

In the opinion of Nixon Peabody LLP, New York, New York, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Issuer, the Borrower and ICS described herein, interest on the Series 2021A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that interest on the Series 2021A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the Series 2021A Bonds is exempt from personal income taxation imposed by the State of New York or any political subdivision of the State of New York, including The City of New York. Interest on the Series 2021B Bonds is not excluded from gross income for federal income tax purposes 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 – SERIES 2021A BONDS" and "TAX MATTERS – SERIES 2021B BONDS" herein regarding certain other tax considerations.



**BUILD NYC RESOURCE CORPORATION
REVENUE BONDS
(RICHMOND PREPARATORY CHARTER SCHOOL PROJECT)
(SOCIAL IMPACT PROJECT)
Consisting of**



**\$36,135,000
Revenue Bonds
(Richmond Preparatory Charter School Project),
Series 2021A
(Social Impact Project)**

**\$715,000
Taxable Revenue Bonds
(Richmond Preparatory Charter School Project),
Series 2021B
(Social Impact Project)**

Dated: Date of Issuance

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

The above-referenced Build NYC Resource Corporation Revenue Bonds (Richmond Preparatory Charter School Project), Series 2021A (Social Impact Project) and Taxable Series 2021B (Social Impact Project) (collectively, the "Series 2021 Bonds") are special limited revenue obligations of Build NYC Resource Corporation (the "Issuer") payable exclusively from the trust estate as described in this Limited Offering Memorandum. Undefined capitalized terms on this cover are defined in the text hereof or in APPENDIX F of this Limited Offering Memorandum.

The Series 2021 Bonds are special limited revenue obligations of the Issuer, payable as to principal, Sinking Fund Installments, Redemption Price and interest, from and secured in part by (a) certain unconditional loan payments to be made by the Borrower (as hereinafter defined) pursuant to the Loan Agreement, dated as of September 1, 2021, between the Issuer and The ICS Foundation, Inc., a New York not-for-profit corporation (the "Borrower"), (b) a pledge of certain funds and accounts established under the Indenture of Trust, dated as of September 1, 2021, between the Issuer and U.S. Bank National Association, New York, New York, as trustee (the "Trustee"), (c) Mortgages relating to the Richmond Prep Campus (defined below), (d) assignments of Mortgages, leases and rents and (e) a pledge by the Borrower to the Trustee of the Pledged Collateral (as defined herein). Neither the State of New York nor any political subdivision thereof, including The City of New York, shall be obligated to pay the principal or Redemption Price of, Sinking Fund Installments for, or the interest on, the Series 2021 Bonds. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, including the City, is pledged to the payment of the Series 2021 Bonds. The Series 2021 Bonds will not be payable out of any funds of the Issuer other than those pledged therefor pursuant to the Indenture. The Series 2021 Bonds will not give rise to a pecuniary liability or charge against the credit or taxing powers of the State or any political subdivision thereof, including the City. No recourse will be had for the payment of the principal or Redemption Price of, Sinking Fund Installments for, 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. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS" in this Limited Offering Memorandum.

Proceeds derived from the sale of the Series 2021 Bonds will be used by the Borrower to: (a)(i) finance the acquisition, renovation, furnishing and equipping of a 28,500 square foot building located on a 60,700 square foot parcel of land located at 2245 Richmond Avenue, Staten Island, New York, to serve as a new educational facility thereon (the "Original Facility"), to be used by the Education Corporation (defined herein) as the school building for its Richmond Preparatory Charter School ("Richmond Prep"), serving students in grade 6 through grade 12, including without limitation students with special needs; (ii) finance the construction, furnishing and equipping of an expansion to the Original Facility consisting of an approximately 25,000 square foot building addition (the "Improvements", and together with the Original Facility, the "Richmond Prep Campus" or the "Facilities"); (b) fund the Capitalized Interest Fund, if any; (c) fund the Debt Service Reserve Fund; and (d) pay for certain costs related to the issuance of the Series 2021 Bonds. The Facilities will be owned by the Borrower and leased by the Borrower to Integration Charter Schools, a New York not-for-profit education corporation authorized to operate one or more public charter schools, including Richmond Prep (the "Education Corporation" or "ICS") which lease payments are scheduled to pay at least the scheduled debt service on the Series 2021 Bonds. Loan payments are to be made each January 5, March 5, May 5, July 5, September 5 and November 5, commencing November 5, 2021, following the application of moneys in the Capitalized Interest Fund. See "THE SERIES 2021 PROJECT AND PLAN OF FINANCE" in this Limited Offering Memorandum.

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

THE SERIES 2021 BONDS ARE TO BE OFFERED AND SOLD (INCLUDING IN SECONDARY MARKET TRANSACTIONS) ONLY TO (1) AN "ACCREDITED INVESTOR" AS SUCH TERM IS DEFINED IN RULE 501 OF REGULATION D OF THE SECURITIES ACT OF 1933 OR (2) A "QUALIFIED INSTITUTIONAL BUYER" AS THAT TERM IS DEFINED UNDER RULE 144A OF THE SECURITIES EXCHANGE COMMISSION. 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 initial purchaser or purchasers of the Series 2021 Bonds are required to execute an Investment Certificate attached hereto as APPENDIX J prior to the purchase thereof in a form satisfactory to the Issuer.

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

The Series 2021 Bonds are offered, subject to prior sale, when, as and if accepted by D.A. Davidson & Co. and subject to an opinion as to the validity of the Series 2021 Bonds and the tax-exempt status of the Series 2021A Bonds by Nixon Peabody LLP, New York, New York, Bond Counsel; the approval of certain legal matters for the Issuer by its General Counsel, for the Education Corporation by its counsel, Cohen Schneider Law, P.C., New York, New York, for the Borrower by its counsel, The Law Office of Mark Grunblatt, Kingston, New York, and for the Trustee by its counsel, Papparone Law PLLC, New York, New York, and for the Underwriter by its counsel, Ballard Spahr LLP, New York, New York, and certain other conditions. It is expected that delivery of the Series 2021 Bonds will be made on or about September 23, 2021 through the facilities of DTC.

DATED SEPTEMBER 15, 2021



**BUILD NYC RESOURCE CORPORATION
REVENUE BONDS
(RICHMOND PREPARATORY CHARTER SCHOOL PROJECT)
(SOCIAL IMPACT PROJECT)**

MATURITY SCHEDULE

**\$36,135,000
Revenue Bonds
(Richmond Preparatory Charter School Project),
Series 2021A
(Social Impact Project)**

\$ 3,845,000	4.000% Term Bond maturing June 1, 2031	Yield: 2.740%	Price: 108.679%*	CUSIP: 12008E RY4 ^{©, 1}
\$ 3,740,000	5.000% Term Bond maturing June 1, 2036	Yield: 2.730%	Price: 115.643%*	CUSIP: 12008E RZ1 ^{©, 1}
\$ 4,770,000	5.000% Term Bond maturing June 1, 2041	Yield: 2.950%	Price: 114.006%*	CUSIP: 12008E SA5 ^{©, 1}
\$13,860,000	5.000% Term Bond maturing June 1, 2051	Yield: 3.10%	Price: 112.905%*	CUSIP: 12008E SB3 ^{©, 1}
\$ 9,920,000	5.000% Term Bond maturing June 1, 2056	Yield: 3.20%	Price: 112.178%*	CUSIP: 12008E SC1 ^{©, 1}

**\$715,000
Taxable Revenue Bonds
(Richmond Preparatory Charter School Project),
Series 2021B
(Social Impact Project)**

\$715,000 4.000% Term Bond maturing June 1, 2025, Yield: 4.000%, Price: 100.000% CUSIP: 12008E SD9^{©, 1}

* Yield to earliest call date of June 1, 2029.

© Copyright American Bankers Association, Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc.

¹ None of the Issuer, Trustee, Borrower, or Education Corporation take responsibility for the accuracy of the CUSIP numbers, which are included solely for the convenience of owners of the Series 2021 Bonds.

**BUILD NYC RESOURCE CORPORATION
REVENUE BONDS
(RICHMOND PREPARATORY CHARTER SCHOOL PROJECT)
(SOCIAL IMPACT PROJECT)**

Issuer

Build NYC Resource Corporation

Bond Counsel to the Issuer

Nixon Peabody LLP
New York, New York

Education Corporation Board of Trustees

Jill H. B. Patel, Chairperson	David Lehr, Vice-Chairperson
Ed Fucini, Treasurer	Deborah Miller, Secretary
Dr. Sheldon Blackman, Trustee	John Strand, Trustee
Michael Caridi, Trustee	Joseph Carroll, Trustee
Dr. Bonnie Johnson Fritz, Trustee	Robin Lefkowitz, Trustee
Dr. Doris Schueler, Trustee	Dirk Tillotson, Trustee
Dr. Eleni Tournaki, Trustee	Denise Henick, Trustee
Dr. Kathlyn Barrett-Layne, Trustee	William Henri, Chairman Emeritus
Francisco Lugoviña, Chairman Emeritus	

Education Corporation Officials

Dr. Kenneth Byalin, President
Mary Cottingham, Senior Vice President and Chief of Staff
Dana Volini, Vice President of Administration
Jonathan Lipschitz, Director of Finance

Education Corporation's Counsel

Cohen Schneider Law, P.C.
New York, New York

Borrower's Counsel

The Law Office of Mark Grunblatt
Kingston, New York

Underwriter

D.A. Davidson & Co.
Denver, Colorado

Underwriter's Counsel

Ballard Spahr LLP
New York, New York

Trustee, Bond Registrar, and Paying Agent

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

Trustee's Counsel

Paparone Law PLLC
New York, New York

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

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

Neither the Issuer nor any of its members, directors, officers, agents, employees or representatives has reviewed this Limited Offering Memorandum or investigated the statements or representations contained herein, except for those statements relating to the Issuer set forth under the captions "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION—The Issuer." Except with respect to the information contained under such captions, neither the Issuer nor any of its members, directors, officers, agents, employees or representatives makes any representation as to the completeness, sufficiency, or truthfulness of the statements set forth in this Limited Offering Memorandum. None of the members, directors, officers, agents, employees or representatives of the Issuer nor any other person executing the Series 2021 Bonds are subject to personal liability by reason of the issuance of the Series 2021 Bonds. Other than the information under the captions "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION—The Issuer," the Issuer assumes no responsibility for this Limited Offering Memorandum and has not reviewed or undertaken to verify any information contained herein.

The Trustee has not participated in the preparation of this Limited Offering Memorandum or any other disclosure documents relating to the Series 2021 Bonds. Except for information under the heading "THE TRUSTEE," the Trustee neither has nor assumes no responsibility as to the accuracy or completeness of any information contained in this Limited Offering Memorandum or any other such disclosure documents.

References in this Limited Offering Memorandum to New York law, the Series 2021 Bonds, the Indenture, the Loan Agreement, the Depositary Agreement, the Borrower DACA, the Pledge and Security Agreement, the Covenant Agreement, the Use Agreement, the Lease, the Mortgages, the Continuing Disclosure Agreement, and other documents do not purport to be complete. Potential investors should refer to such statutes and documents for full and complete details of their provisions. Copies of such documents are on file with the Trustee and the Education Corporation.

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 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 LIMITED OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

TABLE OF CONTENTS

	Page		Page
INTRODUCTION	8	Changes in Law; Annual Appropriation; Inadequate Education Aid	
General	8	Payments	59
Loan of Series 2021 Bond Proceeds; Mortgages and Other Security	9	Construction Risk Relating to the Richmond Prep Campus	59
Lease	11	Permitting Risk Relating to the Richmond Prep Campus	60
Continuing Disclosure	11	Damage or Destruction	60
Special Covenants of the Education Corporation; Additional		Environmental Risks	60
Indebtedness	11	Environmental Regulations and Permitting	61
Bondholders' Risks	12	Appraisal	62
Miscellaneous	12	No Ratings	62
THE ISSUER	12	Enforcement of Remedies	62
THE BORROWER	13	Failure to Provide Ongoing Disclosure	62
THE EDUCATION CORPORATION	13	Private School Vouchers	63
THE SERIES 2021 PROJECT AND PLAN OF FINANCE	14	Redemption Prior to Maturity	63
SOURCES AND USES OF FUNDS	16	Summary	63
DEBT SERVICE SCHEDULE	17	AUDITED FINANCIAL STATEMENTS OF THE EDUCATION	
CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK	17	CORPORATION	63
General	18	THE BUDGET PROJECTION	63
Rental Assistance	18	TAX MATTERS – SERIES 2021A BONDS	64
Charter School Basic Tuition	19	Federal Income Taxes	64
Federal and State Aid Attributable to a Student with a Disability	21	State Taxes	64
THE SERIES 2021 BONDS	22	Original Issue Discount	65
Interest; Maturity; Payment	22	Original Issue Premium	65
Redemption of Series 2021 Bonds	23	Ancillary Tax Matters	65
Purchase and Transfer Restrictions on Series 2021 Bonds	30	Changes in Law and Post Issuance Events	66
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021		TAX MATTERS – SERIES 2021B BONDS	66
BONDS	30	Federal Income Taxes	66
Special Limited Revenue Obligations	30	U.S. Holders	67
General	31	Taxation of Interest Generally	67
Lease	31	Recognition of Income Generally	67
Mortgages; Pledge and Security Agreement	32	Original Issue Discount	67
Covenants of the Education Corporation; Additional Indebtedness	33	Market Discount	68
Filing of Financial Statements and Other Information	36	Bond Premium	69
Certain Defined Terms	37	Surtax on Unearned Income	69
The Indenture	37	Sale or Redemption of Bonds	69
Revenue Fund	38	Non-U.S. Holders	70
Bond Fund	38	Information Reporting and Backup Withholding	71
Application of Moneys in the Bond Fund	40	State Taxes	72
Project Fund Draws	41	Changes in Law and Post Issuance Events	72
Events of Default under the Indenture	43	CONSIDERATIONS FOR ERISA AND OTHER U.S. BENEFIT	
Events of Default under the Loan Agreement	44	PLAN INVESTORS	73
Acceleration	46	ENFORCEABILITY OF OBLIGATIONS	75
Debt Service Reserve Fund	46	ALIGNMENT WITH SOCIAL BOND PRINCIPLES	75
Repair and Replacement Fund	47	Alignment with Social Bond Principles	75
Defeasance	48	LEGAL MATTERS	76
Waivers of Default	48	CONTINUING DISCLOSURE	76
Issuer Approval of Certain Remedies	49	NO RATINGS	77
TRANSFER RESTRICTIONS	49	RELATIONSHIPS AMONG THE PARTIES	77
RISK FACTORS	49	ABSENCE OF MATERIAL LITIGATION	77
Nature of Special, Limited Obligations	50	The Issuer	77
Speculative Investment	50	The Borrower	77
Dependence on Borrower's Ability to Pay Loan Payments; Ability of		The Education Corporation	77
School to Pay the Lease Rental Payments	50	UNDERWRITING	78
Impact of COVID-19 on the Education Corporation	51	THE TRUSTEE	78
No Acceleration of Lease Rental Payments Upon an Acceleration of		MISCELLANEOUS	78
the Series 2021 Bonds	52	No Registration of the Series 2021 Bonds	79
No Taxing Authority; Dependence on Education Aid Payments and		Interest of Certain Persons Named in this Limited Offering	
Rental Assistance	52	Memorandum	79
Failure of New York City Department of Education to Make		Limited Offering Memorandum Certification	80
Education Aid Payments or Rental Assistance to the Education			
Corporation	52	APPENDICES	
Commencement of Rental Payments	53	APPENDIX A—INTEGRATION CHARTER SCHOOLS	
Delay in or Termination or Reduction of Education Aid or Rental		APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK	
Assistance	53	EDUCATION LAW	
Budget Projection	53	APPENDIX C—BUDGET PROJECTION	
Non-Renewal or Revocation of Charter	54	APPENDIX D— AUDITED FINANCIAL STATEMENTS IN ACCORDANCE	
No Pledge of Revenues by the Education Corporation	54	WITH GOVERNMENT AUDITING STANDARDS OF THE EDUCATION	
Factors Associated with Education	54	CORPORATION FOR THE FISCAL YEAR ENDED JUNE 30, 2020	
Competition for Students	54	APPENDIX E—AUDITED FINANCIAL STATEMENTS IN ACCORDANCE	
Foreclosure Delays and Deficiency	55	WITH GOVERNMENT AUDITING STANDARDS OF THE EDUCATION	
Effect of Federal Bankruptcy Laws on Security for the Series 2021		CORPORATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019	
Bonds	55	APPENDIX F—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT	
Reliance on Projections	55	AGREEMENT, USE AGREEMENT, AND LEASE	
Key Personnel	56	APPENDIX G—FORM OF BOND COUNSEL OPINION	
Additional Indebtedness	56	APPENDIX H—FORM OF CONTINUING DISCLOSURE AGREEMENT	
Forward-Looking Statements	56	APPENDIX I—BOOK-ENTRY ONLY SYSTEM	
Real Property Tax Exemption	57	APPENDIX J— FORM OF INVESTMENT CERTIFICATE	
Tax-Exempt Status of the Borrower	58		
Tax-Exempt Status of the Education Corporation	58		
IRS Compliance Program	58		
Tax-Exempt Status of the Series 2021A Bonds	59		
Resale of Series 2021 Bonds/Lack of Secondary Market	59		

