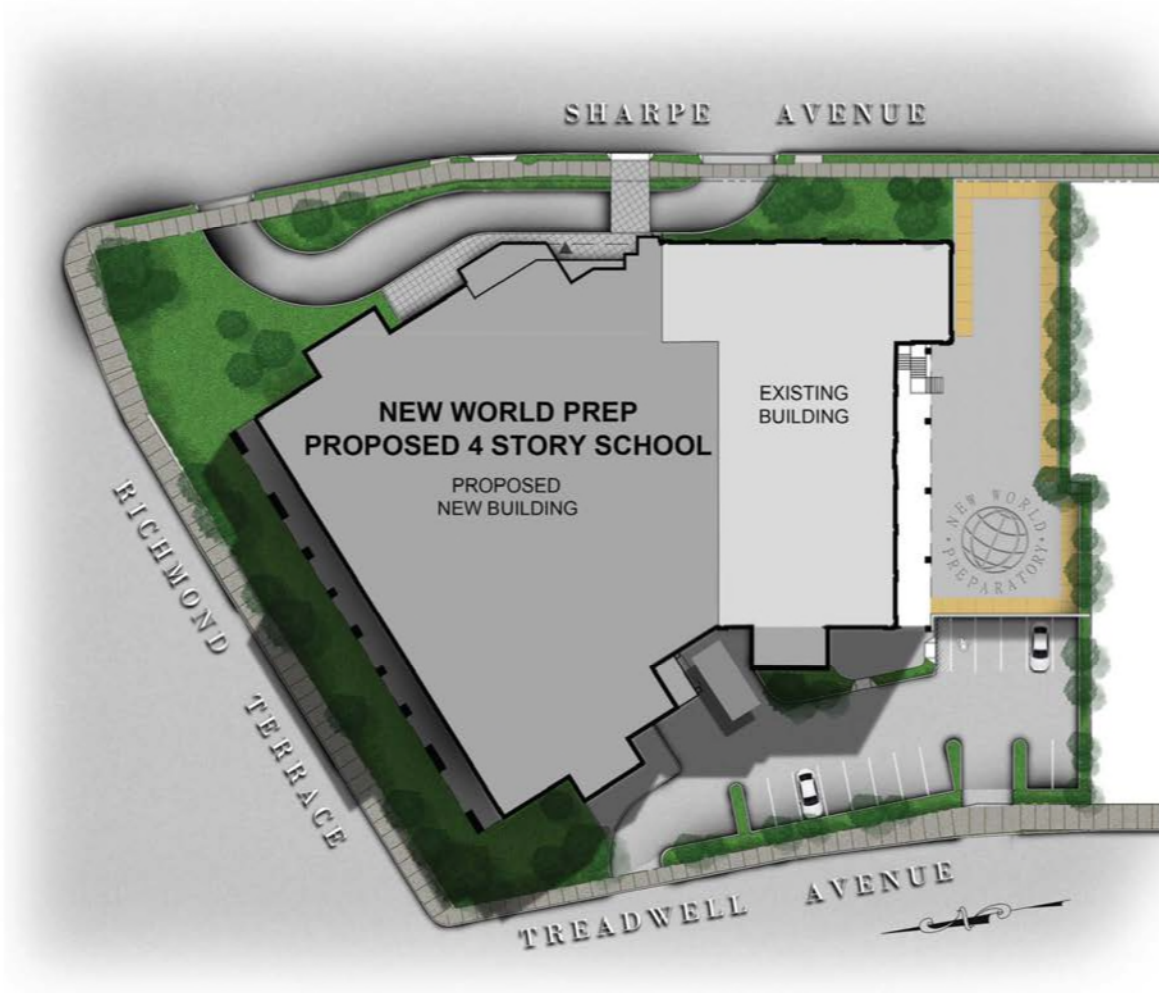
New Facilities

The Charter School intends to apply a portion of the proceeds of the Series 2021 Bonds to the design, construction, renovation, equipping and furnishing of an approximately 73,800 GSF new three-story (plus basement level) addition and a new 17,300 GSF addition of renovations and improvements to the existing building at 26 Sharpe Avenue, Staten Island, New York 10302, all for general classroom and administrative use, together with related site improvements of approximately 37,700 GSF (the "New Facilities").

The New Facilities will serve students in grades K-8 and will include 36 classrooms, offices, a full-sized gymnasium, a cafeteria, a laboratory for science, technology, engineering, arts and math, and classrooms for the arts as well as outdoor playground. Although the New Facilities can accommodate up to 1,120 students, the Charter School currently expects to house approximately 850 students in the New Facilities. The new building, when coupled with the renovation and expansion of the existing Charter School's main building, is intended to provide dedicated spaces for musical/drama performances, art room spaces, a media center, nurses room, a new warming kitchen, new gymnasium, and an experiential atrium which will feature a green wall, large interactive display/messaging board and bleacher area overlooking the atrium area in which students can enjoy between classes.

As well as creating additional space as set forth above, upon completion of the construction, the New Facilities will also include new infrastructure, including electric, plumbing fire protection and HVAC (which will include Bipolar Ionization technology to address a healthy quality of air). The New Facilities will include a new generator which will service life safety systems for the New Facilities and a portion of the Charter School which will be able to provide shelter to a small number of community members in the event of an emergency. The Charter School anticipates that the New Facilities will include the latest technology, integrating laptop charging stations, solar power, potentially green roofs, parking and a playground.

[Set forth on the following pages are renderings of the proposed New Facilities.]



The following table provides an estimate of the costs of the construction portion of the Project.

TABLE B-3: ESTIMATED PROJECT COSTS*

	Amount*
Construction of the Project Facility	
Construction/Rehabilitation Expenditures	\$24,407,604**
Site work	1,664,542
Equipment	1,564,811
Plumbing, HVAC, Electrical, Fire Protection, Security	9,141,222
Information Technology Upgrades	1,852,215
Reimbursement - land acquisition	3,675,000
Permits	325,699
Insurance	150,000
Other reimbursements	81,238
Other (fees, architectural and engineering services)	3,869,590
Total Estimated Project Costs	\$46,731,921

* Preliminary, subject to change.

** Includes approximately \$3,000,000 of contingency

A complete preliminary list for the construction portion of the Project is available upon request as provided under "MISCELLANEOUS – Additional Information" above.

Project Construction

The Contractor. The Charter School has entered into an agreement for the construction of the New Facilities (the "Construction Contract") with JRM Construction Management, New York, NY 10018 (the "Contractor") using AIA Document A132-2019 & A-232-2019. The Contractor is an S Corporation, New York-based employee-owned company originally founded in 2007 to establish an organization that provides specialized general contracting and construction management services for commercial, private and institutional clients throughout the New York City metropolitan area.

The Contractor has successfully completed over \$264 million worth of educational facility projects since forming in 2007. A sample of educational buildings built by the Contractor include:

- East Harlem Tutorial Program – 342-346 East 104th Street, NY, NY
- The Cathedral School of St. John the Divine – 1047 Amsterdam Avenue, NY, NY
- The Browning School – 52 East 62nd Street, NY, NY
- Chapin School – 100 East End Avenue, NY, NY
- Packer Collegiate Institute – 1700 Joralemon Street, Brooklyn, NY
- West Side Montessori School – 309 West 92nd Street, NY, NY
- Gateway School – 211 West 61st Street, NY, NY

The Construction Contract. Pursuant to the Construction Contract, in addition to serving as adviser to the Charter School, the Contractor shall construct the New Facilities. Specifically, the Contractor has provided the Charter School with a guaranteed maximum price proposal. In accordance with the Construction Contract, the Contractor is contractually bound to provide labor and materials for the New Facilities and to complete construction at or below the guaranteed maximum price. The Construction Contract divides the Contractor's services into two phases: the preconstruction phase and the construction phase, portions of which may proceed concurrently in order to fast track the process.

The Charter School will require payment and performance completion bonds to be secured in connection with construction of the New Facilities. In general, the Charter School anticipates that such payment and performance completion bonds will be sufficient to cover costs associated with transferring a project to a subsequent contractor if and to the extent the originally selected contractor is unable to finish or complete a project as planned.

The Architect. The Charter School has also entered an AIA B101 standard form of agreement between owner and architect (the "Architect Agreement") with Rampulla Associates Architects, Staten Island, New York (the "Architect"), pursuant to which the Architect has agreed to perform certain design and construction administration and management tasks with respect to construction of the New Facilities. Founded in 1972, the Architect is an architectural firm with in-house design disciplines that include: Architecture, Mechanical, Electrical, Plumbing, Engineering and Civil and Structural Engineering, Planning and Interior Design.

The Architect Agreement. Under the Architect Agreement, the Architect is required to design the New Facilities in accordance with all applicable local, state, and federal codes and standards. Moreover, the Architect is required to perform certain ongoing administrative responsibilities, including visiting the site at appropriate intervals to become familiar with the progress and quality of work, reviewing and certifying amounts due to the Contractor, and advising the Charter School in writing regarding rejection of non-conforming work.

The Owner's Representative. The Charter School has entered an agreement (the "Owner's Representative Agreement") with DBS Infrastructure LLC, New York, New York and Copper Hill Development, Inc., New York, New York (the "Owner's Representative"), pursuant to which the Owner's Representative has agreed to monitor and advise the Charter School regarding the status of the construction schedule and cost, as well as the quality of design and construction. In this role the Owner's Representative will provide (a) project delivery oversight, (b) project budgeting and scheduling, (c) sub-consultant selection, and (d) design & construction oversight. The Owner's Representative has also committed to facilitate the Charter School's review of the ongoing viability of construction from a cost perspective, as well as provide the Charter School with input and options regarding alternatives for enhanced economic efficiency and cost savings proposals. In this role, the Owner's Representative will assume responsibility for all day-to-day communications, inquiries and information requests from project vendors. The Owner's Representative currently manages in excess of 700,000 square feet of commercial space in New York, New Jersey and Connecticut.

Copies of the Construction Contract, Architect Agreement and Owner's Representative Agreement are available upon request, as provided under "MISCELLANEOUS – Additional Information" above.

The Permitting, Design and Construction Schedule. Pending completion of architectural construction documents, the Architect anticipates that stamped & signed construction documents, which include five (5) disciplines (General Construction, Mechanical, Electrical, Plumbing and Fire Protection) along with respective applications will be submitted to the New York City Department of Buildings for review. The submissions to the New York City Department of Buildings began on or about February 5, 2021 when the main Alteration Application was filed. The plans received a Plan Examination by the NYCDOB on March 22, 2021 and standard Plan Examination objections were issued. The Architect estimates that building permit process will take approximately 8-10 weeks until a final building permit is issued, at which time construction of the New Facilities can commence.

The Contractor anticipates the construction of the New Facilities will be completed by December 31, 2022.

Investors should note that there are always risks with respect to such new construction. See "RISK FACTORS - Construction Costs and Completion of Construction" and "- Project Approvals and Construction Process."

Despite the above-described precautions, there are always risks associated with new construction. See generally "RISK FACTORS" in this Official Statement. For example, even though the Construction Contract will contain a stipulated sum, there can be no guarantee that actual construction costs will not exceed such amount, and hence exceed the amount available to the Facility Owner and the Charter for construction purposes. Further, contingency amounts may be insufficient to cover additional costs arising due to factors such as unforeseen site conditions or contract omissions. In addition, although a stand-by letter of credit is proposed in lieu of payment and performance completion bonds, disputes can arise and in any event the letter of credit cannot protect against timing delays when projects run into difficulty (due to performance of contractor or any other reason). Such timing delays could cause operational difficulties for the Facility Owner and the Charter School.

Environmental Report

As part of its diligence for the acquisition of the Main Campus, the Facility Owner commissioned AKRF, Inc. to review the property. AKRF, Inc. issued its report on October 26, 2018 (the "Phase I Report"). As a result of the identification of certain recognized environmental conditions ("REC") in the Phase I Report, the Facility Owner commissioned AKRF, Inc. to perform a Subsurface Investigation Report (the "Phase II Report"), which was issued in January 2019.

Pursuant to the Phase I Report, it was noted that the Main Campus is registered in the New York State Department of Environmental Conservation (NYSDEC) Petroleum Bulk Storage (PBS) database (Facility IDs 2-098523 and 2-606363) with two in-service 550-gallon No. 2 fuel oil aboveground storage tanks (ASTs), one in-service 1,080-gallon No. 2 fuel oil underground storage tank (UST), one in-service 3,000-gallon No. 2 fuel oil UST, and one 2,000-gallon No. 2 fuel oil UST converted to non-regulated use.

In addition, the Historical Sanborn maps and the regulatory database information identified an automotive scrapyard/salvage facility, contractor's yard with gasoline tanks and an asphalt plant, Standard Oil Co., and a boat yard located on the north-adjacent block. The scrapyard/salvage facility was also listed with an active spill listing and was identified on the Solid Waste Facility and Resource Conservation Recovery Act (RCRA) generator databases. Additional automotive and light industrial uses were noted on adjacent blocks on the historical Sanborn maps and New York City Directories between 1917 and 2014.

The purpose of the Phase II Report was to determine whether past uses on or near the Main Campus have adversely affected the Main Campus' subsurface. The scope of the investigation was based on the findings in the Phase I Report. Field activities in preparation of the Phase II Report were conducted on December 27, 2018 and included: a geophysical survey the advancement of seven soil borings with collection and analysis of seven soil samples; and the installation of three temporary groundwater monitoring wells with the collection and laboratory analysis of three groundwater samples. Various metals and chemicals were detected in the soil, but each was below the New York State Department of Environmental Conservation (NYSDEC) Part 375 Unrestricted Use Soil Cleanup Objectives (UUSCOs) and Commercial Use Soil Cleanup Objectives (CSCOs). Chemical levels in groundwater were detected to be slightly higher than the NYSDEC Technical and Operational Guidance Series. Based on field observations and the soil and groundwater analytical results, a spill was reported to the NYSDEC on January 8, 2019 as a precaution. The spill, if it in fact exists, will be investigated and remediated as required by State law and regulation as part of the demolition of the existing buildings. Demolition will also remove the identified UST. See "RISK FACTORS - Hazardous Materials" in this Official Statement.

Interior asbestos and lead removal (as recommended in the Phase I Report) commenced in 2020 by Metro Environmental Services, LLC in buildings scheduled for demolition as well as the existing school building which will be refurbished. The interior work was completed in March 2021. There are some exterior asbestos issues, as identified in the Phase I Report, which require abatement on buildings to be demolished prior to construction of the New Facilities.

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 Official Statement 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 at 210 University Boulevard, Suite 460, Denver, CO 80206.

CHARTER INFORMATION

General

Article 56 of the New York State Education Law ("Article 56") provides for the creation of charter schools that operate independently of existing schools and school districts in order to: (i) improve student learning and achievement; (ii) increase learning opportunities for all students, with special emphasis on expanded learning experiences for students who are at-risk of academic failure; (iii) encourage the use of different and innovative teaching methods; (iii) create new professional opportunities for teachers, school administrators and other school

personnel; (iv) provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; and (v) provide schools with a method to change from rule-based to performance-based accountability systems by holding charter schools accountable for meeting measurable student achievement results.

As stated earlier, the Charter School operates pursuant to the Charter granted by SUNY-CSI. A charter governs such matters as the recipient's authority to operate, student performance, financial management, and governance and operations. Pursuant to New York State Education Law, the term of a proposed charter cannot exceed five years. The Charter School initially received its Charter from the SUNY-CSI for a five year period on February 17, 2010. The Charter School received a renewal of its Charter in 2015 and again in 2018, from SUNY-CSI. As part of the renewals of its Charter, the Charter School was given permission to expand its grades served to include a 5th grade. The following year, on January 28, 2019, the Charter was further amended to authorize the Charter School to serve students in grades K-4 with a maximum enrollment of 685 students by the commencement of the 2022-23 School Year.

Charter Renewal

Under the terms of the New York State Education Law, charters may be renewed, upon application for renewal, for a term of up to five years. In connection with such charter renewal, New York State Education Law requires applicants to submit:

- (i) A report of progress in achieving the educational objectives set forth in the charter;
- (ii) 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;
- (iii) Copies of each of the annual reports of the charter school required by Article 56, including charter school report cards and certified financial statements; and
- (iv) Indications of parent and student satisfaction.

In the case of the Charter School, its Charter also requires that a renewal application contain such other material and information as is required by the Authorizer.

The New York Education Law requires that charter renewal applications be submitted to the charter entity no later than six months prior to the expiration of such charter; provided, however, that the charter entity may waive the deadline for good cause shown. The Charter School's Charter provides that no later than the first of July in the year prior to expiration of the Charter, the Charter School may provide the Authorizer with an application to renew the Charter. When a charter entity determines not to renew a charter it may seek to have operations at the charter school cease as of the time of the non-renewal determination, meaning, as a practical matter, in some cases a charter school may cease operations earlier than the stated term of the non-renewed charter would otherwise allow.

Charter Revocation

A charter may be terminated by the charter entity upon any of the following statutory grounds:

- (i) If the charter school's outcome on student assessment measures adopted by the New York Board of Regents falls below the level that would allow the Commissioner of Education to revoke the registration of another public school, and student achievement on such measures has not shown improvement over the preceding three school years;
- (ii) Serious violations of law;
- (iii) Material and substantial violation of the charter, including fiscal mismanagement; or
- (iv) If the New York Public Employment Relations Board makes a determination that the charter school demonstrates a practice and pattern of egregious and intentional violations of subdivision one of Section 209-A of the New York Civil Service Law involving interference with or discrimination against employee rights under article fourteen of the New York Civil Service Law.

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

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

In addition, the charter entity or the New York Board of Regents may place a charter school falling within the provisions of (i) through (iv) 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 charter school's charter.

GOVERNANCE AND MANAGEMENT

General

The Charter School operates as a New York non-profit corporation and as such is governed by the Article 56 and certain applicable laws that apply to such entities through Article 56 and its articles of incorporation and bylaws. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF NEW YORK CHARTER SCHOOL LAW" in this Official Statement. The Charter School's bylaws provide that the Charter School is managed and controlled by the Board of Trustees.

The Charter School's bylaws provide that the Board of Trustees shall consist of not less than five or more than nine members, including the president of the Parent-Teacher Organization of the Charter School ("PTO"), who is a voting member for the length of his or her term as president of the PTO. Members of the Board of Trustees serve either five-year or three-year terms. The Charter School's bylaws also provide that its officers are elected annually by the Board of Trustees and that a vacancy in the office of any officer shall be filled for the remainder of an unexpired term by vote of a majority of the trustees then in office. The Board of Trustees generally meets on a monthly basis.

The Charter School presently has ten members on its Board of Trustees. The Executive, Academic, Finance, Strategic, Personnel and Facilities committees are authorized standing committees. The Charter School uses the annual budget, staff and consultant reports, and the independent annual audit of financial statements as the primary tools for conducting financial due diligence and meeting its fiduciary obligations.

Listed below are the current members of the Board of Trustees, along with a brief description of the responsibilities of their respective positions and biographical information pertaining to each.

Angelo J. Aponte, Chairperson: *Angelo Aponte* has served as Chairperson and President of the Board of Trustees since June 24, 2009. Mr. Aponte has over thirty-years of experience ranging in fields from government to education. Additionally, he served as Principal of a design/build construction management firm, specializing in interior demolitions and retro fits. In Mr. Aponte's long career, he served as New York State Senate Secretary, Vice President for Finance and Administration at the College of Staten Island, CUNY, Chief Executive Officer for Morrison Group, Partner and Principal of MDM International and Management Consultant for Interstate Materials.

Lawrence Miraldi, Vice Chairperson: *Lawrence Miraldi* has served as Vice Chairperson of the Board of Trustees since September 17, 2019. Mr. Miraldi has served as a teacher for seven years, a writer and editor for twenty years, a public relations consultant, a communications director and editor, and as an associate pastor. He created the Utopia ESL (English as a Second Language) program, an outreach to adults on Staten Island's north shore. Mr. Miraldi founded of Utopia Outreach, Salem Church's New York State-incorporated not-for-profit, and the Upward Basketball Program. Mr. Miraldi received a Bachelor of Arts degree in History from Wagner College in 1968.

Rev. Terry Troia, Secretary: *Terry Troia*, has served as Secretary of the Board of Trustees since February 17, 2010. Ms. Troia has served as the Executive Director of Project Hospitality for over 22 years. Ms. Troia served as an Adjunct Lecturer at the New York City College of Technology from 2003 to 2007. Ms. Troia is an active

member of her community serving on the Community Advisory Boards of JP Morgan Chase and North Fork Bank, Chair of the Board of Directors of the Supportive Housing Network of New York State, Advisory Group of the New York State Department of Health Statewide AIDS Service Delivery Consortium Advisory Group and numerous other community organizations. In 2005, Ms. Troia received her Doctorate in Divinity, *honoris causa*, from Wagner College.

Carin Marie Guarasci, Board Member: *Carin Guarasci* has served on the Board of Trustees since February 17, 2010. Ms. Guarasci has dedicated herself to inspiring, educating, and supporting children at risk. Now retired, Carin Guarasci was the founding director of the NEW (New Educators at Wagner) program which mentors Wagner College students and alums in their teaching jobs in New York City Schools, helping to ensure their professional success in inspiring and supporting their students as accomplished readers, writers, and learners. As a Professor of Literacy and having over 35 years of experience in the field of education, Ms. Guarasci served as a classroom teacher, principal, consultant and supervisor to schools across the State of New York and New Jersey. Ms. Guarasci graduated with an Ed.D. from Teachers College, Columbia University in 2017.

Bernard Lopez, Board Member: *Bernard Lopez* has served on the Board of Trustees since December 1, 2016. Mr. Lopez has served in both private and public schools as a Teacher, Assistant Principal, Executive Assistant, Supervisor, Safety Administrator, and High School Director. During his twenty-five year tenure with the New York City Board of Education, Mr. Lopez mainly served from a managerial standpoint, supervising many programs and centers. Since 1981, Mr. Lopez has served as an Officer, and Executive Board Member of the American Association of Teachers of Spanish and Portuguese and is currently serving his eighth two-year term as President of the American Association of Teachers of Spanish and Portuguese, Metropolitan New York Chapter. Mr. Lopez received a M.S. degree in Spanish from Iona University in 2017.

Michael McVey, Board Member: *Michael McVey* has served on the Board of Trustees since December 1, 2016. Mr. McVey has extensive experience in directing complex projects from concept to fully operational status. After working for Verizon for over thirty-five years, Michael moved on to short six-month projects. After completing three short term projects (two with Lexent Metro-Connect, and one with Genergy), Mr. McVey became a project manager, supervising all phases of Block Engineering in Manhattan for Verizon FiOS.

Jack Minogue, Board Member: *Jack Minogue* has served on the Board of Trustees since September 17, 2019. Mr. Minogue has served as a teacher, dean, coach and program administrator in both private and public schools on Staten Island. During his twenty plus years of service with the New York City Board of Education's Auxiliary Services for High School, Mr. Minogue worked with both GED students and English language learners. Since 1985 he has served as the Treasurer to the Staten Island Employment Education Consortium. Mr. Minogue received a B.S. degree in American History and Political Science from St. Peter's College in 1960.

Ana Romero – Board Member & Parent Representative: *Ana Romero* has been a member of the Board of Trustees since her election in September of 2018 as President of the Parent Teacher Organization at the Charter School. Ms. Romero has one child who is an alumnus of the Charter School as well as two other children who are presently in the 7th grade and 5th grade at the Charter School. During her time as the PTO President, Ms. Romero has increased the parent participation at PTO meetings and parent programming. Ms. Romero has donated her time to the Charter School working on various fundraisers and events for the Charter School. She is currently employed as a Residential House Cleaner.

Alice Tobin, Board Member: *Alice Tobin* has served on the Board of Trustees since February 17, 2020. Ms. Tobin served New York City Public schools for 35 years. During that time she served as a classroom teacher of Early Childhood, science teacher, Literacy Coach, District 31 Staff Developer and Assistant to the Testing Coordinator for training and correction of state exams. Ms. Tobin implemented the district grant, Reading is Fundamental, to teachers of Title One Schools and continues her service to her community by volunteering with young adults with special needs, gardening organizations, providing musical entertainment for seniors. Ms. Tobin received a M.S. degree in Education from Wagner College in 1969.

Peter Weinman, Board Member: *Peter Weinman* has served on the Board of Trustees since February 17, 2010. Mr. Weinman is currently an Associate Attorney of the Staten Island law firm of Gaines and Fishler LLP specializing in real estate transactions. Mr. Weinman received his Juris Doctor from the New York Law School in 2000 and is a member of the bar of New York and of New Jersey.

School Leadership

Listed below are key members of the Charter School's administration, along with a brief description of the responsibilities of their respective positions and biographical information pertaining to each.

Eugene Foley, President - Eugene Foley became President of the Charter School in July of 2015. As President of the Charter School he serves as the Chief Executive Officer. As a former Principal for 16 years, he brings a professional background which enables him to support the work of the Principal who focuses on the instructional program of the Charter School. In addition, he is responsible for facilities, finances, and all operational matters of the Charter School. Mr. Foley has over 34 years of experience in education at elementary and middle schools, secondary and university levels. Mr. Foley earned his Bachelor of Arts in Psychology from Iona College in 1980, a Master of Arts in Theology from the Washington Theological Union in 1980, and a Professional Diploma in Administration and Supervision from New York University in 1991. Mr. Foley undertook training at Fordham University for Guidance and Counseling certification and extensive postgraduate studies at Barry University for Educational Leadership.

About 15 years ago he made a significant personal decision to dedicate his time and work in schools that served students from lower socio-economic families. The decision to accept the role of President was influenced by his visits to the Charter School, where he experienced a learning environment that fostered on the academic and social emotional growth of every child. Mr. Foley's approach is influenced by the words of Aristotle: *Educating the mind without educating the heart is no education at all.*

Amanda Ainley, Principal- Amanda Ainley became Principal of the Charter School in 2015. Ms. Ainley joined the Charter School as a founding teacher in 6th grade science. While teaching, she served as the Science Content Leader, the 6th Grade Level Leader, and a Teacher Coordinator. In 2014, Ms. Ainley became the Director of School Organization. As Principal, she is responsible for the oversight of all teaching staff, and for fulfilling the mission and vision of the Charter School and she is the instructional leader. Under her leadership she has implemented the Marzano's Model of Teaching Effectiveness. Her primary focus is in supporting teachers in improving instruction by implementing particular teaching strategies and behaviors. She works collaboratively with the guidance department to support its work in developing the social and emotional skills of students. Ms. Ainley earned a Bachelor of Arts with a double major in Psychology and Childhood Education in 2009, and a MEd in Teaching Literacy from Wagner College in 2010. She received her Advanced Certificate for Leadership in Education from the College of Staten Island and is a New York State-certified School Building and School District Leader. Ms. Ainley is currently working on her PhD in Education with Capella University with a focus on K-12 Studies.

Randi Schafer, Assistant Principal - Randi Schafer became Assistant Principal in 2020. Prior to that, Mrs. Schafer was the Associate Director of Academic Support Services for the Charter School and served in that capacity since 2017. Prior to her role as Associate Director of Academic Support Services, Mrs. Schafer was the Charter School's Student Intervention and Data Coordinator for the 2016 - 2017 school year. Mrs. Schafer had been working at the Charter School since May of 2011, as a 7th Grade Math Teacher, up until she became the Assistant Principal. Throughout her 9 years as a Math Teacher, she was also the Math Vertical Team leader. Mrs. Schafer is a graduate of St. John's University with a Bachelor of Science in Secondary Education with a concentration in Mathematics and from Brooklyn College with a Master of Science Degree in Mathematics Education Grades 5 – 9. She also earned a School Building Leader Advanced Certificate from St. John's University.

Germaine Buchanan, Assistant Principal. Ms. Buchanan became Assistant Principal for the K-1 campus in 2019. Ms. Buchanan joined the Charter School in 2018 as The Literacy Instructional Specialist. Prior to joining the Charter School, Ms. Buchanan served as an Assistant Principal at the New York Dept. of Education. She brings 28 years of Elementary experience with her to her current position. Ms. Buchanan received her Bachelor of Science in Elementary Education from Morgan State University. She earned her Master of Science as a Reading Specialist from Brooklyn College and her Masters of Education in Education Administration from Grand Canyon University. She holds New York State Certification as Supervisor and Administrator, Reading Teacher, and Elementary Teacher, K,1-6th Grades.

Teresa Casimire, Director of Student Support Services- *Teresa Casimire* became Director of Student Support Services at the Charter School in August 2020. Prior to that, Ms. Casimire was the Guidance Dept. Head at Perth Amboy High School and served in that capacity for three years. She has also worked as the Director of Guidance at St. Edmund Prep. High School for six years where she began her career as a Guidance Counselor for three years and was then promoted to Director. She has amassed over ten years of experience in Student Support Services during the span of her career and she is committed to supporting the students' academic, social and emotional success. Ms. Casimire is a graduate of the City University of New York/ Baruch College with a Bachelor Degree in Business Communications in 1993 and from the City University of New York/Hunter College with a Master Degree in Guidance and Counseling in 1997. She also earned a second Master Degree from Touro College in School Building Leadership in 2014.

Diane Sorensen, Director of School Business and Board Functions- *Diane Sorensen* has been employed as the Charter School since 2014. Ms. Sorensen handles day-to-day business dealings with school staff including payroll, purchasing, billing and coordinating personnel data for the human resources provider. Ms. Sorensen also attends to the needs of the Board of Trustees in coordinating meetings, maintaining board documents and updating the Authorizer. Prior employment includes 12 years as an Office Manager at a large private medical practice and 15 years with Smith Barney as Systems Support Analyst providing training, support and testing.

Yasmin Peralta, Director of School Organization- *Yasmin Peralta* has been the Director of School Organization at the Charter School since 2015. Previously she was the Executive Administrative Assistant to the Principal and Office Manager for AECI Charter High School in the Bronx for 7 years. Before moving into the education field she worked in the food services industry as a Manager for a fast food chain for 12 years and was holding other administrative responsibilities at Columbia University, Visiting Nurse Service of New York. In her current position as the Director of School Organization at the Charter School, Ms. Peralta oversees all operational aspects of the Charter School including supervising the operations, custodial, food service, and security staff. Ms. Peralta received a BBA in Business Management, Minor in Human Resources from Monroe College in 2010, AAS in Business Administration from Monroe College in 2009 and Basic Shift Management Certificate and Advanced shift Management certificate in 2003. She is also part of the International Business Honor Society.

Management

The Charter School has engaged Victory Schools, Inc. d/b/a BoostEd Finance ("BoostEd") to provide certain financial and accounting services pursuant to the terms of a Services Agreement. BoostEd, provides financial management, budgeting and planning services to charter schools. The Charter School has contracted with BoostEd since 2010. Pursuant to the terms of the Services Agreement, BoostEd will provide comprehensive financial management services for the Charter School, including without limitation, financial budgeting and planning, financial reporting, financial statement presentation and audit coordination.

BoostED will provide the following accounting, financial and operational advisory services to the Charter School:

- (a) Train and support the Charter School's leadership, operations and finance team members, as needed, to ensure compliance with the Charter School's financial policies and procedures;
- (b) Review of the Borrower's current financial controls, policies and procedures and make recommendations related to the improvements of such controls, policies and procedures;
- (c) Perform bi-monthly school district invoicing and year-end reconciliation;
- (d) Prepare and submit to the Board for its review a proposed annual budget for such fiscal year;
- (e) Issue invoices and pursue payments from all sources of Charter School revenue, including per pupil for schools in New York State and categorical federal grant programs such as Title I;
- (f) Provide standard bookkeeping and accounting services, including preparation of ledgers of accounts receivable and payable and financial statements including balance sheet, all in accordance with GAAP (generally accepted accounting principles);
- (g) Prepare all other financial reports and financial statements as may be required by the School's Charter and Applicable Law, including reporting to the Board, the Charter School's Authorizer (SUNY-CSI), and to the New York State Education Department.

OPERATING INFORMATION

Employees and Labor Relations

The following table provides information regarding Charter School's professional staff and faculty for the fiscal years 2019-20 and 2020-21.

Table B-4: STAFF AND TEACHERS		
Category	2019-20	2020-21
Leadership	8	8
Operations & Facilities	12	14
School Aide	4	6
Student Support Services	9	11
Teacher ¹	33	38
Teacher Ais	2	2
Teacher Assistant	9	13
Teacher Electives*	5	7
Teacher EsI	3	3
Teacher Spec Ed*	9	12
Total	94	114

¹ Included on Teacher: Student Ratio

Maintaining strong leadership and instructional staff is a priority for the Board of Trustees. In this regard, the Board of Trustees took particular steps to continue to retain and develop its teachers and leaders. Teacher retention was a significant factor. Several improvements were made to support teacher retention, including structuring teacher salaries to be competitive with the NYC Board of Education, improving available medical benefits at a lower cost to the employee, and increasing Charter School support for education classes.

Additionally, the Charter School provides opportunities for teachers and staff to request and participate in the Charter School's leadership program to obtain appropriate academic and other training and experience to move into leadership positions with the Charter School community. Such training is financially supported by the Charter School. In return, the employee must commit to several years of service back to the Charter School. The present Principal and one of the Assistant Principals are two examples of leaders who participated in this program.

All of the Charter School's teachers, support staff and additional employees are employees of and are compensated by the Charter School. Teachers are employed pursuant to letters of hire for one year. The Charter School believes that the faculty, administration and the Board of Trustees have a strong and collaborative working relationship. The Charter School monitors its teachers and makes determinations about their ongoing status. Teacher retention rate is approximately 91%.

The Charter School leadership considers its relationship with the teachers to be excellent. The Charter School's leadership believes in open communication and provides ongoing support to the faculty in the form of individualized coaching, workshops and professional development. The Charter School leadership believes strongly in the open-door policy with structures in place to allow staff to express ideas and concerns. Examples of such structures include monthly all staff meetings, RULER program meetings (which are designed to develop a positive school environment), team meetings for operations, as well as grade and vertical team meetings for the teachers. The open communication and feedback from both administration and teachers allow teachers to develop best practices to support their students. The open communication process allows teacher input, which helps foster an excellent relationship between the Charter School's leadership and the staff.

Full-time staff members are eligible for a Benefits Program. A staff member is considered full-time staff if he or she is scheduled to work 30 or more hours per week. Part-time staff members who are not regularly scheduled to work at least 30 hours per week are not eligible to participate in the Benefits Program. The Benefits Program

consists of many features, which include: Medical, Dental, Vision, Basic Life/AD&D, Short Term Disability, Long Term Disability, New York State Mandated Disability (if applicable), Voluntary Life and AD&D Insurance, Accident Insurance, Critical Illness Insurance, Medical Bridge Insurance—Hospital Indemnity, Flexible Spending Accounts, Tuition Reimbursement Program, Health Savings Account, Commuter Benefit (Parking & Transit), Legal Protection, ID Theft Protection and Perks & Discounts.

Student to Teacher Ratios

The Charter School's target class size is 20-25 students per classroom. The table below sets forth the Charter School's current student-faculty ratios (*i.e.*, the number of students compared to the number of in-classroom teachers) on a grade-by-grade basis for the 2019-20 school year. This ratio is expected to remain approximately the same for the 2020-21 school year.

TABLE B-5: STUDENT: TEACHER RATIO*		
Grade	2019-20	2020-21
K	12:1	12:1
1	12:1	12:1
2	N/A	10:1
5	12:1	10:1
6	12:1	10:1
7	12:1	12:1
8	12:1	12:1

*Ratios calculated per location due to nature of teacher schedules.

Enrollment

Enrollment for the Charter School is open to any child who is qualified under the laws of New York for admission to a public school in compliance with State law, which provides that admission of students cannot 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 shall 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.

The Charter School must demonstrate good faith efforts to attract and retain a comparable or greater enrollment of students with disabilities and limited English proficient students when compared to the enrollment figures for such students in the school district in which the Charter School is located. New York law requires that charter schools 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 must be accepted from among applicants by a random selection process, provided that an enrollment preference will be provided to pupils returning to the Charter School in the second or any subsequent year of operation, pupils residing in the District, and siblings of pupils already enrolled in the Charter School

Families residing in the neighborhoods which the Charter School serves have a significantly larger population of free and reduced-price lunch program students than the average Staten Island community (see Table B-10).

The following table sets forth historical and projected enrollment at the Charter School.

TABLE B-6: HISTORICAL AND PROJECTED ENROLLMENT

Grade	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
K	0	0	66	78	80	80	80	80
1	0	0	56	67	80	80	80	80
2	0	0	0	51	75	75	75	75
3	0	0	0	0	50	75	75	75
4	0	0	0	0	0	50	75	75
5	0	41	62	64	75	75	75	75
6	135	131	134	123	130	130	130	130
7	119	126	128	129	130	130	130	130
8	<u>125</u>	<u>114</u>	<u>122</u>	<u>120</u>	<u>130</u>	<u>130</u>	<u>130</u>	<u>130</u>
Total	379	412	568	632	750	825	850	850

Source: The Charter School.

Under its general admissions policy, the Charter School will enroll every student who submits a timely application, space permitting. A lottery is held for all grade levels in which there are more applications than seats available at the end of the enrollment period. The Charter School requires that its lottery be conducted in the following manner:

Limited English Proficient Students. Data from the 2020-21 school year demonstrates that the Charter School served a student population which contained 15.3% of ELL students. This percentage is 8.7% higher than the percentage of ELL students served by the District. The Charter School has two positions to aid in the Charter School's enrollment efforts of ELL students: the Director of Community Outreach, charged with marketing and outreach efforts for recruitment; and the Family Resource Coordinator, who is focused on personalizing the recruitment experience for the local immigrant population. Additionally, these positions create a liaison between the community and parents, as well as conduct bi-monthly support to immigrant parents to address their children's academic, social, and emotional needs.

Students with Disabilities. Data from the 2020-21 school year demonstrates that the Charter School served a student population which contained 25.3% of students with disabilities, compared to 25.9% of students in the District identified as having a disability.

Lottery. Each year a lottery is held in April for the following school year. In accordance with the Charter School's policy of giving preference to students residing in a home whose primary language is one other than English, the Charter School amended its student lottery in 2012 to employ the following practice: There will be five drawings for each grade; one for siblings of currently enrolled students; one for ELL/LEP students and those who live in homes where languages other than English are spoken in the District; one for ELL/LEP students and those who live in homes where languages other than English are spoken out of the District; one for non-ELL/LEP applicants in the District; one for out of District non-ELL/LEP applicants. Staff announces lottery numbers for parents in audience at the time of each lottery. The Charter School generally mails out notifications to all parents within three days after each lottery.

Waiting List

Enrollment in the Charter School is open to all residents of New York State subject to compliance with New York State statutes, policies of the Board of Trustees and the Charter School's Charter. There is an open application process that begins in November for incoming students. If at any time the number of applications exceeds the seats available for any given grade level at the Charter School, an open lottery is held. Students who are selected are enrolled and the remaining are placed on a waiting list. Applications received after the lottery application deadline are placed on a waiting list in the order received. Students on the waiting list may be offered seats during certain times of the school year. The table below provides waiting list data for the 2018-19, 2019-20 school year and as of October 7, 2020 for the 2020-21 school year.

TABLE B-7: WAITLIST DATA

Grade	2018-19	2019-20	2020-21
K	-	17	43
1	-	9	53
2	-	-	4
5	26	55	16
6	235	252	189
7	63	75	58
8	<u>51</u>	<u>35</u>	<u>31</u>
Total	232	247	394

Source: The Charter School.

Student Retention

The table below states the number of students at the end of 2019-20 school year who returned at the beginning of the 2020-21 school year.

TABLE B-8: STUDENT RETENTION

Enrollment at End of 2019-20	Enrollment Eligible to Return	Students Who Returned	Retention Rate
551	431 ⁽¹⁾	416	96.50%

⁽¹⁾ Excludes graduating 8th grade students.

Diversity

Historically, the Charter School has served a diverse population. In addition, students of the Charter School graduating from 8th grade, on average are better prepared for high school and thereby graduate from high school at a higher rate compared to the average student in New York City high schools. As of October, 2020, approximately 55% of the students are female and approximately 45 % of the students are male.

Recruitment

Beginning on or before November 1 of each school year, the Charter School advertises open registration and provide families with an opportunity to meet the teachers and staff and learn more about the Charter School. The Charter School currently invests in virtual open houses, social media, print advertising, community-based events and direct outreach to pre-K programs, community centers, and other organizations, in multiple languages in an effort to increase its recruitment efforts. Applications are available on the website and through a city wide on line application process and recruitment materials are available in English and Spanish.

The Charter School is committed to making good faith efforts to attract and retain an equal or greater percentage of students with disabilities when compared to the enrollment figures of the District. Any child eligible for admission to a traditional public school is eligible for admission to a public charter school including student with an IEP. The Charter School will ensure that such students are welcomed and served in a supportive and effective manner. The planning team and staff of the Charter School intend to recruit families of students who have special education needs. Some of the strategies the recruitment team will employ to attract students with disabilities include:

- Designing marketing materials that highlight the number of special education teachers on staff.
- Designing marketing materials that contain a description of the special education and related services that the Charter School will provide directly compared to those that will be provided by the student's district of residence or another provider.
- Designating one individual to oversee the provision of special education programs and services.

The Charter School is also committed to making good faith efforts to attract and retain an equal to or greater than the enrollment of ELL students of the District. Any child eligible for admission to a traditional public school is eligible for admission to a public charter school including students with limited English proficiency. The Charter School will ensure that ELL students are welcomed and served in a supportive and effective manner. Some of the strategies the recruitment team will employ to attract students with limited English proficiency include:

- Designing marketing materials that will describe the type of program the school will provide ELL students.
- Designing marketing materials that provide a description of how ELL students will have equal access to all programs and services including the following: instructional services (e.g., tutoring); support services (e.g., guidance and counseling); all school programs, including gifted, music, art, vocational, and technology programs; and all after school programs including athletics.
- Designing marketing materials that highlight the number of bilingual highly qualified teachers on staff.
- Raising awareness of how the Charter School will provide parental notices in multiple languages and provide staff who can communicate with them.

Demand for Charter Schools

According to the New York City Charter School Center, demand for charter schools increased by 26 percent for the 2019-20 school year. There were an estimated 81,300 applicants for 33,000 seats, which leaves nearly 48,300 students on waitlists citywide.

Population

The table below sets forth population statistics for the Borough of Staten Island and the State of New York.

TABLE B-9: POPULATION		
	Staten Island	New York
Census 2010	468,730	8,175,133
Estimate 2019	476,143	8,336,817

Source: 2010 Census, Census Bureau Current Estimates Program Enrollment.

Service Area

For the 2020-21 school year, 100% of the Charter School's students reside within the District. There are currently approximately five other charter schools within the boundaries of the District and approximately 72 traditional public school and numerous private schools serving grades K-8 in the District.

The Charter School is located in the Port Richmond area of Staten Island, Richmond County. According to 2010 U.S. Census data, Richmond County's estimated population was 468,730. Approximately 21.8% of the entire estimated population was age 18 and under. According to 2010 U.S. Census data, Richmond County's median household income was approximately \$79,267 which falls above the comparable New York State median (\$65,323).

The Charter School competes for students with schools that neighbor its existing campuses and, to a lesser degree, with other schools in the District. The Charter School faces constant competition for students and there can be no assurance that it will continue to attract and retain the number of students that are needed to generate revenues in an amount necessary to pay debt service on the Series 2021 Bonds. See "RISK FACTORS – Competition for Students" in this Official Statement.

Competition

The majority of the Charter School's students currently attend the Charter School to obtain the type of education and instruction set forth in the Charter. The following tables provides a summary of the competitive schools that are within a three-mile radius of the Charter School.

TABLE B-10: COMPETITIVE SCHOOLS

School Name	School Type	Grades Served	2018-19 Enrollment	Distance from Charter School	2018-19 NYS Accountability Status	2018-19 NYS Composite Performance & Growth Index (4 Point Scale) ¹	Great Schools Ranking (10 Point Scale)	2019-20 Free & Reduced Lunch
New World Prep	charter school	5-8	412	-	Good Standing	3	8	485
IS 51	public school	6-8	1,335	1.3 Miles	Good Standing	2	5	982
John W. LaVelle Prep	charter school	3-12	755	5.1 Miles	Good Standing	2	4	524
IS 49	public school	6-8	540	4.5 Miles	Good Standing	2	5	511
IS 61	public school	6-8	959	2.4 Miles	Good Standing	2	3	763

¹ On the 4 point scale, 4 being determined as the highest rating.

Source: New York State Department of Education; Great Schools.org.; National Center for Education Statistics

Student Performance

The Office for Standards, Assessment and Reporting of the New York State Education Department is responsible for the coordination, development, and implementation of the grade 3-8 tests, Regents examinations, Regents competency tests, second language proficiency examinations, alternate assessments and English language proficiency assessments that comprise the New York State Testing Program ("NYSTP"). These examinations are administered to students in grades kindergarten through 12 enrolled in public, nonpublic, and charter schools throughout the State of New York.

Students in grades 3-12 are expected to take a series of state examinations. These exams include the New York State Assessments in:

- Grades 3-8 English Language Arts
- Grades 3-8 Mathematics
- Grade 4 Science
- Grade 8 Algebra 1 Regents (Instead of the 8th Grade Regular Mathematics Assessment)
- Grade 8 Living Environment Regents (Instead of the 8th Grade Regular Science Assessment)
- Grades 9-12 Regents Exams

Student performance on the assessments is categorized into achievement levels: Level 1 - Not Meeting Learning Standards; Level 2 - Partially Meeting Learning Standards; Level 3 - Meeting Learning Standards; and Level 4 - Meeting Learning Standards with Distinction. The tables immediately following provide data regarding the Charter School's performance (scoring at or above Level 3) on the assessments, as compared to the average test scores of the District, for the 2017-18 and 2018-19 school years.

TABLE B-11: 2018-19 NEW YORK STATE TEST RESULTS

Grade	Subject	New World Prep	IS 49	IS 51	IS 61	John LaVelle Charter Prep	Dist 31	NYC	NYS
5	ELA	17%				4%	44%	40%	38%
6	ELA	22%	33%	42%	28%	30%	55%	48%	47%
7	ELA	42%	18%	28%	33%	28%	48%	43%	40%
8	ELA	44%	30%	38%	42%	46%	56%	51%	48%
5	Math	29%				15%	49%	46%	46%
6	Math	37%	10%	27%	21%	18%	48%	44%	47%
7	Math	45%	13%	28%	21%	33%	45%	42%	43%
8	Math	55%		30%	24%	26%	43%	36%	33%

Source: The Charter School, from data made available by the New York State Education Department.

TABLE B-12: 2017-18 NEW YORK STATE TEST RESULTS									
Grade	Subject	New World Prep	IS 49	IS 51	IS 61	John LaVelle Charter Prep	Dist. 31	NYC	NYS
6	ELA	41%	26%	38%	37%	39%	58%	49%	49%
7	ELA	32%	25%	29%	27%	22%	49%	43%	40%
8	ELA	41%	29%	42%	41%	40%	56%	51%	48%
6	Math	38%	14%	29%	27%	34%	45%	40%	44%
7	Math	41%	15%	25%	20%	36%	44%	40%	41%
8	Math	46%	17%	27%	19%	6%	39%	33%	30%

Source: The Charter School, from data made available by the New York State Education Department.

Assessments Used to Monitor Progress at the Charter School

The Charter School monitors student progress by consistently reviewing student data, developing unit exams and quizzes to monitor student understanding and long-term learning. The Charter School utilizes, in addition to unit exams and quizzes, online exams (iReady), Interim state exams, and mandated New York State Assessments. The Charter School utilizes assessment data to monitor the effectiveness of the academic program and to inform their school-wide growth goals. The following is a list of exams/benchmarks used by the Charter School for grades K-8.

ELA Assessments

- ELA iReady Diagnostic - Throughout the year all students are administered three Diagnostic Exams in ELA, through the iReady - Curriculum Associates Program, in grades K - 8. The data gathered from these diagnostic exams are used to determine and monitor the ELA intervention/enrichment support needed for students both in the classroom and for after school intervention/enrichment programs. Data are analyzed during data review meetings and individualized goals are set for each student.
- ELA Interim Assessment - Common Core standards aligned ELA assessments are given to students in grades 5-8 two times per year. Grade teams analyze the data to determine whether students are on track to performing on grade level on future assessments. They also use it to inform instruction and selection of students for intervention and analyze this data to determine groupings within the classroom. Grade level teams also analyze the data to identify grade level focus standards that students need more support with and adjust their instruction to explicitly reteach these standards at strategic points throughout their lesson.
- ELA Focus Standard Assessment - As a follow up from the two ELA Interim Assessments are given throughout the year, the standards that are identified as focus standards are re- assessed using past state exams released questions. The questions are used to monitor student progress towards standards in between interim assessments. Data are used to monitor student progress on the focus standards identified by teachers based on interim assessments and classroom performance on these standards.
- HMH Reading and Phonics Inventories - All students in grades K-8 take the Reading Inventory Exam, through the Houghton Mifflin Harcourt (HMH) Intervention Program. Based on the Lexile Level, achieved on the Reading Inventory students, who scored below a specific Lexile Level, were administered the Phonics Inventory. The data gathered from these inventory assessments are used to determine student placement into the Read 180 or System 44 Reading Intervention Programs or into Literacy Leaders. The data gathered through the inventory assessment are monitored, analyzed, and necessary next steps are determined.
- iReady Screener and Formative Assessments - At the beginning of the program students are administered a screener assessment to place them at the appropriate level for their readiness within the program. Student progress through the program and are assessed by the work they complete while using the software. The program provides students with adaptive technology, personalized learning paths, and corrective on-the-spot feedback which offer intervention before learning gaps have a chance to surface. Teachers have instant access to monitor student's progress using growth reports, performance data, and the dynamic Groupinator which informs differentiated instruction.

- Fountas and Pinnell - Students in grades K -2 are assessed three times throughout the year using the Fountas and Pinnell (F&P) Benchmark Assessment System (BAS) to determine student's independent and instructional reading levels. Teachers were able to observe scholar reading behaviors one-on-one, engage in comprehension conversations that go beyond retelling, and make informed decisions that connect assessment to instruction.
- ELA End of Unit Curriculum Assessments (Grades K-12) - At the end of each unit of instruction, students are administered a culminating assessment to demonstrate their understanding of the content.

Math Assessments

- Math iReady Diagnostic - Throughout the year all students are administered 3 Diagnostic Exams in Math, through the iReady - Curriculum Associates Program, in grades K - 8. The data gathered from this diagnostic exam is used to determine and monitor the Math intervention/enrichment support needed for students both in the classroom and for after school intervention/enrichment programs. Data are analyzed during data review meetings and individualized goals are set for each student.
- Math Interim Assessment - Common Core standards aligned mathematics assessments are given to students in grades 5-8 two times per year. Grade teams analyze the data to determine whether students are on track to performing on grade level on future assessments. They also use it to inform instruction and selection of students for intervention and analyze this data to determine groupings within the classroom. Grade level teams also analyze the data to identify grade level focus standards that students need more support with and adjust their instruction to explicitly reteach these standards at strategic points throughout their lesson.
- Algebra I Common Core Regents Interim Assessment - Students on the Algebra track are administered the Algebra Interim assessment which assesses student's conceptual understanding, procedural fluency, and problem-solving abilities in Algebra. Algebra teachers analyze the data to determine whether students are on track to performing on grade level on future assessments. They also use it to inform instruction and selection of students for intervention and analyze this data to determine groupings within the classroom.
- Math Focus Standard Assessment- As a follow up from the two Math Interim Assessments that are given throughout the year, the standards that are identified as focus standards are re-assessed using past state exam released questions. The questions are used to monitor student progress towards standards in between interim assessments. Data is used to monitor student progress on focus standards identified by teachers based on interim assessments and classroom performance on these standards.
- HMH Math Inventories - All students in grades K, 1, 2, 5 and 6 take the Math Inventory Exam, through the Houghton Mifflin Harcourt (HMH) Intervention Program. The data gathered from these inventory exams are used to identify the students who needed additional support in Math through the Math intervention program, Do the Math (K-2) or Math 180 (5-6). The data gathered through the inventory assessment is monitored and analyzed and necessary next steps are determined.
- Do The Math Formative Assessments - This formative assessment is administered to all 1st grade students. For each of the Do the Math Modules, students complete a pre-module assessment in order to show what they already know. Based on the pre-module assessment results, teachers can provide targeted support for students throughout the module prior to administering the post module assessment.
- Math End of Unit Curriculum Assessments (Grades K-12) - At the end of each unit of instruction, students are administered a culminating assessment to demonstrate their understanding of the content.

Science Assessments

- NYS Grade 8 Science Written Interim Assessment- Standard aligned Science assessments are given to students in grade 8 one time per year. This interim assessment is used to assess student understanding of intermediate-level science content and concepts so far in the school year. Science teachers analyze the data to determine whether students are on track to performing on grade level on future assessments. They also use it to inform instruction and selection of students for intervention and analyze this data to determine groupings within the classroom.

- NYS Grade 8 Science Performance Interim Assessment- Standard aligned Science assessments are given to students in Grade 8 once a year. The interim is used to assess student understanding of intermediate-level science content and concepts. Science teachers analyze the data to determine whether students are on track to performing on grade level on future assessments. They also use it to inform instruction and selection of students for intervention and analyze this data to determine groupings within the classroom.
- Living Environment Interim Assessment - Standards aligned Science assessments that emphasizes an in-depth understanding of major concepts in biology is given to 8th Grade Living Environment Students one time per year. The content of the interim includes: Characteristics of Living Systems, Human Structure and Function, Genetics and Mechanism of Inheritance, Genetic Engineering, Variation Adaptation Evolution, Reproduction and Development, Energy Pathways, Disease and Homeostasis, Interdependence, Biotic and Abiotic Interactions, and Technology and the Environment. Science teachers analyze the data to determine whether students are on track to performing on grade level on future assessments. They also use it to inform instruction and selection of students for intervention and analyze this data to determine groupings within the classroom.
- Science End of Unit Curriculum Assessments (Grades K-12) - At the end of each unit of instruction, students are administered a culminating assessment to demonstrate their understanding of the content.

Compliance with the Federal No Child Left Behind Act and the Federal Every Student Succeeds Act

Title I of the Elementary and Secondary Education Act ("ESEA"), as reauthorized by the No Child Left Behind Act ("NCLB") of 2001, requires each state, as a condition of receiving funds under the Title I program, to implement a single, statewide accountability system applicable to all its public schools, including charter schools. The NCLB uses Adequate Yearly Progress ("AYP") to measure and hold schools and districts responsible for student achievement. In New York, the New York State Department of Education makes AYP determinations for all schools and districts in the State.

In New York, the accountability designations are "Focus District," "Focus School," "Priority School," "Reward School" and "Good Standing." Materials published by the New York State Education Department, School Accountability Status, indicate that the Charter School is in "Good Standing" for the years in which it was subject to evaluation. In New York, a school that receives Title I funds is considered to be in good standing if it has not been identified as a School in Need Improvement, in Corrective Action, Planning for Restructuring or Restructuring. Schools in improvement status under Title I must provide school choice for their students. Those in need of improvement in year two and beyond must also provide Supplemental Education Services to eligible students.

On December 10, 2015, President Barack Obama signed the Every Student Succeeds Act ("ESSA"), which replaced NCLB and reauthorized and updated the Elementary and Secondary Education Act ("ESEA"). Overall, the new law provides states more authority and flexibility on standards, assessments, accountability, supports, and interventions while preserving the general structure of the ESEA funding formulas. On January 12, 2018, the U.S. Department of Education approved New York's plan for the implementation of ESSA ("ESSA Plan"). On June 12, 2018, the New York State Board of Regents adopted emergency regulations for the implementation of the school accountability provisions embedded in New York's ESSA Plan. In July of 2018, the NYSED released an update for the Implementation of the State's ESSA Statewide Accountability System. ESSA requires that the Accountability System be fully implemented for the 2020-21 school year. More information on the planning and implementation of the State's ESSA Accountably System can be found at <http://www.p12.nysed.gov/accountability/essa.html>.

On March 27, 2017, President Donald Trump signed into law two resolutions, H.J. Res. 57 and H.J. Res. 58, that roll back Obama-administration regulations informing state education officials how to implement the ESSA. H.J. Res. 57 prevents the Department of Education from dictating prescriptive requirements for how states and school districts measure achievement, using metrics such as school ratings, timelines for interventions for failing schools and student participation in state assessments. H.J. Res. 58 negates a rule that dictates specific requirements states must use to determine the effectiveness of teacher-preparation programs. The underlying ESSA statute is not affected by the two resolutions.

There can be no assurance that the Charter School will remain in "Good Standing" in subsequent school years. Failure of the Charter School to meet the requirements of ESSA, when implemented, may have a material adverse effect on the Charter School and its ability to make payments due under the Loan Agreement.

FINANCIAL INFORMATION

Outstanding Indebtedness

Below in Table B-13 is a list of the outstanding indebtedness of the Charter School as of April 1, 2021.

Table B-13 Summary of Outstanding Indebtedness				
	<u>Original Amount</u>	<u>Amount Outstanding</u>	<u>Maturity</u>	<u>Interest Rate</u>
PPP Loan*	\$1,225,823.00	\$0.00	*	N/A
Promissory Note**	<u>3,750,000.00</u>	<u>3,750,000.00</u>	June 30, 2029	2.76%
<u>Total</u>	<u>\$ 4,975,823.00</u>	<u>\$ 3,750,000.00</u>		

Source: The Charter School

*See "Paycheck Protection Program (PPP) Loan" below.

**Purchase money promissory note in favor of Charter School will be paid in full with a portion of the Series 2021 Bond proceeds.

Paycheck Protection Program (PPP) Loan

As part of the Coronavirus Aid, Relief, and Economic Security Act (H.R. 748) ("CARES Act") passed by Congress in response to the COVID-19 pandemic, the Charter School applied for and received the Small Business Administration ("SBA") a PPP Loan in the amount of \$1,225,823 as extended by Signature Bank, New York, New York. On April 1, 2021, pursuant to the PPP loan program rules, Signature Bank notified the Charter School that the SBA had paid the outstanding principal and interest on the PPP loan and that the PPP loan was forgiven in full.

Future Plans

Except with respect to the issuance of the Series 2021 Bonds, neither the Facility Owner nor the Charter School anticipates incurring any additional long-term indebtedness in the foreseeable future.

Internal Controls

The Charter School has a manual of internal control policies and is subject to an annual internal control review as part of its annual audit performed by an independent accounting firm. These policies provide that in order to conduct any transfers from the Charter School's accounts, signatures/approvals are required from both the Charter School's Executive Director and the Chief Operating Officer.

Conflicts Policy

Pursuant to the terms of the Charter, the Board of Trustees must require that each trustee, who has served on the Board of Trustees during a school year, file a Disclosure of Financial Interest by a Charter School Trustee Report (the "Disclosure Report") with the Authorizer. The Disclosure Report must set forth and attest to transactions between the Charter School and a trustee and any entity with which such trustee is affiliated, as such transactions may be defined by the Authorizer. The Board of Trustees adopts and follows resolutions using the New York State Department of Education Conflicts Policy.

Projected Revenues and Expenses

The Charter School is providing the following Historical and Projected Revenues and Expenses table for illustrative purposes only. These projections have been prepared by the Charter School based on the Charter School's operating history and its assumptions about future State funding levels and future operations of the Charter School, including student enrollment and expenses. The Charter School's projections have not been independently verified by any party other than the Charter School. The Charter School's projections have not been prepared in accordance with generally accepted accounting principles (GAAP). No feasibility studies have been conducted with respect to operations of the Charter School pertinent to the Series 2021 Bonds. The Underwriter has not independently verified the Charter School's projections and makes no representations nor gives any assurances that such projections, or the assumptions underlying them, are complete or correct. See "RISK FACTORS" and "INTRODUCTION - FORWARD-LOOKING STATEMENTS" in this Official Statement.

NEW WORLD PREPARATORY CHARTER SCHOOL
Historical and Projected Financial Results

(Years Ending June 30)	Actual 2019A	Actual 2020A	Budget 2021E	Budget 2022E	Budget 2023E	Budget 2024E	Budget 2025E	Budget 2026E
REVENUES								
Base Per Pupil Revenues	6,278,166	8,990,301	10,162,898	12,009,643	13,632,170	14,474,503	14,908,739	15,356,001
Facility Funding	120,000	670,000	1,270,757	1,764,682	2,196,294	2,392,193	2,463,959	2,537,878
State Funding	225,511	150,303	47,512	56,146	63,731	67,669	69,699	71,790
Federal Funding	386,071	413,527	1,842,131	521,335	582,305	608,531	617,032	625,789
Special Education Funding	1,836,898	2,340,071	2,454,302	2,776,835	3,060,185	3,154,635	3,154,635	3,154,635
Grants/Contributions	54,210	50,471	81,093	9,093	9,093	9,093	9,093	9,093
Interest Income	44,341	17,541	20,000	1,000	1,000	1,000	1,000	1,000
Other Income	51,496	33,565	25,000	25,000	25,000	25,000	25,000	25,000
TOTAL REVENUES	8,996,693	12,665,779	15,903,693	17,163,733	19,569,779	20,732,625	21,249,157	21,781,186
OPERATING EXPENSES								
Personnel								
Employee Salaries	4,876,502	6,455,431	7,950,708	9,072,416	9,984,688	10,433,729	10,746,741	11,069,143
Payroll Taxes	419,393	599,209	675,810	771,155	848,698	886,867	913,473	940,877
Employee Benefits	800,794	975,352	1,149,000	1,340,202	1,507,949	1,611,268	1,697,269	1,788,145
Total Personnel	6,096,689	8,029,992	9,775,519	11,183,773	12,341,336	12,931,863	13,357,483	13,798,165
Non Personnel								
General & Administrative	124,772	194,289	227,000	231,540	236,171	240,894	245,712	250,626
Professional Services	598,077	707,014	772,843	788,300	804,066	820,148	836,551	853,282
Direct Educational	840,230	797,645	1,038,968	1,066,535	1,093,574	1,117,798	1,140,751	1,164,182
Operating & Maintenance	989,731	1,061,820	2,309,018	2,220,865	2,326,451	2,069,270	1,685,626	1,173,912
Total Non Personnel	2,552,810	2,760,768	4,347,830	4,307,240	4,460,262	4,248,109	3,908,640	3,442,002
TOTAL OPERATING EXPENSES	8,649,499	10,790,760	14,123,349	15,491,013	16,801,597	17,179,972	17,266,123	17,240,167
NET OPERATING REVENUES	347,194	1,875,019	1,780,344	1,672,720	2,768,181	3,552,653	3,983,034	4,541,019
Deposit to Supplemental Reserve (at FYE)	-	-	-	836,360	1,163,640	-	-	-
Supplemental Reserve Balance (during FY)	-	-	-	-	836,360	2,000,000	-	-
NET REVS AVAILABLE FOR DEBT SERVICE	347,194	1,875,019	1,780,344	1,672,720	3,604,541	5,552,653	3,983,034	4,541,019
DEBT SERVICE ("DS") COVERAGE RATIO								
Estimated Series 2021 Debt Service								
Bond Interest Expense			84,850	2,038,579	2,088,619	2,087,206	2,053,317	2,019,783
Bond Principal			-	-	-	775,000	820,000	850,000
Less: Capitalized Interest	-	-	(84,850)	(2,038,579)	(2,088,619)	-	-	-
Net Debt Service	-	-	-	-	-	2,862,206	2,873,317	2,869,783
DS Coverage Ratio without Supplemental Reserve						1.24	1.39	1.58
DS Coverage Ratio WITH Supplemental Reserve						1.94	1.39	1.58
DS Coverage Requirement			1.10	1.10	1.10	1.10	1.10	1.10
DAYS CASH ON HAND								
Cash on Hand - Unrestricted	479,284	3,773,895	7,839,180	9,352,426	12,016,585	12,595,853	13,578,571	15,122,806
Total Operating Expenses	8,649,499	10,790,760	14,123,349	15,491,013	16,801,597	17,179,972	17,266,123	17,240,167
Add: Interest Expense	-	-	-	-	-	2,087,206	2,053,317	2,019,783
Operating Expenses + Interest Expense	8,649,499	10,790,760	14,123,349	15,491,013	16,801,597	19,267,179	19,319,440	19,259,950
Unrestricted Days Cash on Hand Ratio	20	128	203	220	261	239	257	287
Days Requirement per Covenant			45	45	45	45	45	45
Required Amount of Cash			1,741,235	1,909,851	2,071,430	2,375,406	2,381,849	2,374,514

1. Per pupil revenues are assumed to increase 3% per year.
2. Salary expenses are assumed to increase 3% per year and all other expenses are assumed to increase 2% - 3% per year.
3. Interim facility lease payments are included in operating expenses "above the line". For FY 2022, total lease payments are approximately \$1.15 million.
4. Operating expenses exclude depreciation and amortization expenses.
5. DCOH calculations shown above include interest expenses as part of operating expenses and the Supplemental Reserve Fund balance.
6. Cash on Hand includes reimbursement of \$3.675 million for land acquisition in connection with the Project for FY2021.

APPENDIX C

AUDITED FINANCIAL STATEMENTS

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**NEW WORLD PREPARATORY CHARTER
SCHOOL AND SUBSIDIARY**

**Consolidated Financial Statements
with Supplementary Information**

For the years ended June 30, 2020 and 2019

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidated Financial Statements
June 30, 2020 and 2019

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Independent Auditors' Report

To the Board of Trustees of
New World Preparatory Charter School and Subsidiary

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of New World Preparatory Charter School and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 the *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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New World Preparatory Charter School and Subsidiary 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 30, 2020 on our consideration of New World Preparatory Charter School and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New World Preparatory Charter School and Subsidiary's internal control over financial reporting and compliance.

Report on supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary financial information included in the consolidating statement of financial position is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

NChing LLP

New York, New York
October 30, 2020



NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**Consolidated Statements of Financial Position**

As of June 30,

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 3,773,895	\$ 479,280
Grants receivable	297,363	171,600
Prepaid expenses	<u>347,567</u>	<u>550,000</u>
Total current assets	4,418,825	1,200,880
Property and equipment, net	4,630,403	4,190,325
Other assets		
Reserve contingency	<u>75,400</u>	<u>75,369</u>
Total assets	<u><u>\$ 9,124,628</u></u>	<u><u>\$ 5,466,574</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	\$ 673,806	\$ 346,896
Accrued salaries and other payroll-related expenses	1,471,173	1,026,957
Refundable advances	<u>190,136</u>	<u>167,505</u>
Total current liabilities	2,335,115	1,541,358
Long Term Liabilities		
SBA Loan - paycheck protection program	<u>1,225,823</u>	<u>-</u>
Total long term liabilities	1,225,823	-
Total liabilities	<u>3,560,938</u>	<u>1,541,358</u>
Net assets without donor restrictions		
Undesignated	5,488,290	3,849,847
Reserve - contingency	<u>75,400</u>	<u>75,369</u>
Total net assets without donor restrictions	<u>5,563,690</u>	<u>3,925,216</u>
Total liabilities and net assets without donor restrictions	<u><u>\$ 9,124,628</u></u>	<u><u>\$ 5,466,574</u></u>

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

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**Consolidated Statements of Activities**

For the years ended June 30,

	<u>2020</u>	<u>2019</u>
<u>Operating revenue and other support</u>		
State and local per pupil operating revenue		
General education	\$ 8,990,301	\$ 6,278,166
Special education	2,242,015	1,752,330
Facility lease assistance	<u>670,000</u>	<u>120,000</u>
Total state and local per pupil operating revenue	11,902,316	8,150,496
Grants, contract and other support		
State and local grants	150,303	235,199
Federal grants	515,677	474,743
Contributions	46,378	40,418
Interest and other income	<u>75,305</u>	<u>95,837</u>
Total operating revenue and other support	<u>12,689,979</u>	<u>8,996,693</u>
<u>Expenses</u>		
Program expenses		
Regular education	7,850,556	6,085,028
Special education	<u>2,026,315</u>	<u>1,619,706</u>
Total program expenses	9,876,871	7,704,734
Supporting services		
Management and general	1,147,163	1,142,731
Fundraising	<u>27,471</u>	<u>16,710</u>
Total program and supporting services expenses	<u>11,051,505</u>	<u>8,864,175</u>
Change in net assets	1,638,474	132,518
Net assets without donor restrictions - beginning of year	<u>3,925,216</u>	<u>3,792,698</u>
Net assets without donor restrictions - end of year	<u>\$ 5,563,690</u>	<u>\$ 3,925,216</u>

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

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidated Statement of Functional Expenses

For the year ended June 30, 2020

	Program expenses			Supporting services		Total Program and Supporting Services
	Regular education	Special education	Total programs	Fundraising	Management & general	
Salaries						
Instructional personnel	\$ 3,624,980	\$ 1,095,338	\$ 4,720,318	\$ -	\$ -	\$ 4,720,318
Administrative staff personnel	623,246	23,540	646,786	-	367,674	1,014,460
Non-instructional personnel	442,741	16,723	459,464	-	261,188	720,652
Total salaries	<u>4,690,967</u>	<u>1,135,601</u>	<u>5,826,568</u>	<u>-</u>	<u>628,862</u>	<u>6,455,430</u>
Operating expenses						
Payroll taxes and fringe benefits	948,646	229,650	1,178,296	-	127,174	1,305,470
Retirement	104,191	25,223	129,414	-	13,968	143,382
Office Expense	51,109	12,374	63,483	-	6,852	70,335
Contracted services	322,643	125,057	447,700	-	83,372	531,072
Marketing and recruitment	30,232	7,319	37,551	-	4,053	41,604
Legal and professional fees	43,125	8,308	51,433	-	29,057	80,490
Insurance	91,349	22,114	113,463	-	72,875	186,338
Repairs and maintenance	274,554	66,465	341,019	-	36,806	377,825
Occupancy	216,263	50,216	266,479	-	27,688	294,167
School and staff development	226,111	54,737	280,848	-	30,312	311,160
Student services	5,479	95,531	101,010	-	702	101,712
Food service	157,049	44,296	201,345	-	-	201,345
Supplies and instructional materials	255,574	33,922	289,496	-	18,785	308,281
Building supplies and equipment leasing	66,003	15,978	81,981	-	8,848	90,829
Technology	37,423	9,059	46,482	-	5,017	51,499
Utilities	84,277	20,402	104,679	-	11,298	115,977
Depreciation	187,740	46,935	234,675	-	26,075	260,750
Other expenses	57,821	23,128	80,949	27,471	15,419	123,839
Total operating expenses	<u>3,159,589</u>	<u>890,714</u>	<u>4,050,303</u>	<u>27,471</u>	<u>518,301</u>	<u>4,596,075</u>
Total expenses	<u>\$ 7,850,556</u>	<u>\$ 2,026,315</u>	<u>\$ 9,876,871</u>	<u>\$ 27,471</u>	<u>\$ 1,147,163</u>	<u>\$ 11,051,505</u>

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

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidated Statement of Functional Expenses

For the year ended June 30, 2019

	Program expenses			Supporting services			Total Program and Supporting Services
	Regular education	Special education	Total programs	Fundraising	Management & general		
Salaries							
Instructional personnel	\$ 2,465,840	\$ 786,397	\$ 3,252,237	\$ -	\$ -	\$ -	3,252,237
Administrative staff personnel	545,541	21,748	567,289	-	332,115		899,404
Non-instructional personnel	439,671	17,527	457,198	-	267,663		724,861
Total salaries	<u>3,451,052</u>	<u>825,672</u>	<u>4,276,724</u>	<u>-</u>	<u>599,778</u>		<u>4,876,502</u>
Operating expenses							
Payroll taxes and fringe benefits	734,405	175,708	910,113	-	127,636		1,037,749
Retirement	78,331	18,741	97,072	-	13,614		110,686
Financial and administrative	259,217	103,687	362,904	-	61,509		424,413
Contracted services	59,157	14,153	73,310	-	10,281		83,591
Administrative	36,208	8,663	44,871	-	6,293		51,164
Marketing and recruitment	9,639	2,306	11,945	-	1,675		13,620
Legal and professional fees	-	-	-	-	19,100		19,100
Insurance	54,864	13,167	68,031	-	41,697		109,728
Repairs and maintenance	187,905	44,957	232,862	-	32,657		265,519
Occupancy	81,597	19,522	101,119	-	14,181		115,300
School and staff development	224,601	57,420	282,021	-	38,280		320,301
Student services	2,865	49,949	52,814	-	367		53,181
Field trips	9,410	2,191	11,601	-	1,289		12,890
Food service	132,378	37,337	169,715	-	-		169,715
Supplies and instructional materials	220,182	52,679	272,861	-	38,267		311,128
Building supplies and equipment leasing	211,745	50,660	262,405	-	36,800		299,205
Technology	22,680	5,426	28,106	-	3,942		32,048
Utilities	72,822	17,423	90,245	-	12,656		102,901
Depreciation	152,420	36,495	188,915	-	25,761		214,676
Other expenses	83,550	83,550	167,100	16,710	56,948		240,758
Total operating expenses	<u>2,633,976</u>	<u>794,034</u>	<u>3,428,010</u>	<u>16,710</u>	<u>542,953</u>		<u>3,987,673</u>
Total expenses	\$ 6,085,028	\$ 1,619,706	\$ 7,704,734	\$ 16,710	\$ 1,142,731	\$	\$ 8,864,175

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

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY**Consolidated Statements of Cash Flows**

For the years ended June 30,

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 1,638,474	\$ 132,518
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	260,750	214,676
Changes in operating assets and liabilities		
Grants receivable	(125,763)	59,483
Prepaid expenses	202,433	(540,000)
Accounts payable	326,910	113,224
Accrued salaries and other payroll-related expenses	444,216	320,354
Refundable advances	22,631	132,128
Net cash provided by operating activities	<u>2,769,651</u>	<u>432,383</u>
Cash flows from investing activities		
Acquisition of fixed assets	(700,828)	(4,057,997)
Increase in reserve contingency	(31)	(37)
Net cash used in investing activities	<u>(700,859)</u>	<u>(4,058,034)</u>
Cash flows from financing activities		
SBA Loan - paycheck protection program	1,225,823	-
Net cash provided by financing activities	<u>1,225,823</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	3,294,615	(3,625,651)
Cash and cash equivalents - beginning of year	<u>479,280</u>	<u>4,104,931</u>
Cash and cash equivalents - end of year	<u>\$ 3,773,895</u>	<u>\$ 479,280</u>

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

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2020 and 2019

Note 1 Organization

New World Preparatory Charter School (the “School”), a 501(c)(3) tax-exempt organization, is a public charter school located in Staten Island, New York. The School was granted a five-year charter in February 2010 and commenced sixth grade classes in September 2010. Seventh and eighth grades were added in 2011 and 2012. The School is currently operating under its second charter renewal which is effective January 9, 2018 for an additional five years and was granted the expansion from Kindergarten to Fifth Grade, effectively making it a Kindergarten to Eight Grade school. In September 2018, fifth grade was added and in September 2019, kindergarten and first grade were added. The School provides an exceptional education for students by employing research-proven strategies to raise middle school academic achievement including academic rigor and relevance, personalization, focused professional development, and meaningful engagement of families and the larger community.

Friends of New World Prep, Inc. (the “Friends of NWP”), is a non-profit organization, founded in September 2018 under Section 402 of the Not-for-Profit Corporate Law of the State of New York. Friends of is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The board of trustees of the School has control over the board of trustees of Friends of NWP and as a result the two entities are being consolidated.

From hereon in, the School and Friends of NWP are referred to as the “Organization”.

Note 2 Summary of significant accounting policies

Principles of consolidation. The financial statements are consolidated to include the accounts of the School and the Friends of NWP. All significant intercompany transactions and balances have been eliminated in the consolidation.

Basis of presentation and use of estimates. The consolidated financial statements have been prepared in conformity 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2020 and 2019

Note 2 Summary of significant accounting policies – (continued)

Financial statements presentation. The consolidated financial statements of the Organization follows the accounting standard for not-for-profit organization, which require the Organization to report information regarding its consolidated statements of financial position and consolidated statements of activities according to the following net asset classifications:

Net Assets without donor restrictions. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net asset without donor restrictions in the consolidated statements of activities.

Reclassifications. Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financials. These reclassifications have no effect on the changes in net asset.

Cash and cash equivalents. The Organization considers all short-term, highly liquid investments, such as money market funds, to be cash equivalents.

Revenue recognition. The School recognizes revenue from the state and local governments based on the School's charter status and the number of students enrolled. Such revenue is recorded when services are performed, in accordance with the charter agreement. The New York State Department of Education mandates the rate per pupil. Such revenue is recognized ratably over the related school year in which it is earned.

Grants and contracts revenue are recognized when qualifying expenditures are incurred and/or services are provided to the students during the applicable school year. Funds received in advance or any unspent funds for which qualifying expenditures have not been incurred are recorded as refundable advances. Any unspent amounts might be returned to the granting agency or the granting agency can approve that those amounts be applied to a future grant period.

Grants receivable. Grants receivable are recorded at net realizable value and do not bear interest. The allowance for doubtful accounts is the School's best estimate of the amount of probable credit losses in existing receivables. Management determines the allowance based on historical write-off experience and reviews its allowance for doubtful accounts periodically. Past due balances are reviewed individually for collectability. Grants receivable are \$297,363 and \$171,600 at June 30, 2020 and 2019, respectively. There is no allowance recorded at June 30, 2020 and 2019 as all amounts are deemed collectible.

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2020 and 2019

Note 2 Summary of significant accounting policies – (continued)

Property and equipment. Property and equipment are recorded at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Maintenance and repairs are charged to expense as incurred; significant improvements are capitalized. The Organization capitalizes additions and significant improvements in excess of \$1,000. Items with an acquisition cost of less than \$1,000 or a useful life of less than one year are expensed in the year purchased. Depreciation is computed using the straight-line method over estimated useful lives of the respective asset. The estimated depreciable lives of the different classes of property are as follows:

<u>Asset</u>	<u>Useful Life</u>
Building	39 years
Furniture and fixtures	7 years
Leasehold improvements	5 years
Computer and office equipment	3 years

Construction-in-progress at June 30, 2020 and June 30, 2019 consists of costs incurred for architecture, engineering, and professional fees related to the construction of the School's new facility. Construction-in-progress is stated at cost. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and put into use.

Reserve contingency. Under the provisions of its charter, the School established an escrow amount to pay for legal and audit expenses that would be associated with dissolution, should such event occur.

Refundable advances. Funds received in advance for which qualifying expenditures have not been incurred are reflected as refundable advances from state and local government grants in the accompanying consolidated statements of financial position.

Donated goods and services. The Organization receives donated services from unpaid volunteers. No amounts have been recognized in the accompanying consolidated statements of activities, since the services do not meet the specialized skill criteria for recognition under U.S. GAAP.