SUMMARY INFORMATION

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

Issuer

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

Borrower

The ICS Foundation, Inc. (the “**Borrower**”), a New York not-for-profit corporation and exempt from federal taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”), formed for the sole purpose of furthering the educational and charitable purposes of Integration Charter Schools, a New York not-for-profit education corporation and exempt from federal taxation pursuant to section 501(c)(3) of the Code (the “**Education Corporation**” or “**ICS**”). See “THE BORROWER” and “APPENDIX A—INTEGRATION CHARTER SCHOOLS” in this Limited Offering Memorandum.

Education Corporation

The Education Corporation is a New York not-for-profit education corporation organized under Article 56 of the New York Education Law, as amended (the “**Charter Schools Act**”), and an organization described in Section 501(c)(3) of the Code. The Education Corporation is authorized by the New York State Board of Regents (the “**Regents**”) on behalf of the New York State Education Department (the “**Authorizer**”) to operate four (4) charter schools (as more fully set forth herein), it currently operates three (3) of the four (4) charter schools it is authorized to operate, together, the “**ICS Schools**”) within the boundaries of New York City Community School District No. 31 (“**CSD 31**”) in Staten Island, in the State of New York (the “**State**”), offering Kindergarten through grade 12 or combination thereof at the ICS Schools. The Education Corporation was authorized by the Regents to open its first school, John W. Lavelle Preparatory Charter School (“**Lavelle Prep**”), in 2009 by the Regents of the State of New York on behalf of the New York State Education Department (the “**Authorizer**”). The Education Corporation received a 501(c)(3) determination letter on April 27, 2015 with an effective date of November 18, 2014, from the Internal Revenue Service. See “THE EDUCATION CORPORATION” and “APPENDIX A—INTEGRATION CHARTER SCHOOLS” in this Limited Offering Memorandum. See also “CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK” and “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Limited Offering Memorandum.

The Education Corporation currently operates three (3) schools and will open its fourth school, Richmond Prep (defined below), in September of 2021. Lavelle Prep opened in the fall of 2009 and serves students in Kindergarten through grade 12 and is currently located within an office complex known as Corporate Commons located at 1, 2 and 3 Teleport Drive, Staten Island, New York (the “**Teleport Leased Facilities**”). New Ventures Charter School was the Education Corporation’s second school to open (“**New**

Ventures) in the fall of 2015 and serves students ages 16 through 21. New Ventures operates out of the Teleport Leased Facilities. The Lois and Richard Nicotra Early College Charter School was the Education Corporation's third school to open ("**Nicotra**"), which opened in the fall of 2018 serving students in grades 8 and 9, and adding an additional grade each year through grade 12. Nicotra serves students in grades 8 through 12 at the Teleport Leased Facilities.

Richmond Preparatory Charter School will be the Education Corporation's fourth school to open ("**Richmond Prep**") and is currently planned to open in the fall of 2021, initially serving students in grade 6, and expanding one grade per year through grade 12. Richmond Prep will serve all student populations, including, without limitation, students with special needs. Richmond Prep will open at the Teleport Leased Facilities and move to the education facility being financed with proceeds of the Bonds located at 2245 Richmond Avenue, Staten Island (the "**Richmond Prep Campus**" or the "**Facilities**"). The Facilities are approximately one and a half (1.5) miles from the Teleport Leased Facilities.

Series 2021 Bonds

The Issuer is issuing its (a) Revenue Bonds (Richmond Preparatory Charter School Project) Series 2021A (Social Impact Project) (the "**Series 2021A Bonds**"), in the aggregate principal amount of \$36,135,000 and (b) Taxable Revenue Bonds (Richmond Preparatory Charter School Project) Series 2021B (Social Impact Project) (the "**Series 2021B Bonds**") and together with the Series 2021A Bonds, the "**Series 2021 Bonds**"), in the aggregate principal amount of \$715,000.

The Series 2021 Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2021 (the "**Indenture**"), by and between the Issuer and U.S. Bank National Association, as trustee (the "**Trustee**"), including any amendments or supplements thereto. The Series 2021 Bonds will be issued in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof ("**Authorized Denominations**"). See "THE SERIES 2021 BONDS" in this Limited Offering Memorandum.

Plan of Finance and Use of Proceeds

The Issuer will loan the proceeds derived from the sale of the Series 2021 Bonds to the Borrower pursuant to the terms of a Loan Agreement, dated as of September 1, 2021 (the "**Loan Agreement**"), by and between the Issuer and the Borrower.

Series 2021A Bonds. Proceeds of the Series 2021A Bonds will be used by the Borrower to: (a)(i) finance the acquisition, renovation, furnishing and equipping of a 28,500 square foot building located on a 60,700 square foot parcel of land located at 2245 Richmond Avenue, Staten Island, New York, to serve as a new educational facility thereon to be used by the Education Corporation as the school building for its Richmond Preparatory Charter School, serving students in grade 6 through grade 12, including without limitation students with special needs, and (ii) finance the construction, furnishing and equipping of an expansion to the Richmond Prep Campus consisting of a 25,000 square foot addition; (b) fund a debt service reserve fund for the benefit of the Series 2021A Bonds; (c) fund capitalized interest on the Series 2021A Bonds; and (d) pay for certain costs related to the issuance of the Series 2021A Bonds (collectively, the "**Series 2021A Project**"). The Richmond Prep Campus will be owned by the Borrower and leased by the Borrower to the Education Corporation for Richmond Prep pursuant to a Lease Agreement, dated as of September 1, 2021 (the "**Lease**").

Series 2021B Bonds. Proceeds of the Series 2021B Bonds will be used by the Borrower to (a) fund a portion of the purchase price of the property located at 2245 Richmond Avenue, Staten Island, New York; (b) fund capitalized interest on the Series 2021 Bonds; and (c) pay for certain costs related to the issuance

of the Series 2021 Bonds (collectively, the “**Series 2021B Project**” and together with the Series 2021A Project, the “**Series 2021 Project**”).

The Lease will be entered into upon the acquisition of the Facilities by the Borrower on the date of issuance of the Series 2021 Bonds. See “THE SERIES 2021 PROJECT AND PLAN OF FINANCE,” “SOURCES AND USES OF FUNDS” and “APPENDIX A—INTEGRATION CHARTER SCHOOLS” in this Limited Offering Memorandum.

Security for the Series 2021 Bonds

Pursuant to the Indenture, the Series 2021 Bonds will be secured by and payable from an assignment and pledge by the Issuer of (a) all money held in the Funds and Accounts established under the Indenture as set forth therein (but excluding funds in the Rebate Fund), (b) the right, title and interest of the Issuer in the Loan Agreement (except for the Issuer’s Reserved Rights), and (c) Loan payments due from the Borrower under the Loan Agreement and the Promissory Notes (as defined herein).

The Education Corporation will lease the Facilities from the Borrower pursuant to the Lease. The amounts payable by the Education Corporation under the Lease (the “**Rents**” or “**Lease Rental Payments**”) will be in amounts totaling not less than the debt service on the Series 2021 Bonds as the same become due and payable, but without acceleration. The Borrower will enter into a Deposit Agreement, dated as of September 15, 2021 (the “**Depositary Agreement**”), by and between the Borrower and U.S. Bank National Association as depository bank (the “**Depositary Bank**”) for the creation of a deposit account (the “**Borrower Account**”) for the deposit of certain funds received by the Borrower, including but not limited to Rents under the Lease from the Education Corporation. Pursuant to the terms of the Blocked Account Control Agreement (the “**Borrower DACA**”) dated as of September 15, 2021, by and among the Trustee, as secured party thereunder, the Borrower and the Depositary Bank, the Borrower will grant a security interest in the Borrower Account to the Trustee and authorize the Trustee to transfer the amounts required under the Indenture and the Loan Agreement to the Revenue Fund established under the Indenture. Rents are to be paid by the Education Corporation from Gross Revenues to the Depositary Bank into the Borrower Account created under the Depositary Agreement. Upon an Event of Default, the Trustee may exercise control of and have the right to make withdrawals from the Borrower Account subject to the Borrower DACA pursuant to the terms thereof.

All obligations of the Education Corporation due under the Lease are payable from the Gross Revenues of the Education Corporation. Gross Revenue is defined in the Covenant Agreement (as defined below) as all funds, money, grants, donations, or other distributions received by the Education Corporation from the State, City or any other sources, together with all other revenues, income or receipts of any kind whatsoever (collectively, “**Gross Revenues**”).

The Series 2021 Bonds will also be secured by (a) a Mortgage lien on and security interests in the Borrower’s fee title interest in the Facilities pursuant to (i) a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), (ii) a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan) and (iii) a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), recorded against the Richmond Prep Campus (collectively, the “**Mortgages**”); each dated as of September 1, 2021 and each from the Borrower to the Issuer and the Trustee; as assigned by the Issuer to the Trustee under the terms of (b) (i) an Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), (ii) an Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan) and (iii) an Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), with respect to the Mortgages; each dated as of September 1, 2021 (collectively, the “**Assignment of Mortgages**”).

The Series 2021 Bonds are further secured by a lien and security interest in the Pledged Collateral pursuant to, and as defined in a certain Pledge and Security Agreement, dated as of September 1, 2021 (the “**Pledge and Security Agreement**”) from the Borrower to the Trustee. Pledged Collateral is defined in the Pledge and Security Agreement as (a) all accounts, investment property, payment intangibles, general intangibles, monies, receipts, earnings (inclusive of any investment income), revenues, rentals, income, insurance proceeds, lease payments fees, gifts, donations, contributions, charges and other moneys received or receivable by or on behalf of the Borrower, including, but without limiting the generality of the foregoing, (i) fees and charges of the Borrower including lease payments fees or charges derived from the ownership or operation of the Facilities, and all rights to receive any of the above, whether in the form of accounts, payment intangibles, contract rights, general intangibles or other rights, and the proceeds of such rights, whether now owned or held or hereafter coming into existence; and (ii) gifts, grants, bequests, donations and contributions heretofore or hereafter made to the Borrower, but excluding (y) the Unrestricted Investments Fund of the Borrower and (z) Restricted Gifts, and further including all income, distributions, dividends, earnings and revenues (y) derived from and deposited in the Unrestricted Investment Fund; and (z) derived from Restricted Gifts (unless otherwise prohibited by the terms of a Restricted Gift) (collectively, “**Pledged Revenues**”); (b) all claims and causes of action arising from or otherwise related to any of the foregoing, and all rights and judgments related to any legal actions in connection with such claims or causes of action, and all cash (or evidences of cash or of rights to cash) or other property or rights thereto relating to such claims or causes of action; and (c) all Proceeds (including, without limitation, insurance proceeds and condemnation awards), whether cash or non-cash, of any of the above (collectively “**Pledged Collateral**”).

The Charter Schools Act prohibits the Education Corporation from pledging or assigning Education Aid, Rental Assistance, and other amounts payable by the New York State Department of Education (the “**Department of Education**”) to the Education Corporation in connection with the construction, acquisition, reconstruction, rehabilitation, or improvement of a school facility. Upon an Event of Default, the Trustee may exercise control of and have the right to make withdrawals from the Borrower Account subject to the Borrower DACA pursuant to the terms thereof.

Pursuant to a Covenant Agreement, dated as of September 1, 2021 (the “**Covenant Agreement**”), by the Education Corporation for the benefit of the Trustee, the Education Corporation will fulfill certain covenants and agreements in order to provide additional security for timely payment of amounts due under the Lease, for the benefit of the holders of the Series 2021 Bonds and any Additional Bonds issued under the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS” in this Limited Offering Memorandum.

Additionally, pursuant to a Use Agreement, dated as of September 1, 2021 (the “**Use Agreement**”), by the Education Corporation for the benefit of the Issuer and the Trustee, the Education Corporation will make certain covenants for the benefit of the Issuer and the Trustee. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS” and “APPENDIX F—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, USE AGREEMENT, AND LEASE” in this Limited Offering Memorandum.

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 OF NEW YORK (THE “**STATE**”) NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF NEW YORK (THE “**CITY**”) SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE

OF, SINKING FUND INSTALLMENTS FOR, OR INTEREST ON, THE SERIES 2021 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2021 BONDS. THE SERIES 2021 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2021 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR INTEREST ON, THE SERIES 2021 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, REPRESENTATIVE OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

Risk Factors

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

Purchase and Transfer Restrictions

The Series 2021 Bonds may be purchased only by (a) a “Qualified Institutional Buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “**Securities Act**”), or (b) an “Accredited Investor” as defined in Rule 501 of Regulation D promulgated under the Securities Act. The purchase restrictions described in this paragraph apply to initial purchases of the Series 2021 Bonds and to all subsequent sales or transfers of the Series 2021 Bonds. See “THE SERIES 2021 BONDS—Purchase and Transfer Restrictions on Series 2021 Bonds” and “TRANSFER RESTRICTIONS” in this Limited Offering Memorandum.

Optional and Mandatory Redemption

See “THE SERIES 2021 BONDS—Redemption of Series 2021 Bonds” in this Limited Offering Memorandum.