The School received donated transportation and food service services from the local district. The School was unable to determine a value for these services.

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2020 and 2019

Note 2 Summary of significant accounting policies – (continued)

Functional Expenses. The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among program services, administrative and fundraising. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Salaries	Time and effort
Payroll taxes and fringe benefits	Time and effort
Financial and administrative	Time and effort
Insurance	Square Footage
Repairs and maintenance	Time and effort
Building, equipment leasing and furnishings	Square Footage

Income taxes. The School is tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been classified as a publicly supported organization as described in IRC sections 509(A)(1) and 170(B)(1)(A)(II).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the School has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that, as of June 30, 2020, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the accompanying consolidated financial statements.

The School is no longer subject to income tax examination by federal, state or local tax authorities for years before June 30, 2017.

New accounting pronouncements. On August 18, 2016, FASB issued ASU 2016-14, Non-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Non-for-Profit Entities*. The update addressed the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The School has implemented ASU 2016-14 and has adjusted the presentation of these consolidated financial statements accordingly.

In November 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash*, which requires restricted cash to be included within cash and cash equivalents when explaining the total change in cash for the period within the statement of cash flows. The standard requires retrospective application and represents a change in accounting principal. The adoption of this ASU has no effect on the consolidated statement of cash flows.

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2020 and 2019

Note 2 Summary of significant accounting policies – (continued)

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional or unconditional. The Organization has implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

Note 3 Liquidity and availability

Financial Assets:	2020	2019
Cash and cash equivalents	\$ 3,773,895	\$ 479,280
Grants receivable	297,363	171,600
Amount available for general expenditure within one year	<u>\$ 4,071,258</u>	<u>\$ 650,880</u>

Note 4 Property and equipment

Property and equipment consist of the following as of June 30,

	2020	2019
Leasehold improvements	\$ 1,185,198	\$ 1,173,262
Land	1,919,232	1,919,232
Building	959,356	959,356
Furniture and fixtures	175,076	162,221
Computer equipment	970,287	814,629
Office equipment	39,959	33,362
Construction-in-progress	1,494,549	980,768
	<u>6,743,657</u>	<u>6,042,830</u>
Less, accumulated depreciation	<u>(2,113,254)</u>	<u>(1,852,505)</u>
	<u>\$ 4,630,403</u>	<u>\$ 4,190,325</u>

Note 5 Accrued salaries and other payroll-related expenses

Accrued salaries and other payroll-related expenses consist of amounts earned by the staff during the school year which are paid out over the summer months. For the years ended June 30, 2020 and 2019, accrued bonuses relating to a retention plan were approximately \$527,435 and \$427,435, respectively. Also included in accrued salaries and other payroll-related expenses is accrued salary of \$943,738 and \$599,522 as of June 30, 2020 and 2019, respectively.

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2020 and 2019

Note 6 Retirement plan

The School offers a 401(k) plan for all qualifying employees. Employees are eligible for the plan immediately upon employment. Participation in the plan is voluntary. Employees can make pretax contributions up to a maximum of 100% of their annual compensation, up to IRS limits for each calendar year. The School matches 100% of an employee's contribution up to 4% of the employee's annual compensation. For the years ended June 30, 2020 and 2019, the School's matching contribution were \$143,382 and \$110,686 respectively. Such plan assets are held in a separate trust and are not included in the accompanying consolidated financial statements. All plan assets are held for the exclusive benefit of the Plan's participants and beneficiaries.

Note 7 Commitments

The School is a lessee under two operating leases, principally for classroom space and administrative offices which expires June 30, 2023 and July 31, 2025 respectively. For the years ended June 30, 2020 and 2019, rent expense was \$294,167 and \$115,300 respectively.

Future minimum lease payments, as follows:

Year Ending June 30,	Amount
2021	\$ 616,167
2022	749,946
2023	804,673
2024	513,750
2025	529,163
thereafter	44,204
	<u>\$ 3,257,903</u>

Note 8 Concentration of credit risk

The School maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The School has not experienced any losses in such accounts. The management of the School believes it is not exposed to significant credit risk on cash and cash equivalents.

The School received approximately 91% and 95% of its operating revenue, which is subject to specific requirements, from per pupil funding from the New York City Department of Education during the years ended June 30, 2020 and 2019, respectively. Additionally, the School's grants receivable consists of approximately 83% and 97%, respectively, from the New York State Department of Education.

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY

Notes to the Consolidated Financial Statements

June 30, 2020 and 2019

Note 9 Contingency

The School participates in a number of federal and state programs. These programs require that the School comply with certain laws, regulations, contracts, and agreements applicable to the programs in which it participates. All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government grants and contracts by government agencies is presently not determinable, it should not, in the opinion of the management, have a material effect on the financial position or results of operations. Accordingly, no provision for any such liability that may result has been made in the accompanying consolidated financial statements.

Note 10 SBA Loan-paycheck protection program

On May 5, 2020, the School obtained a loan of \$1,225,823 (the “PPP loan”) from a commercial bank pursuant to the Paycheck Protection Program (“PPP”) administered by the Small Business Administration (the “SBA”) pursuant to the Coronavirus Aid Relief and Economic Security Act (“CARES Act”). The PPP Loan and accrued interest will be forgivable after twenty-four weeks as long as the School uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The PPP loan matures on May 5, 2022 and bears an interest rate of 1% per annum, with interest accruing on the unpaid principal balance. No payments of principal or interest are due during the six-month period beginning on the date of the PPP loan (the “Deferral Period”). The PPP loan balance as of June 30, 2020 was \$1,225,823

Note 11 Potential Impact of the Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020 the World Health Organization characterized COVID-19 as a pandemic. As a result of the pandemic, the School will begin the 2020-2021 school year with a completely remote learning. The ultimate effect of COVID-19 on the School and its future operating cannot presently be determined.

Note 12 Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through October 30, 2020, the date that the consolidated financial statements were available to be issued. There were no events requiring adjustments or disclosure to the consolidated financial statements.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Trustees of
New World Preparatory Charter School and Subsidiary

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 consolidated financial statements of New World Preparatory Charter School and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2020 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 30, 2020.

Internal control over financial reporting

In planning and performing our audit of the consolidated financial statements, we considered New World Preparatory Charter School and Subsidiary'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of New World Preparatory Charter School and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of New World Preparatory Charter School and Subsidiary'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 consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and other matters

As part of obtaining reasonable assurance about whether New World Preparatory Charter School and Subsidiary's consolidated financial statements are free of 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this report

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

NChing LLP

New York, New York
October 30, 2020

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidating Statement of Financial Positions
For year ended June 30, 2020

<u>Assets</u>	<u>NWPCS</u>	<u>Friends of NWP</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current assets				
Cash and cash equivalents	\$ 3,773,895	-	-	\$ 3,773,895
Grants receivable	297,363	-	-	297,363
Rent receivable	-	375,000	(375,000)	-
Prepaid expenses	347,567	-	-	347,567
Loans Receivable from Friends Of	4,373,137	-	(4,373,137)	-
Total current assets	8,791,962	375,000	(4,748,137)	4,418,825
Property and equipment, net	281,864	4,348,539	-	4,630,403
Other assets	75,400	-	-	75,400
Restricted cash				
Total assets	\$ 9,149,226	\$ 4,723,539	\$ (4,748,137)	\$ 9,124,628
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	\$ 1,028,806	\$ 20,000	(375,000)	\$ 673,806
Loans Payable to New World Prep	-	4,373,137	(4,373,137)	-
Accrued salaries and other payroll-related expenses	1,471,173	-	-	1,471,173
Refundable advances	190,136	-	-	190,136
Total current liabilities	2,690,115	4,393,137	(4,748,137)	2,335,115
Long Term Liabilities				
SBA Loan - paycheck protection program	1,225,823	-	-	1,225,823
Total long term liabilities	1,225,823	-	-	1,225,823
Total liabilities	3,915,938	4,393,137	(4,748,137)	3,560,938
Net assets without donor restrictions				
Undesignated	5,157,888	330,402	-	5,488,290
Reserve - contingency	75,400	-	-	75,400
Total net assets without donor restrictions	5,233,288	330,402	-	5,563,690
Total liabilities and net assets without donor restrictions	\$ 9,149,226	\$ 4,723,539	\$ (4,748,137)	\$ 9,124,628

NEW WORLD PREPARATORY CHARTER SCHOOL AND SUBSIDIARY
Consolidating Statement of Activities
For year ended June 30, 2020

	NWPCS	Friends of NWP	Elimination	Consolidated
Operating revenue and other support				
State and local per pupil operating revenue				
General education	\$ 8,990,301	-	\$ -	\$ 8,990,301
Special education	2,242,015	-	-	2,242,015
Facility lease assistance	670,000	-	-	670,000
Total state and local per pupil operating revenue	11,902,316	-	-	11,902,316
Grants, contract and other support				
State and local grants	150,303	-	-	150,303
Federal grants	515,677	-	-	515,677
Contributions	46,378	-	-	46,378
Rental income	-	375,000	(375,000)	-
Interest and other income	75,305	-	-	75,305
Total operating revenue and other support	12,689,979	375,000	(375,000)	12,689,979
Expenses				
Program expenses				
Regular education	8,180,958	44,598	(375,000)	7,850,556
Special education	2,026,315	-	-	2,026,315
Total program expenses	10,207,273	44,598	(375,000)	9,876,871
Supporting services				
Management and general	1,147,163	-	-	1,147,163
Fundraising	27,471	-	-	27,471
Total program and supporting services expenses	11,381,907	44,598	(375,000)	11,051,505
Change in net assets	1,308,072	330,402	-	1,638,474
Net assets without donor restrictions - beginning of year	3,925,216	-	-	3,925,216
Net assets without donor restrictions - end of year	\$ 5,233,288	\$ 330,402	\$ -	\$ 5,563,690

APPENDIX D

GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS

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APPENDIX D

GLOSSARY AND SUMMARY OF CERTAIN DOCUMENTS

CERTAIN DEFINITIONS

The following are definitions of certain terms, unless the context shall otherwise require, used in this Official Statement.

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

Additional Improvements shall mean the alterations of or additions to the Facility Realty.

Additional Indebtedness shall mean, with respect to an Institution, (a) all indebtedness, whether or not represented by bonds, debentures, notes or other securities, for the repayment of money borrowed, (b) all deferred indebtedness for the payment of the purchase price of property or assets purchased, including, without limitation, capitalized leases, (c) all guaranties, endorsements, assumptions and other contingent obligations in respect of, or to purchase or otherwise acquire, indebtedness of others, and (d) all indebtedness secured by any mortgage, pledge or Lien existing on property owned, subject to such mortgage, pledge or Lien, whether or not indebtedness secured thereby shall have been assumed. In computing the amount of Additional Indebtedness at any time there shall be excluded (a) any operating leases, (b) all indebtedness subordinate to the Bonds and (c) any particular item of indebtedness if before the maturity thereof there shall have been deposited with the lender, creditor, trustee or other proper depository the necessary funds (or evidences of such Additional Indebtedness) for the payment, redemption or satisfaction of such item of Additional Indebtedness (and such funds or evidences of such Additional Indebtedness shall thereafter be excluded from any computation of the assets of an Institution).

Additional Parity Indebtedness shall mean any Additional Indebtedness intended to be secured on a parity basis as to payment with the Bonds and sharing in a parity lien of the Mortgage on the Mortgaged Property and the terms of which, including, without limitation, principal and interest payment dates, shall be satisfactory to the Trustee.

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.

Annual Debt Service shall mean, for any Fiscal Year, and subject to the provisions of the Indenture and the Loan Agreement, the amount required to pay the interest and principal for Long-Term Indebtedness (including lease rentals under capitalized leases) in such Fiscal Year, excluding "funded interest" from the proceeds of the Bonds and excluding interest earnings on the Debt Service Reserve Fund at the then current interest rate per annum, to be determined on the assumption that the Bonds will be retired at the stated maturities thereon except those Bonds which are required by the Indenture to be redeemed prior to their stated maturities from sinking fund payments by the Facility Owner is required, by the Loan Agreement and the Indenture, to make for such purpose, which Bonds will be assumed to be retired on their respective scheduled mandatory redemption dates.

Approved Facility shall mean the Facility as occupied, used and operated by the Charter School substantially for the Approved Project Operations, including such other activities as may be substantially related to or substantially in support of such operations, all to be effected in accordance with the Loan Agreement.

Approved Project Operations shall mean the facility located at 19 Treadwell Avenue, 26 Sharpe Avenue (a/k/a 15 Treadwell Avenue and a/k/a 2222/2240 Richmond Terrace) and 2230 Richmond Terrace, Staten Island, New York (collectively commonly referred to as 26 Sharpe Avenue, Staten Island, New York), to be operated by the Charter School as a public charter school providing educational services to students in kindergarten through grade 8.

Assignment of ALR shall mean, collectively, the Assignment of Assignment of Leases and Rents (Acquisition Loan), the Assignment of Assignment of Leases and Rents (Building Loan) and the Assignment of Assignment of Leases and Rents (Indirect Loan) relating to the Facility, each dated as of June 1, 2021, and each from the Issuer to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Assignment of Contracts shall mean the Assignment of Contracts and Interest in Licenses, Permits and Agreements, dated as of June 1, 2021, from the Facility Owner 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 Leases and Rents shall mean, collectively, the Assignment of Leases and Rents (Acquisition Loan), the Assignment of Leases and Rents (Building Loan) and the Assignment of Leases and Rents (Indirect Loan) relating to the Facility, each dated as of June 1, 2021, and each from the Facility Owner to the Issuer and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Assignment of Mortgage shall mean, collectively, the Assignment of Mortgage and Security Agreement (Acquisition Loan), the Assignment of Mortgage and Security Agreement (Building Loan) and the Assignment of Mortgage and Security Agreement (Indirect Loan) relating to the Facility, each dated as of June 1, 2021, 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.

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, \$52,125,000.

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 Institutions, a person named under "Authorized Representative" attached as an exhibit to the Loan Agreement or any other officer or employee of an 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 Institutions 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.

Available Cash Balance shall mean the sum of an Institution's cash, investments and unused and available line(s) of credit available for short term operating purposes.

Balloon Debt shall mean Long-Term Indebtedness where the principal of (and premium, if any) and interest and other debt service charges on such Long-Term Indebtedness due (or payable in respect of any required purchase of such Long-Term Indebtedness by such Person on demand) in any Fiscal Year either are equal to at least 25% of the total principal of (any premium, if any) and interest and other debt service charges on such Long-Term Indebtedness or exceed by more than 50% the greatest amount of principal of (and premium, if any) and interest and other debt service charges on such Long-Term Indebtedness due in any preceding or succeeding Fiscal Year.

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, collectively or individually, as applicable, the Bond Fund (Taxable) and/or the Bond Fund (Tax-Exempt).

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

Bond Fund (Tax-Exempt) shall mean the special trust fund so designated, established pursuant to 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 Registrar shall mean the Trustee acting as registrar as provided in the Indenture.

Bond Resolution shall mean the resolution of the Issuer adopted on February 18, 2020, as amended on March 9, 2021, authorizing the Project and the issuance of the Initial Bonds.

Bonds shall mean the Initial Bonds and any Additional Bonds.

Building Loan Agreement shall mean the Building Loan Agreement, dated as of June 1, 2021, among the Issuer, the Institutions and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Business Day shall mean any day that shall not be:

- (i) a Saturday, Sunday or legal holiday;
- (ii) a day on which banking institutions in the City are authorized by law or executive order to close; or
- (iii) a day on which the New York Stock Exchange or the payment system of the Federal Reserve System is closed.

Capitalized Interest Account shall mean the special trust account of the Project Fund (Tax-Exempt) or the Project Fund (Taxable), as applicable, so designated, established pursuant to the Indenture.

Charter Agreement shall mean the Third Renewal Charter Agreement, dated March 12, 2018, between the State University of New York – Charter Schools Institute and the Charter School, as renewed from time to time.

Charter School shall mean New World Preparatory Charter School, a not-for-profit education 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 Charter School as an Institution under the Loan Agreement.

Charter Schools 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.

Closing Date shall mean June 24, 2021, the date of the initial issuance and delivery of the Initial Bonds.

Code shall mean the Internal Revenue Code of 1986, as amended, including the regulations thereunder. All references to Sections of the Code or regulations thereunder shall be deemed to include any such Sections or regulations as they may hereafter be renumbered in any subsequent amendments to the Code or such regulations.

Completed Improvements Square Footage shall mean approximately 91,300 square feet, the square footage of the Improvements upon completion of the Project Work.

Completion Deadline shall mean June 1, 2024.

Continuing Disclosure Agreement shall mean, with respect to the Initial Bonds, the Continuing Disclosure Agreement, dated the Closing Date, between the Institutions and the Trustee, as dissemination agent, pursuant to the Loan Agreement and, as to any Series of Additional Bonds, the continuing disclosure agreement executed by the Institutions.

Contracts shall have the meaning specified in the Assignment of Contracts.

Control or **Controls**, including the related terms “controlled by” and “under common control with”, shall mean the power to direct the management and policies of a Person (x) through the ownership, directly or indirectly, of not less than a majority of its voting securities, (y) through the right to designate or elect not less than a majority of the members of its board of directors or trustees or other Governing Body, or (z) by contract or otherwise.

Costs of Issuance shall mean issuance costs with respect to the Initial Bonds described in Section 147(g) of the Code and any regulations thereunder, including but not limited to the following: Underwriter’s spread (whether realized directly or derived through the purchase of the Initial Bonds at a discount below the price at which they are expected to be sold to the public); counsel fees (including bond counsel, counsel to the Underwriter, Trustee’s counsel, Issuer’s counsel, Institutions’ counsel, as well as any other specialized counsel fees incurred in connection with the borrowing); financial advisor fees of any financial advisor to the Institutions incurred in connection with the issuance of the Initial Bonds; engineering and feasibility study costs; guarantee fees (other than Qualified Guarantee Fees, as defined in the Tax Regulatory Agreement); Rating Agency fees; Trustee and Paying Agent fees; accountant fees and other expenses related to issuance of the Initial Bonds; printing costs for the Initial Bonds and for the preliminary and final offering documents relating to the Initial Bonds; public approval and process costs;

fees and expenses of the Issuer incurred in connection with the issuance of the Initial Bonds; Blue Sky fees and expenses; and similar costs.

Custodian shall mean U.S. Bank National Association, in its capacity custodian under the Custody Agreement, its successors and assigns, and any successor Custodian pursuant to the Custody Agreement.

Custody Agreement shall mean the Custody Agreement, dated as of June 1, 2021, among the Charter School, the Custodian and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Custody Agreement Notice shall mean the notice prepared by the Trustee, in the form set forth in the Indenture, in accordance with the provisions of the Custody Agreement and the Indenture.

Days Cash on Hand shall mean, for any Fiscal Year of an Institution, the number of days determined by dividing the product of Available Cash Balance and three hundred sixty-five (365) by Operating Expenses for such Fiscal Year.

Debt Service Reserve Fund shall mean, collectively or individually, as applicable, the Debt Service Reserve Fund (Taxable) and/or the Debt Service Reserve Fund (Tax-Exempt).

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

Debt Service Reserve Fund (Tax-Exempt) shall mean the special trust fund so designated, established pursuant to the Indenture.

Debt Service Reserve Fund Requirement shall mean, (i) with respect to the Series 2021B Bonds, the Debt Service Reserve Fund Requirement (Taxable), (ii) with respect to the Series 2021A Bonds, the Debt Service Reserve Fund Requirement (Tax-Exempt), or (iii) with respect to a Series of Additional Bonds for which a separate debt service reserve fund is established, the debt service reserve fund requirement established for that Series of Bonds in the related Supplemental Indenture.

Debt Service Reserve Fund Requirement (Taxable) shall mean, with respect to the Series 2021B Bonds, (a) the initial amount of \$53,236.53 or (b) if less than the applicable amount in (a), the maximum annual debt service of the Series 2021B Bonds, calculated from time to time as of any date on which a portion of the Series 2021B Bonds is refunded or defeased and deemed no longer Outstanding, as applicable, either of which amount shall not exceed the least of (i) 10% of the original principal amount of the Series 2021B Bonds, or if any Series 2021B Bonds are issued with original issue discount, 10% of the proceeds of such Series 2021B Bonds, (ii) the maximum annual debt service on the Series 2021B Bonds, or (iii) 125% of the average annual debt service on the Series 2021B Bonds.

Debt Service Reserve Fund Requirement (Tax-Exempt) shall mean, with respect to the Series 2021A Bonds, (a) the initial amount of \$2,822,363.47 or (b) if less than the applicable amount in (a), the maximum annual debt service of the Series 2021A Bonds, calculated from time to time as of any date on which a portion of the Series 2021A Bonds is refunded or defeased and deemed no longer Outstanding, as applicable, either of which amount shall not exceed the least of (i) 10% of the original principal amount of the Series 2021A Bonds, or if any Series 2021A Bonds are issued with original issue discount, 10% of the proceeds of such Series 2021A Bonds, (ii) the maximum annual debt service on the Series 2021A Bonds, or (iii) 125% of the average annual debt service on the Series 2021A Bonds.

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

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

Determination of Taxability shall mean:

(i) (A) the adoption, promulgation or enactment of any federal statute or regulation, or any determination, decision, decree or ruling made by the Commissioner or any District Director of the Internal Revenue Service;

(B) the issuance of a public or private ruling or a technical advice memorandum by the Internal Revenue Service in which an Institution has participated or has been given the opportunity to participate, and which ruling or memorandum an Institution, in its discretion, does not contest or from which no further right of judicial review or appeal exists;

(C) a determination from which no further right of appeal exists of any court of competent jurisdiction in the United States in a proceeding in which an Institution has participated or has been a party, or has been given the opportunity to participate or be a party; or

(D) the admission in writing by an Institution;

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 Institutions and the Trustee prompt notice of the commencement thereof and (b) (if the Institutions agree to pay all expenses in connection therewith) offers the Institutions the opportunity to control the defense thereof and (2) either (a) the Institutions do not agree within thirty (30) days of receipt of such offer to pay such expenses and to control such defense or (b) the Institutions 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 Institutions determine 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 Institutions, upon delivery by the Bondholder to the Institutions 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.

Disability Aid shall mean those certain federal and State payments payable to the Charter School for operations at the Facility attributable to students with disabilities.

DTC shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

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

Education Aid shall mean, collectively, all School District Payments, State Education Operating Aid, Disability Aid and any Other Education Aid payable to the Charter School pursuant to the New York State Education Law or federal law for the payment of operations of the Charter School at the Facility.

Entity shall mean any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

Event of Default shall have the meaning specified in the Indenture and the Loan Agreement.

Event of Taxability shall mean the date specified in a Determination of Taxability as the date interest paid or payable on any Tax-Exempt Bond becomes includable for federal income tax purposes in the gross income of any Holder thereof as a consequence of any act, omission or event whatsoever, including any change of law, and regardless of whether the same was within or beyond the control of an Institution.

Excess Net Revenues shall mean Gross Revenues, less Operating Expenses, Annual Debt Service on Long-Term Indebtedness, payments on any capital leases, and any Debt Service Reserve Fund deficiency payments.

Existing Facility Property shall mean any fixture constituting part of the Facility Realty or any machinery, equipment or other item of personal property constituting part of the Facility Personalty.

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

Facility Lease Agreement or **Master Lease** shall mean the Amended and Restated Master Lease Agreement, dated as of February 1, 2021, between the Facility Owner and the Charter School, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Loan Agreement.

Facility Owner shall mean Friends of New World Prep, 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 Facility Owner as an Institution under the Loan Agreement.

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 the Loan Agreement and described under "Description of the Facility Personalty" attached as an exhibit to the Loan Agreement and 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 Loan Agreement, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so

substituted for or replaced, and further exclude all items of Facility Personalty removed as provided in the Loan Agreement.

Facility Realty shall mean, collectively, the Land and the Improvements.

Final Project Cost Budget shall mean that certain budget of costs paid or incurred for the Project to be submitted by the Institutions pursuant to the Loan Agreement upon completion of the Project.

Fiscal Year shall mean, with respect to each Institution, a year of 365 or 366 days, as the case may be, commencing on July 1 and ending on June 30 of the next calendar year, or such other fiscal year of similar length used by an Institution for accounting purposes as to which such 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 Ratings, Inc., a Delaware corporation, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

GAAP shall mean those generally accepted accounting principles and practices that are recognized as such by the American Institute of Certified Public Accountants or by the Financial Accounting Standards Board or through other appropriate boards or committees thereof, and that are consistently applied for all periods, after the Closing Date, so as to properly reflect the financial position of the Institutions, except that any accounting principle or practice required to be changed by the Financial Accounting Standards Board (or other appropriate board or committee of the said Board) in order to continue as a generally accepted accounting principle or practice may be so changed.

Governing Body shall mean, when used with respect to any Entity, its board of directors, board of trustees or individual or group of individuals by, or under the authority of which, the powers of such Entity are exercised.

Government Obligations shall mean the following:

(i) direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America;

(ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States of America for the timely payment thereof; or

(iii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in clauses (i) or (ii) above.

Gross Revenues shall mean, regardless of the source, all revenues, rentals, fees, third-party payments, receipts, donations, contributions or other income of an Institution, to the extent permitted thereby and by law, including accounts receivables or other rights to receive such revenues, including, without limitation, Education Aid, proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by an Institution; and all gifts, grants, bequests and contributions (including income and profits therefrom) to the extent permitted by the terms thereof and by law.

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 mean all taxes and assessments, general and specific, if any, levied and assessed upon or against the Trust Estate, the Facility Realty or any part thereof, or interest of the Institutions in the Facility, or against any of the loan payments or other payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Project Documents, or the interest of the Issuer or the Institutions in any Project Document, and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Facility Realty.

Improvements shall mean:

(i) all buildings, structures, foundations, related facilities, fixtures and other improvements of every nature whatsoever existing on the Closing Date and hereafter erected or situated on the 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 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 June 1, 2021, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with the Indenture.

Independent when used with respect to any Person means such a Person who (i) is independent in fact, (ii) does not have a direct financial interest or any material indirect financial interest in either Institution, and (iii) is not connected with either Institution as an officer, employee, promoter or member of the governing body of either thereof.

Independent Accountant shall mean an Independent certified public accountant or firm of independent certified public accountants selected by the Institutions and approved by the Issuer and the Trustee (such approvals not to be unreasonably withheld or delayed).

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

Independent Financial Consultant shall mean a firm (and not an individual) which (a) is not, and no member, stockholder, director, officer or employee of which is, an officer or employee of the Facility Owner, the Charter School or any Affiliate of either, (b) is a firm having the skill and experience

necessary to render the particular report required by the provision of the Loan Agreement in which such requirement appears, and (c) is Independent.

Initial Bonds or **Series 2021 Bonds** shall mean, collectively or individually, as applicable, the Series 2021A Bonds and/or the Series 2021B Bonds.

Institution(s) shall mean, individually or collectively, as the context requires, (a) the Facility Owner; (b) the Charter School; (c) any surviving, resulting or transferee entity thereof permitted pursuant to the terms of the Loan Agreement; and (d) except where the context requires otherwise, any assignee(s) of an Institution permitted pursuant to the terms of the Loan Agreement; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of an Institution under the Loan Agreement.

Institution's Property shall mean any machinery, equipment and other personal property installed at the Facility Realty at an Institution's own cost and expense.

Interest Account shall mean the special trust account of the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable, so designated, established pursuant to the Indenture.

Interest Payment Date shall mean, with respect to the Initial Bonds, June 15 and December 15 of each year, commencing December 15, 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 Institutions 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 Institutions 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 Institutions the recapture of benefits provisions 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 Loan Agreement, relating to, among other things, the maintenance of the Facility, alterations and improvements of the Facility, removal of property of the Facility, loan payments, the Institutions' obligations under the Loan

Agreement, taxes, assessments and charges, damage, destruction and condemnation of the Facility, loss proceeds, rebuilding of the Facility, insurance, advances, compliance with Legal Requirements, indemnification, discharge of liens, certain redemptions, subletting of the Facility and assignment and termination of the Loan Agreement; and

(vii) the right of the Issuer in its own behalf to declare a default with respect to any of the Issuer's Reserved Rights and exercise the remedies set forth in the Loan Agreement.

Land shall mean that certain lot, piece or parcel of land in the Borough of Staten Island, (i) Block 1084 and Lot 73, generally known by the street address 2230 Richmond Terrace, Staten Island, New York, (ii) Block 1084 and Lot 62, generally known by the street address 26 Sharpe Avenue (a/k/a 15 Treadwell Avenue and a/k/a 2222/2240 Richmond Terrace), Staten Island, New York, and (iii) Block 1084 and Lot 59, generally known by the street address 19 Treadwell Avenue, Staten Island, New York, all as more particularly described in "Description of the Land" attached as an exhibit to the Loan Agreement and the Indenture, 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.

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) an Institution, (ii) the Facility or any part thereof, or (iii) any use or condition of the Facility or any part thereof.

Letter of Representation and Indemnity Agreement shall mean the Letter of Representation and Indemnity Agreement, dated the Closing Date, from the Institutions to the Issuer, the Trustee and the Underwriter.

Loan shall mean the loan of the proceeds from the sale of the Initial Bonds made by the Issuer to the Facility Owner pursuant to the terms of the Loan Agreement.

Loan Agreement shall mean the Loan Agreement, dated as of June 1, 2021, between the Issuer and the Institutions, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Loan Payment Date shall mean the fifteenth (15th) day of each January, March, May, July, September and November, commencing July 15, 2021 (or, if any such day shall not be a Business Day, the immediately preceding Business Day).

Long-Term Debt Service Coverage Ratio shall mean, for any Fiscal Year of an Institution, or other specified period, the ratio determined by dividing the Net Income Available for Debt Service by the debt service due in that Fiscal Year. When calculating the Long-Term Debt Coverage Ratio, capitalized interest shall be counted as income.

Long-Term Indebtedness shall mean any Additional Indebtedness of an Institution other than Short-Term Indebtedness and indebtedness subordinate to the Bonds.

Loss Event shall mean an event by which 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 an 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.

Majority Holders shall mean the Beneficial Owners of at least a majority in aggregate principal amount of the Bonds Outstanding, or, if the Bonds shall cease to be in book-entry form, the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding.

Management Consultant shall mean an Independent professional firm or corporation hired by an Institution, and acceptable to the Majority Holders, pursuant to the Loan Agreement.

Moody's shall mean Moody's Investors Service Inc., a Delaware corporation, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Mortgage shall mean, collectively, the Mortgage and Security Agreement (Acquisition Loan), the Mortgage and Security Agreement (Building Loan) and the Mortgage and Security Agreement (Indirect Loan) relating to the Facility, each dated as of June 1, 2021, and each from the Institutions to the Issuer and the Trustee, and shall include any and all amendments thereof and supplements thereto made in accordance therewith and with the Indenture.

Mortgaged Property shall mean the Facility, together with the other property set forth in the granting clauses of the Mortgage.

MSRB shall mean the Municipal Securities Rulemaking Board or its successor entity.

Nationally Recognized Bond Counsel shall mean Hawkins Delafield & Wood LLP or other counsel acceptable to the Issuer and the Trustee and experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions.

Net Income Available for Debt Service shall mean, for any period of determination thereof, Gross Revenues of an Institution for such period, plus all interest earnings on moneys held in the Debt Service Reserve Fund (Tax-Exempt) established under the Indenture, minus an Institution's total Operating Expenses for such period but excluding (i) any profits or losses which would be regarded as extraordinary items under GAAP, (ii) cancellation of indebtedness income, (iii) proceeds of Bonds or any other Indebtedness permitted by the Loan Agreement, (iv) proceeds of insurance policies, other than the policies for business interruption insurance, maintained by or for the benefit of an Institution, the proceeds of any sale, transfer or other disposition of the Facility or any other of an Institution's assets by an Institution, and any condemnation or any other damage award received by or owing to an Institution and (v) interest expense.

Net Proceeds shall mean, when used with respect to any insurance proceeds or condemnation award, compensation or damages, the gross amount of any such proceeds, award, compensation or damages less all expenses (including reasonable attorneys' fees and any extraordinary expenses of the Issuer or the Trustee) incurred in the collection thereof.

Notice Parties shall mean the Issuer, the Institutions, the Bond Registrar, the Paying Agents, the Custodian and the Trustee.

Operating Expenses shall mean fees and expenses of an Institution, including maintenance, repair expenses, utility expenses, real estate taxes, insurance premiums, administrative and legal expenses, miscellaneous operating expenses, advertising and promotion costs, payroll expenses (including taxes), the cost of material and supplies used for current operations of an Institution, the cost of vehicles, equipment leases and service contracts, taxes upon the operations of an Institution not otherwise mentioned herein, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which may be reasonably be expected to be incurred in accordance with GAAP, all in such amounts as reasonably determined by an Institution; provided however, "Operating Expenses" shall not include (i) those expenses which are actually paid from any revenues of an Institution which are not Gross Revenues, (ii) spending for items accounted for as capital expenditures under GAAP, (iii) expenses or other amounts paid into and from the Repair and Replacement Fund, or (iv) replenishments of the Debt Service Reserve Fund (Tax-Exempt).

Opinion of Counsel shall mean a written opinion of counsel for the Institutions 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.

Other Education Aid shall mean any federal or State payments, other than School District Payments, State Education Operating Aid or Disability Aid, payable to the Charter School for the purpose of funding operations of the Charter School at the Facility.

Outstanding, when used with reference to a Bond or Bonds, as of any particular date, shall mean all Bonds which have been issued, executed, authenticated and delivered under the Indenture, except:

(i) Bonds cancelled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee under the Indenture for cancellation;

(ii) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with the defeasance provisions of the Indenture, there has been separately set aside and held in the Redemption Account of the Bond Fund (Tax-Exempt) and in the Redemption Account of the Bond Fund (Taxable), as applicable, either:

(A) moneys, and/or

(B) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys,

in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or Redemption Date, which payment or Redemption Date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under the Indenture,

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture or under any other Security Document, Bonds owned by an Institution or any Affiliate of an 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 an Institution or any Affiliate of an Institution.

Participants shall mean those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

Paying Agent shall mean any paying agent for the Bonds appointed pursuant to the Indenture (and may include the Trustee) and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

Permits shall have the meaning specified in the Assignment of Contracts.

Permitted Encumbrances shall mean:

(i) the Mortgage (as assigned by the Assignment of Mortgage), the Assignment of Leases and Rents (as assigned by the Assignment of ALR), the Facility Lease Agreement, the Building Loan Agreement and any other Project Document;

(ii) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not yet due and payable;

(iii) any mechanic's, workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien, security interest, encumbrance or charge or right in respect thereof, placed on or with respect to the Facility or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to the Loan Agreement;

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

(v) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to property similar in character to the Facility as do not, as set forth in a certificate of an Authorized Representative of the Institutions delivered to the Issuer and the Trustee, either singly or in the aggregate, render title to the Facility unmarketable or materially impair the property affected thereby for the purpose for which it was acquired or purport to impose liabilities or obligations on the Issuer;

(vi) those exceptions to title to the Mortgaged Property enumerated in the title insurance policy delivered pursuant to the Loan Agreement insuring the Trustee's mortgagee interest in the

Mortgaged Property, a copy of which is on file at the offices of the Issuer and at the designated corporate trust office of the Trustee;

(vii) liens arising by reason of good faith deposits with an Institution in connection with the tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by an 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 an 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 an 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 an Institution from the City, the State or any governmental agency or instrumentality; and

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

Person shall mean an individual or any Entity.

Principal Account shall mean the special trust account of the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable, so designated, established pursuant to the Indenture.

Project shall mean (1) the acquisition of parcels of land totaling approximately 1.38 acres located at 19 Treadwell Avenue, 26 Sharpe Avenue (a/k/a 15 Treadwell Avenue and a/k/a 2222/2240 Richmond Terrace) and 2230 Richmond Terrace, Staten Island, New York (collectively commonly referred to as 26 Sharpe Avenue, Staten Island, New York) and the five buildings and improvements thereon; (2) the demolition of four of such buildings thereon with the following gross square footage ("GSF"): a church building consisting of approximately 5,700 GSF, an office building consisting of approximately 8,400 GSF, a gymnasium/cafeteria building consisting of approximately 8,200 GSF, and an office building consisting of approximately 9,600 GSF; (3) the design, construction, renovation, equipping and furnishing of an approximately 91,300 GSF three-story (plus basement level) building consisting of the existing building at 26 Sharpe Avenue, Staten Island, New York and a new approximately 17,300 GSF addition of renovations and improvements thereto, all for general classroom and administrative use, together with approximately 37,700 GSF of related site improvements; all of which Facility will be leased by the Facility Owner to the Charter School to be operated by the Charter School as a public charter school providing educational services to students in kindergarten through grade 8.

Project Account shall mean the special trust account of the Project Fund (Tax-Exempt) or the Project Fund (Taxable), as applicable, so designated, established pursuant to the Indenture.

Project Completion Date shall mean the date by which all of the following conditions have been satisfied: (i) the Issuer shall have received a signed and complete certificate of an Authorized Representative of the Institutions in substantially the form set forth in the “Form of Project Completion Certificate” attached as an exhibit to the Loan Agreement, together with all attachments required thereunder, (ii) the Project Work shall have been finished and shall have been completed substantially in accordance with the plans and specifications therefor, (iii) the Issuer shall have received a copy of a certificate of occupancy or a temporary certificate of occupancy issued by the New York City Department of Buildings from the Institutions, (iv) there shall be no certificate, license, permit, authorization, written approval or consent or other document required to permit the occupancy, operation and use of the Facility as the Approved Facility that has not already been obtained or received, except for such certificates, licenses, permits, authorizations, written approvals and consents that will be obtained in the ordinary course of business and the issuance of which are ministerial in nature, and (v) the Facility shall be ready for occupancy, use and operation for the Approved Project Operations in accordance with all applicable laws, regulations, ordinances and guidelines.

Project Costs shall mean, collectively, Project Costs (Taxable) and Project Costs (Tax-Exempt).

Project Costs (Taxable) shall mean the costs of issuance with respect to the Initial Bonds, the interest on the Taxable Bonds during the construction and renovation of the Project Work or other Project Costs (Tax-Exempt) not paid from the Tax-Exempt Bonds, and shall not include (i) fees or commissions of real estate brokers or (ii) operational costs.

Project Costs (Tax-Exempt) shall mean:

(i) all costs of engineering and architectural services with respect to the Project Work, including the cost of test borings, surveys, estimates, permits, plans and specifications and for supervising demolition, construction and renovation, as well as for the performance of all other duties required by or consequent upon the proper construction of, and the making of alterations, renovations, additions and improvements in connection with, the completion of the Project Work;

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

(iii) the interest on the Tax-Exempt Bonds during the construction and renovation of the Project Work;

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

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

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

(vii) the payment of the Costs of Issuance with respect to the Initial Bonds;

(viii) the payment of the fees and expenses of the Trustee during the period of construction and renovation of the Project Work;

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

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

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

Project Documents shall mean, collectively, the Continuing Disclosure Agreement, the Facility Lease Agreement and the Security Documents.

Project Fund shall mean, collectively or individually, as applicable, the Project Fund (Taxable) and/or the Project Fund (Tax-Exempt).

Project Fund (Taxable) shall mean the special trust fund so designated, established pursuant to the Indenture.

Project Fund (Tax-Exempt) shall mean the special trust fund so designated, established pursuant to the Indenture.