Exchange and Transfer

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

Payment

Interest accrues on the Series 2021 Bonds at the rates set forth on the inside front cover of this Limited Offering Memorandum from their date of issuance and is payable on December 1 and June 1 of each year, commencing December 1, 2021 (each an “**Interest Payment Date**”). The Series 2021 Bonds mature as set forth on the inside front cover of this Limited Offering Memorandum. Interest on and the principal of the Series 2021 Bonds is payable as described under the heading “THE SERIES 2021 BONDS” in this Limited Offering Memorandum.

Trustee, Bond Registrar and Paying Agent

U.S. Bank National Association in New York, New York, is acting as Trustee, Bond Registrar and Paying Agent. See “THE TRUSTEE” in this Limited Offering Memorandum.

Form

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

Tax Status

In the opinion of Nixon Peabody LLP, New York, New York, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Issuer, the Borrower and ICS described herein, interest on the Series 2021A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is also of the opinion that interest on the Series 2021A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the Series 2021A Bonds is exempt from personal income taxation imposed by the State of New York or any political subdivision of the State of New York, including The City of New York. Interest on the Series 2021B Bonds is not excluded from gross income for federal income tax purposes 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 – SERIES 2021A BONDS” and “TAX MATTERS – SERIES 2021B BONDS” herein regarding certain other tax considerations.

Continuing Disclosure Agreement

Pursuant to the requirements of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12) (the “Rule”), the Borrower and the Education Corporation have agreed for the benefit of the Registered Owners and Beneficial Owners of the Series 2021 Bonds to provide certain financial information, other operating data and notices of material events. Neither the Borrower nor the Education Corporation has been subject to any prior continuing disclosure undertaking under the Rule. See “CONTINUING DISCLOSURE,” and “APPENDIX H—FORM OF CONTINUING DISCLOSURE AGREEMENT” in this Limited Offering Memorandum.

No Rating

There is no rating assigned to the Series 2021 Bonds.

Delivery Information

The Series 2021 Bonds are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and the approving legal opinion of Bond Counsel and certain other conditions. It is expected that delivery of the Series 2021 Bonds will be made on or about September 23, 2021 through the facilities of DTC in New York, New York, against payment therefor.

Bond Counsel and Other Counsels; Underwriter

Nixon Peabody LLP, New York, New York, is acting as Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Education Corporation by its counsel, Cohen Schneider Law, P.C., New York, New York. Certain legal matters will be passed upon for the Borrower by its counsel, The Law Office of Mark Grunblatt, Kingston, New York. Certain legal matters will be passed upon for the Trustee by its counsel, Paparone Law PLLC, New York, New York and for the Underwriter by its counsel, Ballard Spahr LLP, New York, New York. D.A. Davidson & Co., Denver, Colorado will serve as the Underwriter for the Series 2021 Bonds. See “UNDERWRITING” in this Limited Offering Memorandum.

Additional Information

The summaries of or references to constitutional provisions, statutes, resolutions, agreements, contracts, financial statements, reports, publications and other documents or compilations of data or information set forth in this Limited Offering Memorandum do not purport to be complete statements of the provisions of the items summarized or referred to and are qualified in their entirety by the actual provisions of such items, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing and handling charge from the Underwriter, 1550 Market Street, Suite 300, Denver, Colorado 80202 or the Trustee, 100 Wall Street, 6th Floor, New York, New York 10005, Attention: Corporate Trust Administration.

Audited Financial Statements

The audited financial statements of the Education Corporation for the fiscal years ended June 30, 2019 and June 30, 2020 are included in this Limited Offering Memorandum as APPENDIX E and APPENDIX D, respectively. The financial statements in APPENDIX D and APPENDIX E were audited by Schall & Ashenfarb, Certified Public Accountants, LLC. See “AUDITED FINANCIAL STATEMENTS OF THE EDUCATION CORPORATION” and “APPENDIX D— AUDITED FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS OF THE EDUCATION CORPORATION FOR THE FISCAL YEAR ENDED JUNE 30, 2020” and “APPENDIX E—AUDITED FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS OF THE EDUCATION CORPORATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019” in this Limited Offering Memorandum. The financial statements for the fiscal year ended June 30, 2020 are the most recent audited financial statements available for the Education Corporation.

Budget Projection

The Budget Projection (the “**Budget Projection**”) attached hereto in APPENDIX C is a projection of the future financial performance of the Education Corporation based upon certain assumptions made by the Education Corporation and contained therein. NO ASSURANCES CAN BE GIVEN THAT THE OPERATIONS OF THE EDUCATION CORPORATION WILL EQUAL OR EXCEED THE SERIES 2021 PROJECTED FUTURE FINANCIAL PERFORMANCE SET FORTH IN THE BUDGET PROJECTION. The Budget Projection is for the five (5) fiscal years of the Education Corporation ending June 30, 2022 through June 30, 2026.

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

LIMITED OFFERING MEMORANDUM

**BUILD NYC RESOURCE CORPORATION
REVENUE BONDS
(RICHMOND PREPARATORY CHARTER SCHOOL PROJECT)
(SOCIAL IMPACT PROJECT)**

\$36,135,000 Revenue Bonds (Richmond Preparatory Charter School Project), Series 2021A (Social Impact Project)	\$715,000 Taxable Revenue Bonds (Richmond Preparatory Charter School Project), Series 2021B (Social Impact Project)
---	--

INTRODUCTION

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

General

Build NYC Resource Corporation, a not-for-profit local development corporation created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York (the “**Issuer**”), will issue its (a) Revenue Bonds (Richmond Preparatory Charter School Project) Series 2021A (Social Impact Project) (the “**Series 2021A Bonds**”), in the aggregate principal amount of \$36,135,000 and (b) Taxable Revenue Bonds (Richmond Preparatory Charter School Project) Series 2021B (Social Impact Project) (the “**Series 2021B Bonds**” and together with the Series 2021A Bonds, the “**Series 2021 Bonds**”), in the aggregate principal amount of \$715,000.

The Series 2021 Bonds will be issued pursuant to an Indenture of Trust, dated as of September 1, 2021 (the “**Indenture**”), by and between the Issuer and U.S. Bank National Association, as trustee (the “**Trustee**”), including any amendments or supplements thereto. The Issuer will loan the proceeds of the Series 2021 Bonds (the “**Loan**”) to The ICS Foundation, Inc. (the “**Borrower**”), a New York not-for-profit corporation and exempt from federal taxation pursuant to section 501(c)(3) of the Code, pursuant to a Loan Agreement, dated as of September 1, 2021 (the “**Loan Agreement**”), between the Issuer and the Borrower. See “APPENDIX F— FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, USE AGREEMENT, AND LEASE—Form of Loan Agreement” in this Limited Offering Memorandum.

Proceeds of each series of the Series 2021 Bonds will be used by the Borrower pursuant to the terms of the Loan Agreement as follows:

Series 2021A Bonds. Proceeds of the Series 2021A Bonds will be used by the Borrower to: (a)(i) finance the acquisition, renovation, furnishing and equipping of a 28,500 square foot building located on a 60,700 square foot parcel of land located at 2245 Richmond Avenue, Staten Island, New York (the “**Original Facility**”), to serve as a new educational facility thereon to be used by the Education Corporation as the school building for its Richmond Preparatory Charter School, serving students in grade 6 through

grade 12, including without limitation students with special needs, and (ii) finance the construction, furnishing and equipping of an expansion to the Original Facility consisting of a 25,000 square foot addition (the “**Improvements**”, and, together with the Original Facility, the “**Richmond Prep Campus**” or the “**Facilities**”); (b) fund a debt service reserve fund for the benefit of the Series 2021A Bonds; (c) fund capitalized interest on the Series 2021A Bonds; and (d) pay for certain costs related to the issuance of the Series 2021A Bonds (collectively, the “**Series 2021A Project**”). The Richmond Prep Campus will be owned by the Borrower and leased by the Borrower to the Education Corporation for Richmond Prep pursuant to a Lease Agreement, dated as of September 1, 2021 (the “**Lease**”).

Series 2021B Bonds. Proceeds of the Series 2021B Bonds will be used by the Borrower to (a) fund a portion of the purchase price of the property located at 2245 Richmond Avenue, Staten Island, New York; (b) fund capitalized interest on the Series 2021 Bonds; and (c) pay for certain costs related to the issuance of the Series 2021 Bonds (collectively, the “**Series 2021B Project**” and together with the Series 2021A Project, the “**Series 2021 Project**”).

The Lease will be entered into upon issuance of the Series 2021 Bonds. “THE SERIES 2021 PROJECT AND PLAN OF FINANCE,” “SOURCES AND USES OF FUNDS” and “APPENDIX A—INTEGRATION CHARTER SCHOOLS” in this Limited Offering Memorandum.

Loan of Series 2021 Bond Proceeds; Mortgages and Other Security

Proceeds of the Series 2021 Bonds will be loaned by the Issuer to the Borrower 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 Borrower (the “**Loan Payments**”) under the Loan Agreement and two Promissory Notes (one with respect to each series of Series 2021 Bonds) from the Borrower to the Issuer including the endorsement thereof from the Issuer to the Trustee (collectively, the “**Promissory Notes**”), which are required to be sufficient to pay when due the scheduled principal of, Sinking Fund Installments for, and interest on the Series 2021 Bonds and any Additional Bonds (collectively, the “**Bonds**”).

The Series 2021 Bonds will also be secured by (a) a Mortgage lien on and security interests in the Borrower’s fee title interest in the Facilities pursuant to (i) a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), (ii) a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan), and (iii) a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), recorded against the Richmond Prep Campus (collectively, the “**Mortgages**”); each dated as of September 1, 2021 and each from the Borrower to the Issuer and the Trustee; as assigned by the Issuer to the Trustee under the terms of (b) (i) an Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), (ii) an Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan) and (iii) an Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), with respect to the Mortgages; each dated as of September 1, 2021 (collectively, the “**Assignment of Mortgages**”). See “APPENDIX F—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, USE AGREEMENT, AND LEASE” in this Limited Offering Memorandum.

The Series 2021 Bonds are further secured by a lien and security interest in the Pledged Collateral of the Borrower pursuant to, and as defined in a certain Pledge and Security Agreement, dated as of September 1, 2021 (the “**Pledge and Security Agreement**”) from the Borrower to the Trustee. Pledged Collateral is defined in the Pledge and Security Agreement as (a) all accounts, investment property, payment intangibles, general intangibles, monies, receipts, earnings (inclusive of any investment income), revenues, rentals, income, insurance proceeds, lease payments fees, gifts, donations, contributions, charges and other moneys received or receivable by or on behalf of the Borrower, including, but without limiting the

generality of the foregoing, (i) fees and charges of the Borrower including lease payments fees or charges derived from the ownership or operation of the Facilities, and all rights to receive any of the above, whether in the form of accounts, payment intangibles, contract rights, general intangibles or other rights, and the proceeds of such rights, whether now owned or held or hereafter coming into existence; and (ii) gifts, grants, bequests, donations and contributions heretofore or hereafter made to the Borrower, but excluding (y) the Unrestricted Investments Fund of the Borrower and (z) Restricted Gifts, and further including all income, distributions, dividends, earnings and revenues (y) derived from and deposited in the Unrestricted Investment Fund; and (z) derived from Restricted Gifts (unless otherwise prohibited by the terms of a Restricted Gift) (collectively, “**Pledged Revenues**”); (b) all claims and causes of action arising from or otherwise related to any of the foregoing, and all rights and judgments related to any legal actions in connection with such claims or causes of action, and all cash (or evidences of cash or of rights to cash) or other property or rights thereto relating to such claims or causes of action; and (c) all Proceeds (including, without limitation, insurance proceeds and condemnation awards), whether cash or non-cash, of any of the above (collectively “**Pledged Collateral**”).

The Education Corporation will lease the Facilities from the Borrower pursuant to the Lease. The amounts payable by the Education Corporation under the Lease (the “**Rents**” or “**Lease Rental Payments**”) will be in amounts totaling not less than the debt service on the Series 2021 Bonds as the same become due and payable, but without acceleration. The Borrower will enter into a Deposit Agreement, dated as of September 15, 2021 (the “**Depositary Agreement**”), by and between the Borrower and U.S. Bank National Association as depository bank (the “**Depositary Bank**”) for the creation of a deposit account (the “**Borrower Account**”) for the deposit of certain funds received by the Borrower, including but not limited to Rents under the Lease from the Education Corporation. Pursuant to the terms of the Deposit Account Control Agreement (the “**Borrower DACA**”) dated as of September 15, 2021, by and among the Trustee, as secured party thereunder, the Borrower and the Depositary Bank, the Borrower will grant a security interest in the Borrower Account to the Trustee and authorize the Trustee to transfer the amounts required under the Indenture and the Loan Agreement to the Revenue Fund established under the Indenture. Rents are to be paid by the Education Corporation from Gross Revenues to the Depositary Bank into the Borrower Account created under the Depositary Agreement. Upon an Event of Default, the Trustee may exercise control of and have the right to make withdrawals from the Borrower Account subject to the Borrower DACA pursuant to the terms thereof. All obligations of the Education Corporation due under the Lease are payable from the Gross Revenues of the Education Corporation. Gross Revenue is defined in the Covenant Agreement as all funds, money, grants, donations, or other distributions received by the Education Corporation from the State, City or any other sources, together with all other revenues, income or receipts of any kind whatsoever (collectively, “**Gross Revenues**”).

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 Promissory Notes and all of its right, title and interest in and to the Loan Agreement and the amounts payable thereunder (other than the Issuer’s Reserved Rights) to secure payment of the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Series 2021 Bonds. The obligation of the Borrower to make Loan Payments under the Loan Agreement and the Promissory Notes is an absolute and unconditional obligation of the Borrower. However, the Borrower will not have any other sources of revenue to make its Loan Payments other than the Lease Rental Payments received from the Education Corporation under the Lease, and the ability of the Borrower to generate additional revenues is limited in the event that the Education Aid payments and Rental Assistance (as defined herein) received by the Education Corporation are not sufficient to make the required payments of Lease Rental Payments under the Lease. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS” in this Limited Offering Memorandum.

Lease

The Borrower, upon purchase of the Facilities on the date of issuance of the Series 2021 Bonds, using proceeds therefrom, will lease the Facilities to the Education Corporation through a term of June 30, 2063, unless the Lease is earlier terminated in accordance with its terms. The Education Corporation will operate Richmond Prep and the Richmond Prep Campus following completion of the Series 2021 Project.

The Education Corporation will continue to operate the ICS Schools at the Teleport Leased Facilities. The rent (the “**Rent**” or “**Lease Rental Payments**”) due from the Education Corporation to the Borrower under the Lease will be in amounts anticipated to be sufficient to make Loan Payments under the Loan Agreement on each January 5, March 5, May 5, July 5, September 5 and November 5, commencing November 5, 2021. The Lease contains a fixed rent payment schedule which provides for Lease Rental Payments in an amount and at such times to pay the required debt service on the Series 2021 Bonds and additional operational costs of the Facilities. Interest will be capitalized on the Series 2021 Bonds during construction from the Closing Date until June 1, 2024, in part.

Pursuant to the terms of the Lease, the Education Corporation is to maintain, at its expense, commencing on the Commencement Date and through the duration of the Term of the Lease, such insurance policies in such amounts as set forth in the Loan Agreement.

Additionally, pursuant to the Lease, the Borrower is responsible for all costs incurred by Borrower in complying with all of Borrower’s insurance obligations, including but not limited to the payment of all insurance premiums. Borrower, in consultation with the Education Corporation to confirm the Education Corporation’s needs, is responsible for contracting directly for and paying all costs and expenses associated with all utilities including, without limitation, charges for water, gas, oil, sanitary and storm sewer, electricity, steam, telephone service, trash collection, internet access, cable television or satellite service, and all other utilities that may be charged against the Facilities during the Term of the Lease, and all other costs and expenses involved in the care, management and use thereof, and Borrower shall contract in its own name with the providers providing the foregoing services to the Facilities.

See “APPENDIX F—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, USE AGREEMENT, AND LEASE” for a more complete description of the Lease.

Continuing Disclosure

The Borrower and the Education Corporation will agree in the Continuing Disclosure Agreement to provide certain annual financial reports, quarterly financial reports and notices of certain other events with respect to the Series 2021 Bonds. See “CONTINUING DISCLOSURE” in this Limited Offering Memorandum.

Special Covenants of the Education Corporation; Additional Indebtedness

Pursuant to the Covenant Agreement, the Education Corporation will make certain covenants for the benefit of the Trustee, including that the Education Corporation will comply with the terms of the Lease, for the benefit of the holders of the Series 2021 Bonds and any Additional Bonds issued under the Indenture. The Covenant Agreement requires the Education Corporation to comply with certain financial covenants and places certain restrictions on the incurrence of indebtedness by the Education Corporation. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS” in this Limited Offering Memorandum.

Additionally, pursuant to a Use Agreement, dated as of September 1, 2021 (the “**Use Agreement**”), by the Education Corporation for the benefit of the Issuer and the Trustee, the Education Corporation will make certain covenants for the benefit of the Issuer and the Trustee. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS” in this Limited Offering Memorandum.

Bondholders’ Risks

Purchase of the Series 2021 Bonds involves a high degree of risk and the Series 2021 Bonds are a speculative investment. Certain risks associated with an investment in the Series 2021 Bonds are discussed under “RISK FACTORS” in this Limited Offering Memorandum. Other risks may exist which are not discussed within “RISK FACTORS”.

Miscellaneous

This Limited Offering Memorandum (including the Appendices hereto) contains descriptions of, among other matters, the Indenture, the Loan Agreement, the Mortgages, the Lease, the Assignment of Mortgages, the Pledge and Security Agreement, the Covenant Agreement, the Use Agreement, the Continuing Disclosure Agreement, the Issuer, the Facilities, the Series 2021 Project, the Borrower, the Education Corporation and the Series 2021 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references to documents described herein are qualified in their entirety by reference to such documents, copies of which are available for inspection at the designated corporate trust office of the Trustee.

THE ISSUER

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

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

The Issuer has not prepared or assisted in the preparation of this Limited Offering Memorandum, except for statements under the sections captioned “THE ISSUER” and “ABSENCE OF MATERIAL LITIGATION—The Issuer” and, except as aforesaid, the Issuer is not responsible for any statements made in this Limited Offering Memorandum. Except for the execution and delivery of documents required to effect the issuance of the Series 2021 Bonds, the Issuer has not otherwise assisted in the public offer, sale or distribution of the Series 2021 Bonds. Accordingly, except as aforesaid, the Issuer disclaims responsibility for the disclosures set forth in this Limited Offering Memorandum or otherwise made in connection with the offer, sale and distribution of the Series 2021 Bonds.

The Series 2021 Bonds are special limited revenue obligations of the Issuer payable solely from the payments made by the Borrower under the Loan Agreement and the Promissory Notes and from the Trust Estate as described in the Indenture. The Issuer has no taxing power. Neither the Issuer nor its

members, directors, officers, agents, employees or representatives are personally liable with respect to the Series 2021 Bonds. Accordingly, no financial information with respect to the Issuer or its members, directors, officers, agents, employees or representatives has been included in this Limited Offering Memorandum.

THE BORROWER

The Borrower is a New York not-for-profit corporation formed on October 23, 2018. The Borrower is an organization described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code (except with respect to “unrelated business taxable income” within the meaning of Section 512(a) of the Code) and which is not a “private foundation” as defined in Section 509(a) of the Code.

The Borrower adopted its Bylaws on December 17, 2018. Pursuant to the Borrower’s Bylaws, the Borrower’s property, business, and affairs are vested in the Borrower and managed by a self-perpetuating Board of Directors, which has the powers and duties necessary or appropriate for the administration of the affairs of the Borrower as are permitted by law, the Certificate of Incorporation of the Borrower and the Bylaws. The Borrower’s Board of Directors consists of no fewer than three (3) and not more than eleven (11) directors. The number of directors may be increased or decreased by action of a majority of the entire Borrower’s Board of Directors, provided, however, that no decrease shall shorten the term of any incumbent director. Directors on the Borrower’s Board of Directors are elected by the board at its annual meeting. Each director serves until the next succeeding annual meeting and until such director’s successor is elected or qualified.

The current directors on the Borrower’s Board of Directors are set forth in the table below:

Board of Directors		
Name	Occupation	Office
Michael Caridi	Managing Director, Majic Development	Chair
Mark Mininberg	President, Hospital Energy	Trustee
Matthew Kiefer	Director of Innovation, Optanix	Secretary
John Tardy	Project Manager, JVN Restoration, Inc.	Trustee

The Borrower will own the Facilities and lease them to the Education Corporation pursuant to the Lease.

THE EDUCATION CORPORATION

The Education Corporation is a New York not-for-profit education corporation organized under Article 56 of the New York Education Law, as amended (the “**Charter Schools Act**”), and an organization described in Section 501(c)(3) of the Code. The Education Corporation currently operates three (3) charter schools within the boundaries of New York City Community School District No. 31 (“**CSD 31**”) in Staten Island, in the State of New York (the “**State**”), offering Kindergarten through grade 12. The Education Corporation was first authorized in 2009 by the Board of Regents of the State of New York on behalf of the New York State Education Department (the “**Authorizer**”) to operate John W. Lavelle Preparatory Charter School and has received charters from the Authorizer to operate additional schools (the “**ICS Schools**”), as more fully set forth herein.

The Education Corporation provides innovative pathways to college that fully integrate students living with emotional challenges and others with special needs. The Education Corporation currently operates three (3) schools and will open its fourth school, Richmond Prep, in September of 2021. John W.

Lavelle Preparatory Charter School was the Education Corporation's first school to open ("**Lavelle Prep**") in the fall of 2009 and serves students in Kindergarten through grade 12 and is currently located within an office complex known as Corporate Commons located at 1, 2 and 3 Teleport Drive, Staten Island, New York (the "**Teleport Leased Facilities**"). New Ventures Charter School was the Education Corporation's second school to open ("**New Ventures**") in the fall of 2015 and serves students ages 16 through 21. New Ventures operates out of the Teleport Leased Facilities. The Lois and Richard Nicotra Early College Charter School was the Education Corporation's third school to open ("**Nicotra**"), which opened in the fall of 2018 serving students in grades 8 and 9, and adding an additional grade each year through grade 12. Nicotra serves students in grades 8 through 12 at the Teleport Leased Facilities.

Richmond Preparatory Charter School will be the Education Corporation's fourth school to open ("**Richmond Prep**") and is currently planned to open in the fall of 2021, initially serving students in grade 6, and expanding one grade per year through grade 12. Richmond Prep will serve all student populations, including, without limitation, students with special needs. Richmond Prep will open at the Teleport Leased Facilities and move to the education facility being financed with proceeds of the Bonds located at 2245 Richmond Avenue, Staten Island (the "**Richmond Prep Campus**" or the "**Facilities**"). The Facilities are approximately one and a half (1.5) miles from the Teleport Leased Facilities.

The Education Corporation 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 Education Corporation 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 Education Corporation's bylaws provide that the Education Corporation is managed and controlled by a Board of Trustees. For more information with respect to the Education Corporation and its history and operations, see "APPENDIX A—INTEGRATION CHARTER SCHOOLS" in this Limited Offering Memorandum. The Education Corporation will have no obligations under the Loan Agreement or under the Promissory Notes to make Loan Payments under the Loan Agreement or pay debt service on the Series 2021 Bonds.

See "THE EDUCATION CORPORATION" and "APPENDIX A—INTEGRATION CHARTER SCHOOLS" in this Limited Offering Memorandum. See also "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK" and "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW" in this Limited Offering Memorandum.

THE SERIES 2021 PROJECT AND PLAN OF FINANCE

Use of Proceeds of the Series 2021A Bonds. Proceeds of the Series 2021A Bonds will be used by the Borrower to: (a) (i) finance the acquisition, renovation, furnishing and equipping of a 28,500 square foot building located on a 60,700 square foot parcel of land located at 2245 Richmond Avenue, Staten Island, New York, to serve as a new educational facility thereon to be used by the Education Corporation as the school building for its Richmond Preparatory Charter School, serving students in grade 6 through grade 12, including without limitation students with special needs ("**Phase I**"), and (ii) finance the construction, furnishing and equipping of an expansion to the Original Facility consisting of a 25,000 square foot addition ("**Phase II**"); (b) fund a debt service reserve fund for the benefit of the Series 2021A Bonds; (c) fund capitalized interest on the Series 2021A Bonds; and (d) pay for certain costs related to the issuance of the Series 2021A Bonds.

The Borrower entered into a Contract for Sale with EFG & P LLC, as seller, for the acquisition of these facilities for a purchase price equal to \$14,100,000, which contract was later amended by an Agreement in Modification of Contract, to provide for, among other things, the Borrower's agreement to

pay an additional \$3,333.33 charged daily from June 30, 2021 through the date of acquisition of the Facilities on the date of issuance of the Series 2021 Bonds.

The improvements to the Richmond Prep Campus are to be constructed in two phases. Phase I is to be completed by September of 2022 and Phase II is to be completed by August 1, 2023. Phase I includes the renovation of the Original Facility to serve as an educational facility for Richmond Prep, and Phase II includes the construction of an approximately 12,600 square foot two story addition on the north side of the Original Facility, an approximately 12,900 square foot third floor addition to the Original Facility, and an exterior surface basketball play area and other outdoor play areas totaling approximately 9,550 square feet of space (collectively, the “**Improvements**”). If the Series 2021 Project budget allows, Phase II will include the construction of an elevated post and beam structure on the South side of the Original Facility to house on grade street parking and the planned exterior improvements described above will be located on top of such structure. The Original Facility was constructed in 2000 as a two story stucco building, consisting of approximately 28,000 square feet of building space used for retail purposes. Following construction of the Improvements, the Richmond Prep Campus will house approximately 30 classrooms, a student lounge, common rooms, office space, a gymnasium, a technology lab and game room, music room, movement spaces, a kitchen, and open air space. As planned, the Richmond Prep Campus will have approximately 50 to 70 parking spaces. Upon completion of the Improvements, the total square footage of the Richmond Prep Campus will be approximately 60,000 square feet. The Richmond Prep Campus is planned to serve up to approximately 500 students in grades 6 through 12.

See “APPENDIX A—INTEGRATION CHARTER SCHOOLS—PLAN OF FINANCE” in this Limited Offering Memorandum. The approximate budget for the Richmond Prep Campus is set forth below:

Project Budget

Acquisition of Original Facility	\$14,360,757
Guaranteed Maximum Price	18,412,496
Other Project Costs, Including Soft Costs	<u>1,481,865</u>
Total	<u>\$34,255,118</u>

The Borrower has selected Tamborra Architecture and Construction, P.C., Staten Island, New York, as the architect for the Series 2021 Project. The Borrower has selected CLJ Building Enterprises, Inc., located in Staten Island, New York (the “**Contractor**”) as the construction contractor for the Series 2021 Project. The Contractor and Borrower entered into an AIA Document A102-2017-Standard form of Agreement Between Owner and Contractor where the basis of payment is a Guaranteed Maximum Price contract, executed on August 16, 2021, pursuant to which the parties agreed to a Guaranteed Maximum Price of \$18,412,496 to complete the Series 2021 Project. Anser Advisory, LLC (the “**Construction Monitor**”) will serve as the construction monitor for the Series 2021 Project pursuant to the Construction Disbursement and Monitoring Agreement, dated on or about September 1, 2021 (the “**Construction Monitoring Agreement**”), by and among the Borrower, the Education Corporation, and the Construction Monitor.

Series 2021 Project costs in excess of the amount deposited into the Project Fund from Series 2021 Bond proceeds will need to be paid from legally available funds of the Education Corporation. See “RISK FACTORS—Construction Risk Relating to the Richmond Prep Campus.”

Use of Proceeds of the Series 2021B Bonds. Proceeds of the Series 2021B Bonds will be used by the Borrower to (a) fund a portion of the purchase price of the property located at 2245 Richmond Avenue, Staten Island, New York; (b) fund capitalized interest on the Series 2021 Bonds; and (c) pay for certain costs related to the issuance of the Series 2021 Bonds.

SOURCES AND USES OF FUNDS

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

Sources of Funds

Series 2021A Bond Proceeds	\$36,135,000.00
Series 2021A Original Issue Premium	4,583,532.55
Series 2021B Bond Proceeds	<u>715,000.00</u>
Total Sources of Funds	<u>\$41,433,532.55</u>

Uses of Funds

Acquisition of the Richmond Prep Campus	\$14,360,757.00
Construction of Improvements to the Richmond Prep Campus	19,894,360.55
Deposit to the Series 2021 Capitalized Interest Account	3,612,300.00
Deposit to Debt Service Reserve Fund	2,294,000.00
Costs of Issuance and Real Estate Closing Costs ¹	<u>1,272,115.00</u>
Total Uses of Funds	<u>\$41,433,532.55</u>

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

[Remainder of Page Intentionally Left Blank]

DEBT SERVICE SCHEDULE

The table below sets forth the amounts required to be paid with respect to each of the Series 2021A Bonds and the Series 2021B Bonds, as well the total debt service on the Series 2021 Bonds, assuming no prepayments or redemption prior to maturity. All amounts shown in the table below are gross debt service prior to the application of any earnings on amounts deposited in the Funds and Accounts established under the Indenture. Interest on the Series 2021 Bonds will be paid on December 1 and June 1 of each year, commencing December 1, 2021. Principal of the Series 2021 Bonds will be paid on June 1 of each year, commencing June 1, 2024.