Project Work shall mean (i) the demolition of existing buildings, the design, construction and/or renovation of the Improvements, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Promissory Notes shall mean, (i) with respect to the Initial Bonds, collectively, those certain Series 2021A Promissory Note and Series 2021B Promissory Note in substantially the forms attached as exhibits to the Loan Agreement, (ii) with respect to any Series of Additional Bonds, that certain Promissory Note in substantially the form of any related exhibit to an amendment to the Loan Agreement, and (iii) with respect to the Bonds, collectively, those certain Promissory Notes described in clauses (i) and (ii) above, and shall include in each case any and all amendments thereof and supplements thereto made in conformity with the Loan Agreement and the Indenture.

Purchase Price shall mean an amount equal to the Redemption Price that would be applicable to the Series 2021A Bonds being purchased pursuant to the Indenture if such Series 2021A Bonds were being optionally redeemed pursuant to the Indenture on the date such Series 2021A 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 the Indenture and (c) services performed for such funds and pursuant to the Indenture may converge at any time; and

(viii) An investment agreement or other investment arrangement with any bank, trust company, national banking association or bank holding company in the United States, with any domestic branch of a foreign bank, or with any surety or insurance company, provided, that, (i) such investment agreement or other investment arrangement shall permit the full principal amount of the moneys so placed together with the investment income agreed to be paid to be available for use as and when required under the Indenture, and (ii) the Person with whom such investment agreement or other investment arrangement is made must be a Person whose unsecured or uncollateralized short term debt obligations are assigned a rating by S&P of SP 1+ or better or a Person assigned a financial strength rating of AAA by S&P, and whose domestic assets shall be in excess of \$10,000,000,000.

Rating Agency shall mean any of S&P, Moody's or Fitch and such other nationally recognized securities rating agency as shall have awarded a rating to the Initial Bonds.

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

Record Date shall mean, with respect to any Interest Payment Date for the Initial Bonds, the close of business on the fifteenth (15th) day of the month next preceding such Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day.

Redemption Account shall mean the special trust account of the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable, so designated, established pursuant to the Indenture.

Redemption Date shall mean the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

Redemption Price shall mean, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

Refunding Bonds shall mean Additional Bonds that may be issued under the Indenture to refund all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds.

Reimbursement Resolution shall mean, collectively, the resolutions adopted by the Institutions on the following dates: for the Facility Owner, January 15, 2020, as amended on January 25, 2021, and by the Charter School on November 30, 2015 (the “Charter School First Resolution”), which Charter School First Resolution was amended on December 16, 2019 (the “Charter School Second Resolution”), which Charter School Second Resolution was amended on January 25, 2021, with respect to the Project and the debt financing thereof.

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

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

Repair and Replacement Fund shall mean the special trust fund so designated, established pursuant to the Indenture.

Repair and Replacement Fund Requirement shall mean an amount equal to \$100,000 to be funded in approximately equal installments on each Loan Payment Date over five (5) years from the Closing Date.

Representations Letter shall mean the Blanket Issuer Letter of Representations from the Issuer to DTC.

Required Disclosure Statement shall mean that certain Required Disclosure Statement in the “Form of Required Disclosure Statement” attached as an exhibit to the Loan Agreement.

Revenue Fund shall mean the special trust fund so designated, established pursuant to 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 District shall mean any applicable school district, as referenced in Section 2856 of the Charter Schools Act, which is obligated to make payments to the Charter School pursuant to the Charter Schools Act.

School District Payments shall mean any and all payments made to or for the benefit of the Charter School with respect to its operations at the Facility pursuant to the Charter Schools Act.

Securities Act shall mean the Securities Act of 1933, as amended, together with any rules and regulations promulgated thereunder.

Securities Depository shall mean any securities depository that is a clearing agency under federal law operating and maintaining, with its Participants or otherwise, a book-entry system to record ownership of book-entry interests in the Bonds, and to effect transfers of book-entry interests in the Bonds in book-entry form, and includes and means initially DTC.

Securities Exchange Act shall mean the Securities Exchange Act of 1934, as amended, together with any rules and regulations promulgated thereunder.

Security Documents shall mean, collectively, the Loan Agreement, the Promissory Notes, the Indenture, the Tax Regulatory Agreement, the Building Loan Agreement, the Mortgage, the Assignment of Mortgage, the Custody Agreement, the Assignment of Contracts, the Assignment of Leases and Rents and the Assignment of ALR.

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 \$51,160,000 Revenue Bonds (New World Preparatory Charter School Project), Series 2021A authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Series 2021B Bonds shall mean the Issuer's \$965,000 Revenue Bonds (New World Preparatory Charter School Project), Series 2021B (Taxable) authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Short-Term Indebtedness shall mean any Additional Indebtedness incurred, assumed or guaranteed by an Institution maturing not more than 365 days after it is incurred.

Sinking Fund Installment shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds pursuant to the Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to the Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

Sinking Fund Installment Account shall mean the special trust account of the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable, so designated, established pursuant to the Indenture.

State shall mean the State of New York.

State Education Operating Aid shall mean all New York State Education Department operating aid payments appropriated for the purpose of funding operating expenses of the Charter School with respect to its operations at the Facility on a per-pupil basis.

State Education Operating Aid Payment Dates shall mean each July 1, September 1, November 1, January 1, March 1, and May 1, or such other dates as may in the future be established as the payment dates for Education Aid.

Supplemental Indenture shall mean any indenture supplemental to or amendatory of the Indenture, executed and delivered by the Issuer and the Trustee in accordance with the Indenture.

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

Taxable Bonds shall mean the Series 2021B Bonds and any Additional Bonds which are not Tax-Exempt Bonds.

Tax-Exempt Bonds shall mean the Series 2021A Bonds and any Additional Bonds as to which, at the time of original issuance, there shall be delivered to the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that the interest on such Bonds is excluded from gross income for federal income tax purposes.

Tax-Exempt Organization shall mean an Entity organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

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

Trustee shall mean U.S. Bank National Association, 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.

Underwriter shall mean Robert W. Baird & Co. Incorporated, as underwriter of the Initial Bonds.

Valuation Date shall mean June 15 and December 15 of each year commencing December 15, 2021.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST

The following is a summary of certain provisions of the Indenture of Trust (the "Indenture") relating to the Series 2021 Bonds. This summary does not purport to be complete, and reference is made to the Indenture for the detailed provisions thereof. This summary is qualified in its entirety by such reference. Headings are not part of the Indenture and are included for ease of reference only.

Defaulted Interest. Defaulted Interest on any Initial Bond 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 Facility Owner 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), 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 in the Indenture. Following receipt of such funds the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt of such funds by the Trustee. The Trustee shall promptly notify the Facility Owner of such Special Record Date and, in the name and at the expense of the Facility Owner, 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.

Additional Bonds. So long as the Promissory Notes, the Loan Agreement and the other Security Documents are each in effect, and the prior written consent of the Holders of at least sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds shall have been obtained (except such consent shall not be required with respect to refunding all or a portion of any Outstanding Bonds to achieve interest cost savings), 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 Institutions shall enter into an amendment to the Loan Agreement, and the Facility Owner shall execute a new Promissory Note, which shall provide, among other things, that the loan payments payable by the Facility Owner 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 Institutions 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.

Each such Series of Additional Bonds shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of such Series of

Additional Bonds, they shall be made available by the Trustee for pick-up by the order of the purchaser or purchasers thereof, but only upon receipt by the Trustee of:

(1) a copy of the resolution, duly certified by the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel of the Issuer, authorizing, issuing and awarding the Series of Additional Bonds to the purchaser or purchasers thereof and providing the terms thereof and authorizing the execution of any Supplemental Indenture and any amendments of or supplements to the Loan Agreement and any other Security Document to which the Issuer shall be a party;

(2) original executed counterparts of the Supplemental Indenture and an amendment of or supplement to the Loan Agreement expressly providing that, to the extent applicable, for all purposes of the Supplemental Indenture, the Promissory Notes, the Loan Agreement, the Custody Agreement, the Assignment of Leases and Rents, the Assignment of Contracts and the Mortgage, 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 Institutions 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 original, executed counterpart of the new Promissory Notes and the amendment to each Security Document;

(7) 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;

(8) an amount of money for deposit in the applicable Debt Service Reserve Fund such that the aggregate amount on deposit in such Fund shall be at least equal to the applicable Debt Service Reserve Requirement after giving effect to the issuance of such Series of Additional Bonds; and

(9) evidence satisfactory to the Trustee that the additional Indebtedness of the Institutions incurred in connection with the issuance of the Additional Bonds complies with the requirements of the Loan Agreement.

Upon the request of the Facility Owner, one or more Series of Refunding Bonds may be authenticated and made available for pick-up upon original issuance to refund 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 the Indenture and of the resolution authorizing said Series of Refunding Bonds. In the case of the refunding under the Indenture as described under this heading 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 the Indenture.

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 the Indenture as described under this heading, 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 the Indenture 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 defeasance provisions of the Indenture, and any moneys required pursuant to said provisions (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 the defeasance provisions of the Indenture.

The Facility Owner 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.

Each Series of Additional Bonds issued pursuant to the Indenture as described under this heading shall be equally and ratably secured under the Indenture with the Initial Bonds and all other Series of Additional Bonds, if any, issued pursuant to the Indenture as described under this heading, without preference, priority or distinction of any Bond over any other Bonds except as expressly provided in or permitted by the Indenture (including, without limitation, the exception that the Project Fund (Taxable), the Debt Service Reserve Fund (Taxable) (except as set forth in the Indenture) and the Bond Fund (Taxable) shall only secure the Taxable Bonds, and the Project Fund (Tax-Exempt), the Debt Service Reserve Fund (Tax-Exempt) and the Bond Fund (Tax-Exempt) shall only secure the Tax-Exempt Bonds).

No Series of Additional Bonds shall be issued unless the Facility Lease Agreement, the Promissory Notes, the Loan Agreement, the Assignment of Leases and Rents, 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.

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.

Creation of Funds and Accounts. The following special trust Funds and Accounts comprising such Funds are established under the Indenture: (a) Project Fund (Tax-Exempt) consisting of (i) a Capitalized Interest Account and (ii) a Project Account, (b) Project Fund (Taxable) consisting of (i) a Capitalized Interest Account and (ii) a Project Account, (c) Bond Fund (Tax-Exempt) consisting of (i) a Principal Account, (ii) an Interest Account, (iii) a Redemption Account and (iv) a Sinking Fund Installment Account, (d) Bond Fund (Taxable) consisting of (i) a Principal Account, (ii) an Interest Account, (iii) a Redemption Account and (iv) a Sinking Fund Installment Account, (e) Renewal Fund, (f) Earnings Fund, (g) Rebate Fund, (h) Debt Service Reserve Fund (Tax-Exempt), (i) Debt Service Reserve Fund (Taxable), (j) Repair and Replacement Fund, (k) Revenue Fund and (l) Supplemental Reserve Fund.

All of the Funds and Accounts created under the Indenture shall be held by the Trustee. All moneys required to be deposited with or paid to the Trustee for the credit of any Fund or Account under any provision of the Indenture and all investments made therewith shall be held by the Trustee in trust and applied only in accordance with the provisions of the Indenture, and while held by the Trustee shall constitute part of the Trust Estate (subject to the granting clauses of the Indenture), other than the Rebate Fund, and be subject to the lien of the Indenture.

Project Fund. There shall be deposited in the applicable accounts of the applicable Project Fund, so indicated, any and all amounts required to be deposited therein pursuant to the Indenture as described under the headings “Earnings Fund” and “Rebate Fund” below or otherwise required to be deposited therein pursuant to the Loan Agreement or the Indenture.

The Trustee shall apply the amounts on deposit in the Project Account of the Project Fund (Tax-Exempt) to the payment, or reimbursement to the extent the same have been paid by or on behalf of the Institutions or the Issuer, of Project Costs (Tax-Exempt) to the extent requisitioned under the Indenture as described in the paragraphs below. The Trustee shall apply the amounts on deposit in the Project Account of the Project Fund (Taxable) to the payment, or reimbursement to the extent the same have been paid by or on behalf of the Institutions or the Issuer, of Project Costs (Taxable) to the extent requisitioned under the Indenture as described in the paragraphs below.

The Trustee shall apply the amounts in the Capitalized Interest Account of the Project Fund (Tax-Exempt) for the payment of interest on the Series 2021A Bonds as the same shall become due until the earlier of the Project Completion Date (as evidenced in accordance with the provisions of the Loan Agreement) or the exhaustion of amounts in such Account (the “2021A Capitalized Interest Period”). During the 2021A Capitalized Interest Period, the Trustee shall transfer from the Capitalized Interest Account of the Project Fund (Tax-Exempt) with respect to the Series 2021A Bonds, on the Business Day immediately preceding each Loan Payment Date, for deposit in the Interest Account of the Bond Fund (Tax-Exempt), that amount required to be paid by the Facility Owner on such Loan Payment Date under the Loan Agreement, less any amounts on deposit in the Interest Account of the Bond Fund (Tax-Exempt) and available therefor.

The Trustee shall apply the amounts in the Capitalized Interest Account of the Project Fund (Taxable) for the payment of interest on the Series 2021B Bonds as the same shall become due until the earlier of the Project Completion Date (as evidenced in accordance with the provisions of the Loan Agreement) or the exhaustion of amounts in such Account (the “2021B Capitalized Interest Period”). During the 2021B Capitalized Interest Period, the Trustee shall transfer from the Capitalized Interest Account of the Project Fund (Taxable) with respect to the Series 2021B Bonds, on the Business Day immediately preceding each Loan Payment Date, for deposit in the Interest Account of the Bond Fund (Taxable), that amount required to be paid by the Facility Owner on such Loan Payment Date under the Loan Agreement, less any amounts on deposit in the Interest Account of the Bond Fund (Taxable) and available therefor.

The Trustee is authorized to disburse from the Project Account of the Project Fund (Tax-Exempt) amounts required to pay (in whole or in part) the Project Costs (Tax-Exempt) and is directed to issue its checks (or, at the direction of the Facility Owner, make wire transfers) for each disbursement from the Project Account of the Project Fund (Tax-Exempt) for the Project Costs (Tax-Exempt), upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Institutions; provided, however, that the Trustee shall retain in the Project Account of the Project Fund (Tax-Exempt) an amount equal to the greater of (a) \$60,000 or (b) the lesser of (i) one percent (1%) of the original principal amount of the Series 2021A Bonds or (ii) \$500,000, until an Authorized Representative of the Institutions shall have delivered the completion certificate and other documents required by the Loan Agreement.

The Trustee is authorized to disburse from the Project Account of the Project Fund (Taxable) amounts required to pay (in whole or in part) the Project Costs (Taxable) and is directed to issue its checks (or, at the direction of the Facility Owner, make wire transfers) for each disbursement from the Project Account of the Project Fund (Taxable) for the Project Costs (Taxable), upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Institutions.

The completion of the Project shall be evidenced as set forth in the Loan Agreement including the filing of the certificate of an Authorized Representative of the Institutions referred to therein. Upon the filing of such certificate, the balance in the accounts of the Project Fund (Tax-Exempt) in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the Project Costs (Tax-Exempt), shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and the Indenture as described under the heading “Rebate Fund” below, be deposited by the Trustee in the Redemption Account of the Bond Fund (Tax-Exempt). Upon payment of all the costs and expenses incident to the completion of the Project, any balance of such remaining amount in the accounts of the Project Fund (Tax-Exempt), together with any amount on deposit in the Earnings Fund derived from transfers made thereto from the accounts in the Project Fund (Tax-Exempt), shall, after making any such transfer to the Rebate Fund, and after depositing in the Debt Service Reserve Fund (Tax-Exempt) an amount equal to any deficiency therein, be deposited in the Redemption Account of the Bond Fund (Tax-Exempt) to be applied to the redemption of Series 2021A Bonds at the earliest practicable date. The Trustee shall promptly notify the Facility Owner of any amounts so deposited in the Redemption Account of the Bond Fund (Tax-Exempt).

In addition, upon the filing of such Project completion certificate as described above, the balance in the accounts in the Project Fund (Taxable) in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the Project Costs (Taxable) shall, after depositing in the Debt Service Reserve Fund (Taxable) an amount equal to any deficiency therein, be deposited by the Trustee in the Interest Account of the Bond Fund (Taxable).

In the event the Facility Owner 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 each 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 Regulatory Agreement and the Indenture as described under the heading "Rebate Fund" below), in the Repair and Replacement Fund, in the Supplemental Reserve Fund and in each Debt Service Reserve Fund shall be deposited in the Redemption Account of the applicable Bond Fund. In the event the unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default under the Indenture, the balance in the Revenue Fund, in each 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 Regulatory Agreement and the Indenture as described under the heading "Rebate Fund" below), in the Repair and Replacement Fund, in the Supplemental Reserve Fund and in each Debt Service Reserve Fund shall be deposited in the applicable Bond Fund as provided in the Indenture as described under the heading "Application of Revenues and Other Moneys After Default" below.

Except as provided in the Indenture as described under the heading "Earnings Fund" below, all earnings on amounts held in the accounts of the Project Fund (Tax-Exempt) 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 accounts of the Project Fund (Tax-Exempt).

Renewal Fund. The Net Proceeds resulting from any Loss Event with respect to the Facility, together with any other amounts so required to be deposited therein under the Loan Agreement or the Mortgage, shall be deposited in the Renewal Fund (except as otherwise provided in the Mortgage).

In the event the Bonds shall be subject to redemption in whole (either by reason of such Loss Event or otherwise) pursuant to the terms thereof or the Indenture, and the Facility Owner 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 Regulatory Agreement and pursuant to the Indenture as described under the heading "Rebate Fund" below, transfer the amounts deposited in the Renewal Fund to the Redemption Account of the Bond Fund (Tax-Exempt).

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 Facility Owner shall have failed to take action to effect such redemption, or (3) the Facility Owner shall have notified the Trustee of its intent to rebuild, replace, repair and restore the Facility, the Trustee shall apply the amounts on deposit in the Renewal Fund, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and pursuant to the Indenture as described under the heading "Rebate Fund" below, to such rebuilding, replacement, repair and restoration.

If an Event of Default shall exist at the time of the receipt by the Trustee of the Net Proceeds in the Renewal Fund, the Trustee shall promptly request the written direction of the Majority Holders and shall thereupon apply such Net Proceeds, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and pursuant to the Indenture as described under the heading "Rebate Fund" below, to the rebuilding, replacement, repair and restoration of the Facility, or for deposit in the Redemption Account of the Bond Fund (Tax-Exempt), 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 (Tax-Exempt) (and, if any excess proceeds shall exist, in the Interest Account of the Bond Fund (Tax-Exempt)).

The Trustee is authorized to apply the amounts in the Renewal Fund to the payment (or reimbursement to the extent the same have been paid by or on behalf of the Institutions or the Issuer) of the costs required for the rebuilding, replacement, repair and restoration of the Facility upon written

instructions from the Facility Owner. 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 Institutions. 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 Institutions 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 Institutions 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 Institutions against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of the Indenture and the Loan Agreement, and (z) that no Person other than the Issuer or the Trustee may benefit therefrom. Such certificate shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if is a temporary certificate of occupancy, the Facility Owner 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 Institutions that all costs of rebuilding, repair, restoration and reconstruction of the Facility have been paid in full, together with releases of mechanics' liens by all contractors and materialmen who supplied work, labor, services, materials or supplies in connection with the rebuilding, repair, restoration and reconstruction of the Facility (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence satisfactory to the Trustee that such costs have been appropriately bonded or that the Institutions 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.

All earnings on amounts on deposit in the Renewal Fund shall be transferred by the Trustee and deposited in the Earnings Fund. Any transfers by the Trustee of amounts to the Rebate Fund shall first be drawn by the Trustee from the Earnings Fund prior to drawing any amounts from the Renewal Fund.

Any surplus remaining in the Renewal Fund after the completion of the rebuilding, replacement, repair and restoration of the Facility shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and pursuant to the Indenture as described under the heading "Rebate Fund" below, and after depositing in the applicable Debt Service Reserve Fund an amount equal to any deficiency therein, and then, in the Repair and Replacement Fund an amount equal to any

deficiency therein, and then, in the Supplemental Reserve Fund an amount equal to any deficiency therein, be transferred by the Trustee to the Redemption Account of the Bond Fund (Tax-Exempt) (and, if any excess proceeds shall exist, in the Interest Account of the Bond Fund (Tax-Exempt)).

Payments into Bond Fund. The Trustee shall promptly deposit the following receipts into the applicable Bond Fund so indicated:

(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 applicable Bond Fund and applied to the payment of interest on such Series of Bonds.

(b) Amounts transferred from the Capitalized Interest Account of the applicable Project Fund for the payment of interest on the applicable Series of Bonds during the 2021A Capitalized Interest Period and the 2021B Capitalized Interest Period, as applicable, which shall be credited to the Interest Account of the applicable Bond Fund and applied to the payment of interest on the applicable Series of Bonds;

(c) Excess or remaining amounts in each account of the Project Fund required to be deposited (subject to any transfer from the accounts of the Project Fund (Tax-Exempt) required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and the Indenture as described under the heading “Rebate Fund” below, or to the applicable Debt Service Reserve Fund to the extent of any deficiency therein) (i) in the Redemption Account of the Bond Fund (Tax-Exempt) or in the Interest Account of the Bond Fund (Taxable), as applicable, or (ii) in the applicable Bond Fund, in each case, pursuant to the Indenture as described under the heading “Project Fund” above.

(d) Loan payments received by the Trustee pursuant to the Loan Agreement and the Custody Agreement, which shall be deposited in the Revenue Fund and disbursed pursuant to the Indenture as described under the heading “Revenue Fund and Custody Agreement” below.

(e) Advance loan payments received by the Trustee pursuant to 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 (Tax-Exempt).

(f) Any amounts transferred from the Earnings Fund pursuant to the Indenture as described in the last paragraph under the heading “Earning Fund” below, which shall be deposited in and credited to the Interest Account of the Bond Fund (Tax-Exempt).

(g) The excess amounts referred to in the Indenture as described in the fourth paragraph under the heading “Application of Bond Fund Moneys” below, which shall be deposited in and credited to the Interest Account of the applicable Bond Fund.

(h) Any amounts transferred from the Redemption Account pursuant to the Indenture as described in the last paragraph under the heading “Application of Bond Fund Moneys” below, which shall be deposited to the Interest Account, the Principal Account and the Sinking Fund Installment Account of the applicable Bond Fund, as the case may be and in such order of priority, and applied solely to such purposes.

(i) Amounts in the Renewal Fund required by the Indenture as described under the heading “Renewal Fund” above 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 Regulatory Agreement and pursuant to the Indenture as described under the heading “Rebate Fund” below or to the applicable Debt

Service Reserve Fund to the extent of any deficiency therein, and then, to the Repair and Replacement Fund to the extent of any deficiency therein, and then, to the Supplemental Reserve Fund to the extent of any deficiency therein) to the Redemption Account of the Bond Fund (Tax-Exempt) pursuant to the Indenture as described under the last paragraph under the heading “Renewal Fund” above.

(j) All other receipts when and if required by the Loan Agreement or by the Indenture or by any other Security Document to be paid into the applicable Bond Fund, which shall be credited (except as provided in the provisions of the Indenture as described under the heading “Application of Revenues and other Moneys After Default” below) to the Redemption Account of the Bond Fund (Tax-Exempt).

(k) Any amounts transferred from either Debt Service Reserve Fund pursuant to the Indenture as described under the heading “Debt Service Reserve Fund” below, 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 applicable Bond Fund.

(l) Any amounts transferred from the Repair and Replacement Fund pursuant to the Indenture as described under the heading “Repair and Replacement Fund” below, 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 applicable Bond Fund.

(m) Any amounts transferred from the Supplemental Reserve Fund pursuant to the Indenture as described under the heading “Supplemental Reserve Fund” below, 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 applicable Bond Fund.

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

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

There shall be paid from the Sinking Fund Installment Account of the applicable 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 the applicable Series of 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 applicable Bond Fund). Such amounts shall be applied by the Paying Agents to the payment of such Sinking Fund Installment when due. The Trustee shall call for redemption, in the manner provided in the Indenture, the applicable Series of Bonds for which Sinking Fund Installments are applicable in a principal amount equal to the Sinking Fund Installment then due with respect to such applicable Series of 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 applicable Bond Fund.

Amounts in the Redemption Account of each Bond Fund shall be applied, at the written direction of the Facility Owner, as promptly as practicable, to the purchase of the applicable Series of Bonds at

prices not exceeding the Redemption Price thereof applicable on the earliest date upon which the applicable Series of 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 the applicable Series of Bonds by forty-five (45) days prior to the next date on which the applicable Series of Bonds are so redeemable shall be applied to the redemption of the applicable Series 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 the applicable Series of Bonds (except if held in accordance with the defeasance provisions of the Indenture) shall be transferred to the Interest Account. Upon the purchase of any applicable Series of Bonds out of advance loan payments as provided in this paragraph, or upon the redemption of any applicable Series of Bonds, an amount equal to the principal of such applicable Series of Bonds so purchased or redeemed shall be credited against the next ensuing and future Sinking Fund Installments for such applicable Series of Bonds in chronological order of the due dates of such Sinking Fund Installments until the full principal amount of such applicable Series of Bonds so purchased or redeemed shall have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such Sinking Fund Installment for the purposes of any calculation thereof under the Indenture. The applicable Series of Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in the Indenture. Amounts in the Redemption Account to be applied to the redemption of the applicable Series 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 applicable Series of Bonds being redeemed plus interest on such Bonds accrued to the Redemption Date.

In connection with purchases of the Series 2021A Bonds out of the Bond Fund (Tax-Exempt) as provided in the Indenture as described under this heading, the Facility Owner 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 Facility Owner. The payment of the purchase price shall be made out of the moneys deposited in the Redemption Account of the Bond Fund (Tax-Exempt) and the payment of accrued interest shall be made out of moneys deposited in the Interest Account of the Bond Fund (Tax-Exempt).

The Issuer shall receive a credit in respect of Sinking Fund Installments for any applicable Series of Bonds which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Issuer or the Facility Owner to the Trustee on or before the forty-fifth (45th) day next preceding any Sinking Fund Installment payment date and for any applicable Series of Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installment Account) and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment (whether pursuant to the provisions of the Indenture as described in the fourth paragraph under this heading or otherwise). Each applicable Series of Bond so delivered, cancelled or previously purchased or redeemed 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 with respect to Bonds of such Series and maturity and the principal amount of such Bonds to be redeemed by operation of the Sinking Fund Installment Account on the due date of such Sinking Fund Installment shall be reduced accordingly, and any excess over such principal amount shall be credited on future Sinking Fund Installments in direct chronological order, and the principal amount of Bonds to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

The Facility Owner 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 Institutions indicating whether or not and to what extent the provisions of the Indenture as described under this heading are to be availed of with respect to such Sinking Fund Installment payment, stating, in

the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment will be paid on or prior to the next succeeding Sinking Fund Installment payment date.

Moneys in the Redemption Account of each 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 applicable Bond Fund.

Earnings Fund. All investment income or earnings on amounts held in the accounts of the Project Fund (Tax-Exempt), the Renewal Fund, the Debt Service Reserve Fund (Tax-Exempt) or any other special fund (other than the Rebate Fund, the Project Fund (Taxable), the Debt Service Reserve Fund (Taxable), the Repair and Replacement Fund, the Supplemental Reserve Fund or either Bond Fund) shall be deposited upon receipt by the Trustee into the Earnings Fund. The Trustee shall keep separate accounts of all amounts deposited in the Earnings Fund and by journal entry indicate the Fund source of the income or earnings.

On the first Business Day following each Computation Period (as defined in the Tax Regulatory Agreement), the Trustee shall withdraw from the Earnings Fund and deposit to the Rebate Fund an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount (as defined in the Tax Regulatory Agreement) calculated as of the last day of the Computation Period. In the event of any deficiency, the balance required shall be provided by the Institutions pursuant to the Tax Regulatory Agreement. Computations of the amounts on deposit in each Fund and of the Rebate Amount shall be furnished to the Trustee by the Institutions in accordance with the Tax Regulatory Agreement.

The foregoing notwithstanding, the Trustee shall not be required to transfer amounts from the Earnings Fund to the Rebate Fund (and shall instead apply such amounts in the Earnings Fund as provided in the immediately following sentence), if the Facility Owner shall deliver to the Trustee a certificate of an Authorized Representative of the Institutions to the effect that (x) the applicable requirements of a spending exception to rebate has been satisfied as of the relevant semiannual period as set forth in the Tax Regulatory Agreement, (y) the proceeds of the Tax-Exempt Bonds have been invested in obligations the interest on which is not included in gross income for federal income tax purposes under Section 103 of the Code or (z) the proceeds of the Tax-Exempt Bonds have been invested in obligations the Yield on which (calculated as set forth in the Tax Regulatory Agreement) does not exceed the Yield on such Tax-Exempt Bonds (calculated as set forth in the Tax Regulatory Agreement). Any amounts on deposit in the Earnings Fund following the transfers to the Rebate Fund required by the Indenture as described under this heading shall be deposited in the Project Account of the Project Fund (Tax-Exempt) until the completion of the Project as provided in the Loan Agreement, and thereafter in the Interest Account of the Bond Fund (Tax-Exempt).

Rebate Fund. The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee, any Bondholder or any other Person.

The Trustee, upon the receipt of a certification of the Rebate Amount (as defined in the Tax Regulatory Agreement) from an Authorized Representative of the Institutions, shall deposit in the Rebate Fund within sixty (60) days following each Computation Date (as defined in the Tax Regulatory Agreement), an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of such Computation Date. If there has been delivered to the Trustee a certification of the Rebate Amount in conjunction with the completion of the Project pursuant to the Loan Agreement or the restoration of the Facility pursuant to the Indenture as described under the heading

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

If within sixty (60) days following any Computation Date, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative of the Institutions, shall withdraw such excess amount and deposit it in the Project Account of the Project Fund (Tax-Exempt) until the completion of the Project as provided in the Loan Agreement, or, after the completion of the Project, deposit it in the Interest Account of the Bond Fund (Tax-Exempt).

The Trustee, upon the receipt of written instructions from an Authorized Representative of the Institutions, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each five (5) years after the Closing Date, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to 90% of the Rebate Amount with respect to the Series 2021A Bonds as of the date of such payment and (ii) notwithstanding the defeasance provisions under the Indenture, not later than thirty (30) days after the date on which all Series 2021A Bonds have been paid in full, 100% of the Rebate Amount as of the date of payment.

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

Investment of Funds and Accounts. Amounts in any Fund or Account established under the Indenture may, if and to the extent then permitted by law, be invested only in Qualified Investments provided that any Qualified Investment shall not have a maturity date greater than five (5) years from the date of the making of such investment unless such Qualified Investment may be put at par at any time at the option of the owner thereof, and provided, further, that any investment of amounts held in the Debt Service Reserve Fund (Tax-Exempt) shall be limited to Government Obligations. Any investment herein authorized is subject to the condition that no portion of the proceeds derived from the sale of the Tax-Exempt Bonds shall be used, directly or indirectly, in such manner as to cause any Tax-Exempt Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code. In particular, unexpended Tax-Exempt Bond proceeds transferred from the accounts of the Project Fund (Tax-Exempt) (or from the Earnings Fund with respect to amounts deposited therein from the accounts of the Project Fund (Tax-Exempt)) to the Redemption Account of the Bond Fund (Tax-Exempt) pursuant to the Indenture may not be invested at a Yield (as defined in the Tax Regulatory Agreement) which is greater than the Yield on the applicable Series of Tax-Exempt Bonds. Such investments shall be made by the Trustee only at the written request of an Authorized Representative of the Institutions; and if such investment is to be in one or more certificates of deposit, investment agreements or guaranteed investment contracts, then such written request shall include written assurance to the effect that such investment complies with the Tax Regulatory Agreement. Any investment under the Indenture shall be made in accordance with the Tax Regulatory Agreement, and the Facility Owner 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 applicable Bond Fund with respect to the investment of amounts held in the applicable Bond Fund, (iii) the Repair and Replacement Fund with respect to the investment of amounts held in the Repair and Replacement Fund, (iv) the Supplemental Reserve Fund with respect to the investment of amounts held in the Supplemental Reserve Fund and (v) the Earnings Fund with respect to the investment of amounts held in any other Fund.

At the written request of an Authorized Representative of the Institutions no sooner than ten (10) days prior to each Loan Payment Date under the Loan Agreement, the Trustee shall notify the Facility Owner of the amount of such net investment income or gain received and collected subsequent to the last such loan payment and the amount then available in the various Accounts of each Bond Fund.

Upon the written direction of an Authorized Representative of the Institutions, the Trustee shall sell at the best price reasonably obtainable, or present for redemption or exchange, any obligations in which moneys shall have been invested to the extent necessary to provide cash in the respective Funds or Accounts, to make any payments required to be made therefrom, or to facilitate the transfers of moneys or securities between various Funds and Accounts as may be required from time to time pursuant to the provisions of the Indenture. The Trustee shall not be liable for losses incurred as a result of actions taken in good faith in accordance with the Indenture as described in this paragraph. As soon as practicable after any such sale, redemption or exchange, the Trustee shall give notice thereof to the Issuer and the Facility Owner.

Neither the Trustee nor the Issuer shall be liable for any loss arising from, or any depreciation in the value of any obligations in which moneys of the Funds and Accounts shall be invested in accordance with the Indenture. The investments authorized by the Indenture shall at all times be subject to the provisions of applicable law, as amended from time to time.

In computing the amount in any Fund or Account, obligations purchased as an investment of moneys therein shall be valued at fair market value as determined by the Trustee one month prior to each Interest Payment Date.

The fair market value of Qualified Investments shall be determined as follows:

(i) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times), the average bid and asked prices for such investments so published on or most recently prior to such time of determination;

(ii) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times, the average bid price at such nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or as quoted in the Interactive Data Service; and

(iii) as to certificates of deposit and bankers acceptances and other investments, the face amount thereof, plus accrued interest.

If more than one provision of this definition of “fair market value” shall apply at any time to any particular investment, the fair market value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment.

In the case of each Debt Service Reserve Fund, a “surplus” means the amount by which the amount on deposit therein is in excess of the applicable Debt Service Reserve Fund Requirement. On

each Valuation Date, and upon any withdrawal from either Debt Service Reserve Fund, the Trustee shall determine the amount on deposit in the applicable Debt Service Reserve Fund. If on any such date a deficiency exists, the Trustee shall notify the Issuer and the Facility Owner of such deficiency and that such deficiency must be replenished by the Facility Owner as required by the Loan Agreement. If a surplus exists, the Trustee shall notify the Issuer and the Facility Owner thereof and, subject to the requirements of the Tax Regulatory Agreement, shall upon written instructions of the Facility Owner transfer an amount equal to such surplus to the applicable Project Account of the Project Fund until the completion of the Project as provided in the Loan Agreement and thereafter shall transfer such amount to the Interest Account of the applicable Bond Fund.

In the case of the Repair and Replacement Fund, a “surplus” means the amount by which the amount on deposit therein is in excess of the Repair and Replacement Fund Requirement. On each Valuation Date, and upon any withdrawal from the Repair and Replacement Fund, the Trustee shall determine the amount on deposit in the Repair and Replacement Fund. If on any such date a deficiency exists, the Trustee shall notify the Issuer and the Facility Owner of such deficiency and that such deficiency must be replenished by the Facility Owner as required by the Loan Agreement. If a surplus exists (i) prior to the Project Completion Date, the Trustee shall notify the Issuer and the Facility Owner thereof and shall upon written instructions of the Facility Owner transfer an amount equal to such surplus to the Interest Account of the Bond Fund (Tax-Exempt); and (ii) after the Project Completion Date, such surplus may be transferred pursuant to the Indenture as described in the third paragraph under the heading “Repair and Replacement Fund” below.

In the case of the Supplemental Reserve Fund, a “surplus” means the amount by which the amount on deposit therein is in excess of the Supplemental Reserve Requirement set forth in the Indenture as described under the heading “Supplemental Reserve Fund” below. On each Valuation Date, and upon any withdrawal from the Supplemental Reserve Fund, the Trustee shall determine the amount on deposit in the Supplemental Reserve Fund. If on any such date a deficiency exists, the Trustee shall notify the Issuer and the Facility Owner of such deficiency and that such deficiency must be replenished by the Facility Owner as required by the Loan Agreement. If a surplus exists, the Trustee shall notify the Issuer and the Facility Owner thereof and shall upon written instructions of the Facility Owner transfer an amount equal to such surplus to the Interest Account of the Bond Fund (Tax-Exempt). The provisions described in this paragraph shall not apply if the requirements of the Supplemental Reserve Release Date set forth in the Indenture as described under the heading “Supplemental Reserve Fund” below have been met.

Application of Moneys in Certain Funds for Retirement of Bonds. Notwithstanding any other provisions of the Indenture, if on any Interest Payment Date or Redemption Date the amounts held in the Funds established under the 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 Facility Owner. Upon receipt of written instructions from an Authorized Representative of the Institutions directing such redemption, the Trustee shall proceed to redeem all such Outstanding Bonds in the manner provided for redemption of such Bonds by the Indenture.

Repayment to the Facility Owner from the Funds. After payment in full of the Bonds (in accordance with the defeasance provisions of the Indenture) 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 under the Indenture 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 the Indenture

and the Tax Regulatory Agreement, all amounts remaining in any Fund shall be paid to the Facility Owner upon the expiration or sooner termination of the term of the Loan Agreement as provided therein.

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 the Indenture or on, or with respect to, such Bond. Such amounts so held shall, pending payment to the Holder of such Bond, (y) be subject to any rebate requirement as set forth in the Tax Regulatory Agreement or the Indenture, and (z) shall be uninvested, or, if invested, invested or re-invested only in Government Obligations maturing within thirty (30) days. Funds remaining with the Trustee as above and unclaimed for the earlier of two (2) years or one month less than the applicable statutory escheat period shall be paid to the Facility Owner. After the payment of such unclaimed moneys to the Facility Owner, the Holder of such Bond shall thereafter look only to the Facility Owner for the payment thereof, and all obligations of the Trustee or such Paying Agent with respect to such moneys shall thereupon cease.

Debt Service Reserve Fund. If on any Interest Payment Date or Redemption Date on a Series of Bonds the amount in the Interest Account of a Bond Fund (after taking into account amounts available to be transferred to the Interest Account from the applicable Project Fund) shall be less than the amount of interest then due and payable on the applicable Series of Bonds, or if on any principal payment date on the applicable Series of Bonds the amount in the Principal Account shall be less than the amount of principal of the applicable Series of Bonds then due and payable, or if on any Sinking Fund Installment payment date for the applicable Series of Bonds the amount in the Sinking Fund Installment Account of the applicable Bond Fund shall be less than the amount of the Sinking Fund Installment then due and payable on the applicable Series of 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 Facility Owner or the Issuer on account of such interest, principal or Sinking Fund Installment (and after any transfers to the applicable Bond Fund from the Earnings Fund, the Repair and Replacement Fund and the Supplemental Reserve Fund), the Trustee forthwith shall transfer moneys from the applicable Debt Service Reserve Fund first, to such Interest Account, second to such Principal Account, and third, to such Sinking Fund Installment Account of the applicable Bond Fund, all to the extent necessary to make good any such deficiency, all pursuant to the Indenture.