Year Ending (June 30)	<u>Series 2021A</u> Principal Amount	<u>Series 2021A</u> Interest Amount	<u>Series 2021B</u> Principal Amount	<u>Series 2021B</u> Interest Amount	Total Debt Service
2022	\$ --	\$ 1,218,162	\$ --	\$19,702	\$ 1,237,864
2023	--	1,768,300	--	28,600	1,796,900
2024	--	1,768,300	500,000	28,600	2,296,900
2025	300,000	1,768,300	215,000	8,600	2,291,900
2026	535,000	1,756,300	--	--	2,291,300
2027	555,000	1,734,900	--	--	2,289,900
2028	580,000	1,712,700	--	--	2,292,700
2029	600,000	1,689,500	--	--	2,289,500
2030	625,000	1,665,500	--	--	2,290,500
2031	650,000	1,640,500	--	--	2,290,500
2032	675,000	1,614,500	--	--	2,289,500
2033	710,000	1,580,750	--	--	2,290,750
2034	745,000	1,545,250	--	--	2,290,250
2035	785,000	1,508,000	--	--	2,293,000
2036	825,000	1,468,750	--	--	2,293,750
2037	865,000	1,427,500	--	--	2,292,500
2038	905,000	1,384,250	--	--	2,289,250
2039	950,000	1,339,000	--	--	2,289,000
2040	1,000,000	1,291,500	--	--	2,291,500
2041	1,050,000	1,241,500	--	--	2,291,500
2042	1,100,000	1,189,000	--	--	2,289,000
2043	1,160,000	1,134,000	--	--	2,294,000
2044	1,215,000	1,076,000	--	--	2,291,000
2045	1,275,000	1,015,250	--	--	2,290,250
2046	1,340,000	951,500	--	--	2,291,500
2047	1,405,000	884,500	--	--	2,289,500
2048	1,475,000	814,250	--	--	2,289,250
2049	1,550,000	740,500	--	--	2,290,500
2050	1,630,000	663,000	--	--	2,293,000
2051	1,710,000	581,500	--	--	2,291,500
2052	1,795,000	496,000	--	--	2,291,000
2053	1,885,000	406,250	--	--	2,291,250
2054	1,980,000	312,000	--	--	2,292,000
2055	2,080,000	213,000	--	--	2,293,000
2056	<u>2,180,000</u>	<u>109,000</u>	<u>--</u>	<u>--</u>	<u>2,289,000</u>
TOTAL	<u>\$36,135,000</u>	<u>\$41,709,212</u>	<u>\$715,000</u>	<u>\$ 85,502</u>	<u>\$78,644,714</u>

CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK

This section provides a brief overview of New York’s current system for funding charter schools. Prospective purchasers of the Series 2021 Bonds should note that the overview contained below and the

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

General

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

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 free access to New York City Department of Education (“NYCDOE”) owned or controlled 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 such a NYCDOE 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 school district building, alternative private space provided by NYCDOE 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 (“**Rental Assistance**”). For eligible charter schools that have expanded grade levels during the 2014–2015 school year or thereafter, the Rental Assistance 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 Education Corporation is eligible to receive certain rental assistance payments from the school district. The Education Corporation received Rental Assistance in the annual amount of approximately \$2,437,993 for the 2020–2021 school year. The Education Corporation is eligible to receive Rental Assistance for students: in Kindergarten through grade 5 and grades 11 and 12 at the Lavelle Prep Campus; in grades 10 through 12 at the New Ventures Campus; and in grades 8 through 12 at the Nicotra Campus, respectively. Additionally, the Education Corporation anticipates it will receive Rental Assistance for

students in grades 6 through 12 at the Richmond upon enrollment of students in such grades. Richmond Prep is anticipated to open in the 2021-22 school year with grade 6 and add an additional grade through grade 12 annually.

The amount of Rental Assistance is determined pursuant to a formula set forth in the Charter Schools Act. The maximum amount of Rental Assistance available to eligible New York City charter schools for the 2020–2021 school year was 30% of the per pupil funding (approximately \$4,837 per pupil), to the extent such amount does not exceed actual rental costs. See “APPENDIX C—BUDGET PROJECTION,” and “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Limited Offering Memorandum for a more detailed discussion of Rental Assistance.

The amount of Rental Assistance is determined pursuant to a formula set forth in the Charter Schools Act. If an appeal of NYCDOE’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, NYCDOE will pay the charter school an amount attributable to the grade level expansion or the formation of the new charter school that is equal to the lesser of:

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

A 2017 amendment to the Charter Schools Act increased the percentage in (b) above from 20% to 30%. Further, pursuant to the Charter Schools Act, there have been annual adjustments to the calculation of Charter School Basic Tuition, which have resulted in increases to the amount of Rental Assistance available to eligible New York City charter schools, to the extent such amount does not exceed a charter school’s actual rental costs. Such available amounts of Rental Assistance have been as follows: (a) 2017–2018 school year, approximately \$4,350 per pupil; (b) 2018–2019 school year, approximately \$4,590 per pupil; (c) 2019–2020 school year, approximately \$4,836 per pupil; (d) 2020–2021 school year, approximately \$4,837 per pupil; and (e) 2021–2022 school year, is currently estimated to be approximately \$5,054 per pupil. Rental Assistance are paid by NYCDOE to a charter school in the same manner as federal or state aid attributable to a student with a disability is paid pursuant to the Charter Schools Act (i.e., in six (6) substantially equal bi-monthly installments each year beginning on the first business day of July and every two (2) months thereafter). See also “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Limited Offering Memorandum.

Charter School Basic Tuition

Charter School Basic Tuition is calculated according to a series of statutory formulas, which are detailed and complicated. By way of overview, a description of the Charter School Basic Tuition formula is provided in this section. Pursuant to Section 2856 of the Charter Schools Act, Charter School Basic Tuition is equal to the school district’s “Expense Per Pupil” for the year prior to the “Base Year” (i.e., the school year immediately preceding the current year) increased by the percentage change in the state total “Approved Operating Expense” from two (2) years prior to the Base Year to the Base Year, with certain adjustments set forth for each school year. See “APPENDIX B—SUMMARY OF CERTAIN

PROVISIONS OF NEW YORK EDUCATION LAW—Financing of Charter Schools” in this Limited Offering Memorandum for a detailed description of the Charter School Basic Tuition for each school year. The calculation for Expense Per Pupil is a function of Approved Operating Expense for the year prior to the Base Year divided by the sum, computed using year prior to the Base Year pupil counts, of: (a) “Total Aidable Pupil Units” and (b) “Weighted Pupils With Disabilities.” See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW—Charter School Basic Tuition” in this Limited Offering Memorandum for a detailed discussion of the Charter School Basic Tuition formula and applicable definitions, including “Approved Operating Expense.”

For this purpose, “Total Aidable Pupil Units” is the sum of: (a) 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, and (b) 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: (a) determining the number of religious holidays which fall on a school day within a school year according to regulations established by the Commissioner; (b) deducting the aggregate attendance on such religious holidays from the total aggregate attendance, by grade level; (c) deducting such religious holidays from the total number of days of session, by grade level; and (d) 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: (a) the number of children on a regular enrollment register of a public school district on such date; (b) the number of children eligible to receive home instruction in the school district on such date; (c) the number of children for whom Equivalent Attendance must be computed on such date; (d) 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; (e) the number of children eligible to receive educational services on such date but not claimed for aid; and (f) 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: (a) the attendance of summer session pupils multiplied by 12%, and (b) the “Weighted Pupils With Special Educational Needs.” Weighted Pupils With Special Educational Needs is calculated by multiplying the number of pupils with special educational needs by 25%, with the result rounded up to the next whole number.

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

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

(b) for placement for 30% or more of the school week in a resource room or special services or programs including related services required for 30% 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 (5) 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 (2) 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 ICS Schools, the NYCDOE on behalf of CSD 31) are required to pay no later than the first business day of July, September, November, January, March and May the appropriate payment amounts as specified in the New York Education Law relating to the Charter School Basic Tuition. The payments are made in equal installments, adjusted for any supplemental payments due or overpayments to be recovered for the prior school year. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW—Financial Obligations of Charter Schools, Public School Districts and Education Department” in this Limited Offering Memorandum.

Federal and State Aid Attributable to a Student with a Disability

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

State aid attributable to a student with a disability attending a charter school is calculated as the sum of: (a) “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 (b) 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: (a) excess cost aid per pupil calculated pursuant to the New York Education Law; (b) 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 (c) the student’s enrollment in such charter school in the current school year.

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

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

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

Payments for federal or state aid attributable to a student with a disability to charter schools must be made by the school district in six (6) substantially equal installments each year beginning on the first business day of July and every two (2) months thereafter. See “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW—Financing of Charter Schools” in this Limited Offering Memorandum.

THE SERIES 2021 BONDS

Interest; Maturity; Payment

Generally. The Series 2021 Bonds will bear interest from their date, all as set forth on the inside front cover hereof. Interest on the Series 2021 Bonds will be payable semi-annually on December 1 and June 1 (each an “**Interest Payment Date**”) of each year, commencing on December 1, 2021. Interest on the Series 2021 Bonds will be calculated on the basis of a 360-day year with twelve (12) months of thirty (30) days.

The Series 2021 Bonds will be issued in the form of fully registered bonds without coupons in Authorized Denominations. The principal of, Sinking Fund Installments for, interest on, and redemption premium, if any, on the Series 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 Limited Offering Memorandum. See “APPENDIX I—BOOK—ENTRY ONLY SYSTEM” in this Limited Offering Memorandum.

In the event the Series 2021 Bonds are not registered in the name of Cede & Co., as nominee of DTC, or another eligible depository as described below, the principal of, Sinking Fund Installments for, and Redemption Price of the Series 2021 Bonds will be payable by check or draft or wire transfer to the persons in whose names such Bonds are registered on the registration books maintained by the Trustee as Bond Registrar at the maturity or redemption thereof, or with respect to any payment in full of any Series 2021 Bond either at final maturity or upon redemption in whole, only at the designated corporate trust office of the Trustee, as described in the Indenture. Interest payable on each Series 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 regular Record Date for such interest, by check or draft mailed to such registered owner at his or her address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or if such Series 2021 Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Series 2021 Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Regular Record Date for any interest payment.

Payment Default. 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 regular 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.

Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, for any Series of the Series 2021 Bonds, then such Series of Series 2021 Bonds will 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 100% of the principal amount thereof, together with accrued interest at the Default Rate from the occurrence of the Event of Taxability to the date of redemption. The Series 2021 Bonds shall be redeemed in whole unless redemption of a portion of the Series 2021 Bonds Outstanding would have the result that interest payable on the Series 2021 Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of such Series 2021 Bonds. In such event, the Series 2021 Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

Redemption of Series 2021 Bonds

General Optional Redemption.

Series 2021A Bonds. The Series 2021A Bonds are subject to redemption on or after June 1, 2029 in whole or in part at any time (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000) at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Borrower of its intention to prepay loan payments due under the Loan Agreement pursuant to Section 4.3(c) thereof), at the Redemption Price of one hundred percent (100%) of the principal amount of the Series 2021A Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption.

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

Mandatory Sinking Fund Installment Redemption.

Series 2021A Bonds. The Series 2021A Bonds maturing on June 1, 2031 are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

<u>Sinking Fund Installment Payment Date (June 1)</u>	<u>Sinking Fund Installment</u>
2025	\$300,000
2026	535,000
2027	555,000
2028	580,000
2029	600,000
2030	625,000
2031 ¹	650,000

¹ Final maturity.

The Series 2021A Bonds maturing on June 1, 2036 are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

<u>Sinking Fund Installment Payment Date (June 1)</u>	<u>Sinking Fund Installment</u>
2032	\$675,000
2033	710,000
2034	745,000
2035	785,000
2036 ¹	825,000

¹ Final maturity.

[Remainder of Page Intentionally Left Blank]

The Series 2021A Bonds maturing on June 1, 2041 are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

<u>Sinking Fund Installment Payment Date (June 1)</u>	<u>Sinking Fund Installment</u>
2037	\$ 865,000
2038	905,000
2039	950,000
2040	1,000,000
2041 ¹	1,050,000

¹ Final maturity.

The Series 2021A Bonds maturing on June 1, 2051 are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

<u>Sinking Fund Installment Payment Date (June 1)</u>	<u>Sinking Fund Installment</u>
2042	\$1,100,000
2043	1,160,000
2044	1,215,000
2045	1,275,000
2046	1,340,000
2047	1,405,000
2048	1,475,000
2049	1,550,000
2050	1,630,000
2051 ¹	1,710,000

¹ Final maturity.

[Remainder of Page Intentionally Left Blank]

The Series 2021A Bonds maturing on June 1, 2056 are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

<u>Sinking Fund Installment Payment Date (June 1)</u>	<u>Sinking Fund Installment</u>
2052	\$1,795,000
2053	1,885,000
2054	1,980,000
2055	2,080,000
2056 ¹	2,180,000

¹ Final maturity.

Series 2021B Bonds. The Series 2021B Bonds maturing on June 1, 2025 are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

<u>Sinking Fund Installment Payment Date (June 1)</u>	<u>Sinking Fund Installment</u>
2024	\$500,000
2025 ¹	215,000

¹ Final maturity.

Extraordinary Optional Redemption. The Series 2021 Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Borrower (which option shall be exercised only upon the giving of notice by the Borrower of its intention to prepay Loan Payments due under the Loan Agreement), as a whole on any date, upon notice or waiver of notice as provided in the Indenture, at a Redemption Price equal to 100% of the unpaid principal amount thereof plus accrued interest to the date of redemption, if one or more of the following events shall have occurred:

(a) The Facilities 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, (i) the Facilities cannot be reasonably restored within a period of eighteen (18) months from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (ii) the Borrower or the Education Corporation is thereby prevented or likely to be prevented from carrying on its normal operation at the Facilities respectively, for a period of one year from the date of such damage or destruction, or (iii) the restoration cost of the Facilities would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

(b) Title to, or the temporary use of, all or substantially all of the Facilities shall have been taken or condemned by a competent authority which taking or condemnation results, or is likely to result, in the Borrower being thereby prevented or likely to be prevented from carrying on its normal operation at the Facilities for a period of one year from the date of such taking or

condemnation, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee; or

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

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 Borrower shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Borrower stating that, as a result of the occurrence of the event giving rise to such redemption, the Borrower has discontinued, or at the earliest practicable date will discontinue, its operation of the Facilities for its intended purposes.

Mandatory Redemption upon Failure to Operate the Facilities 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 (a) the Issuer shall determine that (i) the Borrower is operating the Facilities or any portion thereof, or is allowing the Facilities or any portion thereof to be operated, not for the Approved Project Operations, (ii) the Borrower, any Principal of the Borrower or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Borrower has committed a material violation of a material Legal Requirement, (iii) any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (iv) a Required Disclosure Statement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its sole discretion, or (b) the Borrower shall fail to obtain or maintain the liability insurance with respect to the Facilities required under the Loan Agreement, and, in the case of clause (a) or (b) above, the Borrower shall fail to cure any such default or failure within the applicable time periods set forth in the Loan Agreement following the receipt by the Borrower of written notice of such default or failure from the Issuer and a demand by the Issuer on the Borrower 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 100% of the unpaid principal amount of the Series 2021 Bonds, together with interest accrued thereon to the date of redemption.

Purchase in Lieu of Optional Redemption Series 2021A Bonds. In lieu of calling the Series 2021A Bonds for optional redemption and subject to the Loan Agreement, the Series 2021A Bonds are subject to mandatory tender for purchase at the direction of the Issuer, upon the direction of the Borrower, in whole or in part (and, if in part, in such manner as determined by the Borrower) on any date on or after June 1, 2029, 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 Borrower, 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 are permitted in the Indenture, with the consent of the Issuer, upon the delivery to the Issuer and the Trustee of (a) an opinion of Nationally Recognized Bond

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

Mandatory Redemption from Excess Proceeds and Certain Other Amounts. The Series 2021 Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent (a) excess Series 2021A Bond proceeds shall remain after the completion of the Richmond Prep Campus, (b) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and the Indenture, (c) excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personalty, or (d) certain funds received by the Borrower pursuant to any capital campaign which are earmarked for specific Project Costs shall remain with the Borrower and shall not be required for completion of the Project or related Project Costs; in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2021 Bonds to be redeemed, together with interest accrued thereon to the date of redemption.

Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the Series 2021 Bonds will be redeemed prior to maturity on any date within 120 days following such Determination of Taxability, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest at the Default Rate from the occurrence of the Event of Taxability to the date of redemption. The Series 2021 Bonds shall be redeemed in whole unless redemption of a portion of the Series 2021A Bonds Outstanding would have the result that interest payable on the Series 2021A Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of such Series 2021A Bonds. 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.

Notice of Redemption. When redemption of any Series 2021 Bonds is requested or required pursuant to the Indenture, the Trustee shall give notice of such redemption in the name of the Issuer, specifying the name of the Series, CUSIP number, Series 2021 Bond numbers, the date of original issue of such Series, the date of mailing of the notice of redemption, maturities, interest rates and principal amounts of the Series 2021 Bonds or portions thereof to be redeemed, the Redemption Date, the Redemption Price, and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at the Trustee) and specifying the principal amounts of the Series 2021 Bonds or portions thereof to be payable and, if less than all of the Series 2021 Bonds of any maturity are to be redeemed, the numbers of such Series 2021 Bonds or portions thereof to be so redeemed. Such notice shall further state that on such date there shall become due and payable upon each Series 2021 Bond or portion thereof to be redeemed the Redemption Price thereof together with interest accrued to the Redemption Date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice may set forth any additional information relating to such redemption. The Trustee, in the name and on behalf of the Issuer, (a) shall mail a copy of such notice by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days prior to the Redemption Date, to the registered owners of any Series 2021 Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of such Series 2021 Bonds with respect to which proper mailing was effected; and (b) provide such notice to DTC and to the national information service that disseminates redemption notices, currently the Electronic Municipal Market Access (“EMMA”). Any notice mailed as described in this paragraph shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. In the event of a postal strike, the Trustee shall give notice by other appropriate means selected by the Trustee in its discretion. If any Series 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. Further, if any Holders of Bonds shall constitute registered depositories, the notice of redemption described in the first sentence of this paragraph shall be mailed to such Holders at least two (2) days prior to the mailing of such notice to all Holders.

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

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

So long as the Securities Depository is affecting book entry transfers of the Series 2021 Bonds, the Trustee shall provide the notices specified above only to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Series 2021 Bond (having been mailed notice from the Trustee, the Securities Depository, 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, 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 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, (a) interest on the Series 2021 Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (b) 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 (c) 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.

Payment of the Redemption Price plus interest accrued to the Redemption Date shall be made to or upon the order of the registered owner only upon presentation of such Series 2021 Bonds for cancellation and exchange as provided in the Indenture; provided, however, that any Holder of at least \$1,000,000 in original aggregate principal amount of the Series 2021 Bonds may, by written request to the Trustee no later than five (5) days prior to the Redemption Date, direct that payments of Redemption Price and accrued interest to the Redemption Date be made by wire transfer as soon as practicable after tender of the Series 2021 Bonds in federal funds at such wire transfer address as the owner shall specify to the Trustee in such written request.

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 (a) the Series 2021 Bonds to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (b) 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 Series of Series 2021 Bonds to be redeemed shall be applied ratably by maturity and then 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 of such Series which is obtained by dividing the principal amount of such registered Series 2021 Bond by the minimum Authorized Denomination thereof (referred to below as a “unit”) then issuable rounded down to the integral multiple of such minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any such Series 2021 Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Series 2021 Bond shall forthwith surrender such Series 2021 Bond to the Trustee for (a) payment to such Holder of the Redemption Price of the unit or units of principal amount called for redemption and (b) delivery to such Holder of a new Series 2021 Bond or Series 2021 Bonds in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Series 2021 Bond. New Series 2021 Bonds of a 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 A PERSON CONSTITUTING A “QUALIFIED INSTITUTIONAL BUYER” WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, OR (2) TO AN “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT.

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 OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR INTEREST ON, THE SERIES 2021 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2021 BONDS. THE SERIES 2021 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2021 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR INTEREST ON, THE SERIES 2021 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, AGENT OR REPRESENTATIVE OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

General

Under the Loan Agreement, the Issuer agrees to issue the Series 2021 Bonds and to lend the proceeds thereof to the Borrower to finance the Series 2021 Project, and the Borrower is obligated unconditionally to repay the Loan in amounts sufficient, together with available funds held under the Indenture, to provide for the timely payment of the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Series 2021 Bonds when due (whether by maturity, mandatory sinking fund redemption or acceleration) and to perform certain other obligations set forth therein. Among other things, the Borrower will covenant not to grant any liens (other than the lien effected by the Loan Agreement and Permitted Encumbrances) on all or any portion of the Facilities. The obligation of the Borrower to make Loan Payments under the Loan Agreement and the Promissory Notes sufficient to pay the Series 2021 Bonds is an absolute and unconditional obligation of the Borrower; provided, however, that the ability of the Borrower to generate additional revenues is limited in the event payments of the Lease Rental Payments by the Education Corporation under the Lease are insufficient for the Borrower to make Loan Payments. Under the Loan Agreement, Loan Payment Dates are each January 5, March 5, May 5, July 5, September 5 and November 5. See “APPENDIX F— FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, USE AGREEMENT, AND LEASE—Form of Loan Agreement” in this Limited Offering Memorandum.

Pursuant to the terms of the Mortgages, the Borrower will grant to the Issuer and the Trustee Mortgages liens on and security interests in the Facilities, subject to Permitted Encumbrances, which Mortgages will be assigned by the Issuer to the Trustee pursuant to the terms of the Assignment of Mortgages. The liens and security interests created by the Indenture and the Mortgages are for the equal and ratable benefit of the owners of the Series 2021 Bonds. The Loan Agreement and the Mortgages contain the general liability insurance and property insurance requirements for the Borrower. See “RISK FACTORS” in this Limited Offering Memorandum for a discussion of certain limitations on the enforceability of the security for the Series 2021 Bonds.

Lease

The Education Corporation will lease the Facilities from the Borrower pursuant to the Lease. The term of the Lease commences upon the Borrower’s acquisition of the Facilities and terminates on June 30, 2063, if not earlier terminated in accordance with its terms. The amounts payable by the Education Corporation under the Lease (the “**Rents**” or “**Lease Rental Payments**”) will be in amounts totaling not less than the debt service on the Series 2021 Bonds as the same become due and payable, but without

acceleration. The Borrower will enter into a Deposit Agreement, dated as of September 15, 2021 (the “**Depository Agreement**”), by and between the Borrower and U.S. Bank National Association as depository bank (the “**Depository Bank**”) for the creation of a deposit account (the “**Borrower Account**”) for the deposit of certain funds received by the Borrower, including but not limited to Rents under the Lease from the Education Corporation. Pursuant to the terms of the Deposit Account Control Agreement (the “**Borrower DACA**”) dated as of September 15, 2021, by and among the Trustee, as secured party thereunder, the Borrower and the Depository Bank, the Borrower will grant a security interest in the Borrower Account to the Trustee and authorize the Trustee to transfer the amounts required under the Indenture and the Loan Agreement to the Revenue Fund established under the Indenture. Rents are to be paid by the Education Corporation from Gross Revenues to the Depository Bank into the Borrower Account created under the Depository Agreement. Upon an Event of Default, the Trustee may exercise control of and have the right to make withdrawals from the Borrower Account subject to the Borrower DACA pursuant to the terms thereof.

All obligations of the Education Corporation due under the Lease are payable from the Gross Revenues of the Education Corporation. Gross Revenue is defined in the Covenant Agreement as all funds, money, grants, donations, or other distributions received by the Education Corporation from the State, City or any other sources, together with all other revenues, income or receipts of any kind whatsoever (collectively, “**Gross Revenues**”).

The Lease Rental Payments due from the Education Corporation to the Borrower under the Lease will be in amounts anticipated to be sufficient to make Loan Payments under the Loan Agreement on each January 5, March 5, May 5, July 5, September 5 and November 5, commencing November 5, 2021. The Lease contains a fixed rent payment schedule which provides for Lease Rental Payments in an amount and at such times to pay the required debt service on the Series 2021 Bonds and additional operational costs of the Facilities as specified in the Lease. Interest will be capitalized on the Series 2021 Bonds from the Closing Date until June 1, 2024, in part.

Pursuant to the terms of the Lease, the Education Corporation is to maintain, at its expense, commencing on the Commencement Date and through the duration of the Term of the Lease, such insurance policies in such amounts as set forth in the Loan Agreement.

Additionally, pursuant to the Lease, the Borrower is responsible for all costs incurred by Borrower in complying with all of Borrower’s insurance obligations, including but not limited to the payment of all insurance premiums. Borrower, in consultation with the Education Corporation to confirm the Education Corporation’s needs, is responsible for contracting directly for and paying all costs and expenses associated with all utilities including, without limitation, charges for water, gas, oil, sanitary and storm sewer, electricity, steam, telephone service, trash collection, internet access, cable television or satellite service, and all other utilities that may be charged against the Facilities during the Term of the Lease, and all other costs and expenses involved in the care, management and use thereof, and Borrower shall contract in its own name with the providers providing the foregoing services to the Facilities.

See “APPENDIX F—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, USE AGREEMENT, AND LEASE” for a more complete description of the Lease.

Mortgages; Pledge and Security Agreement

The Series 2021 Bonds will also be secured by (a) a Mortgage lien on and security interests in the Borrower’s fee title interest in the Facilities pursuant to (i) a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), (ii) a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan) and (iii) a Mortgage, Assignment of Leases

and Rents, Security Agreement and Fixture Filing (Indirect Loan), recorded against the Richmond Prep Campus (collectively, the “**Mortgages**”); each dated as of September 1, 2021 and each from the Borrower to the Issuer and the Trustee; as assigned by the Issuer to the Trustee under the terms of (b) (i) an Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), (ii) an Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan) and (iii) an Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), with respect to the Mortgages; each dated as of September 1, 2021 (collectively, the “**Assignment of Mortgages**”). The Series 2021 Bonds are further secured by a lien and security interest in the Pledged Collateral of the Borrower pursuant to, and as defined in a certain Pledge and Security Agreement, dated as of September 1, 2021 (the “**Pledge and Security Agreement**”) from the Borrower to the Trustee. Pledged Collateral is defined in the Pledge and Security Agreement as (a) all accounts, investment property, payment intangibles, general intangibles, monies, receipts, earnings (inclusive of any investment income), revenues, rentals, income, insurance proceeds, lease payments fees, gifts, donations, contributions, charges and other moneys received or receivable by or on behalf of the Borrower, including, but without limiting the generality of the foregoing, (i) fees and charges of the Borrower including lease payments fees or charges derived from the ownership or operation of the Facilities, and all rights to receive any of the above, whether in the form of accounts, payment intangibles, contract rights, general intangibles or other rights, and the proceeds of such rights, whether now owned or held or hereafter coming into existence; and (ii) gifts, grants, bequests, donations and contributions heretofore or hereafter made to the Borrower, but excluding (y) the Unrestricted Investments Fund of the Borrower and (z) Restricted Gifts, and further including all income, distributions, dividends, earnings and revenues (y) derived from and deposited in the Unrestricted Investment Fund; and (z) derived from Restricted Gifts (unless otherwise prohibited by the terms of a Restricted Gift) (collectively, “**Pledged Revenues**”); (b) all claims and causes of action arising from or otherwise related to any of the foregoing, and all rights and judgments related to any legal actions in connection with such claims or causes of action, and all cash (or evidences of cash or of rights to cash) or other property or rights thereto relating to such claims or causes of action; and (c) all Proceeds (including, without limitation, insurance proceeds and condemnation awards), whether cash or non-cash, of any of the above (collectively “**Pledged Collateral**”).

Covenants of the Education Corporation; Additional Indebtedness

Covenant as to Cash on Hand. In the Covenant Agreement, the Education Corporation agrees to maintain unrestricted Cash on Hand in its operations fund sufficient to cover at least forty-five (45) days of its Operating Expenses, interest expenses and facility lease payments. The Cash on Hand is to be tested on June 30 of each year, commencing June 30, 2023, and the Education Corporation is to provide a certificate and supporting calculations to the Dissemination Agent (as that term is defined in the Continuing Disclosure Agreement), within sixty (60) days of the end of each Fiscal Year evidencing that the Education Corporation’s Cash on Hand met the requirements set forth in the Covenant Agreement. Amounts on deposit in such operation fund may be used for any lawful purpose. The foregoing is subject to the qualification that if applicable state or federal laws or regulations, or the rules and regulations of agencies having jurisdiction, do not permit the Education Corporation to maintain such level of Cash on Hand, then the Education Corporation is to, in conformity with the then prevailing laws, rules or regulations, maintain its Cash on Hand equal to the maximum permissible level.

If the Cash on Hand for any testing date is less than forty-five (45) days of the Education Corporation’s Operating Expenses, interest expenses and facility lease payments for the prior Fiscal Year, then the Education Corporation will promptly employ an Independent Consultant to review and analyze the operations and administration of the Education Corporation, inspect the Facilities, and submit to the Education Corporation and written reports, and make such recommendations as to the operation and administration of the Education Corporation’s charter school as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The reports

shall be made available to Bondholders at their written request. The Education Corporation agrees to consider any recommendations by the Independent Consultant and, to the fullest extent practicable, provided such recommendations are consistent with the Charter Schools Act and the Charter Contract, to adopt and carry out such recommendations.

Under the Covenant Agreement, it constitutes an Event of Default if the Cash on Hand is less than forty-five (45) days on the June 30 testing date for two (2) consecutive Fiscal Years.

Under the Covenant Agreement, “**Cash on Hand**” means the sum of unrestricted cash, unrestricted cash equivalents, unrestricted liquid investments and unrestricted marketable securities (valued at the lower of cost or market) of the Education Corporation. Cash on Hand shall not include any Trustee-held funds or proceeds of Indebtedness.

Under the Covenant Agreement, “**Operating Expenses**” means all reasonable and necessary expenses of the Education Corporation paid or accrued, to operate a public school and provide educational services, including without limitation (a) salaries and administrative expenses, (b) the cost of instructional supplies and materials, (c) insurance premiums, and (d) professional services; provided however, there shall be excluded from Operating Expenses: (i) any allowance for depreciation, (ii) expenses incurred in connection with Capital Improvements, (iii) deposits to and expenses paid from the Repair and Replacement Fund, (iv) expenses paid from grants from state, federal or local sources, or from any Person, which were included as part of Gross Revenues, (v) expenses paid from the proceeds of any insurance or condemnation awards, (vi) interest expenses and facility lease payments, and (vii) to the extent it is considered an Operating Expense, amortization of debt service costs on the Bonds.

Coverage Ratio Covenant. The Education Corporation covenants in the Covenant Agreement to maintain Net Income Available for Debt Service in an amount equal to at least 1.10 times Annual Debt Service Requirements for the applicable Fiscal Year on all Indebtedness then outstanding. Such covenant will be tested annually based upon the results of the annual audited financial statements of the Education Corporation, commencing with the audit for the Fiscal Year ending June 30, 2023.