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 each Debt Service Reserve Fund shall be transferred by the Trustee to the applicable Bond Fund and applied in accordance with the provisions of the Indenture as described under the heading "Application of Revenues and Other Moneys After Default" below, notice of which shall be given by the Trustee to the Institutions, the Issuer and the Bondholders. On the Loan Payment Date next preceding the final maturity date of the Tax-Exempt Bonds, any moneys in the Debt Service Reserve Fund (Tax-Exempt) shall be transferred to the Bond Fund (Tax-Exempt) and used to pay the principal and interest on the Tax-Exempt Bonds on the final maturity date.

The Trustee shall give to the Facility Owner on or prior to each Loan Payment Date on which the Facility Owner is obligated pursuant to the Loan Agreement to pay to the Trustee amounts in respect of any deficiency in any Debt Service Reserve Fund, telephonic notice (to be promptly confirmed in writing)

specifying any such deficiency in any Debt Service Reserve Fund. The failure of the Trustee to deliver such notice or any defect in such notice shall not relieve the Issuer from any of its obligations under the Indenture or any other obligor from any of its obligations under any of the Security Documents.

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

On the date the Taxable Bonds are no long Outstanding, the Trustee shall transfer any amounts held in the Debt Service Reserve Fund (Taxable) into the Debt Service Reserve Fund (Tax-Exempt).

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 and all payments required to be made by the Facility Owner pursuant to the Loan Agreement.

The Trustee shall, at the request of an Authorized Representative of the Institutions, disburse moneys from the Repair and Replacement Fund in payment of the costs set forth in the Indenture as described in the paragraph below upon receipt by the Trustee of requisitions in the form set forth in the Indenture signed by an Authorized Representative of the Institutions. 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 Institutions.

After the Project Completion Date, moneys in the Repair and Replacement Fund shall be disbursed by the Trustee (y) to the Facility Owner or to the Facility Owner'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 Facility Owner are insufficient therefor (prior to the use of moneys in the applicable Debt Service Reserve Fund and after the use of moneys in the Earning 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 after the Project Completion Date, the balance of the Repair and Replacement Fund exceeds the Repair and Replacement Fund Requirement, at the written request of the Facility Owner, the sum of such excess shall be delivered by the Trustee to the Facility Owner to be applied by the Facility Owner for any lawful purpose of the Facility Owner.

Revenue Fund and Custody Agreement. There shall be deposited in the Revenue Fund as and when received, (i) the payments paid to the Trustee by the Facility Owner pursuant to the Loan Agreement, (ii) transfers made by the Custodian pursuant to the Custody Agreement and (iii) all other moneys to be deposited into the Revenue Fund pursuant to the Loan Agreement or the Indenture.

All moneys held on deposit in the Revenue Fund shall be transferred or disbursed by the Trustee on each Loan Payment Date (except as set forth below under "FIFTH"), in the following order of priority:

FIRST: (i) to the applicable Bond Fund, an amount of moneys, less any credits received against such amounts, equal to one-third (1/3) of the interest due on the applicable Series of Bonds on the next Interest Payment Date, plus (ii) to the applicable Bond Fund, an amount of money equal to one-sixth (1/6) of the Sinking Fund Installment due on any Sinking Fund Installment payment date occurring in the next 12 months, plus (iii) to the applicable Bond Fund, an amount of money equal to one-sixth (1/6) 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 Rebate Fund, any amount of moneys required to be deposited in the Rebate Fund pursuant to the Tax Regulatory Agreement;

THIRD: to the applicable 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 Fund to equal the applicable Debt Service Reserve Fund Requirement;

FOURTH: following the Closing Date, \$3,333.34 to the Repair and Replacement Fund on each Loan Payment Date until the amount on deposit in the Repair and Replacement Fund equals the Repair and Replacement Fund Requirement; provided that, following any disbursement or deficiency 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 or deficiency deposited in equal amounts on each Loan Payment Date over the 24-month period to begin on the Loan Payment Date following such disbursement or deficiency;

FIFTH: to the Supplemental Reserve Fund on each November 15, commencing on November 15, 2022, an amount not less than 50% of Excess Net Revenues of the prior Fiscal Year until the amount on deposit in the Supplemental Reserve Fund equals the Supplemental Reserve Requirement; provided that, following any disbursement or deficiency from the Supplemental Reserve Fund, the amount required to be deposited therein shall additionally include an amount necessary to replenish the Supplemental Reserve Fund by the total amount of such disbursement or deficiency deposited in equal amounts on each Loan Payment Date over the 24-month period to begin on the Loan Payment Date following such disbursement or deficiency;

SIXTH: with respect to a redemption pursuant to the Indenture, to the applicable Bond Fund, an amount of money equal to the Redemption Price due on the Redemption Date, and

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

The Trustee shall deliver a Custody Agreement Notice to the Custodian no later than five (5) Business Days before each State Education Operating Aid Payment Date.

Each Custody Agreement Notice shall be prepared by the Trustee in substantially the form of attached to the Indenture, with respect to each period from and including the Closing Date, and from and including each succeeding State Education Operating Aid Payment Date, through and including the calendar day preceding each subsequent State Education Operating Aid Payment Date (each an "Education Aid Funding Period"), certifying the respective aggregate amounts to be transferred by the Custodian to the Trustee during the applicable Education Aid Funding Period.

Each Custody Agreement Notice shall describe the amount of Education Aid necessary to be paid to the Trustee to satisfy the payment obligations of the Facility Owner under the Loan Agreement for the next Education Aid Funding Period. Accordingly, each Custody Agreement Notice shall contain the

following information: (1) a statement of the total amount of Education Aid to be paid over to the Trustee on the applicable State Education Operating Aid Payment Date, and (2) statements describing the portions of such total amount to be deposited into the various Funds and Accounts held by the Trustee under the Indenture. The Trustee shall prepare each Custody Agreement Notice in consultation with the Institutions.

The Institutions shall provide the Trustee, in a timely fashion (but at least ten (10) Business Days prior to each State Education Operating Aid Payment Date), the information reasonably needed by the Trustee in order to permit the Trustee to prepare each Custody Agreement Notice.

Supplemental Reserve Fund. On each November 15, commencing on November 15, 2022, until the Institutions can demonstrate that the Supplemental Reserve Release Requirement has been met, the Trustee shall deposit into the Supplemental Reserve Fund all amounts required to be deposited therein pursuant to the Indenture and all payments required to be made by the Facility Owner pursuant to the Loan Agreement. The Facility Owner shall cause the deposit to the Supplemental Reserve Fund an amount equal to at least 50% of Excess Net Revenues of the prior Fiscal Year until the Supplemental Reserve Fund balance is \$2,000,000 (the “Supplemental Reserve Requirement”). So long as the Institutions shall not be in default with respect to any of their covenants under the Loan Agreement, the Supplemental Reserve Requirement may be reduced to \$0 on and after any date on which the Net Income Available for Debt Service as of the close of the immediately preceding Fiscal Year was sufficient to pay an amount representing not less than 120% of the respective combined Annual Debt Service for all outstanding Long-Term Indebtedness for such Fiscal Year (as applicable, the “Supplemental Reserve Release Date” and the “Supplemental Reserve Release Requirement”); provided, however, the Supplemental Reserve Release Date shall be a date after the 2021A Capitalized Interest Period and the 2021B Capitalized Interest Period end.

Until the Supplemental Reserve Release Date, the Trustee shall, at the request of an Authorized Representative of the Institutions, disburse moneys from the Supplemental Reserve Fund to pay (i) Operating Expenses and (ii) regularly scheduled principal of, premium, if any, and interest on the Initial Bonds and any Additional Bonds upon receipt by the Trustee of requisitions in the form set forth in the Indenture signed by an Authorized Representative of the Institutions. The Trustee shall be fully protected in releasing moneys from the Supplemental Reserve Fund based on such requisition signed by an Authorized Representative of the Institutions. Amounts in the Supplemental Reserve Fund may not be used to pay capital expenditures.

On any Valuation Date, the Institutions may determine whether the Supplemental Reserve Release Requirement has been met based upon the results of the annual audit of the Institutions for the most recent Fiscal Year for which an audit has been completed. If the Supplemental Reserve Release Requirement has been met, the Institutions shall provide the Trustee a written statement by an Authorized Representative of the Institutions (i) certifying that the Supplemental Reserve Release Requirement set forth in in the Indenture as described under this heading has been satisfied and (ii) requesting that any amount held in the Supplemental Reserve Fund be delivered to the Facility Owner. As long as no Event of Default has occurred and is continuing, upon receipt of such written statement, the Trustee shall deliver any amount held in the Supplemental Reserve Fund to the Facility Owner to be applied by the Facility Owner for any lawful purpose of the Facility Owner. Once the moneys held in the Supplemental Reserve Fund have been released, the Facility Owner shall have no further obligation to replenish the Supplemental Reserve Fund.

Payment of Redeemed Bonds. Notice having been given in the manner provided in the Indenture, 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 the 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.

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 the Indenture; 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.

Payment of Principal and Interest. The Issuer covenants in the Indenture that it will from the sources therein 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 the Indenture and in the Bonds according to the true intent and meaning thereof.

Performance of Covenants; Authority. The Issuer covenants in the Indenture that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered thereunder and in all proceedings pertaining thereto. The Issuer covenants in the Indenture that it is duly authorized under the Constitution and laws of the State, including particularly its Organizational Documents, to issue the Bonds authorized by the Indenture and to execute the Indenture, to make the Loan to the Facility Owner pursuant to the Loan Agreement and the Promissory Notes, to assign the Loan Agreement and the Promissory Notes, to execute and deliver the Assignment of ALR and the Assignment of Mortgage, and to pledge the loan payments, revenues and receipts pledged by the Indenture in the manner and to the extent set forth in the Indenture; that all action on its part for the issuance of the Bonds and the execution and delivery of the 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.

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 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 Institutions 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 granted by the Indenture the right, to the extent provided therefor in the Indenture as described in this paragraph and subject to the provisions of the Indenture as described under the heading "Indemnity of Trustee" below, to enforce all rights of the Issuer and all obligations of the Institutions 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 upon compliance or noncompliance by the Institutions and the Issuer with the provisions of the Loan Agreement relating to the same.

Creation of Liens; Indebtedness. It is the intention of the Issuer and the Trustee that the Mortgage is and will continue to be a mortgage lien upon the Mortgaged Property (subject only to Permitted Encumbrances). The Issuer covenants in the Indenture that it will not create or suffer to be created, or incur or issue any evidences of indebtedness secured by, any lien or charge upon or pledge of the Trust Estate, except the lien, charge and pledge created by the Indenture and the other Security Documents.

Issuer Tax Covenant. The Issuer covenants in the Indenture that it shall not take any action within its control, nor refrain from taking any action reasonably requested by the Institutions 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 such 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.

Events of Default; Acceleration of Due Date. Each of the following events is defined as and shall constitute an “Event of Default” under the Indenture:

(a) Failure in the payment of the interest on any Bond when the same shall become due and payable;

(b) Failure in the payment of the principal or Purchase Price or Redemption Price of, or Sinking Fund Installment for, any Bonds, when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon to the Redemption Date after notice of redemption therefor or otherwise;

(c) Failure of the Issuer to observe or perform any covenant, condition or agreement in the Bonds or under the Indenture on its part to be performed (except as set forth in subparagraph (a) or (b) above) and (i) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Issuer and the Institutions 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 (ii) 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 Institutions fail to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice; or

(d) The occurrence of an “Event of Default” under the Loan Agreement or any other Security Document.

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 Institutions) or the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding (by notice in writing to the Issuer, the Institutions and the Trustee) may declare the principal or Redemption Price, if any, of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything in the Indenture or in any of the Bonds contained to the contrary notwithstanding.

If there shall occur an Event of Default under the Loan Agreement relating to insolvency, reorganization or bankruptcy of an Institution, 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.

The right of the Trustee or of the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding to make any such declaration as aforesaid, however, is subject to the condition that if, at any time before such declaration, all overdue installments of principal of and interest on all of the Bonds which shall have matured by their terms and the unpaid Redemption Price of the Bonds or principal portions thereof to be redeemed has been paid by or for the account of the Issuer, and all other Events of Default have been otherwise remedied, and the reasonable and proper charges, expenses and liabilities of the Trustee, shall either be paid by or for the account of the Issuer or provision satisfactory to the Trustee shall be made for such payment and the Facility shall not have been sold or otherwise encumbered, and all defaults have been otherwise remedied as provided in the Indenture, then and in every such case any such default and its consequences shall ipso facto be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Pursuant to the Loan Agreement, the Issuer has granted to the Institutions 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 Institutions to constitute a default under the Indenture, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts with power of substitution. The Trustee agrees to accept such performance by the Institutions as performance by the Issuer.

Enforcement of Remedies. Upon the occurrence and continuance of any Event of Default, then and in every case the Trustee may proceed, and upon the written request of the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Bonds, the Loan Agreement, the Indenture and under any other Security Document forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in the Indenture or in any other Security Document or in aid of the execution of any power granted in the Indenture or in any other Security Document or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under the Indenture or under any other Security Document. In addition to any rights or remedies available to the Trustee under the Indenture or elsewhere, upon the occurrence and continuance of an Event of Default the Trustee may take such action, without notice or demand, as it deems advisable.

In the enforcement of any right or remedy under the Indenture or under any other Security Document, the Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due from the Issuer, for principal, interest, Sinking Fund Installments, Redemption Price, or otherwise, under any of the provisions of the Indenture, of any other Security Document or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture, under any such other Security Document and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Issuer, but solely as provided in the Indenture and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the moneys in the applicable Bond Fund and other moneys available therefor to the extent provided in the Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable. The Trustee shall file proof of claim and other papers or documents as may be necessary or advisable in

order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the Institutions or the Issuer or their creditors or property.

Regardless of the occurrence of an Event of Default, the Trustee, if requested in writing by the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture or under any other Security Document by any acts which may be unlawful or in violation of the Indenture or of such other Security Document or of any resolution authorizing any Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; provided, that such request shall not be otherwise than in accordance with the provisions of law and of the Indenture and shall not be unduly prejudicial to the interests of the Holders of the Bonds not making such request.

Application of Revenues and Other Moneys After Default. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture or under any other Security Document, and all moneys held in all Funds and Accounts (other than the Rebate Fund), shall, after payment of the costs 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 Regulatory Agreement, be deposited on a pro rata basis in the Bond Fund (Tax-Exempt) and the Bond Fund (Taxable); provided however, that (i) the amounts on deposit in the Bond Fund (Tax-Exempt) shall remain in such Fund and (ii) the amounts on deposit in the Bond Fund (Taxable) shall remain in such Fund. All moneys so deposited and available for payment of the Bonds shall be applied, subject to the provisions of the Indenture pertaining to the compensation of the Trustee, Bond Registrar and Paying Agents, as follows (provided, however, that the amounts on deposit in the Bond Fund (Tax-Exempt) shall only be applied to the payment of Tax-Exempt Bonds and the amounts on deposit in the Bond Fund (Taxable) shall only be applied to the payment of Taxable Bonds):

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First - To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the Persons entitled thereto of the unpaid principal, Purchase Price or Redemption Price, if any, of any of the Bonds or principal installments which shall have become due (other than Bonds or principal installments called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds or principal installments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

(b) 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.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Indenture, then, subject to the provisions of the Indenture as described in subparagraph (b) above 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 the Indenture as described in subparagraph (a) above.

Whenever moneys are to be applied pursuant to the provisions of the Indenture as described under this heading, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; provided, however, that if the principal or Redemption Price of the Bonds Outstanding, together with accrued interest thereon, shall have been declared to be due and payable pursuant to the Indenture as described under the heading "Events of Default; Acceleration of Due Date" above, 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.

Actions by Trustee. All rights of actions under the 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 the Indenture as described under the heading "Application of Revenues and Other Moneys After Default" above, be for the equal benefit of the Holders of the Outstanding Bonds.

Majority Holders Control Proceedings. Anything in the Indenture to the contrary notwithstanding, the Majority Holders shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Individual Bondholder Action Restricted. No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity (i) with respect to the Bonds, the Indenture or any other Security Document, (ii) for the enforcement of any provisions of the Bonds, the Indenture or any other Security Document, (iii) for the execution of any trust under the Indenture or (iv) for any remedy under the Bonds, the Indenture or any other Security Document, unless such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default as provided in the Indenture, and the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in the Bonds, the Indenture or in such other Security Document or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders

shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his, its or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of the Bonds or the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and, subject to the provisions of the Indenture as described under the heading "Application of Revenues and Other Moneys After Default," be for the equal benefit of all Holders of the Outstanding Bonds.

Nothing in the Indenture, in any other Security Document or in the Bonds contained shall affect or impair the right of any Bondholder to payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on each of the Bonds to the respective Holders thereof at the time, place, from the source and in the manner herein and in said Bonds expressed.

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 Institutions, the Issuer, the Trustee and the Bondholders shall be restored, respectively, to their former positions and rights under the Indenture, and all rights, remedies, powers and duties of the Trustee shall continue as in effect prior to the commencement of such proceedings.

Remedies Not Exclusive. No remedy by the terms of the 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 the Indenture or now or hereafter existing at law or in equity or by statute.

Delay or Omission. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon any default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the Indenture 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.

Notice of Default. The Trustee shall promptly mail to the Issuer, to registered Holders of Bonds and to the Institutions by first class mail, postage prepaid, written notice of the occurrence of any Event of Default. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required by the Indenture as described in this paragraph.

Waivers of Default. The Trustee shall waive any default under the Indenture and its consequences and rescind any declaration of acceleration only upon the written request of the Majority Holders; provided, however, that there shall not be waived without the consent of the Holders of all the Bonds Outstanding (a) any default in the payment of the principal of any Outstanding Bonds at the date specified therein or (b) any default in the payment when due of the interest on any such Bonds, unless, prior to such waiver, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, and all arrears of payment of principal when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined

adversely to the Trustee, then and in every such case the Institutions, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Issuer Approval of Certain Nonforeclosure Remedies. Notwithstanding any provision of the Indenture or of any other Security Document, no remedy or other action (whether exercised by the Trustee, the Majority Holders or the Holders of the Bonds), shall have the effect of (x) continuing the exemption from the mortgage recording tax of any Mortgage upon the substitution of other indebtedness to be secured by the Mortgage (a "Mortgage Restructuring"), (y) amending or terminating any Mortgage (a "Mortgage Action") or (z) substituting for any Institution, as applicable, a new Entity to either be a counterparty to the Issuer under the Loan Agreement or as a user or lessee of all or a portion of the Facility (a "Substitution Action"), unless, (i) in the case of clause (x) or (z) described above, a reasonable description of such Mortgage Restructuring and/or Substitution Action shall have been set forth in a writing delivered to the Issuer by the Institutions, together with a request for approval, and the Mortgage Restructuring and/or Substitution Action 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); (ii) in the case of clause (y) described above, the Issuer is provided with thirty (30) days' advance written notice by the Institutions prior to the effective date of such Mortgage Action, and (iii) in each case, there shall be delivered by the Institutions to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel, if required, to the effect that such Mortgage Restructuring, Mortgage Action and/or Substitution Action shall not cause the interest on any Outstanding Tax-Exempt Bonds to become subject to federal income taxation by reason of any of such Mortgage Restructuring, Mortgage Action and/or Substitution Action. For the avoidance of doubt, no Issuer consent is required for (i) the entry into a forbearance agreement by the Trustee, (ii) the exercise by the Trustee of any remedies under, or enforcement of, the Mortgage, including the commencement of a foreclosure action, (iii) the granting of a waiver of a default or Event of Default to the extent permitted under the Indenture or the Mortgage, by the Trustee, or (iv) the appointment of a receiver for an Institution or for any collateral securing the Bonds.

Indemnity of Trustee. The Trustee shall be under no obligation to institute any suit, or to take any remedial or legal action under the 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 created by the Indenture or in the enforcement of any rights and powers or fulfillment of any extraordinary duties under the 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.

Responsibilities of Trustee. The Trustee shall have no responsibility in respect of the validity or sufficiency of the Indenture or of any other Security Document or the security provided thereunder or any offering document or the due execution of the 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 the Indenture or to see to the recording or filing of any document or instrument whatsoever except as otherwise provided in the Indenture. The recitals, statements and representations contained in the 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 the Indenture.

The Trustee shall not be liable or responsible because of the failure of the Issuer to perform any act required of it by the Indenture or by any other Security Document or because of the loss of any moneys arising through the insolvency or the act or default or omission of any depository other than itself in which such moneys shall have been deposited under the Indenture or the Tax Regulatory Agreement. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred in accordance with the Indenture or the Tax Regulatory Agreement or for any loss resulting from any such investment. The Trustee shall not be liable in connection with the performance of its duties under the Loan Agreement, under the 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 the 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 the 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 Institutions, 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 Institutions, the Issuer or any Bondholder or former Bondholder.

The Trustee shall not be liable or responsible for the failure of the Institutions 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 Institutions, the Trustee or any other Person.

The Trustee shall execute and cause to be filed those continuation statements, any additional financing statements and all other instruments required by it by the Indenture at the expense of the Institutions.

The Trustee shall, on the same date as it shall render the statement required of it by the Indenture make annual reports to the Issuer and the Institutions of all moneys received and expended during the preceding year by it under the Indenture and of any Event of Default known to it under the Loan Agreement or the Indenture or any other Security Document.

With respect to the Tax Regulatory Agreement, the Trustee shall not be required to make any payment of a Rebate Amount or any transfer of funds or take any other action required to be taken thereunder except upon the receipt of a written certificate of direction of an Authorized Representative of the Institutions delivered to the Trustee in accordance with the terms of the Tax Regulatory Agreement. Notwithstanding any provision of the Tax Regulatory Agreement or any other Security Document, nothing in the Tax Regulatory Agreement, either expressed or implied, shall be deemed to impose upon the Trustee any responsibility for the legal sufficiency of the Tax Regulatory Agreement to effect compliance with the Code nor any duty to independently review or verify any information or calculation furnished to the Trustee by the Institutions.

The permissive right of the Trustee to do things enumerated in the 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.

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 Institutions as provided in the Loan Agreement payment or reimbursement for reasonable fees for services rendered under the Indenture 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 the Indenture provisions regarding Bonds not presented for payment, payment of redeemed Bonds or defeasance of Bonds) for the foregoing advances, fees, costs and expenses incurred.

Evidence on Which Trustee May Act. 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 the 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 the 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.

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 the 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 the Indenture, or, at the sole cost and expense of the Institutions, 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 Institutions), engineer, appraiser, architect or accountant believed by the Trustee to be qualified in relation to the subject matter.

Resignation or Removal of Trustee. The Trustee may resign and thereby become discharged from the trusts created under the Indenture for any reason by giving written notice by first class mail, postage prepaid, to the Issuer, to the Institutions 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 the Indenture as described under the heading "Successor Trustee" below.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing filed with the Trustee and signed by the Issuer or the Majority Holders or their attorneys-in-fact duly authorized. Such removal shall become effective either upon the appointment and acceptance of such appointment by a successor Trustee or at the date specified in the instrument of removal. The Trustee shall promptly give notice of such filing to the Issuer and the Institutions. No removal shall take effect until the appointment and acceptance thereof of a successor Trustee pursuant to the Indenture as described under the heading "Successor Trustee" below.

If the Trustee shall resign or shall be removed, such Trustee must transfer and assign to the successor Trustee, not later than the date of the acceptance by the successor Trustee of its appointment as

such, or thirty (30) days from the date specified in the instrument of removal or resignation, if any, whichever shall last occur, (i) all amounts (including all investments thereof) held in any Fund or Account under the Indenture, together with a full accounting thereof, (ii) all records, files, correspondence, registration books, Bond inventory, all information relating to the Indenture and to Bond payment status (i.e., outstanding principal balances, principal payment and interest payment schedules, Sinking Fund Installment schedules, pending notices of redemption, payments made and to whom, delinquent payments, default or delinquency notices, deficiencies in any Fund or Account balance, etc.) and all such other information (in whatever form) relating to all Funds and Accounts in the possession of the Trustee being removed or resigning, and (iii) all Security Documents and other documents or agreements, including, without limitation, all Uniform Commercial Code Financing Statements, all insurance policies or certificates, letters of credit or other instruments provided to the Trustee being removed or resigning (clauses (i), (ii) and (iii), together with the Trust Estate, being collectively referred to as the "Trust Corpus").

Successor Trustee. 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 Institutions 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 Institutions and the Holders of all Bonds.

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 the Indenture as described under this heading, within ninety (90) days of such vacancy or notice of resignation, the Holder of any Bond then Outstanding, the Issuer, any retiring Trustee or the Institutions 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.

Any successor Trustee appointed under the Indenture shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States authorized to exercise corporate trust powers under the laws of the State and authorized by law and its charter to perform all the duties imposed upon it by the Indenture and each other Security Document. At the time of its appointment, any successor Trustee shall (x) have a capital stock and surplus aggregating not less than \$100,000,000 and (y) have an investment grade rating of at least "Baa3" or "P-3".

Any predecessor Trustee shall transfer to any successor Trustee appointed under the Indenture as described under this heading as a result of a vacancy in the position the Trust Corpus by a date not later than thirty (30) days from the date of the acceptance by the successor Trustee of its appointment as such. Where no vacancy in the position of the Trustee has occurred, the transfer of the Trust Corpus shall take effect in accordance with the provisions of the Indenture as described under the heading "Resignation or Removal of Trustee" above.

Every successor Trustee shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, an instrument in writing accepting such appointment, and thereupon such successor Trustee,

without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessor, with like effect as if originally named as such Trustee; but such predecessor shall, nevertheless, on the written request of its successor or of the Issuer, and upon payment of the compensation, expenses, charges and other disbursements of such predecessor which are due and payable pursuant to the Indenture, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, immunities, powers and trusts of such predecessor and the Trust Corpus; and every predecessor Trustee shall deliver all property and moneys, together with a full accounting thereof, held by it under the Indenture to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such Trustee the estate, properties, rights, immunities, powers and trusts vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall, on request, be executed, acknowledged and delivered by the Issuer. Any successor Trustee shall promptly notify the Issuer and the Paying Agent of its appointment as Trustee.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States and shall be authorized by law and its charter to perform all the duties imposed upon it by the Indenture and each other Security Document shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, interest and all other amounts due or to become due thereon or in respect thereof, at the times and in the manner stipulated therein and in the Indenture, and all fees and expenses and other amounts due and payable under the Indenture and the Loan Agreement, and any other amounts required to be rebated to the federal government pursuant to the Tax Regulatory Agreement or the Indenture, shall be paid in full, then the pledge of any loan payments, revenues or receipts from or in connection with the Security Documents or the Facility under the Indenture and the estate and rights thereby granted, and all covenants, agreements and other obligations of the Issuer to the Bondholders under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied and the Bonds shall thereupon cease to be entitled to any lien, benefit or security under the Indenture, except as to moneys or securities held by the Trustee or the Paying Agents as provided in the Indenture as described below under this heading. At the time of such cessation, termination, discharge and satisfaction, (a) the Trustee shall cancel and discharge the lien of the Indenture, of the Assignment of Leases and Rents and of the Mortgage and execute and deliver to the Institutions all such instruments as may be appropriate to satisfy such liens and to evidence such discharge and satisfaction, and (b) the Trustee and the Paying Agents shall pay over or deliver to the Facility Owner or on its order all moneys or securities held by them pursuant to the Indenture which are not required (i) for the payment of the principal or Redemption Price, if applicable, Sinking Fund Installments for, or interest on Bonds not theretofore surrendered for such payment or redemption, (ii) for the payment of all such other amounts due or to become due under the Security Documents, or (iii) for the payment of any amounts the Trustee has been directed to pay to the federal government under the Tax Regulatory Agreement or the 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 the Indenture as described in the first paragraph under this heading, if (a) in case any such Bonds are to be redeemed prior to the maturity thereof, all action necessary to redeem such Bonds shall have been taken and notice of such redemption shall have been duly given or provision satisfactory under the requirements of the Indenture to the Trustee shall have been made for the giving of such notice, and (b) if the maturity or Redemption Date of any such Bond shall not then have arrived, (i) 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 (ii) 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.

Defeasance Opinion and Verification. Prior to any defeasance becoming effective as provided in the Indenture as described in the paragraph above, 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.

Supplemental Indentures Without Bondholders' Consent. The Issuer and the Trustee may, from time to time and at any time, enter into Supplemental Indentures without the consent of the Bondholders for any of the following purposes:

(a) To cure any formal defect, omission or ambiguity in the Indenture or in any description of property subject to the lien thereof, if such action is not materially adverse to the interests of the Bondholders. The Issuer and the Trustee may request an Opinion of Counsel with respect to any of the foregoing matters.

(b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as theretofore in effect.

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

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

(e) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, of the properties of the Facility, or revenues or other income from or in connection with the Facility or of any other moneys, securities or funds, or to subject to the lien or pledge of the Indenture additional revenues, properties or collateral.

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

(g) 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.

(h) To modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification 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 the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to the Indenture as described under this heading, there shall have been filed with the Trustee an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms.

Supplemental Indentures With Bondholders' Consent. Subject to the terms and provisions contained in the Indenture, the Majority Holders shall have the right from time to time, to consent to and approve the entering into by the Issuer and the Trustee of any Supplemental Indenture as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained 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, Purchase Price or Redemption Price of, Sinking Fund Installments for, 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 the Indenture and the other Security Documents, except as provided in the Indenture with respect to Additional Bonds, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, or (v) a modification, amendment or deletion with respect to any of the terms set forth in the Indenture as described in this paragraph, without, in the case of items (ii) through and including (v) of this paragraph, the written consent of one hundred percent (100%) of the Holders of the Outstanding Bonds.

If at any time the Issuer shall determine to enter into any Supplemental Indenture for any of the purposes of the Indenture as described under this heading, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders.

Within one year after the date of such notice, the Issuer and the Trustee may enter into such Supplemental Indenture in substantially the form described in such notice only if there shall have first been filed with the Trustee (i) the written consents of the Majority Holders or the Holders of not less than 100%, as the case may be, in aggregate principal amount of the Bonds then Outstanding and (ii) an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture (a) is authorized or permitted by the Indenture and complies with its terms, and that upon execution it will be

valid and binding upon the Issuer in accordance with its terms and (b) will not cause the interest on any 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 the Indenture shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee prior to the execution of such Supplemental Indenture.

If the Holders of not less than the percentage of Bonds required in the Indenture as described under this heading shall have consented to and approved the execution thereof as provided in the Indenture, no Holder of any Bond shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any Supplemental Indenture pursuant to the Indenture as described under this heading, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Issuer, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments.

Rights of Institutions. Anything in the Indenture to the contrary notwithstanding, any Supplemental Indenture entered into pursuant to the Indenture which materially and adversely affects any rights, powers and authority of the Institutions under the Loan Agreement or requires a revision of the Loan Agreement shall not become effective unless and until the Institutions shall have given their written consent to such Supplemental Indenture signed by an Authorized Representative of the Institutions.

Amendments of Related Security Documents Not Requiring Consent of Bondholders. The Issuer and the Trustee may, without the consent of or notice to the Bondholders, consent (if required) to any amendment, change or modification of any of the Related Security Documents for any of the following purposes: (i) to cure any ambiguity, inconsistency, formal defect or omission therein; (ii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may be lawfully granted or conferred; (iii) to subject thereto additional revenues, properties or collateral; (iv) to evidence the succession of a successor Trustee or to evidence the appointment of a separate or co-Trustee or the succession of a successor separate or co-Trustee; (v) to make any change required in connection with a permitted amendment to a Related Security Document or a permitted Supplemental Indenture; (vi) to provide for changes to the recapture of benefits provisions in 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 the Indenture as described under this heading. Before the Issuer or the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Tax-Exempt Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

Amendments of Related Security Documents Requiring Consent of Bondholders. Except as provided in the Indenture as described in the paragraph above, the Issuer and the Trustee shall not consent to any amendment, change or modification of any of the Related Security Documents, without mailing of notice and the written approval or consent of the Majority Holders given and procured as set forth in the Indenture as described under the heading “Supplemental Indentures With Bondholders’ Consent” above; provided, however, there shall be no amendment, change or modification to (i) the obligation of the Facility Owner to make loan payments with respect to the Bonds under the Loan Agreement or the Promissory Notes or (ii) the Tax Regulatory Agreement, without the delivery of an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change, modification, reduction or postponement will not cause the interest on any Tax-Exempt Bonds to become includable in gross income for federal income tax purposes. If at any time the Institutions shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change or modification to be mailed in the same manner as is provided in the Indenture with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders. The Trustee may, but shall not be obligated to, enter into any such amendment, change or modification to a Related Security Document which affects the Trustee’s own rights, duties or immunities under such Related Security Document or otherwise. Before the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Tax-Exempt Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

Parties Interested in Indenture. Nothing in the Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Institutions, the Trustee, the Bond Registrar, the Paying Agents and the Holders of the Bonds, any right, remedy or claim under or by reason of the Indenture or any covenant, condition or stipulation thereof. All covenants, stipulations, promises and agreements in the Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Institutions, the Trustee, the Bond Registrar, the Paying Agents and the Holders of the Bonds. All covenants and obligations of the Facility Owner or the Charter School under the Indenture shall be enforceable by either Institution.

No Pecuniary Liability of Issuer or Members; No Debt of the State or the City. Every agreement, covenant and obligation of the Issuer under the Indenture is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall not create a debt of the State or the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor but shall be a limited revenue obligation of the Issuer payable by the Issuer solely from the loan payments, revenues and receipts pledged to the payment thereof in the manner and to the extent in the Indenture specified and nothing in the Bonds, in the Loan Agreement, in the Indenture or in any other Security Document shall be considered as pledging any other funds or assets of the Issuer. The Issuer shall not be required under the Indenture or the Loan Agreement or any other Security Document to expend any of its funds other than (i) the proceeds of the Bonds, (ii) the loan payments, revenues and receipts and other moneys pledged to the payment of the Bonds, (iii) any income or gains therefrom, and (iv) the Net Proceeds with respect to the Facility. No provision, covenant or agreement contained in the Indenture or in the Bonds or any obligations 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 in the Indenture shall be deemed to be covenants, stipulations, promises, agreements and obligations of the

Issuer and not of any member, director, officer, employee or agent of the Issuer in his individual capacity, and no recourse shall be had for the payment of the principal or Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, or interest on the Bonds or for any claim based thereon or under the Indenture against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. None of the Bonds, the interest thereon, the Sinking Fund Installments therefor, or 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.

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement (the "Loan Agreement") relating to the Series 2021 Bonds. This summary does not purport to be complete, and reference is made to the Loan Agreement for the detailed provisions thereof. This summary is qualified in its entirety by such reference. Headings are not part of the Loan Agreement and are included for ease of reference only.

Agreement to Undertake Project. Each Institution covenants and agrees to undertake and complete the Project Work in accordance with the Loan 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 the Loan 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 an 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.

Manner of Project Completion. The Institutions will complete the Project Work, or cause the Project Work to be completed, by the Completion Deadline, in a first class workmanlike manner, free of defects in materials and workmanship (including latent defects); provided, however, the Institutions may revise the scope of the Project Work, subject to the prior written consents of the Issuer and the Trustee (which consents shall not be unreasonably withheld, delayed or conditioned). The Institutions will cause the Project Completion Date to occur by the Completion Deadline.

In undertaking the Project Work, the Institutions 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 Institutions will extend to the Issuer or the Trustee all vendors' warranties received by the Institutions 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 applicable Project Fund or other funds provided by the Institutions. In the event that moneys in the applicable Project Account of the Project Fund are not sufficient to pay the costs necessary to complete the Project in full, the Institutions shall pay that portion of such costs of the Project as may be in excess of the moneys therefor in the applicable Project Account of 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 Institutions be entitled to any diminution of the loan payments payable or other payments to be made under the Loan Agreement, under the Promissory Notes or under any other Project Document. All expenses incurred by the Institutions or the Issuer in connection with the performance of its obligations under the Loan Agreement as described in this paragraph 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 Account of the Project Fund (Tax-Exempt) and made available for payment of Project Costs (Tax-Exempt), or if recovered after such date of completion, be deposited in the Redemption Account or the Interest Account of the Bond Fund (Tax-Exempt), as applicable.

The Institutions shall pay all costs, charges, fees, expenses or claims incurred in connection with the Project Work.

The Institutions 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 Institutions 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 the Approved Facility and shall furnish copies of same to the Trustee immediately upon the receipt thereof and to the Issuer immediately upon demand therefor.

Upon completion of the Project Work, the Institutions 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 Institutions in substantially the form set forth as an exhibit in the Loan Agreement, together with all attachments required thereunder.

Maintenance. During the term of the Loan Agreement, the Institutions will: (i) keep the Facility in good and safe operating order and condition, ordinary wear and tear excepted, (ii) occupy, use and operate the Facility, or cause the Facility to be occupied, used and operated, as the Approved Facility, and (iii) make or cause to be made all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to ensure that (x) the interest on the Tax-Exempt Bonds shall not cease to be excludable from gross income for federal income tax purposes, (y) the operations of the Charter 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.

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.

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 each Institution agrees in the Loan Agreement to assume full responsibility therefor.

Alterations and Improvements. An 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 an 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.

All Additional Improvements shall constitute a part of the Facility, subject to the Loan Agreement, the Facility Lease Agreement, the Assignment of Leases and Rents and the Mortgage.

If at any time after the Operations Commencement Date, an Institution shall make any Additional Improvements, the Institutions 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.

In addition to the Facility Personalty, Each Institution shall have the right to install or permit to be installed at the Facility Realty, machinery, equipment and other personal property at such 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 the Loan Agreement, nor constitute part of the Facility, or subject to the lien and security interest of the Mortgage, provided that the same is not made fixtures appurtenant to the Facility Realty. Each 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.

Removal of Property of the Facility. (a) The Facility Owner 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 Facility Owner shall pay to the Trustee for deposit in the Redemption Account of the Bond Fund (Tax-Exempt) and thereby cause a redemption of the Series 2021A Bonds (to the nearest integral multiple of Authorized Denomination) (and, if any excess amount shall exist, in the Interest Account of the Bond Fund (Tax-Exempt)) to be effected in an amount equal to the amounts derived from such sale or scrapping, the trade-in value credit received or the proceeds received from such other disposition; provided that no such redemption shall be required when such amount received in connection with any removal or series of removals does not exceed, in the aggregate, \$25,000.

No such removal set forth in paragraph (i) or (ii) above shall be effected if (v) such removal would cause the interest on the Tax-Exempt Bonds to cease to be excludable from gross income for federal income tax purposes, (w) such removal would change the nature of the Facility as the Approved Facility, (x) such removal would materially impair the usefulness, structural integrity or operating efficiency of the Facility, (y) such removal would materially reduce the fair market value of the Facility below its fair market value immediately before such removal (except by the amount by which the Series 2021A Bonds are to be redeemed as provided in paragraph (ii) above), or (z) there shall exist and be continuing an Event of Default under the Loan Agreement. Any amounts received pursuant to paragraph (ii) above in connection with any removal or series of removals, which are not in excess of \$25,000, shall be retained by the Facility Owner.

The removal from the Facility of any Existing Facility Property pursuant to the provisions of the Loan Agreement as described under this heading shall not entitle the Facility Owner to any abatement or reduction in the loan payments and other amounts payable by the Facility Owner or the Charter School under the Loan Agreement, under the Promissory Notes or under any other Project Document.

Implementation of Additional Improvements and Removals. In the event of any Additional Improvements or substitution or replacement of property pursuant to the Loan Agreement as described under the heading “Alternations and Improvements” or “Removal of Property of the Facility” above, the Institutions 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 the same to be made part of the Facility.