In the event that the Education Corporation’s Net Income Available for Debt Service is less than 1.10 times the Annual Debt Service Requirements on all Indebtedness then outstanding on any testing date, the Education Corporation is to engage, at the Education Corporation’s expense, an Independent Consultant to review and analyze the operations and administration of the Education Corporation, inspect the Facilities, and submit to the Education Corporation written reports, and make such recommendations as to the operation and administration of the Education Corporation’s charter school as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Education Corporation agrees to consider any recommendations by the Independent Consultant and, to the fullest extent practicable, provided such recommendations are consistent with the Charter Schools Act and the Charter Contract, to adopt and carry out such recommendations.

So long as the Education Corporation is otherwise in full compliance with its obligations under the Covenant Agreement, including following, to the fullest extent practicable, the recommendations of the Independent Consultant, it does not constitute a default if the Education Corporation’s Net Income Available for Debt Service is less than 1.10 times the Annual Debt Service Requirements on all Indebtedness then outstanding on any testing date as described above. Notwithstanding the foregoing, in the event that the Education Corporation’s Net Income Available for Debt Service is less than (a) 1.10 times the Annual Debt Service Requirements on all Indebtedness then outstanding on any testing date for two (2) consecutive years; or (b) 1.0 times the Annual Debt Service Requirements on all Indebtedness then outstanding on any testing date, an Event of Default is to be deemed to have occurred under the Covenant Agreement.

Under the Covenant Agreement, “**Net Income Available for Debt Service**” means, for any period of determination thereof, Gross Revenues for such period minus its total Operating Expenses for such period.

Under the Covenant Agreement, “**Annual Debt Service Requirements**” means of any specified Person means, for any Fiscal Year, the principal of (and premium, if any) and interest and other debt service charges (which include for purposes hereof, any fees or premiums for any letter of credit, surety bond, policy of insurance, bond purchase agreement, or any similar credit or liquidity support secured in connection therewith payable in such Fiscal Year) on all Indebtedness of such Person coming due during such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply:

(a) In the case of Balloon Debt that bears interest at a variable rate, then for the purpose of calculating what future annual debt service requirements will be, the weighted average rate of interest borne by such variable rate Balloon Debt during the ninety (90) day period ending on the date prior to the date of calculation shall be presumed to apply for all future dates and, any installment of principal of (and premium, if any) and interest and other debt service charges on such Balloon Debt shall be evenly allocated over the life of the Balloon Debt with equal principal payments plus the calculated rate of interest deemed due each year;

(b) Principal of (and premium, if any) and interest and other debt service charges on Indebtedness, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal, premium, interest, or other debt service charges are payable from funds irrevocably deposited or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest, amounts held in a reserve fund, and accrued interest so deposited or set aside in trust or escrowed with the Trustee, or any Independent Person approved by the Trustee);

(c) As to any Indebtedness other than Balloon Debt that bears interest at a variable interest rate, then for the purpose of calculating what future annual debt service requirements will be, an interest rate equal to the weighted average rate of interest born by such Indebtedness during the preceding ninety (90) day period ending on the date prior to the date of calculation shall be presumed to apply for all future dates and the principal shall be amortized based upon the established payment schedule for such variable rate Indebtedness; and

(d) In the case of any guarantees or other Indebtedness described in clause (c) of the definition of Indebtedness, the principal of (and premium, if any) and interest and other debt service charges on such Indebtedness for any Fiscal Year shall be deemed to be 25% of the principal of (and premium, if any) and interest and other debt service charges on the Indebtedness guaranteed due in such Fiscal Year; provided, however, that if the Education Corporation is actually required to make any payment in respect of such Indebtedness, the total amount payable by the Education Corporation in respect of such guarantee or other obligation in such Fiscal Year shall be included in any computation of the Annual Debt Service Requirements of the Education Corporation for such year and the amount payable by the Education Corporation in respect of such guarantee or other obligation in any future Fiscal Year shall be included in any computation of the estimated Annual Debt Service Requirements for such Fiscal Year.

Limitations on Indebtedness. The Education Corporation agrees in the Covenant Agreement that it will not incur, assume, or otherwise become liable for any capital or operational lease obligations or cause any additional Indebtedness secured in whole or in part by the Facilities, to be issued for its benefit, other than as follows (collectively, “**Permitted Indebtedness**”):

(a) Additional Indebtedness. Indebtedness issued upon satisfaction of the following:

(i) No Default. A certificate signed by an Authorized Representative of the Education Corporation stating that no Event of Default is then existing under the Security Documents or any debt outstanding or any agreement entered into by the Education Corporation in conjunction with such debt; and

(ii) Historical Coverage on Outstanding Indebtedness. A certificate signed by an Authorized Representative of the Education Corporation stating that, for the Education Corporation's most recently completed Fiscal Year immediately preceding the issuance of the Permitted Indebtedness, the Education Corporation's Net Income Available for Debt Service was equal to at least 1.10 times Annual Debt Service Requirements; and

(iii) Projected Coverage for Additional Indebtedness. Delivery of a report of an Accountant stating that the estimated Maximum Annual Debt Service for all Indebtedness then outstanding, including the proposed Indebtedness to be incurred, is less than (ii) twenty percent of estimated Gross Revenue for the most recent fiscal year for which a budget has been adopted. The report shall take into account (i) the audited results of operations and verified enrollment of the Project for the most recently completed Fiscal Year and (ii) the projected enrollment for the Fiscal Year immediately following the completion of the planned Capital Improvements Project, and shall assume that the proposed additional Indebtedness shall have been outstanding for the entire year.

(b) Alternate Coverage for Additional Indebtedness. In lieu of the requirements described above, the Education Corporation may deliver a certificate of an Authorized Representative of the Education Corporation stating that, based on the audited results of the operations for the most recently completed Fiscal Year, the Education Corporation's Net Income Available for Debt Service equals at least 1.10 times Maximum Annual Debt Service on the aggregate of all parity Indebtedness then Outstanding plus the proposed additional Indebtedness.

(c) Refunding Indebtedness. If additional Indebtedness is being issued for the purpose of refunding any Outstanding Indebtedness, the reports required by paragraphs (a)(ii) and (a)(iii) above to be delivered shall not apply so long as both the total debt service requirements and Maximum Annual Debt Service Requirements on all Outstanding Indebtedness after issuance of the additional Indebtedness will not exceed both the total debt service requirements and the Maximum Annual Debt Service Requirements on all Outstanding Indebtedness prior to the issuance of such additional Indebtedness.

Filing of Financial Statements and Other Information

Audits; Financial Statements; Reports; Annual Certificate. The Education Corporation agrees that it will have its books and records audited annually, in accordance with State law as soon as practicable after the close of each Fiscal Year and no later than the requirement set forth in the Continuing Disclosure Agreement, and is to furnish to the Trustee no later than December 1 of each year, a copy (which may be sent electronically) of the annual audited financial report (together with any management letter delivered by the auditors).

The Education Corporation agrees that it will maintain and make available to the Issuer, the Beneficial Owners, and the Trustee proper books of records and accounts of all of its operations with full, true and correct entries of all of its dealings substantially in accordance with practices generally used for nonprofit corporations and such other data and information as may reasonably be requested by the Issuer, the Beneficial Owners and the Trustee from time to time. The recipients of such books and records shall not further reproduce or distribute such books and records.

The Education Corporation shall provide to the Trustee, acting as dissemination agent, the following information:

(a) a copy (which may be sent electronically) of Education Corporation’s adopted annual budget for the present Fiscal Year no later than June 1 of each year and a copy of revisions, if any, to Education Corporation’s annual budget as approved by its governing board;

(b) within sixty (60) days following the end of each quarter, unaudited financial statements for the previous quarter reflecting revenues and expenses in comparative form with Education Corporation’s operating budget submitted by Education Corporation to its governing board (which may be sent electronically);

(c) within ten (10) days from the end of each calendar month, a copy (which may be by electronic transfer) of each report on enrollment by grade, headcount, membership, attendance and any other similar reports as requested.

Investor Calls. Within thirty (30) days following receipt by the Dissemination Agent of the audited financial statements of the Education Corporation for the fiscal year ended June 30, 2022 and within thirty (30) days following receipt by the Dissemination Agent of the audited financial statements for each fiscal year thereafter, the Education Corporation is to organize and schedule a conference call for the benefit of the Beneficial Owners of the Bonds. The Education Corporation is to cause notice of such conference calls setting forth the date, time and call-in information of such conference calls to be given to the Dissemination Agent, the Issuer, the then current Beneficial Owners of the Bonds and to the public in general and is to provide or cause the Dissemination Agent to provide notice of such conference calls to be posted on the Municipal Securities Rulemaking Board’s (“MSRB’s”) Electronic Municipal Market Access (“EMMA”) website in a timely manner but in no event less than ten (10) Business Days prior to the dates set for such conference calls.

Certain Defined Terms

See “APPENDIX F—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, USE AGREEMENT, AND LEASE” for certain definitions used in this Limited Offering Memorandum relating to the Covenant Agreement, the Indenture, the Lease, the Loan Agreement, and the Pledge and Security Agreement.

The Indenture

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: (a) all right, title and interest of the Issuer in and to the Loan Agreement, including all loan payments, revenues and receipts payable or receivable thereunder (other than the Issuer’s Reserved Rights); (b) all right, title and interest of the Issuer in and to the Promissory Notes; and (c) all moneys and securities from time to time held by the Trustee under the Indenture (other than the Rebate Fund). The Indenture provides that all Series 2021 Bonds issued thereunder shall be special limited revenue obligations of the Issuer, payable solely from and secured solely by the Trust Estate. Pursuant to the Mortgages, the Borrower will grant Mortgage liens on and security interests in the Facilities to the Trustee and the Issuer, and the Issuer will assign its interest in the Mortgages to the Trustee. In the Loan Agreement, the Borrower will covenant not to further encumber the Facilities other than for certain Permitted Encumbrances without the prior written consent of the Issuer and the Trustee. See “APPENDIX F—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, USE AGREEMENT, AND LEASE—Form of Indenture of Trust” in this Limited Offering Memorandum.

Revenue Fund

Pursuant to the terms of the Indenture, there is created a Revenue Fund. Unless otherwise provided in the Indenture, the Trustee shall promptly deposit all amounts received from the Education Corporation or the Borrower, or transferred pursuant to the Account Control Agreement, the Lease, or the Loan Agreement into the Revenue Fund.

Amounts in the Revenue Fund shall be transferred by the Trustee on each Loan Payment Date commencing on the November 5, 2021 Loan Payment Date, to the following Funds and Accounts in the following manner and in the order of priority indicated, provided that in the event funds in on any Loan Payment Date are insufficient to make any one or more of such transfers, any and all of such deficiencies will be remedied prior to making any transfers to any subordinated funds (based on the following order of priority) on any future Loan Payment Date:

- (a) First, to the Bond Fund:
 - (i) For deposit into the Interest Account of the Bond Fund, an amount equal (i) to one-third (1/3) (or such other pro-rated amount, adjusted as necessary) of the amount of interest that will become due on the Bonds on the next Interest Payment Date, including default interest (after taking into account any amounts on deposit in the Interest Account of the Bond Fund, and as shall be available to pay interest on the Bonds on such next succeeding Interest Payment Date); and
 - (ii) commencing on that Loan Payment Date as shall precede the first principal payment date (including such principal as shall become due as a mandatory Sinking Fund Installment payment) by one-sixth (1/6) Loan Payment Dates, for deposit into the Principal Account of the Bond Fund, an amount equal to at least one-sixth (1/6) (or such other pro-rated amount, adjusted as necessary) of the amount of the principal payment or Sinking Fund Installment of the Bonds Outstanding becoming due;
- (b) Second, an amount equal to replenish any deficiencies in the Debt Service Reserve Fund, if any;
- (c) Third, to the Rebate Fund to pay any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement;
- (d) Fourth, to the Repair and Replacement Reserve Fund beginning on July 5, 2025, an amount required to fund the annual amount of the Repair and Replacement Fund Requirement (or such other pro-rated amount, adjusted as necessary) of the amount equal to the Repair and Replacement Fund Requirement; and
- (e) Fifth, all remaining funds shall be paid to the Borrower and used for any authorized purpose.

Bond Fund

Pursuant to the terms of the Indenture, there is created a Bond Fund, including the following subaccounts within such Bond Fund:

- (a) a Principal Account, and within such Principal Account, a Series 2021A subaccount and a Series 2021B subaccount;

(b) an Interest Account, and within such Interest Account, a Series 2021A subaccount and a Series 2021B subaccount;

(c) a Sinking Fund Installment Account, and within such Sinking Fund Installment Account, a Series 2021A subaccount and a Series 2021B subaccount; and

(d) a Redemption Account, and within such Redemption Account, a Series 2021A subaccount and a Series 2021B subaccount.

The Trustee is required under the Indenture to promptly deposit the following receipts into the Bond Fund:

(a) The interest accruing on any Series of Bonds from the date of original issuance thereof to the date of delivery, which shall be credited to the respective Interest Account of the Bond Fund and applied to the payment of interest on such Series of Bonds.

(b) Amounts disbursed from the Project Fund for the payment of interest on the Bonds during the period of Project Work, which shall be credited to the Series 2021A Bonds Subaccount and the Series 2021B Bonds Subaccount of the Interest Account of the Bond Fund and applied to the payment of interest on the Initial Bonds;

(c) Excess or remaining amounts in the Project Fund required to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and the Indenture, or to the Debt Service Reserve Fund to the extent of any deficiency therein) (i) in the applicable subaccount of the Redemption Account of the Bond Fund, which shall be kept segregated from any other moneys within such Account, or (ii) in the applicable subaccounts of the accounts of the Bond Fund.

(d) Loan payments received by the Trustee pursuant to the Loan Agreement or transfers from the Revenue Fund, which shall be deposited in and credited, to the extent necessary pro rata, first to the subaccounts of the Interest Account, second to the subaccounts of the Principal Account, and third to the subaccounts of the Sinking Fund Installment Account of the Bond Fund.

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

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

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

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

(i) Amounts in the Renewal Fund required by the Indenture or by the Mortgages 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 the Indenture or to the Debt Service Reserve Fund to the extent of any deficiency therein) to the applicable subaccounts of the Redemption Account of the Bond Fund.

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

(k) Any amounts transferred from the accounts of the Debt Service Reserve Fund pursuant to the Indenture, which shall be deposited in and credited to the respective subaccounts of the Interest Account, the Principal Account, the Sinking Fund Installment Account, or the Redemption Account, as the case may be, of the Bond Fund.

Application of Moneys in the Bond Fund.

Moneys in the Bond Fund shall be applied as follows pursuant to the terms of the Indenture:

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

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

There shall be paid from the applicable subaccounts of the Sinking Fund Installment Account of the Bond Fund to the Paying Agents on each Sinking Fund Installment payment date in immediately available funds the amounts required for the Sinking Fund Installment due and payable with respect to Bonds which are to be redeemed from Sinking Fund Installments on such date (accrued interest on such Bonds being payable from the applicable subaccounts of the Interest Account of the Bond Fund). Such amounts shall be applied by the Paying Agents to the payment of such Sinking Fund Installment when due. The Trustee shall call for redemption, in the manner provided in Article VI, Bonds for which Sinking Fund Installments are applicable in a principal amount equal to the Sinking Fund Installment then due with respect to such Bonds. Such call for redemption shall be made even though at the time of mailing of the notice of such redemption sufficient moneys therefor shall not have been deposited in the Bond Fund.