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 Institutions or the extent to which proceeds derived from the sale of the Bonds will be sufficient to pay the cost of completion of the Project. The Institutions acknowledge that the Issuer is not the manufacturer of the Facility Personalty nor the manufacturer’s agent nor a dealer therein. The Institutions are satisfied that the Facility is suitable and fit for purposes of the Institutions. The Issuer shall not be liable in any manner whatsoever to the Institutions 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.

Loan of Proceeds. The Issuer agrees, upon the terms and conditions contained in the Loan Agreement and the Indenture, to loan the proceeds from the sale of the Initial Bonds to the Facility Owner (the “Loan”). The Loan shall be made by depositing on the Closing Date the proceeds from the sale of (y) the Series 2021A Bonds into the Capitalized Interest Account and the Project Account of the Project Fund (Tax-Exempt) and the Debt Service Reserve Fund (Tax-Exempt) and (z) the Series 2021B Bonds into the Capitalized Interest Account and the Project Account of the Project Fund (Taxable) and the Debt Service Reserve Fund (Taxable), all in accordance with the Indenture. Such proceeds shall be disbursed to or on behalf of the Facility Owner as provided in the Indenture.

Promissory Notes. The Facility Owner’s obligation to repay the Loan shall be evidenced by the Loan Agreement and the Promissory Notes. On the Closing Date, the Facility Owner shall execute and deliver the Promissory Notes payable to the Issuer, and the Issuer will endorse the Promissory Notes to the Trustee. The Facility Owner acknowledge that the original principal amount payable under the Promissory Notes 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 Notes will be made in accordance with the Loan Agreement.

Loan Payments. (a) The Facility Owner covenants to pay the Promissory Notes and repay the Loan made pursuant to the Loan Agreement by making loan payments, or causing loan payments to be made, which the Issuer agrees shall be paid in immediately available funds by the Facility Owner directly to the Trustee for deposit into the Revenue Fund no later than on each Loan Payment Date (except as provided in clauses (ii), (iv) and (v) below which shall be paid on the respective due dates thereof) for deposit in the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable (except to the extent that amounts are on deposit in the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable, and available therefor) in an amount equal to the sum of:

(i) (1) with respect to interest due and payable on the Series 2021A Bonds, an amount equal to the quotient obtained by dividing the amount of interest on the Series 2021A 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 (Tax-Exempt) and any amount the Trustee shall transfer from the Capitalized Interest Account in the Project Fund (Tax-Exempt) to the Interest Account of the Bond Fund (Tax-Exempt), and as shall be available to pay interest on the Series 2021A 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-third (1/3) of the amount of interest which will become due and payable on the Series 2021A Bonds on the next succeeding Interest Payment Date (after taking into account any amounts on deposit in the Interest Account of the Bond Fund (Tax-Exempt) and any amount the Trustee shall transfer from the Capitalized Interest Account in the Project Fund (Tax-Exempt) to the Interest Account of the Bond Fund (Tax-Exempt), and as shall be available to pay interest on the Series 2021A Bonds on such next succeeding Interest Payment Date); provided that in any event the aggregate amount so paid with respect to interest on the Series 2021A 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 Series 2021A Bonds on such immediately succeeding Interest Payment Date; and (2) with respect to interest due and payable on the Series 2021B Bonds, an amount equal to the quotient obtained by dividing the amount of interest on the Series 2021B 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 (Taxable) and any amount the Trustee shall transfer from the Capitalized Interest Account in the Project Fund (Taxable) to the Interest Account of the Bond Fund (Taxable), and as shall be available to pay interest on the Series 2021B 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-third (1/3) of the amount of interest which will become due and payable on the Series 2021B Bonds on the next succeeding Interest Payment Date (after taking into account any amounts on deposit in the Interest Account of the Bond Fund (Taxable) and any amount the Trustee shall transfer from the Capitalized Interest Account in the Project Fund (Taxable) to the Interest Account of the Bond Fund (Taxable), and as shall be available to pay interest on the Series 2021B Bonds on such next succeeding Interest Payment Date); provided that in any event the aggregate amount so paid with respect to interest on the Series 2021B 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 Series 2021B Bonds on such immediately succeeding Interest Payment Date;

(ii) (1) with respect to principal due on the Series 2021A Bonds (other than such principal amount as shall become due as a mandatory Sinking Fund Installment payment), commencing on that Loan Payment Date as shall precede the first principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the principal of the Series 2021A Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within the next succeeding thirteen (13) month period (or, if the first principal payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first principal amount, an amount equal to the quotient obtained by dividing such principal amount by the number of Loan Payment Dates between the Closing Date and such first principal payment date), and thereafter for each principal payment date commencing on that Loan Payment Date as shall precede such principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the principal of the Series 2021A 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 Series 2021A Bonds on or before the Loan Payment Date immediately preceding a principal payment date of the Series 2021A Bonds shall be an amount sufficient to pay the principal of the Series 2021A Bonds Outstanding becoming due on such next succeeding principal payment date of the Series 2021A Bonds; provided further that in the event of the acceleration of the principal of the Series 2021A Bonds, a loan payment in the amount of the principal amount of the Series 2021A Bonds Outstanding (together with all interest accrued thereon to the date of payment), shall

be due and payable on such date of acceleration; and (2) with respect to principal due on the Series 2021B Bonds (other than such principal amount as shall become due as a mandatory Sinking Fund Installment payment), commencing on that Loan Payment Date as shall precede the first principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the principal of the Series 2021B Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within the next succeeding thirteen (13) month period (or, if the first principal payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first principal amount, an amount equal to the quotient obtained by dividing such principal amount by the number of Loan Payment Dates between the Closing Date and such first principal payment date), and thereafter for each principal payment date commencing on that Loan Payment Date as shall precede such principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the principal of the Series 2021B 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 Series 2021B Bonds on or before the Loan Payment Date immediately preceding a principal payment date of the Series 2021B Bonds shall be an amount sufficient to pay the principal of the Series 2021B Bonds Outstanding becoming due on such next succeeding principal payment date of the Series 2021B Bonds; provided further that in the event of the acceleration of the principal of the Series B Bonds, a loan payment in the amount of the principal amount of the Series 2021B Bonds Outstanding (together with all interest accrued thereon to the date of payment), shall be due and payable on such date of acceleration;

(iii) (1) with respect to Sinking Fund Installment payments due on the Series 2021A 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-sixth (1/6) of the amount of the Sinking Fund Installment on the Series 2021A 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-sixth (1/6) of the amount of the Sinking Fund Installment of the Series 2021A 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 Series 2021A Bonds on or before the Loan Payment Date immediately preceding a Sinking Fund Installment payment date of the Series 2021A Bonds shall be an amount sufficient to pay the Sinking Fund Installment of the Series 2021A Bonds Outstanding becoming due on such next succeeding Sinking Fund Installment payment date; and (2) with respect to Sinking Fund Installment payments due on the Series 2021B 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-sixth (1/6) of the amount of the Sinking Fund Installment on the Series 2021B 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-sixth (1/6) of the amount of the Sinking Fund Installment of the Series 2021B 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 Series 2021B Bonds on or before the Loan Payment Date immediately preceding a Sinking Fund Installment payment date of the Series 2021B Bonds shall be an amount sufficient to pay the Sinking Fund Installment of the Series 2021B Bonds Outstanding becoming due on such next succeeding Sinking Fund Installment payment date;

(iv) (1) on each Redemption Date, with respect to the Redemption Price (other than by Sinking Fund Installments) due and payable on the Series 2021A Bonds, whether as an optional or mandatory redemption, an amount equal to the Redemption Price together with accrued interest on the Series 2021A Bonds being redeemed on such Redemption Date; and (2) on each Redemption Date, with respect to the Redemption Price (other than by Sinking Fund Installments) due and payable on the Series 2021B Bonds, an amount equal to the Redemption Price together with accrued interest on the Series 2021B Bonds being redeemed on such Redemption Date; and

(v) (1) upon receipt by the Facility Owner of notice from the Trustee pursuant to the Indenture that the amount on deposit in the Debt Service Reserve Fund (Tax-Exempt) shall be less than the Debt Service Reserve Fund Requirement (Tax-Exempt), the Facility Owner shall pay, or cause to be paid, to the Trustee for deposit in the Debt Service Reserve Fund (Tax-Exempt) on the first day of the month immediately following the receipt by the Facility Owner 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 the Debt Service Reserve Fund (Tax-Exempt); and (2) upon receipt by the Facility Owner of notice from the Trustee pursuant to the Indenture that the amount on deposit in the Debt Service Reserve Fund (Taxable) shall be less than the Debt Service Reserve Fund Requirement (Taxable), the Facility Owner shall pay, or cause to be paid, to the Trustee for deposit in the Debt Service Reserve Fund (Taxable) on the first day of the month immediately following the receipt by the Facility Owner 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 the Debt Service Reserve Fund (Taxable).

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

The Facility Owner has the option to make advance loan payments for deposit in the Revenue Fund for deposit in the applicable Bond Fund to effect the retirement, defeasance or redemption of the Bonds in whole or in part, all in accordance with the terms of the Indenture; provided, however, that no partial redemption of the Bonds may be effected through advance loan payments under the Loan Agreement if there shall exist and be continuing an Event of Default. The Facility Owner shall exercise its option to make such advance loan payments by delivering a written notice of an Authorized Representative of the Institutions to the Trustee in accordance with the Indenture, with a copy to the Issuer, setting forth (i) the amount of the advance loan payment, (ii) the principal amount of each Series 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 (iii) 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 Facility Owner 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 Facility Owner shall further deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the

Institutions stating that, as a result of the occurrence of the event giving rise to such redemption, the Charter School has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes. Such advance loan payment shall be paid to the Trustee in legal tender, for deposit in the Redemption Account of the applicable Bond Fund on or before the Redemption Date and shall be an amount which, when added to the amounts on deposit in the applicable 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 Redemption Date 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 Facility Owner shall further pay, or caused to be paid, on or before such Redemption Date, in legal tender, to the Issuer, the Trustee, the Bond Registrar and the Paying Agent all fees and expenses owed such party or any other party entitled thereto under the Loan Agreement or the Indenture together with (x) all other amounts due and payable under the Loan Agreement and the other Security Documents, and (y) any amounts required to be rebated to the federal government pursuant to the Indenture or the Tax Regulatory Agreement.

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 Institutions 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.

In the event Defaulted Interest shall become due on any Initial Bond, the Facility Owner shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on such Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the Indenture), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment.

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 applicable Bond Fund is sufficient to satisfy and discharge the obligations of the Issuer under the Indenture and pay the Bonds as provided in the defeasance provisions of the Indenture.

Any amounts remaining in the Revenue Fund, the Repair and Replacement Fund, the Supplemental Reserve 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 (i) the Bonds (in accordance with the defeasance provisions of the Indenture), (ii) the fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents in accordance with the Indenture, (iii) all amounts required to be rebated to the federal government pursuant to the Tax Regulatory Agreement or the Indenture, and (iv) all amounts required to be paid under any Project Document, shall have been so paid, shall belong to and be paid to the Facility Owner by the Trustee as overpayment of the loan payments.

In the event that the Facility Owner fails to make any loan payment required in the Loan Agreement as described under this heading, the installment so in default shall continue as an obligation of the Facility Owner until the amount in default shall have been fully paid.

Notwithstanding anything in the foregoing to the contrary, if the amount on deposit and available in the applicable 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 Facility Owner shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in the applicable Bond Fund.

The Facility Owner shall pay, or caused to be paid, to the Trustee on each Loan Payment Date, following the Project Completion Date, for deposit into the Revenue Fund for deposit into the Repair and Replacement Fund the amount required for such Loan Payment Date pursuant to the Indenture. In addition, upon receipt by the Facility Owner of notice from the Trustee pursuant to the Indenture that the amount on deposit in the Repair and Replacement Fund shall be less than the Repair and Replacement Fund Requirement or if any amount is requisitioned out of the Repair and Replacement Fund pursuant to the Indenture, the Facility Owner shall pay, or caused to be paid, to the Trustee for deposit in the Repair and Replacement Fund on the Loan Payment Date immediately following the receipt by the Facility Owner of notice of such deficiency or following such requisition, the amount required to be deposited therein shall include an amount necessary to replenish the Repair and Replacement Fund by the total amount of such deficiency or disbursement deposited in equal amounts on each Loan Payment Date over the 24-month period to begin on the Loan Payment Date following such deficiency or disbursement.

In order to satisfy its obligations under Loan Agreement, the Charter School entered into the Custody Agreement, pursuant to which the Trustee will receive moneys in accordance with the provisions of the Indenture to the extent and at the times necessary to pay the principal or Redemption Price of, Sinking Fund Installments for, Purchase Price and interest on the Initial Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture). Any such payment received by the Trustee pursuant to the Custody Agreement shall be deemed to satisfy the corresponding payment obligation of the Facility Owner under the Loan Agreement to the extent of such payment.

The Facility Owner shall pay, or caused to be paid, to the Trustee on each November 15, commencing on November 15, 2022 (until the amount on deposit in the Supplemental Reserve Fund equals the Supplemental Reserve Requirement), an amount not less than 50% of Excess Net Revenues of the prior Fiscal Year, for deposit into the Revenue Fund for deposit into the Supplemental Reserve Fund pursuant to the Indenture. In addition, upon receipt by the Facility Owner of notice from the Trustee pursuant to the Indenture that the amount on deposit in the Supplemental Reserve Fund shall be less than the Supplemental Reserve Requirement or if any amount is requisitioned out of the Supplemental Reserve Fund pursuant to the Indenture, the Facility Owner shall pay, or caused to be paid, to the Trustee for deposit in the Supplemental Reserve Fund on the Loan Payment Date immediately following the receipt by the Facility Owner of notice of such deficiency or following such requisition, the amount required to be deposited therein shall include an amount necessary to replenish the Supplemental Reserve Fund by the total amount of such deficiency or disbursement deposited in equal amounts on each Loan Payment Date over the 24-month period to begin on the Loan Payment Date following such deficiency or disbursement. Payments into, and releases from, the Supplemental Reserve Fund are set forth in the Indenture.

Loan Payments and Other Payments Payable Absolutely Net. The obligation of the Facility Owner or the Charter School, as applicable, to pay the loan payments and other payments under the Loan Agreement and under the Promissory Notes shall be absolutely net to the Issuer and to the Trustee without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that the Loan Agreement and the Promissory Notes shall yield, net, to the Issuer and to the Trustee, the loan payments and other payments provided for herein, and all costs, expenses and charges of any kind and nature relating to the Facility, arising or becoming due and payable under the Loan

Agreement, shall be paid by the Facility Owner or the Charter School, as applicable, and the Indemnified Parties shall be indemnified by the Institutions for, and the Institutions shall hold the Indemnified Parties harmless from, any such costs, expenses and charges.

Nature of Institutions' Obligation Unconditional. The Facility Owner's obligation under the Loan Agreement and under the Promissory Notes to pay the loan payments and all other payments provided for in the Loan Agreement and in the Promissory Notes shall be absolute, unconditional and a general obligation of the Facility Owner, 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. The Charter Schools' obligation under the Loan Agreement to pay any payments provided for in the Loan Agreement shall be absolute, unconditional, and a general obligation of the Charter School, 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. The respective obligation of the Facility Owner and the Charter School shall arise whether or not the Project has been completed as provided in the Loan Agreement and whether or not any provider of a credit facility or liquidity facility or swap arrangement with respect to the Bonds shall be honoring their respective obligations thereunder. The Institutions will not suspend or discontinue any such payment or terminate the Loan Agreement (other than such termination as is provided for under the Loan Agreement), or suspend the performance or observance of any covenant or agreement required on the part of the Institutions under the Loan Agreement, for any cause whatsoever, and the Institutions waive all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender the Loan Agreement or any obligation of the Institutions under the Loan Agreement except as provided in the Loan Agreement or to any abatement, suspension, deferment, diminution or reduction in the loan payments or other payments under the Loan Agreement or under the Promissory Notes.

All covenants and obligations of the Facility Owner or the Charter School under the Loan Agreement shall be enforceable by either Institution.

Advances by the Issuer or the Trustee. In the event the Institutions fail to make any payment or to perform or to observe any obligation required of it under the Loan Agreement, under the Promissory Notes or under any other Security Document, the Issuer or the Trustee, after first notifying the Institutions in writing of any such failure on its part (except that no prior notification of the Institutions shall be required in the event of an emergency condition that, in the reasonable judgment of the Issuer or the Trustee, necessitates immediate action), may (but shall not be obligated to), and without waiver of any of the rights of the Issuer or the Trustee under the Loan Agreement or any other Security Document to which the Issuer or the Trustee is a party, make such payment or otherwise cure any failure by the Institutions to perform and to observe its other obligations thereunder. All amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Institutions 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 Institutions 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 under the Loan Agreement, under the Promissory Notes 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.

Damage, Destruction and Condemnation. In the event of 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 Institutions under the Loan Agreement or the Promissory Notes or any other Security Document to which

either Institution is a party, and the Institutions waive, to the extent permitted by law, any provisions of law which would permit the Institutions to terminate the Loan Agreement, the Promissory Notes or any other Security Document, or eliminate or reduce their payments under the Loan Agreement, under the Promissory Notes or under any other Security Document, and (iii) the Facility Owner will promptly give written notice of such Loss Event to the Issuer and the Trustee, generally describing the nature and extent thereof.

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

The Net Proceeds with respect to the Facility shall be paid to the Trustee and deposited in the Renewal Fund (except as provided in the Mortgage in respect of property insurance proceeds that are less than a threshold amount). Pending the disbursement or transfer thereof, the Net Proceeds in the Renewal Fund shall be applied, and may be invested, as provided in the Indenture. The Facility Owner shall be entitled to the Net Proceeds of any insurance proceeds or condemnation award, compensation or damages attributable to the Institution's Property.

Election to Rebuild or Terminate. In the event a Loss Event shall occur, an Institution shall either: (i) at its own cost and expense (except to the extent paid from the Net Proceeds), within one (1) year of the Loss Event, promptly and diligently rebuild, replace, repair or restore the Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, regardless of whether or not the Net Proceeds derived from the Loss Event shall be sufficient to pay the cost thereof, and such 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 such Institution under the Loan Agreement or the Promissory Notes or any other Security Document be abated, postponed or reduced, or (ii) if, to the extent and upon the conditions permitted to do so under the defeasance provisions and under the Indenture, exercise its option to terminate the Loan 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 Charter School as contemplated by the Loan Agreement, the Facility Owner shall exercise its option to terminate the Loan Agreement.

Not later than ninety (90) days after the occurrence of a Loss Event, the Facility Owner shall advise the Issuer and the Trustee in writing of the action to be taken by the Facility Owner under the paragraph above, a failure to so timely notify being deemed an election in favor of clause (ii) of the paragraph above to be exercised in accordance with the provisions of clause (ii) of the paragraph above.

If the Facility Owner shall elect to or shall otherwise be required to rebuild, replace, repair or restore the Facility as set forth in the Loan Agreement as described in clause (i) in the first paragraph under this heading, the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in the Indenture to pay or reimburse the Facility Owner, at the election of the Facility Owner, either as such work progresses or upon the completion thereof, provided, however, the amounts so disbursed by the Trustee to the Facility Owner shall not exceed the actual cost of such work. If the Facility Owner shall exercise its option in clause (ii) in the first paragraph under this heading, the amount of the Net Proceeds so recovered shall be transferred from the Renewal Fund and deposited in the Redemption Account of the applicable Bond Fund, and the Facility Owner shall thereupon pay to the Trustee for deposit in the Redemption Account of the applicable Bond Fund an amount which, when added to any amounts then in the applicable 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 the Loan Agreement and under each other Security Document, as well as any amounts required to be rebated to the federal government pursuant to the Indenture or the Tax Regulatory Agreement and such amount so deposited shall be applied, together with such other available amounts in the applicable Bond Fund, if applicable, to such redemption or retirement of the Bonds on said redemption or Maturity Date.

Effect of Election to Build. 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 the Loan Agreement and, with respect to Mortgaged Property, shall be subject to the lien and security interest of the Mortgage and the Assignment of Leases and Rents, (ii) be effected only if the Facility Owner shall deliver to the Issuer and the Trustee a certificate from an Authorized Representative of the Institutions 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 Facility Owner 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 Charter School to use and operate the Facility as the Approved Facility, (v) be effected only if the Facility Owner shall have complied with the insurance provisions of the Loan Agreement, (vi) be preceded by the furnishing by an 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 \$250,000, be effected under the supervision of an Independent Engineer.

The date of completion of the rebuilding, replacement, repair or restoration of the Facility shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Institutions 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 Loan Agreement and, if applicable, subject to the mortgage lien and security interest of the Mortgage and the Assignment of Leases and Rents, 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 Facility Owner against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of the Loan Agreement and of the Indenture and (z) that no Person other than the Issuer or the Trustee may benefit therefrom.

The certificate delivered pursuant to the Loan Agreement as described in the paragraph above shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if it is a temporary certificate of occupancy, the Facility Owner 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 Institutions

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 an 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.

Issuance of Additional Bonds. Under the provisions of and subject to the conditions set forth in the Indenture, the Issuer is authorized to enter into a Supplemental Indenture and issue one or more Series of Additional Bonds on a parity with the Initial Bonds for the purpose of (w) completing the Project, (x) providing funds in excess of the Net Proceeds of insurance or eminent domain to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (y) providing extensions, additions or improvements to the Facility, or (z) refunding Outstanding Bonds. If the Institutions are not in default under the Loan Agreement or under any other Project Document, the Issuer will consider the issuance of a Series of Additional Bonds in a principal amount as is specified in a written request in accordance with the applicable provisions set forth in the Indenture.

Pledge and Assignment to Trustee. As security for the payment of the Bonds and the obligations of the Institutions under the Security Documents: (a) the Institutions shall, pursuant to the Mortgage, grant to the Issuer and the Trustee, for the benefit of the Bondholders, a mortgage lien on and security interest in its fee interest in the Mortgaged Property; (b) the Issuer shall assign its right, title and interest in the Mortgage to the Trustee pursuant to the Assignment of Mortgage; (c) the Facility Owner shall, pursuant to the Assignment of Leases and Rents, assign to the Issuer and the Trustee, for the benefit of the Bondholders, all leases and rents with respect to the Facility, including the Facility Lease Agreement; (d) the Issuer shall assign its right, title and interest in the Assignment of Leases and Rents pursuant to the Assignment of ALR; (e) the Facility Owner shall, pursuant to the Assignment of Contracts, assign to the Trustee, for the benefit of the Bondholders, the Contracts and Permits; and (f) the Issuer shall pledge and assign to the Trustee, for the benefit of the Bondholders, pursuant to the Indenture all of the Issuer's right, title and interest in the Promissory Notes and all of the Issuer's right, title and interest in the Loan Agreement (except for the Issuer's Reserved Rights), including all loan payments under the Loan Agreement and under the Promissory Notes, and in furtherance of such pledge, the Issuer will unconditionally assign such loan payments to the Trustee for deposit in the applicable Bond Fund in accordance with the Indenture.

Environmental Matters. The Institutions 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 Institutions cause or permit, as a result of any intentional or unintentional act or omission on the part of the Institutions or any occupant or user of the Facility, a release of Hazardous Materials onto the Facility or onto any other property.

The Institutions 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.

The Institutions 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.

In the event the Mortgage is foreclosed, or a deed in lieu of foreclosure is tendered, or the Loan Agreement is terminated as provided therein, the Institutions 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.

Assignment of the Loan Agreement or Lease of Facility. Neither Institution shall at any time, except as permitted by the Loan Agreement as described under the heading "Restrictions on Dissolution and Merger" below, assign or transfer the Loan Agreement without the prior written consents of the Issuer and the Trustee (which consents may be withheld by the Issuer or the Trustee in their absolute discretion); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such assignment or transfer:

(i) an Institution shall have delivered to the Issuer and the Trustee a certificate of an Authorized Representative to the effect that the transfer or assignment to the assignee or transferee (the "New Institution") shall not cause the Facility to cease being the Approved Facility;

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

(iii) the New Institution shall have assumed in writing (and shall have executed and delivered to the Issuer and the Trustee such document and have agreed to keep and perform) all of the terms of the Loan Agreement and each other Project Document on the part of the New Institution to be kept and performed, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

(iv) the New Institution shall be a not-for-profit corporation or a limited liability company constituting a Tax-Exempt Organization and, if applicable, shall be duly established as a charter school under the Charter Schools Act, and its charter to operate the Facility shall be in full force and effect;

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

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

(vii) the New Institution shall have delivered to the Issuer the Required Disclosure Statement in form and substance satisfactory to the Issuer;

(viii) each such assignment shall contain such other provisions as the Issuer or the Trustee may reasonably require; and

(ix) an opinion of Nationally Recognized Bond Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such assignment or transfer shall not affect the exclusion of the interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income tax purposes.

The Institutions 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.

Except as pursuant to the Facility Lease Agreement, neither Institution shall at any time lease all or substantially all of the Facility, without the prior written consents of the Issuer and the Trustee (which consents may be withheld by the Issuer or the Trustee in their absolute discretion); nor shall an 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 Institutions 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 Institutions 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 Institutions shall remain primarily liable to the Issuer for the payment of all loan and other payments and for the full performance of all of the terms, covenants and conditions of the Loan Agreement and of the Promissory Notes and of any other Project Document to which it shall be a party;

(iii) any lessee in whole or substantially in whole of the Facility shall have assumed in writing (and shall have executed and delivered to the Issuer and the Trustee such document) and have agreed to keep and perform all of the terms of the Loan Agreement and each other Project Document on the part of the Institutions to be kept and performed, shall be jointly and severally liable with the Institutions for the performance thereof, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

(iv) any lessee shall utilize the Facility as the Approved Facility and shall constitute a Tax-Exempt Organization;

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

(vi) with respect to any letting in part of the Facility, no more than an aggregate of twenty percent (20%) of the Completed Improvements Square Footage shall be leased by any 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 be permitted under the Charter Schools Act and constitute the legally valid, binding and enforceable obligation of the lessee and shall not legally impair in any respect the obligations of the Institutions for the payment of all loan or other payments nor for the full performance of all of the terms, covenants and conditions of the Loan Agreement, of the Promissory

Notes or of any other Project Document to which the Institutions 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 Institutions to carry the insurance required under the Mortgage or the Loan Agreement and the Institutions 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 Institutions 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.

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 Institutions, or the successors or assigns of the Institutions, 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 Institutions.

For purposes of this heading, any license or other right of possession or occupancy granted by an Institution with respect to the Facility shall be deemed a lease subject to the provisions of the Loan Agreement as described under this heading.

Retention of Title to or of Interest in Facility; Grant of Easements; Release of Portions of Facility. Neither Institution shall sell, assign, encumber (other than Permitted Encumbrances), convey or otherwise dispose of its fee title to or interest in the Facility, including the Improvements, or any part of the Facility or interest therein, except as set forth in the Loan Agreement as described under the headings "Maintenance," "Alterations and Improvements," "Removal of Property of the Facility," "Implementation of Additional Improvements and Removals," "Damage, Destruction and Condemnation," "Loss Proceeds," "Election to Rebuild or Terminate", "Effect of Election to Build," "Assignment of Loan Agreement or Lease of Facility" and "Remedies on Default" or under this heading, without (i) the prior written consents of the Issuer and of the Trustee, (ii) the Institutions delivering to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that such action pursuant to the Loan Agreement as described under this heading will not affect the exclusion of the interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income taxes, and (iii) the Institutions delivering to the Trustee and the Issuer an Opinion of Counsel to the effect that such action is authorized and permitted under the Charter Schools Act. Any purported disposition without such consents and opinions shall be void.

The Institutions may, with the prior written consents of the Issuer and the Trustee (such consents not to be unreasonably withheld or delayed), so long as there exists no Event of Default under the Loan Agreement, grant such rights-of-way or easements over, across, or under, the Facility Realty, or grant such permits or licenses in respect to the use thereof, free from the lien and security interest of the

Mortgage, as shall be necessary or convenient in the opinion of the Institutions 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 Institutions 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 (Tax-Exempt) (and, if any excess amount shall exist, in the Redemption Account of the Bond Fund (Taxable) or, if such Bonds are no longer Outstanding, then in the Interest Account of the Bond Fund (Tax-Exempt)). The Issuer agrees, at the sole cost and expense of the Institutions, 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 and of the Assignment of Leases and Rents.

So long as there exists no Event of Default under the Loan Agreement, and the Institutions deliver 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 Institutions may from time to time request in writing to the Issuer and the Trustee the release of and removal from the property comprising the Facility under the Loan Agreement and the lien and security interest of the Mortgage and of the Assignment of Leases and Rents, 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 Institutions, the Issuer shall, at the sole cost and expense of the Institutions, 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 the Loan Agreement and the lien and security interest of the Mortgage and of the Assignment of Leases and Rents, 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 Institutions or to the creation or suffering of which the Institutions consented;

(iii) any liens and encumbrances or reservations resulting from the failure of an Institution to perform or observe any of the agreements on its respective part contained in the Loan Agreement or any other Project Document;

(iv) Permitted Encumbrances (other than the lien of the Mortgage and of the Assignment of Leases and Rents); and

(v) any liens for taxes or assessments not then delinquent;

provided, however, that no such release shall be effected unless the following conditions have been satisfied:

(1) the Trustee shall have received a certificate of an Independent 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 (Tax-Exempt) (and, if any excess amount shall exist, the Redemption Account of the Bond Fund (Taxable) or, if such Bonds are no longer Outstanding, then in the Interest Account of the Bond Fund (Tax-Exempt)) 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 Facility Owner upon such sale; and

(3) the Facility Realty as shall remain subject to the Mortgage and the Assignment of Leases and Rents shall not constitute a portion of a tax lot.

No conveyance or release effected under the provisions of the Loan Agreement as described under this heading shall entitle the Institutions to any abatement or diminution of the loan payments or other amounts payable under the Loan Agreement or any other Project Document to which it shall be a party.

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 Institutions or against any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Security Documents, or the interest of the Issuer or the Institutions in any Security Document, other than Liens for Impositions not yet payable, Permitted Encumbrances, or Liens being contested as permitted by the Loan Agreement as described in the paragraph below, the Institutions forthwith upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such notice) shall give written notice thereof to the Issuer and the Trustee and take all action (including the payment of money and/or the securing of a bond with respect to any such Lien) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full of such Lien and to remove or nullify the basis therefor. Nothing contained in the Loan Agreement shall be construed as constituting the express or implied consent to or permission of the Issuer for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien not permitted under the Loan Agreement as described in this paragraph.

An Institutions may at its sole cost and expense contest (after prior written notice to the Issuer and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Lien, if:

(i) such proceeding shall suspend the execution or enforcement of such Lien against the Trust Estate, the Facility or any part thereof or interest therein, or against any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Project Documents or the interest of the Issuer or an Institution in any Project Document,

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

(iii) none of either 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) an 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.

No Further Encumbrances Permitted. Neither 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 an Institution in the Facility, except for Permitted Encumbrances, or (ii) the Trust Estate or any portion thereof, the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Security Documents or the interest of the Issuer or either Institution in any Security Document. Each 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 and the Assignment of Leases and Rents.

Taxes, Assessments and Charges. The Institutions shall pay when the same shall become due all Impositions. The Institutions may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

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 Institutions 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.

An 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 such Institution in the Facility, or against any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Project Documents, or the interest of the Issuer or an Institution in any Project Document, (ii) none of the Trust Estate, the Facility or any part thereof or interest of an Institution in the Facility, or any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Project Documents, or the interest of the Issuer or an Institution in any Project Document, would be in any danger of being sold, forfeited or lost, (iii) none of either 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) an 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.

Compliance with Legal Requirements. The Institutions 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.

At its sole cost and expense, each Institution shall promptly observe and comply with all applicable Legal Requirements (including, without limitation, as applicable, the Charter Schools 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 an 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. Neither Institution will, 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.

An Institution may at its sole cost and expense contest in good faith the validity, existence or applicability of any of the matters described in the paragraph above if (i) such contest shall not result in the Trust Estate, the Facility or any part thereof or interest of an Institution in the Facility, or any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Project Documents, or the interest of the Issuer or an Institution in any Project Document, being in any danger of being sold, forfeited or lost, (ii) such contest shall not result in an Institution, the Issuer or the Trustee being in any danger of any civil or any criminal liability for failure to comply therewith, and (iii) an 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.

Operation as Approved Facility. The Institutions will not take any action, or suffer or permit any action, if such action would cause the Facility not to be the Approved Facility. The Institutions 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. The Institutions will permit the Trustee and its duly authorized agents, at all reasonable times upon written notice to enter upon the Facility and to examine and inspect the Facility and exercise its rights under the Loan Agreement, under the Indenture and under the other Security Documents with respect to the Facility. The Institutions 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 Charter School 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.

Restrictions on Dissolution and Merger. Each Institution covenants and agrees that at all times during the term of the Loan Agreement, it will (i) maintain its existence as a not-for-profit corporation constituting a Tax-Exempt Organization and, with respect to the Charter School, a validly existing charter school under the Charter Schools Act, (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 the second paragraph under this heading, (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 the second paragraph under this heading, and (vi) not change or permit the change of any Principal of an Institution, or a change in the relative Control of an Institution of any of the existing Principals, except in each case as provided in the third paragraph under this heading.

Notwithstanding the provisions of the Loan Agreement as described in the paragraph above, an 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 such Institution is the surviving, resulting or transferee Entity, (1) such Institution shall have a net worth (as determined by an Independent Accountant in

accordance with GAAP) at least equal to that of such Institution immediately prior to such Merger or Transfer, (2) such Institution shall continue to be a Tax-Exempt Organization and, with respect to the Charter School, a validly existing charter school under the Charter Schools Act, (3) such 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) such 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 an 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 the Loan Agreement or under any other Project Document, (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, and, with respect to the Charter School, the Successor Institution, shall be a validly existing charter school under the Charter Schools Act, (3) the Successor Institution shall have assumed in writing all of the obligations of the Predecessor Institution contained in the Loan Agreement and in all other Project Documents to which the Predecessor Institution shall have been a party, (4) with respect to the Charter School, the Successor Institution shall have delivered to the Issuer and the Trustee an Opinion of Counsel to the effect that all approvals required by the New York State Board of Regents or otherwise to such Merger or Transfer have been obtained, (5) 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) 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, (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 Counsel to the effect that (y) the Loan 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, (8) 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, (9) 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, and (10) if succeeding the Charter School, the Successor Institution shall provide evidence to the Trustee that the entity can continue to operate the Facility as a charter school in accordance with the Charter Schools Act and that such entity is (or shall be upon the Merger or Transfer) entitled to receive Education Aid.

If there is a change in Principals of an Institution, or a change in the Control of an Institution, the Institutions shall deliver to the Issuer prompt written notice thereof to the Issuer together with a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion.

Preservation of Exempt Status. Each 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 an 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 Tax-Exempt Bonds to be “arbitrage bonds” under the Code or cause the interest paid by the Issuer on the Tax-Exempt Bonds to be subject to federal income tax in the hands of the Holders thereof; and (e) use its best efforts to maintain the tax-exempt status of the Tax-Exempt Bonds.

Securities Law Status. Each Institution covenants that: (a) the Facility shall be operated (y) exclusively for civic or charitable purposes and (z) not for pecuniary profit, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act, (b) no part of the net earnings of an 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 paragraph.

Further Assurances. Each 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 Institutions, as the Issuer or the Trustee deems reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of the Loan Agreement and any rights of the Issuer or the Trustee under the Loan Agreement, under the Indenture or under any other Security Document.

Tax Regulatory Agreement. The Institutions shall comply with all of the terms, provisions and conditions set forth in the Tax Regulatory Agreement, including, without limitation, the making of any payments and filings required thereunder. Promptly following receipt of notice from the Trustee as provided in the Indenture that the amount on deposit in the Rebate Fund is less than the Rebate Amount, the Institutions shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund. The Institutions agree to pay all costs of compliance with the Tax Regulatory Agreement and costs of the Issuer relating to any examination or audit of the Bonds by the Internal Revenue Service (including fees and disbursements of lawyers and other consultants).

Compliance with the Indenture. The Institutions will comply with the provisions of the Indenture with respect to the Institutions. The Trustee shall have the power, authority, rights and protections provided in the Indenture. The Institutions will use their best efforts to cause there to be obtained for the Issuer any documents or opinions of counsel required of the Issuer under the Indenture.

Reporting Information for the Trustee. The Institutions shall furnish or cause to be furnished to the Trustee: (i) as soon as available and in any event within one hundred eighty (180) days after the close of each Fiscal Year, a copy of the annual financial statements of the Institutions on a consolidated basis, 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 Institutions’ Independent Accountant and prepared in accordance with GAAP, (ii) as soon as available and in any event within sixty (60) days after the close of each quarter of each Fiscal Year, a copy of the unaudited financial statements of the Institutions, 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 Institutions, and copies of each report on enrollment, headcount, membership, attendance and similar statistics with respect to the Charter School submitted by the Charter School to the New York State Education Department during the previous calendar quarter; (iii) any written notice if the Charter School’s charter under the Charter Schools Act shall have expired or been amended, revoked, surrendered

or terminated, of if there are any pending or threatened proceedings to effect same; and (iv) each Institution's adopted budget and any amendments within sixty (60) days of their respective adoption.

The Institutions shall deliver to the Trustee with each delivery of annual financial statements required by the Loan Agreement as described in the paragraph above, (i) a certificate of an Authorized Representative of the Institutions: (1) as to whether or not, as of the close of such preceding Fiscal Year, and at all times during such Fiscal Year, each Institution was in compliance with all the provisions which relate to such Institution in the Loan 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 under the Loan Agreement, and any action proposed to be taken by the Institutions with respect thereto, and (ii) a certificate of an Authorized Representative of the Institutions that the insurance it maintains complies with the insurance provisions of the Loan Agreement and 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.

In addition, upon twenty (20) days prior request by the Trustee, the Institutions will execute, acknowledge and deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institutions either stating that to the knowledge of such Authorized Representative after due inquiry no default or breach exists under the Loan Agreement or specifying each such default or breach of which such Authorized Representative has knowledge.

The Institutions 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 paragraph shall be signed by an Authorized Representative of the Institutions 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 Institutions shall state this fact on the notice.

The Institutions shall deliver to the Trustee all insurance-related documents required by the Loan Agreement.

The Trustee shall be under no obligation to review the financial statements received under the Loan Agreement as described under this heading for content and shall not be deemed to have knowledge of the contents thereof.

Continuing Disclosure. The Institutions shall, if required by Securities and Exchange Commission Rule 15c2-12(b)(5), enter into and comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Loan Agreement, failure of the Institutions to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Holders of at least twenty-five percent (25%) aggregate principal amount in Outstanding Bonds, shall, upon receipt of reasonable indemnification for its fees and costs acceptable to it), and any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Institutions to comply with its obligations under the Loan Agreement as described in this paragraph. The Institutions agree that the Issuer shall have no continuing disclosure obligations.

Special Charter School Covenants and Custody Agreement. The Charter School covenants that, for so long as any Bonds shall be Outstanding, it will be chartered by the State University of New York or the New York Board of Regents as a charter school. The Charter School shall provide the Issuer and the Trustee immediate notice if the Charter School's charter or the Charter Agreement is not renewed, or is otherwise terminated, revoked, amended or cancelled or expires.

The Charter School covenants that it shall not discriminate in admissions, hiring, the granting of scholarships or loans, if applicable, or the administration of educational policies generally.

The Charter School covenants to comply fully in all material respects with the provisions of the Charter Schools Act so long as any Bonds remain Outstanding. The Charter School will do, or cause to be done, all things necessary to obtain, renew and secure all permits, licenses and other governmental approvals and to comply with such permits, licenses and other governmental approvals necessary for operation of the Facility as a public charter school in accordance with the Charter Schools Act.

On or about the Closing Date, the Charter School will execute a payment direction letter to the School District and each other applicable Entity directing each such Entity to forward all Education Aid due to the Charter School with respect to its operations at the Facility to the Custodian to be deposited in the account (the "Custody Account") governed by the Custody Agreement. The Charter School agrees not to revoke such direction so long as any obligations of the Charter School under the Loan Agreement or any other Security Document remain outstanding or unsatisfied. In the event the Charter School receives any Education Aid with respect to its operations at the Facility contrary to such direction, the Charter School shall immediately deposit the same in the Custody Account.

In the event that Education Aid is not received by the Custodian in an amount sufficient, or in a timely manner, to permit the Custodian to transfer to the Trustee the amount required above by any Loan Payment Date, the Facility Owner is nevertheless obligated to cause the full amount required to be paid to the Trustee under the Loan Agreement in a timely manner on or prior the Loan Payment Date from whatever sources are available to the Facility Owner.

The Charter School shall not change its Custodian unless the Charter School executes a new payment direction letter to the School District and each other applicable Entity directing each such Entity to forward all Education Aid due to the Charter School with respect to its operations at the Facility to the new Custodian pursuant to the terms of the Custody Agreement.

Facility Lease Agreement. Each Institution represents and warrants that it has delivered to the Issuer and the Trustee on the Closing Date a true, correct and complete copy of the Facility Lease Agreement. Each Institution covenants and agrees that: (i) it shall promptly deliver notice to the Issuer and the Trustee of the occurrence or continued existence of a default by an Institution thereunder, together with copies of any default notice that it shall receive thereunder; (ii) it shall not enter into any amendment, modification or supplement to the Facility Lease Agreement (a "Proposed Lease Amendment") unless, (y) it shall deliver to the Issuer and the Trustee a substantially final draft of the Proposed Lease Amendment at least fourteen (14) days prior to the execution thereof, and (z) the Issuer and the Trustee receive, at the sole cost and expense of the Institutions, an opinion of National Recognized Bond Counsel to the effect that the Proposed Lease Amendment will not cause the interest on the Tax-Exempt Bonds to become includable in gross income of the Holders thereof for federal income tax purposes; (iii) neither the Facility Owner nor the Charter School shall pledge, assign, encumber, sell or otherwise transfer its respective interest under the Facility Lease Agreement, except that the Facility Owner shall make a collateral assignment of its interest under the Facility Lease Agreement (including the rentals payable thereunder with respect to the Facility) to the Issuer and the Trustee pursuant to the Assignment of Leases and Rents; and (iv) for so long as the Bonds shall remain Outstanding and

throughout the term of the Loan Agreement, the Facility Lease Agreement shall remain in full force and effect, and neither Institution shall take any action, or fail to take any action, which would cause the Facility Lease Agreement with respect to the Facility to terminate or expire.

The Institutions shall not claim any conflict or inconsistency with (y) the Facility Lease Agreement as a defense to any obligation under the Loan Agreement, or (z) the Loan Agreement as a defense to any obligation under the Facility Lease Agreement.

The term of the Facility Lease Agreement expires on June 30, 2060, and no event of default under the Facility Lease Agreement has occurred and is continuing.

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

(i) Failure of the Facility Owner to pay, or caused to be paid, any loan payment that has become due and payable by the terms of the Loan Agreement as described under the heading “Loan Payments” above which results in an Event of Default under the Indenture;

(ii) Failure of an Institution to pay any amount (except as set forth in the paragraph above) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under the Loan Agreement, including covenants regarding insurance, recapture of benefits, indemnity, payment of fees and expenses, assignment of the Loan Agreement, discharge of liens, liens and encumbrances, payment of taxes, assessments and charges, compliance with Legal Requirements, restrictions on dissolution and merger, preservation of exempt status, securities law status, certain reporting requirements, determination of taxability and mandatory redemption of Bonds, and continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Institutions 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;

(iii) Failure of an Institution to observe and perform any covenant, condition or agreement under the Loan Agreement on its part to be performed (except as set forth in paragraph (i) or (ii) above) and (i) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Institutions 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, an 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;

(iv) An 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

(v) A proceeding or case shall be commenced, without the application or consent of an 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 an 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 an Institution shall be entered in an involuntary case under such Bankruptcy Code; the terms “dissolution” or “liquidation” of an Institution as used above shall not be construed to prohibit any action otherwise permitted by the Loan Agreement as described under the heading “Restrictions on Dissolution and Merger” above;

(vi) Any representation or warranty made by an Institution (i) in the application and related materials submitted to the Issuer or the initial purchaser(s) of the Bonds for approval of the Project or its financing, or (ii) herein or in any other Project Document, or (iii) in the Letter of Representation and Indemnity Agreement, or (iv) in the Tax Regulatory Agreement, or (v) by or on behalf of an Institution or any other Person in any Required Disclosure Statement, or (vi) in any report, certificate, financial statement or other instrument furnished pursuant to the Loan Agreement or any of the foregoing, shall in any case prove to be false, misleading or incorrect in any material respect as of the date made;

(vii) The commencement of proceedings to appoint a receiver or to foreclose any mortgage lien on or security interest in the Facility including the Mortgage;

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

(ix) The occurrence of an LW Event of Default (as defined in the Loan Agreement);

(x) Failure of the Facility Owner to pay the amount required of it with respect to either Debt Service Reserve Fund under the Loan Agreement when required thereunder;

(xi) The termination or expiration of the Facility Lease Agreement with respect to the Facility or the loss of use or occupancy of the Facility by the Charter School; or

(xii) The loss by the Charter School of its public charter school status under the Charter Schools Act, or the loss by the Charter School of its charter such that the Charter School can no longer operate at the Facility as a public charter school for the Approved Project Operations.

Remedies on Default. Whenever any Event of Default referred to in the Loan Agreement and as described in the heading “Events of Default” above shall have occurred and be continuing, the Issuer, or the Trustee where so provided, may, take any one or more of the following remedial steps:

(i) The Trustee, as and to the extent provided in the Indenture, may cause all principal installments of loan payments payable under the Loan Agreement as described under the heading “Loan Payments” above 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 the Loan Agreement as described in paragraph (iv) or (v) under the heading “Events of Default” above, all principal installments of loan payments payable under the Loan Agreement as described under the heading “Loan Payments” above 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 Institutions under the Loan Agreement; and

(iii) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder.

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 Institutions under the Issuer's Reserved Rights or to enforce the performance or observance of any obligations, covenants or agreements of the Institutions under the Issuer's Reserved Rights.

No action taken pursuant to the Loan Agreement as described under this heading or by operation of law or otherwise shall, except as expressly provided in the Loan Agreement, relieve the Institutions from the Institutions' obligations thereunder, all of which shall survive any such action.

Bankruptcy Proceedings In case proceedings shall be pending for the bankruptcy or for the reorganization of an 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 an Institution or in the case of any other similar judicial proceedings relative to an Institution or the creditors or property of an Institution, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to the Loan Agreement and the Promissory Notes, irrespective of whether the principal of the Bonds (and the loan payments payable pursuant to the Promissory Notes and the Loan Agreement as described under the heading "Loan Payments" above) shall have been accelerated by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand for payment 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 an Institution, the creditors or property of an 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 authorized by the Loan Agreement 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.

Remedies Cumulative. The rights and remedies of the Issuer or the Trustee under the Loan Agreement shall be cumulative and shall not exclude any other rights and remedies of the Issuer or the Trustee allowed by law with respect to any default under the Loan Agreement. Failure by the Issuer or the Trustee to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon default by an Institution under the Loan Agreement shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy the strict compliance by an Institution with all of the covenants and conditions of the Loan Agreement, or of the rights to exercise any such rights or remedies, if such default by an Institution be continued or repeated.

No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in the Loan Agreement should be breached by any party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Loan Agreement. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Issuer and/or the Trustee and the Institutions or any delay or omission on the part of the Issuer and/or the Trustee in exercising any rights under the Loan Agreement or under the Indenture or under any other Security Document shall operate as a waiver. To the extent permitted by applicable law, the Institutions waive the benefit and advantage of, and covenants not to assert against the Issuer or the Trustee, any valuation, inquisition, stay, appraisal, extension or redemption laws now existing or which may hereafter exist.

Effect on Discontinuance of Proceedings. In case any proceeding taken by the Issuer or the Trustee under the Indenture or the Loan Agreement or under any other Security Document on account of any Event of Default 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 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.

Issuer Approval of Certain Nonforeclosure Remedies. Notwithstanding any provision of the Loan Agreement or of any other Security Document, no remedy or other action (whether exercised by the Trustee, the Majority Holders or the Holders of the Bonds) shall have the effect of (x) continuing the exemption from the mortgage recording tax of any Mortgage upon the substitution of other indebtedness to be secured by the Mortgage (a "Mortgage Restructuring"), (y) amending or terminating the Mortgage (a "Mortgage Action") or (z) substituting for any Institution, as applicable, a new Entity to either be a counterparty to the Issuer under the Loan Agreement or as a user or lessee of all or a portion of the Facility (a "Substitution Action"), unless, (i) in the case of clause (x) or (z) described herein, a reasonable description of such Mortgage Restructuring and/or Substitution Action shall have been set forth in a writing delivered to the Issuer by the Institutions, together with a request for approval, and the Mortgage Restructuring and/or Substitution Action 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); (ii) in the case of clause (y) described herein, the Issuer is provided with thirty (30) days' advance written notice by the Institutions prior to the effective date of such Mortgage Action, and (iii) in each case, there shall be delivered by the Institutions to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel, if required, to the effect that such Mortgage Restructuring, Mortgage Action and/or Substitution Action shall not cause the interest on any Outstanding Tax-Exempt Bonds to become subject to federal income taxation by reason of any of such Mortgage Restructuring, Mortgage Action and/or Substitution Action. For the avoidance of doubt, no Issuer consent is required for (i) the entry into a forbearance agreement by the Trustee, (ii) the exercise by the Trustee of any remedies under, or enforcement of, the Mortgage, including the commencement of a foreclosure action, (iii) the granting of a waiver of a default or Event of Default to the extent permitted under the Loan Agreement or the Mortgage, by the Trustee, or (iv) the appointment of a receiver for an Institution or for any collateral securing the Bonds.

Termination of the Loan Agreement. The Institutions 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. After full payment of the Bonds or provision for the payment in full thereof having been made in accordance with the defeasance provisions of the Indenture, but not later than the receipt by the Institutions of ten (10) days prior written notice from the Issuer directing termination of the Loan Agreement, the Institutions shall terminate the Loan Agreement by giving the Issuer notice in writing of such termination and thereupon such termination shall forthwith become effective, subject, however, to

(x) the delivery of those documents referred to in the Lease Agreement, and (y) the survival of those obligations of the Institutions set forth in the Loan Agreement.

Issuance of Additional Bonds. If a Series of Additional Bonds is to be issued pursuant to the Indenture, the Issuer and the Institutions shall enter into an amendment to the Loan Agreement, and the Facility Owner shall execute and deliver new Promissory Notes, in each case providing, among other things, for the payment by the Facility Owner 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 the Loan Agreement to the same extent as if originally included under the Loan Agreement.

Determination of Taxability. 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 Institutions. If such appeal is taken at the option of the Institutions (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 Institutions, and the Institutions shall control the procedures and terms relating to such appeal, and such Holder and the Institutions shall cooperate and consult with each other in all matters pertaining to any such appeal which the Institutions have 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 Institutions have elected to take, however, the Bondholder shall have the right to require the Institutions to pay the tax assessed and conduct the appeal as a contest for reimbursement.

The obligations of the Institutions to make the payments provided for in the Loan Agreement as described under this heading shall be absolute and unconditional, and the failure of the Issuer, the Trustee or any other Person to execute or deliver or cause to be delivered any documents or to take any action required under the Loan Agreement or otherwise shall not relieve the Institutions of their obligation under the Loan Agreement as described under this heading.

Not later than one hundred twenty (120) days following a Determination of Taxability, the Facility Owner shall pay, or caused to be paid, to the Trustee an amount sufficient, when added to the amounts then in the Bond Fund (Tax-Exempt) and available for such purpose, to retire and redeem all 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.

Mandatory Redemption of Bonds as Directed by the Issuer. Upon the determination by the Issuer that (i) the Charter School is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project Operations in accordance with the Loan Agreement and the failure of the Institutions within thirty (30) days of the receipt by the Institutions 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 Institutions, any Principal of an Institution or any Person that directly or indirectly Controls, is Controlled by or is under common

Control with an Institution has committed a material violation of a material Legal Requirement and the failure of the Institutions within thirty (30) days of the receipt by the Institutions of written notice of such determination from the Issuer to cure such material violation (which cure, in the case of a Principal who shall have committed the material violation of a material Legal Requirement, may be effected by the removal of such Principal), (iii) as set forth in the Loan Agreement relating to certain continuing representations, any Conduct Representation (as defined in the Loan Agreement) 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, each 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 Institutions and the Trustee, which notice shall be no less than fifteen (15) days prior to such meeting

In the event the Institutions fail to obtain or maintain the liability insurance with respect to the Facility required under the Loan Agreement, and the Institutions shall fail to cure such circumstance within ten (10) days of the receipt by the Institutions of written notice of such noncompliance from the Issuer and a demand by the Issuer on the Institutions to cure such noncompliance, upon notice or waiver of notice as provided in the Indenture, the Facility Owner shall pay, or caused to be paid, 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 Redemption Date.

Mandatory Redemption As a Result of Project Gifts or Grants. If, prior to completion of the construction of a component of the Project, an 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, such 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 (Tax-Exempt) not otherwise provided for is less than the amount of Tax-Exempt Bond proceeds expended on such component of the Project, such Institution shall cause the Trustee to effect a redemption of Tax-Exempt Bonds in an 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, an 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 (Tax-Exempt) not otherwise provided for is less than the amount of Tax-Exempt Bond proceeds expended on such component of the Project, such 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 (Tax-Exempt) and cause the Trustee

to effect a redemption of the Tax-Exempt Bonds in an amount equal to such gift or grant, but only to the extent to which proceeds of Tax-Exempt Bonds were expended for such component.

The Facility Owner shall, prior to directing the redemption of any Tax-Exempt Bonds in accordance with the Loan Agreement as described under this heading, 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.

Right to Cure Issuer Defaults. The Issuer grants the Institutions 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 Institutions, in the name and stead of the Issuer, with full power of substitution.

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

Investment of Funds. Any moneys held as part of the Rebate Fund, the Earnings Fund, the Project Fund, the Bond Fund, the Debt Service Reserve Fund, the Repair and Replacement Fund, the Supplemental Reserve Fund or the Renewal Fund or in any special fund provided for in the Loan Agreement or in the Indenture to be invested in the same manner as in any said Fund shall, at the written request of an Authorized Representative of the Institutions, be invested and reinvested by the Trustee as provided in the Indenture (but subject to the provisions of the Tax Regulatory Agreement). None of the Issuer, the Trustee or any of their respective 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.

Force Majeure. In case by reason of *force majeure* any party to the Loan Agreement shall be rendered unable wholly or in part to carry out its obligations under the Loan Agreement, then except as otherwise expressly provided in the Loan 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 Institutions to make the loan payments or other payments required under the terms of the Loan Agreement, or (ii) the obligations of the Institutions to comply with the recapture of benefits, insurance or indemnity provisions under the Loan Agreement), 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 an 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* under the Loan Agreement by acceding to the demands of the opposing person or persons.

The Institutions 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 Institutions 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 Institutions.

Assignment of Mortgage, Assignment of Leases and Rents and Pledge under Indenture. Pursuant to (i) the Mortgage, the Institutions will mortgage its fee and leasehold interest in the Mortgaged Property to the Issuer and the Trustee as security for the Bonds and the obligations of the Institutions 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, (iii) the Assignment of Leases and Rents, the Facility Owner will make a collateral assignment of all leases and rents with respect to the Facility, including the Facility Lease Agreement, to the Issuer and the Trustee as security for the Bonds and the obligations of the Institutions under the Security Documents, (iv) the Assignment of ALR, the Issuer will assign all of its right, title and interest in the Assignment of Leases and Rents to the Trustee, and (v) the Indenture, the Issuer will pledge and assign the Promissory Notes and the loan payments and certain other moneys receivable under the Loan 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 Institutions consent to the Issuer's pledge and assignment to the Trustee of all its right, title and interest in the Mortgage, the Assignment of Leases and Rents, the Promissory Notes and the Loan Agreement (except for the Issuer's Reserved Rights).

Amendments. The Loan Agreement may be amended only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture, except in connection with any amendment relating to the recapture of benefits provisions, and only by a written instrument executed by the Institutions and the Issuer.

Third Party Beneficiaries. The Issuer and the Institutions agree that the Loan 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 Institutions as set forth in the Loan Agreement are declared to be for the benefit of the Holders from time to time of the Bonds and may be enforced as provided in the Indenture on behalf of the Bondholders by the Trustee.

Nothing in the Loan 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 Institutions, the Paying Agents and the Holders of the Bonds any right, remedy or claim under or by reason of the Loan Agreement or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements contained in the Loan Agreement by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Bond Registrar, the Institutions, the Paying Agents and the Holders of the Bonds.

Recourse Under the Loan Agreement. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Loan Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer, and not of any member, director, officer, employee or agent of the Issuer or any natural person executing the Loan Agreement on behalf of the Issuer in such person's individual capacity, and no recourse shall be had for any reason whatsoever under

the Loan Agreement against any member, director, officer, employee or agent of the Issuer or any natural person executing the Loan Agreement on behalf of the Issuer. No recourse shall be had for the payment of the principal of, redemption premium, if any, Sinking Fund Installments for, Purchase Price or interest on the Bonds or for any claim based thereon or under the Loan Agreement against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. In addition, in the performance of the agreements of the Issuer 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 Institutions under the Loan Agreement and under the Promissory Notes.

APPENDIX E
COPY OF MASTER LEASE

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THIS AMENDED AND RESTATED MASTER LEASE AGREEMENT (this “Amended Master Lease Agreement”) is made as of the 1st day of February, 2021, by and between **FRIENDS OF NEW WORLD PREP, INC.**, a New York not-for-profit corporation having an address at c/o 26 Sharpe Avenue, Staten Island, New York 10302 (the “Landlord”) and **NEW WORLD PREPARATORY CHARTER SCHOOL**, a New York education corporation having offices at 26 Sharpe Avenue, Staten Island, New York 10302 (the “Tenant”).

RECITALS:

A. The Certificate of Incorporation for the Landlord requires the Landlord to support the educational purposes of the Tenant, a tax exempt 501(c)(3) tax-exempt educational organization by acquiring, leasing, constructing, renovating and maintaining real estate and other facilities for the use of the students and faculty of the Tenant; and

B. The Landlord and the Tenant have agreed that the Landlord can best support the educational purposes of the Tenant by obtaining title to and leases for real property and managing such real property as from time to time are necessary to acquire (by deed or tenancy) for the Tenant to provide educational opportunities in accordance with the terms of its charter as approved from time to time by the State University of New York – Charter Schools Institute; and

C. The Landlord is (i) the owner of the real property more commonly known as 19 Treadwell Avenue, 26 Sharpe Avenue (a/k/a 15 Treadwell Avenue and a/k/a 2222/2240 Richmond Terrace) and 2230 Richmond Terrace, Staten Island, New York (collectively commonly referred to as 26 Sharpe Avenue, Staten Island, New York) (collectively, the “Sharpe Property”); and (ii) the tenant of certain real property and improvements situated in the Borough and County of Staten Island (Richmond), City and State of New York, commonly known as (a) 130 Merrill Avenue, Staten Island, New York (the “South Campus”), (b) 285 Clove Road, Staten Island, New York (the “East Campus”), (c) 355 Morningstar Road, Staten Island, New York (the “West Campus”) and (d) such other and further real property which the Landlord believes from time to time to be in the best interest of the Tenant to acquire or lease (collectively, the Sharpe Property, the South Campus, the East Campus and the West Campus are referenced as the “Leased Property” or, sometimes, the “Premises”); and

D. The Landlord desires to lease (or sublease) to the Tenant and the Tenant desires to lease (or sublet) from the Landlord, the Premises and all educational and related facilities located at each of the Premises or any subsequent or additional location leased to Tenant by Landlord for use in accordance with the provisions of this Amended Master Lease Agreement on the terms and conditions herein specified; and

E. The Landlord and the Tenant (sometimes collectively the “Institutions”) have entered into negotiations with officials of Build NYC Resource Corporation (the “Issuer”) for the Issuer’s assistance with a tax-exempt and taxable bond transaction, the proceeds of which will be used by the Landlord and the Tenant for the acquisition, demolition, construction, renovation, equipping and furnishing of certain improvements located at the Sharpe Property (the “Project”); and

F. By reason of such negotiations, the Institutions have requested the Issuer to issue its revenue bonds (the “Bonds”) to finance and refinance the costs of the Project; and

G. To facilitate the Project and the issuance by the Issuer of the Bonds to finance and refinance the costs of the Project, the Issuer and the Institutions have entered into negotiations pursuant to which (i) the Issuer will make the loan of the proceeds of the Bonds, in the original aggregate principal amount of the Bonds, to the Landlord pursuant to a Loan Agreement by and between the Issuer and the Institutions (the “Loan Agreement”), (ii) the Landlord will execute one or more Promissory Notes in favor of the Issuer to evidence the Landlord’s obligation under the Loan Agreement to repay the loan; (iii) the Institutions will grant mortgage liens on and security interests in their respective interest in the Sharpe Property to the Issuer and U.S. Bank National Association, as trustee (the “Trustee”), pursuant to three certain Mortgage and Security Agreements, to be assigned by the Issuer to the Trustee (collectively, the “Mortgage”), in order to secure the Bonds; and (iv) the Landlord will make a collateral assignment of its interest under this Amended Master Lease Agreement and the rentals payable hereunder attributable to the Sharpe Property to the Trustee and the Issuer pursuant to three certain Assignments of Leases and Rents (collectively, the “Assignments of Leases and Rents”), to be then assigned by the Issuer to the Trustee; and

H. The Tenant is leasing the Sharpe Property from the Landlord pursuant to this Amended Master Lease Agreement, and the rental payments from the Tenant will be used to pay the Landlord’s payment obligations under the Promissory Notes and the Bonds; and

I. The Landlord and the Tenant desire to amend and restate each of the terms and conditions in any existing lease for the benefit of Tenant under the terms and conditions of this Amended Master Lease Agreement including, without limitation, the Master Lease dated as of May 1, 2020.

NOW, THEREFORE, for one dollar (\$1.00) and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. **Grant of Lease.** The Landlord leases, or subleases, to the Tenant, and the Tenant leases, or sublets, from the Landlord, each of the Premises.

2. **Term of Amended Master Lease Agreement.**

a. The term of this Amended Master Lease Agreement (the “Term”) shall be for 40 years, commencing as of May 1, 2020 (the “Commencement Date”) and expiring on June 30, 2060.

b. Provided the Tenant is not then in default under this Amended Master Lease Agreement, the Tenant may extend the Term for an additional term of five (5) years (the “Renewal Term”), on all of the same terms and conditions set forth in this Amended Master Lease Agreement, except that Tenant will have no further right to renew the Term beyond such Renewal

Term. The Base Rent (as defined below) payable during the Renewal Term will be as set forth below.

3. **Delivery of Possession.** On the Commencement Date, Landlord has delivered possession of the Premises to Tenant in “AS-IS” condition.

4. **Payment of Base Rent.**

a. Tenant will pay, pro-rated monthly or, installments upon the execution and delivery of the Loan Agreement, no later than each Loan Payment Date (as defined in the Loan Agreement), to Landlord, rent in the annual amount determined as of the commencement of each school year based on the greater of the following: (i) number of registered pupils for each grade multiplied by the sum of \$5,000; or (ii) the amount due for the payment of debt service on the Bonds issued for improvements made by either the Tenant or the Landlord at the Sharpe Property (in either case, the “Base Rent”). The parties covenant and agree that the Base Rent will include education aid payments received by the Tenant and the Tenant will direct that such aid payments be paid to any custodian appointed to receive such payments in connection with any Bonds issued for improvements at the Sharpe Property in accordance with the Loan Agreement.

b. The Base Rent shall be increased annually by the minimum rate of two (2.00%) percent at the commencement of each fiscal year starting on July 15, 2021. Landlord may increase the Base Rent not more than four (4.00%) percent annually upon ninety (90) days prior written notice to the Tenant.

c. The first Base Rent payment shall become due on July 15, 2021, with successive installments to become due on the fifteenth day of each calendar month of the Term. Base Rent will be paid to Landlord, at Landlord’s address set forth above, or to such other address as Landlord may from time to time designate in writing. In the event that any payment of Base Rent or any other payment required to be paid hereunder (collectively, “Rent”) is not paid by the tenth day after which it is due, a one-time late charge of 5% for each dollar not paid may be charged by Landlord.

d. This is a triple net lease, that is, it is intended that the Tenant is to pay all charges connected with the property other than mortgage payments and mortgage interest (except with respect to the Landlord’s loan payments under the Loan Agreement), Federal and State income taxes, gift and estate taxes and certain other charges and taxes specifically provided herein. Landlord shall receive all rent and other payments hereunder to be made by Tenant free from charges, expenses, and deductions of any kind whatsoever.

5. **Payment of Taxes.**

a. From the commencement of this Amended Master Lease Agreement through the date of termination and renewals, if any, thereof, Tenant shall be responsible for payment of any duties, taxes on the Premises, or any parts thereof, assessments, special assessments and payments, extraordinary as well as ordinary, as shall during the aforesaid period be laid, levied, assessed or imposed upon or brought due or payable out of or for or by reason of

the Premises, or any part thereof, or which may be allocable to the term of this Amended Master Lease Agreement, by virtue of any present or future law or regulation of the United States of America or of any bureau, or department thereof, or of the State of New York, or of any bureau, department, county, or municipality thereof, if any, except as hereinafter provided. Tenant will reimburse Landlord for all of the said taxes, assessments or payments to be made by the Tenant as herein provided, upon request from Landlord.

b. Within 30 days after the Commencement Date, if applicable, Tenant shall pay to Landlord the pro-rated amount of the county and school real property taxes applicable to the part of the tax year for each such tax extending after the Commencement Date which shall have been paid by the Landlord for such unexpired portion of the tax year, if any. Likewise, if after expiration of the Term, the county and school real property taxes, or either thereof, shall have been paid by the Tenant for any part of the tax year extending after the expiration of the term of this Amended Master Lease Agreement, Landlord shall refund at the time of termination of this Amended Master Lease Agreement to the Tenant the prorated amount of said taxes applicable to the unexpired portion of the tax year, if any.

c. Nothing herein contained shall require Tenant (its successors or assigns) to pay any income, profit, excise profits, transfer, inheritance, franchise, estate, corporate, payroll, excise privilege, or rent tax payable by Landlord, or any capital stock or tax of like nature or any tax imposed on account of the devolution of title to the successors or assigns of Landlord.

d. Tenant shall have the right to contest by legal proceedings or otherwise, conducted promptly at its own expense, in the name of Landlord or otherwise, any taxes, assessments, or charges imposed upon or against the parcel of land or building or improvements constituting the Premises; upon the determination of such proceedings, Tenant shall pay the amount, if any, plus penalties and interest that shall be finally assessed or imposed upon said disputed or contested items.

e. If any applications, proceedings or actions for the reduction of any taxes, assessments or charges are, under the law, required to be taken by Landlord and cannot otherwise be taken by Tenant herein, Landlord agrees that Landlord will make such applications and take such proceedings and actions as may be necessary or required by Tenant, but the expense thereof shall be borne and paid by Tenant, and Tenant shall furthermore save Landlord harmless from all expenses arising from any such applications, proceedings or actions.

6. **Insurance.**

a. Tenant agrees to maintain such insurance as may be required under the Loan Agreement and the Mortgage executed in connection with the Bonds for improvements to the Sharpe Property.

b. For the remainder of the Premises (excluding the Sharpe Property while any Bonds remain outstanding), the Tenant agrees that it will, at all times, maintain public liability insurance on the Premises and that the limits of liability under such insurance shall not be less than

\$500,000.00 in case of injury or death to any one person or \$1,000,000.00 in case of injury or death to more than one person in any one accident, and not less than \$500,000.00 on account of damage to property. Tenant agrees to maintain at all times fire insurance with extended coverage on all buildings and improvements which comprise the Premises in an amount not less than the full replacement cost thereof. Such fire insurance shall be maintained in the name of Tenant with Landlord as an additional insured. All insurance provided for herein shall be written by insurance companies licensed to do business in the State of New York and shall provide that they may not be terminated nor may coverage be reduced except after 30 days' prior written notice to Landlord. Tenant agrees to provide Landlord with certificates of insurance for such liability and fire coverages.

c. All proceeds from any fire insurance policies covering the Premises (excluding the Sharpe Property while any Bonds remain outstanding) shall be paid to the Landlord, unless the Tenant shall be required to or shall elect to repair the Premises as provided in **Section 16** of this Amended Master Lease Agreement. All proceeds from any fire insurance policies covering the Sharpe Property while any Bonds remain outstanding shall be paid in accordance with the Loan Agreement and the Mortgage.

7. **Tenant's Use of the Premises.** Each of the Premises may be used by Tenant for operation of a charter school and any lawful related uses. Tenant will not use or permit the Premises to be used or occupied for any purpose or in any manner prohibited by any applicable laws or in violation of any covenants, restrictions, easements or agreements of record affecting the Premises. Tenant will not commit waste or suffer or permit waste to be committed in, on, or about the Premises.

8. **Requirements of Law.**

a. At its sole cost and expense, Tenant will promptly comply with all laws, statutes, ordinances, and governmental rules, regulations, or requirements now or hereafter in force with the requirements of any board of fire underwriters or other similar body, with any direction or occupancy certificate issued pursuant to any law by any public officer or officers, as well as with the provisions of all recorded documents affecting the Premises, insofar as they relate to the condition, use, or occupancy of the Premises (collectively, the "Requirements").

b. Tenant will not do or permit to be done any act or thing upon the Premises which would (i) jeopardize or be in conflict with fire insurance policies covering the Premises or fixtures and property on the Premises; or (ii) increase the rate of fire insurance applicable to the Premises.

c. Upon request, Tenant will provide Landlord with access to the Premises to confirm Tenant's compliance with all Requirements, including those pertaining to safety and environmental matters.

9. **Assignment and Subletting.** Tenant will not assign, mortgage, or encumber this Amended Master Lease Agreement, nor lease all or part of the Premises, nor permit

the Premises or any part of the Premises to be used or occupied by others, (i) without the prior written consent of Landlord in each instance, which consent shall not be unreasonably withheld, conditioned or delayed, and (ii), with respect to the Sharpe Property while any Bonds remain outstanding, without the consents required or satisfying any other requirement under the Loan Agreement.

10. **Repairs and Maintenance.** Tenant shall be responsible for all repair, maintenance (including roof maintenance, structural and sidewall maintenance and foundation maintenance), replacement and capital improvements in and to the Premises throughout the term of this Amended Master Lease Agreement. In the event that the Tenant hereunder shall fail to perform any item of repair, maintenance, replacement or capital improvement, deemed necessary by the Landlord, then, and in that event, the Landlord shall have the right to perform any such function and bill the Landlord's actual cost thereof back to the Tenant as additional rental.

11. **Alterations and Improvements.**

a. Tenant shall have the right to construct, modify, or demolish the existing structures on the Premises and may alter, improve and install fixtures to the Premises with the Landlord's prior written consent. Such construction, modification, demolition, alteration, improvement or installation shall be at the sole cost and expense of the Tenant and shall at all times comply with all laws and regulations applicable thereto. Tenant shall have the right, subject to the written approval of the Landlord and any and all required governmental bodies, to erect and maintain, at its own expense, electric and ordinary signs (both flat and extension) on the buildings and elsewhere on the Premises and to equip, fixture, stock and maintain and alter the arrangements of fixtures, equipment, stock and displays in the interior of the Premises, provided that Tenant shall at all times comply with all laws, ordinances and regulations applicable thereto.

b. All furniture, appliances, machinery, tools, equipment and partitions, and, in addition, all other fixtures and improvements which have not been permanently incorporated in the realty so as to be an integral part thereof, which have been or will be installed by Tenant at its expense, shall remain the property of the Tenant, as the case may be, and may be removed at any time by Tenant; provided, however, that Tenant shall be responsible for all damages caused to the Premises by any such removal. Landlord hereby waives all its right, title and interest to the aforementioned items.

c. For so long as the Loan Agreement remains in effect, the terms, provisions and covenants of the Loan Agreement shall govern with respect to any alterations and improvements made to, or the removal of any furniture or other property at, the Sharpe Property.

12. **Utility Service for Premises.** Tenant will obtain and directly pay for, all utility service (including without limitation, sewer service, water service, heat, air conditioning and electricity) which it may require or desire to consume at the Premises.

13. **End of Term.** At the end of the Term, Tenant will promptly quit and surrender the Premises broom-clean, in good order and repair, ordinary wear and tear excepted. Tenant may remove from the Premises any trade fixtures, equipment, and movable furniture placed in the Premises by Tenant. Tenant will remove such alterations, additions, improvements, trade fixtures, equipment, and furniture as Landlord may request. Tenant will fully repair any damage occasioned by the removal of any trade fixtures, equipment, furniture, alterations, additions, and improvements.

14. **Mechanic's Liens.** Tenant will pay or cause to be paid all costs and charges for work (a) done by Tenant or caused to be done by Tenant, in or to the Premises, and (b) for all materials furnished for or in connection with such work. If any such lien, at any time, is filed against the Premises, Tenant will cause such lien to be discharged of record within 30 days after the filing of such lien.

15. **Condemnation.**

a. If the whole or any part of the Premises is acquired or condemned by right of eminent domain for any public use or purpose, or be acquired by deed in lieu thereof, with the result that use of the Premises by the Tenant is substantially adversely affected, then either party, at its election, may terminate this Amended Master Lease Agreement as to the Premises so condemned by giving 30 days written notice to the other of its election to terminate this Amended Master Lease Agreement and, in such event, all rents shall be apportioned and adjusted as of the date of termination. If the term of this Amended Master Lease Agreement shall not be terminated as aforesaid, then the term of this Amended Master Lease Agreement shall continue in full force and effect, and Landlord shall, immediately after possession is physically taken, repair or rebuild what may remain of the Premises or parking area for the occupancy of Tenant (subject to delays due to shortage of labor, materials, or equipment, labor difficulties, breakdown of equipment, or government restrictions), and a just proportion of all rent shall be abated, according to the nature and extent of the injury to the Premises or parking area until what may remain of the Premises or the parking area thereof shall be repaired and rebuilt as aforesaid.

b. Landlord reserves to itself, and Tenant assigns to Landlord, all rights to any award accruing on account of any such taking or condemnation, or by reason of any act of any public or quasi-public authority for which an award is payable, except as hereinafter provided. Tenant agrees to execute such reasonable and necessary instruments or assignments as may be needed by Landlord, to join with Landlord in any petition for the recovery of any award, if required by Landlord, and to turn over to Landlord any such award belonging to Landlord that may be recovered in any such proceeding.

c. It is understood and agreed, however, that Landlord does not reserve to itself and the Tenant does not assign to the Landlord any award payable for moving expenses and trade fixtures installed by Tenant at its own cost and expense, and it is further agreed and understood that in the event an award is made to the Tenant, the amount of said award representing compensation for the loss of Tenant's occupancy shall be the property of the Tenant unless the cost of repairing and restoring the Premises shall exceed the Landlord's award, in which case, so

much of Tenant's award as may be required to pay for the balance of such restoration shall be paid over to Landlord.

d. For so long as the Loan Agreement remains in effect, the terms, provisions and covenants of the Loan Agreement shall govern any condemnation proceeds with respect to the Sharpe Property.

16. **Destruction of Premises.**

a. In the event of the partial destruction of the Premises or damage thereto by fire, explosion, or otherwise so that the Premises are rendered partially untenable or unfit for occupancy, the rent for the period required for such repairs shall not be reduced and the Tenant shall, at its own cost and expense, repair and restore the Premises with all due diligence.

b. In the event of the destruction by fire, explosion, the elements or otherwise during the term of this Amended Master Lease Agreement or any renewal thereof of the entire Premises or so much thereof so that in the reasonable opinion of Tenant or Landlord restoration of the same is not feasible, either party may terminate this Amended Master Lease Agreement by giving the other written notice to that effect, not more than 15 days following the date of such damage, whereupon all proceeds payable pursuant to any insurance policies covering the Premises shall be paid over or assigned to Landlord, this Amended Master Lease Agreement shall terminate and neither party shall have any rights hereunder against the other.

c. In the event the parties agree that the Premises should be restored and this Amended Master Lease Agreement continued, the Tenant shall repair and restore the Premises with all due diligence at its sole cost and expense. All insurance proceeds shall thereupon be paid over to Tenant, except that for so long as Bonds are outstanding, such insurance proceeds shall be applied as provided in the Loan Agreement.

d. In the event of partial destruction of the Premises, or in the event of total or substantial destruction of the Premises, and this Amended Master Lease Agreement is not terminated and Tenant elects to restore the Premises as aforesaid, the repairs and cost of restoration shall be paid by Tenant, and all the insurance proceeds available after payment, if any, to the mortgagee, shall be paid over to Tenant. Landlord shall not be obligated to pay any amount toward such repair or restoration.

e. Tenant shall notify Landlord as soon as practicable in case of damage, by fire or otherwise, to the Premises.

f. For so long as the Loan Agreement remains in effect, the terms, provisions and covenants of the Loan Agreement shall govern with respect to any repair or restoration of the Sharpe Property.

17. **Subordination.** This Amended Master Lease Agreement and Tenant's rights under this Amended Master Lease Agreement are subject and subordinate to the Loan Agreement, the Assignments of Leases and Rents, the Mortgage and any mortgage given as

security for the Bonds, together with any renewals, extensions, modifications, consolidations, and replacements of such agreements, assignments or mortgage (a “Superior Lien”), now or after the date affecting or placed, charged, or enforced against the Premises, or all or any portion of the Premises or any interest of Landlord in them or Landlord’s interest in this Amended Master Lease Agreement and the leasehold estate created by this Amended Master Lease Agreement (except to the extent any such instrument expressly provides that this Amended Master Lease Agreement is superior to such instrument). This provision will be self-operative and no further instrument of subordination will be required in order to effect it. Notwithstanding the foregoing, Tenant will execute, acknowledge, and deliver to Landlord, within 20 days after written demand by Landlord, such documents as may be reasonably requested by Landlord or the holder of any Superior Lien to confirm or effect any such subordination.

18. **Landlord’s Right of Entry.** Landlord, its agents, employees, and contractors may enter the Premises at any time in response to an emergency and at reasonable hours inspect the Premises, exhibit the Premises to prospective purchasers or lenders, determine whether Tenant is complying with all its obligations in this Amended Master Lease Agreement, supply services to be provided by Landlord to Tenant according to this Amended Master Lease Agreement, post written notices of non-responsibility or similar notices, make repairs required of Landlord under the terms of this Amended Master Lease Agreement, or make repairs to any adjoining space or utility services, or make repairs, alterations, or improvements to any other portion of the Premises; however, all such work will be done as promptly as reasonably possible and so as to cause as little interference to Tenant as reasonably possible.

19. **Indemnification.**

a. Except for any injury or damage to persons or property on the Premises that is proximately caused by or results proximately from the negligence or deliberate act of Landlord, its employees, or agents, Tenant will indemnify and hold harmless Landlord, its employees, and agents from and against any and all losses, demands, claims, causes of action, fines, penalties, damages (including consequential damages), liabilities, judgments, and expenses (including, without limitation, attorneys’ fees and disbursements) incurred in connection with or arising from (i) the use or occupancy or manner of use or occupancy of the Premises by Tenant or any person claiming under Tenant, (ii) any activity, work, or thing done or permitted by Tenant in or about the Premises, (iii) any breach by Tenant or its employees, agents, contractors, or invitees of this Amended Master Lease Agreement, and (iv) any injury or damage to the person, property, or business of Tenant, its employees, agents, contractors, or invitees entering upon the Premises under the express or implied invitation of Tenant. If any action or proceeding is brought against Landlord, its employees or agents by reason of any such claim for which Tenant has indemnified Landlord, Tenant, upon written notice from Landlord, will defend the same at Tenant’s expense, with counsel reasonably satisfactory to Landlord.

b. Tenant waives and releases all claims against Landlord, its employees, and agents with respect to all matters for which Landlord has disclaimed liability pursuant to the provisions of this Amended Master Lease Agreement.

20. **Default.**

a. The following events are referred to, collectively, as “Events of Default” or, individually, as an “Event of Default”:

- i. Tenant defaults in the due and punctual payment of any Rent and such default continues for 15 days after written notice from Landlord;
- ii. This Amended Master Lease Agreement or the Premises or any part of the Premises are taken upon execution or by other process of law directed against Tenant, or are taken upon or subject to any attachment by any creditor of Tenant or claimant against Tenant, and said attachment is not discharged or disposed of within 15 days after its levy;
- iii. Tenant files a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or admits the material allegations of any such petition by answer or otherwise, or is dissolved or makes an assignment for the benefit of creditors;
- iv. Involuntary proceedings under any such bankruptcy law or insolvency act or for the dissolution of Tenant are instituted against Tenant, or a receiver or trustee is appointed for all or substantially all of the property of Tenant, and such proceeding is not dismissed or such receivership or trusteeship vacated within 60 days after such institution or appointment;
- v. Tenant breaches any of the other agreements, terms, covenants, or conditions that this Amended Master Lease Agreement requires Tenant to perform, and such breach continues for a period of 30 days after written notice from Landlord to Tenant or, if such breach cannot be cured reasonably within such 30-day period, if Tenant fails to diligently commence to cure such breach within 30 days after written notice from Landlord and to complete such cure within a reasonable time thereafter.

b. If any one or more Events of Default set forth above occurs, then Landlord shall have rights or remedies available to it at law or in equity.

21. **Miscellaneous.**

a. The waiver by Landlord of any agreement, condition, or provision contained in this Amended Master Lease Agreement will not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition, or provision contained in this

Amended Master Lease Agreement, nor will any custom or practice that may grow up between the parties in the administration of the terms of this Amended Master Lease Agreement be construed to waive or to lessen the right of Landlord to insist upon the performance by Tenant in strict accordance with the terms of this Amended Master Lease Agreement. The subsequent acceptance of Rent by Landlord will not be deemed to be a waiver of any preceding breach by Tenant of any agreement, condition, or provision of this Amended Master Lease Agreement, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent.

b. Landlord and Tenant waive trial by jury in any action, proceeding, or counterclaim brought by either of the parties to this Amended Master Lease Agreement against the other on any matters whatsoever arising out of or in any way connected with this Amended Master Lease Agreement, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, or any other claims (except claims for personal injury or property damage), and any emergency statutory or any other statutory remedy.

c. Tenant will have no right to remain in possession of all or any part of the Premises after the expiration of the Term. If Tenant remains in possession of all or any part of the Premises after the expiration of the Term, with the express or implied consent of Landlord: (a) such tenancy will be deemed to be a periodic tenancy from month-to-month only; (b) such tenancy will not constitute a renewal or extension of this Amended Master Lease Agreement for any further Term; and (c) such tenancy may be terminated by Landlord upon the earlier of 30 days' prior written notice or the earliest date permitted by law. In such event, Base Rent in the amount of twice the Base Rent, plus any other sums due under this Amended Master Lease Agreement will be payable in the amount and at the times specified in this Amended Master Lease Agreement. Such month-to-month tenancy will be subject to every other term, condition, and covenant contained in this Amended Master Lease Agreement.

d. Any notice, request, demand, consent, approval, or other communication required or permitted under this Amended Master Lease Agreement must be in writing and will be deemed to have been given when personally delivered, sent by facsimile with receipt acknowledged, deposited with any nationally recognized overnight carrier that routinely issues receipts, or deposited in any depository regularly maintained by the United States Postal Service, postage prepaid, certified mail, return receipt requested, addressed to the party for whom it is intended at its address set forth in the opening paragraph of this Amended Master Lease Agreement. Either Landlord or Tenant may add additional addresses or change its address for purposes of receipt of any such communication by giving 10 days' prior written notice of such change to the other party in the manner prescribed in this **Section 21 (d)**.

e. If any provision of this Amended Master Lease Agreement proves to be illegal, invalid, or unenforceable, the remainder of this Amended Master Lease Agreement will not be affected by such finding, and, in lieu of each provision of this Amended Master Lease Agreement that is illegal, invalid, or unenforceable, a provision will be added as a part of this Amended Master Lease Agreement as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

f. No amendment, alteration, modification of, or addition to this Amended Master Lease Agreement will be valid or binding unless expressed in writing and signed by Landlord and Tenant.

g. This Amended Master Lease Agreement, the exhibits and addenda, if any, contain the entire agreement between Landlord and Tenant. No promises or representations, except as contained in this Amended Master Lease Agreement, have been made to Tenant respecting the condition or the manner of operating the Premises.

h. The captions of the various articles and sections of this Amended Master Lease Agreement are for convenience only and do not necessarily define, limit, describe, or construe the contents of such articles or sections.

i. The covenants, conditions, and agreements contained in this Amended Master Lease Agreement will bind and inure to the benefit of Landlord and Tenant and their respective heirs, distributees, executors, administrators, successors, and, except as otherwise provided in this Amended Master Lease Agreement, their assigns.

j. This Amended Master Lease Agreement shall be governed by the internal laws of the State of New York, without regard to principles of conflict of law.

[Remainder of page intentionally left blank. Next page is the signature page.]

IN WITNESS WHEREOF, the parties hereto have caused this Amended Master Lease Agreement to be duly executed the day and year first above written.

LANDLORD:

FRIENDS OF NEW WORLD PREP, INC.

By: _____

Name: Angelo Aponte

Title: President

TENANT:

**NEW WORLD PREPARATORY CHARTER
SCHOOL**

By: _____

Name: Angelo Aponte

Title: Chair

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APPENDIX F

FORM OF BOND COUNSEL OPINION

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APPENDIX F

FORM OF BOND COUNSEL OPINION

Upon delivery of the Series 2021 Bonds, Bond Counsel to the Issuer proposes to issue its approving opinion in substantially the following form:

Hawkins Delafield & Wood LLP

7 WORLD TRADE CENTER
250 GREENWICH STREET
NEW YORK, NY 10007
WWW.HAWKINS.COM

June __, 2021

Build NYC Resource Corporation
New York, New York

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of the Revenue Bonds (New World Preparatory Charter School Project), Series 2021A in the aggregate principal amount of \$51,160,000 (the “Series 2021A Bonds”) and the Revenue Bonds (New World Preparatory Charter School Project), Series 2021B (Taxable) in the aggregate principal amount of \$965,000 (the “Series 2021B Bonds”; together with the Series 2021A Bonds, the “Bonds”) of Build NYC Resource Corporation, a local development corporation organized pursuant to the Not-For-Profit Corporation Law of the State of New York (the “NFP Corporation Law”) at the direction of the Mayor of The City of New York (the “Issuer”).

The Bonds are issued under and pursuant to an Indenture of Trust, dated as of June 1, 2021 (the “Indenture”), between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”), and a resolution of the Issuer adopted on February 18, 2020, as amended on March 9, 2021, authorizing the Bonds.

The Bonds are dated the date hereof and are issuable as fully registered bonds. The Bonds shall mature and shall bear interest at fixed rates payable on June 15 and December 15 of each year commencing December 15, 2021, all as set forth in the Indenture. The Bonds are subject to optional and mandatory redemption prior to maturity in the manner and upon the terms and conditions set forth in the Indenture.

The Bonds are issued for the purpose of financing and refinancing a portion of the cost of a facility (the “Facility”) for Friends of New World Prep, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York (the “Facility Owner”), and New World Preparatory Charter School, a not-for-profit education corporation organized and existing under the laws of the State of New York (the “Charter School”; together with the Facility Owner, the “Institutions”), consisting of (1) the acquisition of parcels of land totaling approximately 1.38 acres located at 19 Treadwell Avenue, 26 Sharpe Avenue (a/k/a 15 Treadwell Avenue and a/k/a 2222/2240 Richmond Terrace) and 2230 Richmond Terrace and the five buildings and improvements thereon; (2) the demolition of four of such buildings thereon with the following gross square footage (“GSF”): a church building consisting of approximately 5,700 GSF, an office building consisting of approximately 8,400 GSF, a gymnasium/cafeteria building consisting of approximately 8,200 GSF, and an office building consisting of approximately 9,600 GSF; and (3) the design, construction, renovation, equipping and furnishing of an approximately 91,300 GSF three-story (plus basement level) building consisting of the existing building at 26 Sharpe Avenue, Staten Island, New

York and a new approximately 17,300 GSF addition of renovations and improvements thereto, all for general classroom and administrative use, together with approximately 37,700 GSF of related site improvements (collectively, the “Project”). The Facility will be leased by the Facility Owner to the Charter School, pursuant to an Amended and Restated Master Lease Agreement, dated as of February 1, 2021, between the Facility Owner, as landlord, and the Charter School, as tenant (the “Facility Lease”), to be operated by the Charter School as a public charter school providing educational services to students in kindergarten through grade 8.

The Issuer and the Institutions have entered into a Loan Agreement, dated as of June 1, 2021 (the “Loan Agreement”), providing, among other things, for the financing and refinancing of the Project and the loan of the proceeds of the Bonds to the Facility Owner. The obligation of the Facility Owner to repay the loan is evidenced by a certain Series 2021A Promissory Note with respect to the Series 2021A Bonds and a certain Series 2021B Promissory Note with respect to the Series 2021B Bonds, each dated the date hereof, each from the Facility Owner in favor of the Issuer, and each endorsed by the Issuer to the Trustee (collectively, the “Promissory Notes”).

The Bonds are secured by mortgage liens on and security interests in the respective interest of the Institutions in the Facility and the other Mortgaged Property (as such term is defined in the Mortgages as hereinafter defined) pursuant to a Mortgage and Security Agreement (Acquisition Loan), a Mortgage and Security Agreement (Building Loan) and a Mortgage and Security Agreement (Indirect Loan), each dated as of June 1, 2021, and each from the Institutions, as mortgagors, to the Issuer and the Trustee, as mortgagees (collectively, the “Mortgages”). Pursuant to an Assignment of Mortgage and Security Agreement (Acquisition Loan), an Assignment of Mortgage and Security Agreement (Building Loan) and an Assignment of Mortgage and Security Agreement (Indirect Loan), each dated as of June 1, 2021 (collectively, the “Assignments of Mortgages”), the Issuer has assigned to the Trustee all of the Issuer’s right, title and interest in and to the Mortgages. The Bonds are further secured by a collateral assignment of leases and rents with respect to the Facility, including the Facility Lease and any other future leases regarding the Facility, pursuant to an Assignment of Leases and Rents (Acquisition Loan), an Assignment of Leases and Rents (Building Loan) and an Assignment of Leases and Rents (Indirect Loan), each dated as of June 1, 2021, and each from the Facility Owner, as assignor, to the Issuer and the Trustee, as assignees (collectively, the “Assignments of Leases and Rents”). Pursuant to an Assignment of Assignment of Leases and Rents (Acquisition Loan), an Assignment of Assignment of Leases and Rents (Building Loan) and an Assignment of Assignment of Leases and Rents (Indirect loan), each dated as of June 1, 2021 (collectively, the “Assignments of ALR”), the Issuer has assigned to the Trustee all of the Issuer’s right, title and interest in and to the Assignments of Leases and Rents.

It is provided in the Indenture that, upon complying with certain prescribed conditions, the Issuer may issue additional bonds from time to time on the terms and conditions and for the purposes stated in the Indenture, and said additional bonds, if issued, will be equally and ratably secured under the Indenture with the Outstanding (as defined in the Indenture) Bonds.

We are of the opinion that:

1. The Issuer is duly organized and validly existing under the NFP Corporation Law and has the right and power thereunder to enter into the Indenture, and the Indenture has been duly authorized, executed and delivered by the Issuer, is in full force and effect, and is valid and binding upon the Issuer and enforceable against the Issuer in accordance with its terms.

2. The Issuer has the right and power under the NFP Corporation Law to enter into the Loan Agreement, and the Loan Agreement has been duly authorized, executed and delivered by the Issuer, is in

full force and effect, and constitutes a valid and binding agreement of the Issuer enforceable against the Issuer in accordance with its terms.

3. The Issuer has the right and power under the NFP Corporation Law to enter into the Assignments of Mortgages, and the Assignments of Mortgages have been duly authorized, executed and delivered by the Issuer, are in full force and effect, and constitute valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their terms.

4. The Issuer has the right and power under the NFP Corporation Law to enter into the Assignments of ALR, and the Assignments of ALR have been duly authorized, executed and delivered by the Issuer, are in full force and effect, and constitute valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their terms.

5. The 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 Notes and pledged under the Indenture. The Bonds are secured pursuant to the liens and security interests of the Mortgages in the Mortgaged Property and the assignments of leases and rents with respect to the Facility pursuant to the Assignments of Leases and Rents. The 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 Bonds under the Indenture have been fulfilled.

6. Under existing statutes and court decisions, and assuming continuing compliance with certain tax covenants described below, (i) interest on the Series 2021A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2021A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2021A Bonds in order that, for federal income tax purposes, interest on the Series 2021A Bonds be not included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Series 2021A Bonds, restrictions on the investment of proceeds of the Series 2021A Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Series 2021A Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Series 2021A Bonds, the Issuer, the Institutions and the Trustee have executed the Tax Regulatory Agreement (the "Tax Regulatory Agreement") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Regulatory Agreement, the Issuer and the Institutions covenant that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that the interest paid on the Series 2021A Bonds will, for federal income tax purposes, be excluded from gross income.

7. Under existing statutes, the interest on the Series 2021A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York.

In rendering the opinions in paragraphs 6 and 7 above, we have (i) relied upon and assumed the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Issuer Tax Certification delivered on the date hereof by the Issuer and in the Tax Regulatory Agreement with respect to the use of proceeds of the Series 2021A Bonds 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 Whiteman Osterman & Hanna LLP, special counsel to the Institutions, dated the date hereof, regarding, among other matters, the current qualifications of each Institution as being an organization described in Section 501(c)(3) of the Code, and (iii) relied upon and assumed compliance by the Issuer and the Institutions with the procedures and ongoing covenants set forth in the Tax Regulatory Agreement and with the ongoing tax covenants set forth in the Loan Agreement. We note that the opinion of special counsel to the Institutions is subject to a number of qualifications and limitations. Each Institution has covenanted that it will do nothing to impair its status as a tax-exempt organization, and that it will comply with the requirements of the Code and any applicable regulations throughout the term of the Series 2021A Bonds. Failure of either Institution to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of each Institution's status as an organization described in Section 501(c)(3) of the Code or to use the assets being financed or refinanced with the proceeds of the Series 2021A Bonds in activities of such Institution that do not constitute unrelated trades or businesses within the meaning of Section 513 of the Code 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.

Further, 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 or of either Institution take or refrain from taking certain actions.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2021A Bonds, or the ownership or disposition thereof, except as stated in paragraphs 6 and 7 above. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2021A Bonds.

The foregoing opinions are qualified only to the extent that the enforceability of the Bonds, the Indenture, the Tax Regulatory Agreement, the Promissory Notes, the Mortgages, the Assignments of Mortgages, the Assignments of Leases and Rents, the Assignments of ALR and the Loan Agreement may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and is subject to general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

In rendering this opinion, we have assumed the due recording of the Mortgages, the Assignments of Mortgages, the Assignments of Leases and Rents, the Assignments of ALR and the due filing and sufficiency of financing statements under the New York State Uniform Commercial Code.

In rendering this opinion, we have relied as to matters of title of the Facility Owner to the real property constituting a part of the Mortgaged Property under the Mortgages on the mortgagee title insurance policy issued by First American Title Insurance Company insuring the Trustee's and the Issuer's mortgagee interests under the Mortgages in the real property constituting a part of the Mortgaged Property, dated the date hereof.

In rendering this opinion, (i) with respect to the due authorization, execution and delivery of the Loan Agreement, the Promissory Notes, the Mortgages, the Assignments of Leases and Rents and the Tax Regulatory Agreement by the Facility Owner, and the enforceability of each of the same against the Facility Owner, and (ii) with respect to the due authorization, execution and delivery of the Loan Agreement, the Mortgages and the Tax Regulatory Agreement by the Charter School, and the enforceability of each of the same against the Charter School, we have relied upon the opinion of Whiteman Osterman & Hanna LLP, special counsel to the Institutions, dated the date hereof.

In rendering this opinion, with respect to the due authorization, execution and delivery of the Indenture and the Tax Regulatory Agreement by the Trustee, and the enforceability of each of the same against the Trustee as its legal, valid and binding obligation, we have relied upon the opinion of Paporone 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 Institutions other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser or purchasers of the Series 2021A Bonds or of the Series 2021B Bonds.

In rendering this opinion, we express no opinion as to the necessity for obtaining any licenses, permits or other approvals relating to the Facility or the Project or the application or effect of any environmental laws, ordinances, rules, regulations or other requirements of any governmental authority with respect to the Facility, the Project or the transactions contemplated under the Indenture.

The foregoing opinions are further subject, however, to the qualification that we express no opinion as to matters relating to the rights in, title to or sufficiency of the description of any property or collateral described in the Security Documents (as defined in the Indenture) or the creation, perfection or relative priority of any lien or security interest created with respect to such property or collateral thereunder.

We have examined a Series 2021A Bond in fully registered form numbered AR-1 and a Series 2021B Bond in fully registered form numbered BR-1, and, in our opinion, the form of each said Bond and its execution are regular and proper.

We undertake no responsibility for the accuracy, completeness or fairness of any offering memorandum or other offering materials relating to the Bonds and express herein no opinion relating thereto.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of June 24, 2021 (this "Disclosure Agreement"), is executed and delivered among New World Preparatory Charter School, a New York not-for-profit education corporation (the "Charter School"), and Friends of New World Prep, Inc., a New York not-for-profit corporation (the "Facility Owner" and together with the Charter School, the "Institutions"), and U.S. Bank National Association, New York, New York, as trustee and dissemination agent (the "Trustee" and "Dissemination Agent"), in connection with the issuance by Build NYC Resource Corporation (the "Issuer") of its \$51,160,000 aggregate principal amount of Revenue Bonds (New World Preparatory Charter School Project), Series 2021A (the "Series 2021A Bonds"), and of its \$965,000 aggregate principal amount of Revenue Bonds (New World Preparatory Charter School Project), Series 2021B (Taxable) (collectively, the "Bonds"). The Bonds are being issued by the Issuer pursuant to the Indenture (as defined below). Capitalized terms used but not otherwise defined in this Disclosure Agreement shall have the meanings assigned thereto in the Indenture.

1. Purpose of Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Charter School for the benefit of the Registered Owners of the Bonds (for such purpose beneficial owners of the Bonds shall also be considered Registered Owners of the Bonds) and to assist Underwriters, in complying with the Rule.

2. Defined Terms.

"Annual Report" means the financial information and operating data required to be transferred by the Charter School to the Dissemination Agent pursuant to Section 3(a) of this Disclosure Agreement.

"Beneficial Owner" means any person which (a) has 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) is treated as the owner of any Bonds for federal income tax purposes.

"Charter School" means New World Preparatory Charter School, a New York not-for-profit education corporation, its successors and assigns.

"Dissemination Agent" means the Trustee, as dissemination agent under this Disclosure Agreement, its successors and assigns.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule.

"Facility Owner" means Friends of New World Prep, Inc., a New York not-for-profit corporation, its successors and assigns.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Indenture" means the Indenture of Trust, dated as of June 1, 2021, by and between the Issuer and the Trustee, as the same may be amended or supplemented.

"Institutions" means collectively, the Facility Owner and the Charter School.

"Issuer" means the Build NYC Resource Corporation, its successors and assigns.

"Official Statement" means the Official Statement, dated June 10, 2021, relating to the Bonds.

"Listed Events" means the events for which notices are required to be given by the Charter School pursuant to Section 5 of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board, the address of which is 1300 I Street, NW, Suite 1000, Washington DC 20005-3314; Telephone (202) 838-1500; Fax (202) 898-1500, and the website address of which is www.msrb.org and www.emma.msrb.org (for municipal disclosures and market data).

"Periodic Reports" shall mean any report to be provided or action to be undertaken by the Institutions, pursuant to Section 3(b) of this Disclosure Agreement.

"Repository" means EMMA.

"Rule" means Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as amended or supplemented by the SEC from time to time.

"SEC" means the Securities and Exchange Commission, its successors and assigns.

"State" shall mean the State of New York.

"Trustee" means U.S. Bank National Association, New York, New York, its successors and assigns.

"Underwriter" means Robert W. Baird & Co. Incorporated, as original purchaser of the Bonds, its successors and assigns.

3. Provision of Annual Reports.

(a) *Annual Reports.* Not later than one hundred eighty (180) days after the end of the Institutions' fiscal year, commencing with the fiscal year ended June 30, 2021, the Institutions shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Institutions may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if the audited financial statements are not available by that date, but the unaudited financial information available on such date is submitted. The Annual Report shall be provided at least annually notwithstanding a fiscal year longer than twelve (12) calendar months. The Institutions may change their current fiscal year, but must notify the Issuer, the Trustee and the Repository or any other filing system approved by the SEC, of each such change within thirty (30) days after the later of the adoption of a new fiscal year and the end of the fiscal year that occurs before the former fiscal year would have ended.

(b) As soon as is practicable after the completion of the Annual Report required by paragraph (a) (collectively referred to as the "Disclosure Reports"), the Institutions shall provide each Disclosure Report to the Dissemination Agent. The Dissemination Agent shall, at the Institutions' cost, transmit the information contained in the Disclosure Reports in accordance with the requirements of Section 7 hereof.

(c) If the Institutions do not provide to the Dissemination Agent a copy of an Annual Report by the applicable dates required in Section 3(a) above, the Dissemination Agent shall send a notice to the Institutions, the Repository, and the Underwriter, in substantially the form attached as EXHIBIT B. In the event that the Institutions file the Disclosure Report directly with the Repository on or before the dates required in Section 3(a) above, the Institutions shall promptly provide the Dissemination Agent with a certification, or other documentation reasonably required by the Dissemination Agent, that the filing of the Disclosure Report was made in a timely manner on or before the date required herein and such filing contained the information required by this Disclosure Agreement.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address (physical or electronic, as applicable) of each Repository; and

(ii) provided the Annual Report has been provided to the Dissemination Agent by the Institutions, file a report with the Institutions, and (if the Dissemination Agent is not the Trustee) the Dissemination Agent certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

(e) *Content of Annual Reports.* The Annual Report shall contain or include by reference the audited financial statements of the Institutions for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time. If the Institutions' audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain financial statements that have not been reviewed in a format similar to the Institutions' audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(f) To the extent not included in the audited final statements of the Charter School, the Annual Report shall also include (i) updates to Table B-6 ("Historical and Projected Enrollment," but only as to the historical data) and Table B-7 ("Waitlist Data"), Table B-8 ("Student Retention"), and Table B-11 ("New York State Test Results" for the most recent assessment data available and only for the Charter School or other similar reports if assessment methodology is modified or revised in the future) presented in "APPENDIX B— THE FACILITY OWNER AND THE CHARTER SCHOOL" attached to the Official Statement; and (ii) a certificate substantially in the form attached hereto as EXHIBIT A that provides certain Charter School data and demonstrates the Charter School's compliance with certain operating covenants contained in the Master Lease.

(g) Any or all of the Disclosure Report may be incorporated by reference from other documents, including Official Statement, which have been submitted to the Repository. If the Disclosure Report information is changed or this Disclosure Agreement is amended in accordance with its terms, then the Charter School is to include in the next Disclosure Report to be delivered thereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

4. Interim Reports. In addition to the Annual Reports, the Institutions shall provide the Interim Reports, consisting of the information set forth below. In the event the Institutions do not provide such Interim Reports, the Dissemination Agent shall send a notice to the Institutions, the Repository, and the Underwriter, in substantially the form attached as EXHIBIT B; *provided, however* the information set forth in subsection (c) below is a voluntary reporting requirement and the Dissemination Agent shall not be required to send any notice in the event of a failure to provide such information.

(a) *Interim Construction Reports.* Prior to completion of the Facility, the Institutions shall provide to the Trustee, the Issuer and the Dissemination Agent, quarterly construction reports on the status of construction of the New Facilities (as defined in the Official Statement) on a quarterly basis, commencing September 30, 2021. Upon completion of the Project, the Institutions shall provide a report indicating the completion. The Dissemination Agent shall post the reports upon receipt to the Repository.

(b) *Interim Financial Reports.* unaudited financial statements of the Institutions for the previous calendar quarter reflecting revenues and expenses in comparative form with the Institutions' operating budget as submitted by the Institutions to their governing boards, within 60 days of the close of each respective calendar quarter and

(c) *Information Submitted to the NYSED:* copies of each report on enrollment, headcount, membership, attendance and similar statistics with respect to the Charter School submitted by the Institutions to the New York State Education Department during the previous calendar quarter, within 60 days of the close of each respective calendar quarter.

(d) *Annual Investor Call.* Commencing with the Fiscal Year ending June 30, 2022, the Institutions shall hold an investor conference call after the filing of Annual Report on EMMA for the immediately preceding Fiscal Year for the purpose of reviewing financial results of such Fiscal Year. Such investor call will be held within ten (10) months of the close of the Fiscal Year and notice of such call shall be filed on EMMA's website not less than seven days prior to the date of the investor call. In addition to reviewing the financial results for the immediately preceding Fiscal Year, matters to be addressed by the Institutions on the investor conference call, if material as determined in the sole discretion of the Institutions, shall include, but not limited to, the following:

(1) school governance and charter status matters, such as the charter renewal process (if a renewal is pending within twelve (12) months of the date the call is held); significant details relating to any form of revocation, review or supervision plan on which a school charter is under by its authorizing entity, district and/or the state; and any changes in composition of the board, third-party managers (if any), the school(s) or within the leadership of the governing body of the Institutions since the last call;

(2) the use any Short-Term Indebtedness (such as cash flow financing, state aid notices or bank lines of credit) or new Long-Term Indebtedness incurred since the date of the immediately preceding investor call;

(3) capital spending plans which the governing body of the Institutions has taken official action;

(4) actual enrollment or mid-year budget cuts which required revisions to the annual budget;

(5) if the Charter School is subject to mid-year cuts in federal, state and/or local sources of funding, the impact on the Institutions' financial position and management's responses to the cuts;

(6) litigation (including any matters of criminal misconduct) against the Institutions, their governing bodies, or employees of the Institutions to the extent such action is expected to materially affect operations and/or school finances; and

(7) casualty losses, to the extent daily operations of the Institutions were disrupted for more than seven to ten (7 – 10) days, including information regarding the insurance coverage for such casualty losses.

5. Material Events.

(a) Pursuant to the provisions of this Section 5, the Institutions shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner but in no event more than ten (10) Business Days after the occurrence of the Listed Event:

(i) principal and interest payment delinquencies with respect to the Bonds;

(ii) non-payment related defaults with respect to the Bonds, if material;

(iii) unscheduled draws on any debt service reserve reflecting financial difficulties;

- (iv) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2021A Bonds, or other material events affecting the tax status of the Series 2021A Bonds;
- (vii) modifications to rights of holders of the Bonds, if material;
- (viii) (1) bond calls, if material, and (2) tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Institutions;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Institutions or the sale of all or substantially all of the assets of the Institutions, 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;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a Financial Obligation of the Institutions, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Institutions, any of which affect holders of the Bonds, if material;
- (xvi) default, events of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Institutions, any of which reflect financial difficulties; and
- (xvii) any notice or report with respect to charter compliance that would allow the New York State Commissioner of Education to begin any process or proceedings toward charter termination.

(b) Whenever the Institutions obtain knowledge of the occurrence of a Listed Event, the Institutions shall as soon as possible determine if such event would be material under applicable federal securities laws; provided, however, that any listed event under subsections (a)(i), (iii), (iv), (v), (vi), (viii)(2), (ix), (xi) and (xii) will always be deemed to be material.

(c) If the Institutions determine that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Dissemination Agent shall, in a timely manner but in no event more than ten (10) Business Days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, the Institutions may cause the Trustee/Dissemination Agent to give the notice of Listed Events described in subsections (a)(viii) and (ix), and such notice need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected bonds pursuant to the Indenture.

6. EMMA. The SEC has designated the EMMA system operated by the MSRB as the nationally recognized municipal securities information repository and the exclusive portal for complying with continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB or the SEC, the Dissemination Agent shall make all filings required under this Disclosure Agreement solely with EMMA.

7. Dissemination Agent. The Institutions have engaged the Trustee as the Dissemination Agent to assist the Institutions in disseminating information hereunder. The Institutions shall send all Disclosure Reports required by Section 3 hereof, and all notices of the occurrence of Listed Events required by Section 5 hereof, to the Dissemination Agent. The Dissemination Agent shall, within thirty (30) days of receipt of such Disclosure Report and within ten (10) days of the occurrence of a Listed Event requiring a notice, forward such information to (i) the Repository and/or the MSRB or any other filing system approved by the SEC, as appropriate; (ii) the Issuer; (iii) the Underwriter; and (iv) any Registered Owner or Beneficial Owner of the Bonds identified in writing by the Underwriter. The Institutions agree to pay any reasonable costs incurred by the Dissemination Agent as a result of disseminating information to any requesting Registered Owners or Beneficial Owners of the Bonds. The Institutions may discharge the Dissemination Agent or any successor Dissemination Agent with or without appointing a successor Dissemination Agent. The Dissemination Agent does not have any duty to review the materials described in this paragraph prior to disseminating such materials.

8. Termination of Obligations. Pursuant to paragraph (b)(5)(iii) of the Rule, the Institutions' obligation to provide the Disclosure Reports and any Listed Events notice, as set forth in this Disclosure Agreement, shall terminate if and when the Charter School no longer remains an obligated person with respect to the Bonds, which shall occur upon either payment of the Bonds in full or the legal defeasance of the Bonds in accordance with the Indenture.

9. Enforceability and Remedies. This Disclosure Agreement is intended to be for the sole benefit of the Registered Owners of the Bonds (for such purpose beneficial owners of the Bonds shall also be considered Registered Owners of the Bonds), the Issuer, and the Underwriter and shall create no rights in any other person or entity.

This Disclosure Agreement shall be enforceable by or on behalf of any such Registered Owner of the Bonds, provided that the right of any Registered Owner to challenge the timely filing, failure to file or the adequacy of the information furnished pursuant to this Disclosure Agreement shall be limited to an action by or on behalf of Registered Owners representing at least 25% of the aggregate outstanding principal amount of the Bonds. This Disclosure Agreement is also enforceable on behalf of the Registered Owners of the Bonds by the Trustee, and the Trustee may, and upon the written direction of (i) the Registered Owners of not less than 25% of the aggregate outstanding principal amount of the Bonds or (ii) the Underwrite shall, proceed to protect and enforce the rights of the Registered Owners of the Bonds pursuant to this Disclosure Agreement; provided that in all cases the Trustee shall be entitled to the indemnification and other provisions of the Indenture with regard to any actions. Prior to proceeding at the request or direction of the Underwriter the Trustee may require the same types of indemnification and related protections from the Underwriter to which the Trustee would otherwise be entitled under the Indenture if so requested or directed by the Registered Owners under the terms of the Indenture. Any failure by the Charter School to comply with the provisions of this Disclosure Agreement shall not be an Event of Default under the Loan Agreement or the Indenture.

The Registered Owners' and the Trustee's 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 the Institutions to perform their obligations under this Disclosure Agreement, and the Institutions, their directors, officers and employees shall incur no liability under this Disclosure Agreement by reason of any act or failure to act hereunder. Without limiting the generality of the foregoing, neither the commencement nor the successful completion of an action to compel performance under this Section 9 entitles the Trustee or any other person to attorneys' fees, financial damages of any sort or any other relief other than an order or injunction compelling performance; provided that the Trustee shall nevertheless be entitled to attorneys' fees and such other rights and amounts as provided in the Indenture.

10. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Institutions and the Trustee may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be

waived, without the consent of the Registered Owners but with the consent of the Trustee, under the following conditions:

(a) The amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Institutions, or type of business conducted;

(b) This Disclosure Agreement, as amended or with the provision so waived, would have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interest of Registered Owners of the Bonds, as determined either by parties unaffiliated with the Institutions (which shall include the Trustee or Nationally Recognized Bond Counsel, or any other party determined by any of them to be unaffiliated), or by approving vote of Registered Owners of the Bonds pursuant to the terms of the Indenture at the time of the amendment or waiver.

The Institutions shall provide notice of each amendment or waiver to the Repository or any other filing system approved by the SEC. The initial annual financial or operating information provided by the Charter School after the amendment or waiver shall explain, in narrative form, the reasons for the amendment or waiver and the effect of the change in the type of operating data or financial information being provided.

11. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

12. Choice of Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New York, provided that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

13. Severability. If any portion of this Disclosure Agreement shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Agreement shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

14. Other Instruments. The Institutions and the Dissemination Agent covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out this Disclosure Agreement.

15. Captions, Titles, and Headings. The captions, titles, and headings used in this Disclosure Agreement are for convenience only and shall not be construed in interpreting this Disclosure Agreement.

16. Entire Agreement. This Disclosure Agreement contains the entire understanding among the parties and supersedes any prior understandings or written or oral agreements between them respecting the subject matter of this Disclosure Agreement.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, we have set our hands as of the date set forth above.

NEW WORLD PREPARATORY CHARTER SCHOOL

By: _____

Name: _____

Title: _____

FRIENDS OF NEW WORLD PREP, INC.,

By: _____

Name: _____

Title: _____

**U.S. BANK NATIONAL ASSOCIATION, as Trustee and
Dissemination Agent**

By: _____

Name: _____

Title: _____

EXHIBIT A

FORM OF CERTIFICATE FOR ANNUAL FILING OF CERTAIN OPERATING COVENANTS

Name of Issuer: Build NYC Resource Corporation

Name of Bond Issue: Revenue Bonds (New World Preparatory Charter School Project), Series 2021A, and Revenue Bonds (New World Preparatory Charter School Project), Series 2021B (Taxable)

Dissemination Agent: U.S. Bank National Association

Name of Charter School: New World Preparatory Charter School

Name of Facility Owner: Friends of New World Prep, Inc.

Date of Issuance: June 24, 2021

NOTICE IS HEREBY GIVEN that the Charter School and the Facility Owner are providing to the Dissemination Agent the following operational information as required under Section 4(a) of the Continuing Disclosure Agreement, dated as of June 24, 2021 (the "Disclosure Agreement"), among the Dissemination Agent, the Facility Owner and the Charter School. The Disclosure Agreement requires that the Facility Owner and the Charter School provide this information to the Dissemination Agent within one hundred eighty (180) days of the end of each fiscal year. Defined terms used in this certificate and not defined herein shall have the meanings granted to such terms in the Indenture of Trust, dated as of June 1, 2021, as supplemented (as supplemented, the "Indenture"), between the Issuer and the Dissemination Agent, as trustee or the Loan Agreement, dated as of June 1, 2021, as supplemented (as supplemented, the "Loan Agreement"), among the Issuer, the Facility Owner and the Charter School, as applicable. The information contained below is unaudited.

Certain Financial Covenant as outlined under the Loan Agreement:

As of June 30, 20__:

- (a) The Institutions' Days Cash on Hand was equal to \$ _____.
- (b) The Institutions' Days Cash on Hand was ____ days (the product of 365 times a fraction, (i) the numerator of which is the amount of Institutions' Available Cash Balance of \$ _____; and (ii) the denominator of which is total Operating Expenses for such Fiscal Year of \$ _____).
- (c) The amount of Days Cash on Hand required to comply with the covenant contained in the Loan Agreement for current Fiscal Year is \$ _____ and the Institutions [are/are not] in compliance with such covenant.
- (d) The Institutions' Long-Term Debt Service Coverage Ratio for Fiscal Year 20__ was ____x, calculated as follows: determined by dividing the Net Income Available for Debt Service of \$ _____ by the debt service of the Institutions due in that Fiscal Year of \$ _____.

Budget

A copy of the Charter School's and Facility Owner's annual budget then in effect for the current Fiscal Year is attached hereto.

Insurance Compliance

The Institutions are in compliance with the insurance requirements set forth in the Loan Agreement and the Mortgage. Evidence of such compliance has been delivered to the Trustee on or about the date of the delivery of this Certificate and we hereby authorize the Trustee to make such evidence available to the holders of the Bonds upon their request.

Certification

The undersigned, on behalf of the Institutions, hereby certifies that [she or he] is authorized to make the representations contained in this Certificate and that (a) [she or he] has reviewed the applicable financing document covenants and definitions relating to the representations made herein; (b) [she or he] has reviewed the Annual Reports and, to the extent necessary, unaudited financial information for the purpose of making the representations made herein and (c) the applicable financing document conditions and covenants for which this certification has been made has been complied with.

This certificate is being provided by the Charter School and the Facility Owner to the Dissemination Agent on a date which is [within][outside] of one hundred eighty (180) days from the end of the Charter School's prior fiscal year.

Dated: _____

NEW WORLD PREPARATORY CHARTER SCHOOL

By: _____

Name: _____

Title: _____

FRIENDS OF NEW WORLD PREP, INC.,

By: _____

Name: _____

Title: _____

EXHIBIT B

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT OR INTERIM REPORTS

Name of Issuer: Build NYC Resource Corporation
Name of Bond Issue: Revenue Bonds (New World Preparatory Charter School Project), Series 2021A, and Revenue Bonds (New World Preparatory Charter School Project), Series 2021B (Taxable)
Dissemination Agent: U.S. Bank National Association
Name of Charter School: New World Preparatory Charter School
Name of Facility Owner: Friends of New World Prep, Inc.
Date of Issuance: June 24, 2021

NOTICE IS HEREBY GIVEN that the Facility Owner and the Charter School have not provided an [Annual Report] [Interim Reports] with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of June 24, 2021, between the undersigned Dissemination Agent, the Facility Owner and the Charter School. The Charter School and the Facility Owner anticipate that the [Annual Report] [Interim Reports] will be filed by _____.

Dated: _____

U.S. Bank National Association,
as Dissemination Agent

By _____
Authorized Signatory

cc: New World Preparatory Charter School
Friends of New World Prep, Inc.
Robert W. Baird & Co. Incorporated