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

order of the due dates of such Sinking Fund Installments until the full principal amount of such Bonds so purchased or redeemed shall have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such Sinking Fund Installment for the purposes of any calculation thereof under the Indenture. The Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in the Indenture. Amounts in the subaccounts of the Redemption Account to be applied to the redemption of Bonds shall be paid to the respective Paying Agents on or before the redemption date and applied by them on such redemption date to the payment of the Redemption Price of the Bonds being redeemed plus interest on such Bonds accrued to the redemption date.

In connection with purchases of Bonds out of the Bond Fund as provided in the Indenture, the Borrower shall arrange and the Trustee shall execute such purchases (through brokers or otherwise, and with or without receiving tenders) at the written direction of the Borrower. The payment of the purchase price shall be made out of the moneys deposited in the related subaccount of the Redemption Account of the Bond Fund and the payment of accrued interest shall be made out of moneys deposited in the related subaccount of the Interest Account of the Bond Fund.

The Issuer shall receive a credit in respect of Sinking Fund Installments for any Bonds which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Issuer or the Borrower to the Trustee on or before the 45th day next preceding any Sinking Fund Installment payment date and for any Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installment Account) and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment (whether pursuant to the Indenture or otherwise). Each Bond so delivered, cancelled or previously purchased or redeemed shall be credited by the Trustee at 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 subaccounts 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 Borrower shall on or before the 45th day next preceding each Sinking Fund Installment payment date furnish the Trustee with the certificate of an Authorized Representative of the Borrower indicating whether or not and to what extent the provisions of the Indenture are to be availed of with respect to such Sinking Fund Installment payment, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment will be paid on or prior to the next succeeding Sinking Fund Installment payment date.

Moneys in the Redemption Account of the Bond Fund which are not set aside or deposited for the redemption or purchase of Bonds shall be transferred by the Trustee to the Interest Account, to the Principal Account or to the Sinking Fund Installment Account of the Bond Fund.

Project Fund Draws

Pursuant to the terms of the Indenture, the Trustee is to apply the amounts on deposit in the Project Fund to the payment, or reimbursement to the extent the same have been paid by or on behalf of the Borrower or the Issuer, of Project Costs (excluding interest on the Bonds during the period of Project construction and renovation) to the extent requisitioned under the following paragraph. The Trustee is required to (a) automatically transfer amounts on deposit in the Series 2021A Bonds Capitalized Interest

Account of the Project Fund to the Series 2021A subaccount of the Interest Account of the Bond Fund in an amount up to the amount of interest due and payable on the Series 2021A Bonds on the next succeeding Interest Payment Date on or prior to such Interest Payment Date and (b) amounts on deposit in the Series 2021B Bonds Capitalized Interest Account of the Project Fund to the Series 2021B subaccount of the Interest Account of the Bond Fund in an amount up to the amount of interest due and payable on the Series 2021B Bonds on the next succeeding Interest Payment Date on or prior to such Interest Payment Date.

The Trustee is authorized to disburse from the Project Fund amounts required to pay (in whole or in part) the Project Costs and is directed to issue its checks (or, at the direction of the Borrower, make wire transfers) for each disbursement from the Project Fund for the Project Costs, upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Borrower and approved by the Construction Monitor; provided, however, that the Trustee is to retain in the Project Fund an amount equal to the lesser of (a) 1% of the original principal amount of the Series 2021A Bonds or (b) \$500,000, until an Authorized Representative of the Borrower is to have delivered the completion certificate and other documents required by the Loan Agreement.

Except with respect to the purchase of the land for the Richmond Prep Campus by the Borrower on the date of issuance of the Series 2021 Bonds and the disbursement of a portion of the proceeds of the Series 2021 Bonds on such date, the requisition from the Project Fund is to be accompanied by bills or invoices (stamped "paid" by the Person to whom payment was due or with other evidence of payment if reimbursement is to be made to the Borrower), including evidence that the bill, invoice or other evidence was not incurred on a date prior to sixty (60) days prior to the date of adoption by the Issuer or the Borrower of the Reimbursement Resolution for the Project. Such requisition is to be as set forth in Exhibit D — "Form of Requisition from the Project Fund" attached to the Indenture and is to be submitted to the Trustee. The Trustee is to disburse amounts from the Project Fund not later than five (5) Business Days following the receipt of the executed requisition and accompanying bills or invoices, except that any such requisition and accompanying bills or invoices submitted on the Closing Date is to have disbursements made by the Trustee on such Closing Date. The Trustee is to be entitled to conclusively rely on the correctness and accuracy of such requisition as well as the propriety of the signature thereon.

In addition to the foregoing, any requisition submitted to the Trustee for costs of construction, improving and/or renovating the Facility Realty is to be accompanied by a notice of title continuation or an endorsement to the title insurance policies theretofore delivered pursuant to the Loan Agreement, indicating that since the last preceding disbursement of any amounts held in the Project Fund, there has been no change in the state of title and no exceptions not theretofore approved by the Issuer and the Trustee, which notice or endorsement is to contain no exception for inchoate mechanic's liens (and such affirmative insurance relating thereto as the Issuer and/or the Trustee is to require) and is to have the effect of redating such policies to the date of the disbursement then being made and increasing the coverage of the policies by an amount equal to the disbursement then being made if the policies do not by their terms provide for such an increase.

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

The Trustee is to on written request furnish to the Issuer and the Borrower within a reasonable time period a written statement of disbursements from the Project Fund, enumerating, among other things, item, cost, amount disbursed, date of disbursement and the person to whom payment was made, together with copies of all bills, invoices or other evidences submitted to the Trustee for such disbursement.

The completion of the Richmond Prep Campus is to be evidenced as set forth in the Loan Agreement including the filing of the certificate of an Authorized Representative of the Borrower referred to therein. Upon the filing of such certificate, the balance in the Project Fund in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the costs of the Project, is to, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and the Indenture, be deposited by the Trustee in the Redemption Account of the Bond Fund for the Series 2021A Bonds, pro rata. Upon payment of all the costs and expenses incident to the completion of the Richmond Prep Campus, any balance of such remaining amount in the Project Fund, shall, after making any such transfer to the Rebate Fund, and after depositing in the Debt Service Reserve Fund an amount equal to any deficiency therein, be deposited in the Redemption Account of the Bond Fund to be applied to the redemption of Series 2021A Bonds, at the earliest practicable date. The Trustee is to promptly notify the Borrower of any amounts so deposited in the Redemption Account of the Bond Fund pursuant to Indenture as described under this heading.

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

All earnings on amounts held in the Project Fund (a) prior to the Project Completion Date, shall remain in the Project Fund, and (b) after the Project Completion Date, shall be transferred by the Trustee and deposited in the Series 2021A Interest Subaccount of the Interest Account of the Bond Fund.

Events of Default under the Indenture

Each of the following events constitutes 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 redemption premium, if any, of, or Sinking Fund Installment for, any Bonds, when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon to the date of redemption after notice of redemption therefor or otherwise;
- (c) Failure of the Issuer to observe or perform any covenant, condition or agreement in the Bonds or under the Indenture on its part to be performed (except as set forth in (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 Borrower specifying the nature of same from the Trustee or the Holders of more than 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 Borrower fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice; or

(d) The occurrence of an “Event of Default” under the Loan Agreement (as described below under the heading “—Events 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 Borrower) or the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding (by notice in writing to the Issuer, the Borrower 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, 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 Facilities shall not have been sold or otherwise encumbered, and all defaults have been otherwise remedied as provided in Article VIII of 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 Borrower full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged in any notice received by the Borrower 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 Borrower as performance by the Issuer.

Pursuant to the Account Control Agreement, upon the happening and continuance of any Event of Default, the Trustee, as Secured Party under the Account Control Agreement, shall withdraw any funds on deposit in the Accounts (as defined in the Account Control Agreement, but subject to the limitations in the Indenture) which are required to pay, and such funds shall be applied to pay, principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds.

Events of Default under the Loan Agreement

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

(a) Failure of the Borrower to pay any loan payment that has become due and payable by the terms of the Loan Agreement;

(b) Failure of the Borrower to pay any amount (except as set forth in subsection (a) 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 and continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Borrower specifying the nature of such failure by the Issuer or the Trustee or the Holders of more than 25% in aggregate principal amount of the Bonds Outstanding;

(c) Failure of the Borrower to observe and perform any covenant, condition or agreement under the Loan Agreement on its part to be performed (except as set forth in subsection (a) and (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 Borrower specifying the nature of same by the Issuer or the Trustee or the Holders of more than 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 Borrower fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice;

(d) The Borrower shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner or acquiesce in writing to, any petition filed against itself in an involuntary case under the Federal Bankruptcy Code, (vii) take any action for the purpose of effecting any of the foregoing, or (viii) be adjudicated a bankrupt or insolvent by any court;

(e) A proceeding or case shall be commenced, without the application or consent of the Borrower, in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Borrower or of all or any substantial part of its assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or any order for relief against the Borrower shall be entered in an involuntary case under such Bankruptcy Code; the terms "dissolution" or "liquidation" of the Borrower as used above shall not be construed to prohibit any action otherwise permitted by the Loan Agreement;

(f) Any representation or warranty made by the Borrower (i) in the application and related materials submitted to the Issuer or the Underwriter of the Bonds for approval of the Project or its financing, or (ii) herein or in any other Project Document, or (iii) in the Letter of Representation and Indemnity Agreement dated the Closing Date and delivered to the Issuer, the Trustee and the Underwriter of the Bonds, or (iv) in the Tax Regulatory Agreement, or (v) by or on behalf of the Borrower or any other Person in any Required Disclosure Statement, or (vi) in any report, certificate, financial statement or other instrument furnished pursuant hereto or any of the foregoing, shall in any case prove to be false, misleading or incorrect in any material respect as of the date made;

- (g) The commencement of proceedings to appoint a receiver or to foreclose any mortgage lien on or security interest in the Facilities including the Mortgage;
- (h) An “Event of Default” under the Indenture as described above under the heading “—Events of Default under the Indenture” or under any other Security Document shall occur and be continuing;
- (i) The occurrence of a Living Wage Agreement Event of Default;
- (j) Failure of the Borrower to pay the amount required of it under the Loan Agreement when required thereunder;
- (k) Termination of the Lease; or
- (l) Revocation, loss, or nonrenewal of the Charter of the Education Corporation.

Acceleration

Upon the occurrence of certain events, on the conditions, in the manner and with the effect set forth in the Indenture and the Loan Agreement, payment of the principal of and accrued interest on the Series 2021 Bonds and Additional Bonds may be accelerated under the Indenture and the Loan Agreement. See “RISK FACTORS,” “APPENDIX F—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, USE AGREEMENT, AND LEASE—Form of Loan Agreement—*Events of Default*,” and “—Remedies on Default,” and “APPENDIX F—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, USE AGREEMENT, AND LEASE—Form of Indenture of Trust—*Events of Default; Acceleration of Due Date*” in this Limited Offering Memorandum.

Debt Service Reserve Fund

The Indenture creates the Debt Service Reserve Fund for the benefit of the Series 2021A Bonds. The Debt Service Reserve Fund Requirement for the Debt Service Reserve Fund is computed as follows:

- (a) with respect to the Series 2021A Bonds, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) equal to the lesser of:
 - (i) 10% of the Stated Principal Amount (as defined in the Tax Regulatory Agreement) of the Outstanding Series 2021A Bonds;
 - (ii) 100% of the greatest amount required in the then current or any future calendar year to pay the sum of the scheduled principal and interest payable on Outstanding Series 2021A Bonds; or
 - (iii) 125% of the average annual amount required in the then current or any future calendar year to pay the sum of scheduled principal and interest on Outstanding Series 2021A Bonds.
- (b) with respect to any Series of Additional Bonds, such amount as shall be set forth in the Supplemental Indenture entered into in connection with the issuance of such Additional Bonds.

If on any Interest Payment Date or Redemption Date on the Series 2021A Bonds, the amount in the Interest Account of the Bond Fund (after taking into account amounts available to be transferred to the Interest Account of the Bond Fund from the Project Fund) shall be less than the amount of interest then due and payable on the Series 2021A Bonds, or if on any principal payment date on the Series 2021A Bonds the amount in the Principal Account of the Bond Fund shall be less than the amount of principal of the Series 2021A Bonds then due and payable, or if on any Sinking Fund Installment payment date for the Series 2021A Bonds the amount in the Sinking Fund Installment Account of the Bond Fund shall be less than the amount of the Sinking Fund Installment then due and payable on the Series 2021A Bonds, in each case, after giving effect to all payments received by the Trustee in immediately available funds by 10:00 a.m. (New York City time) on such date from or on behalf of the Borrower or the Issuer on account of such interest, principal or Sinking Fund Installment, the Trustee shall transfer moneys from the Debt Service Reserve Fund, first, to such Interest Account, second, to such Principal Account, and third, to such Sinking Fund Installment Account, all to the extent necessary to make good any such deficiency.

In the event that the Borrower shall deliver written notice to the Trustee of its intention to redeem the Series 2021A Bonds, the Borrower may direct the Trustee to apply such amounts in the Debt Service Reserve Fund to effect such redemption such that the amount remaining in the Debt Service Reserve Fund upon such redemption shall not be less than the reduced Debt Service Reserve Fund Requirement as will be applicable to the remainder of the Series 2021A Bonds Outstanding.

The Series 2021B Bonds are not secured by the Debt Service Reserve Fund.

Repair and Replacement Fund

The Repair and Replacement Fund is a special trust fund so designated, established pursuant to the Indenture. The Repair and Replacement Fund Requirement, means a total amount equal to \$200,000, payable in five equal annual installments of \$40,000 beginning July 5, 2025 and continuing annually for five (5) consecutive years, such amount is subject to change pursuant to the Covenant Agreement, the Loan Agreement and the Indenture, provided that such amount shall not be decreased so long as the Bonds are Outstanding.

There shall be deposited into the Repair and Replacement Fund as and when received (a) all payments by the Borrower pursuant to the Loan Agreement and all transfers received pursuant to the Indenture, (b) all other moneys deposited into the Repair and Replacement Fund pursuant to the Loan Agreement or the Indenture, and (c) all other moneys received by the Trustee when accompanied by directions not inconsistent with the Loan Agreement or the Indenture that such moneys are to be paid into the Repair and Replacement Fund. There shall also be retained in the Repair and Replacement Fund, interest and other income received on investment of moneys in the Repair and Replacement Fund to the extent provided in the Indenture.

The Repair and Replacement Fund shall be in the custody of the Trustee, and, absent an Event of Default under the Indenture, the Trustee is authorized and directed to make each disbursement authorized or required by the provisions of the Indenture and to issue its checks therefor. The Trustee shall keep and maintain adequate records pertaining to the Repair and Replacement Fund and all disbursements therefrom and shall annually file an accounting thereof with the Issuer and the Borrower.

Payments shall be made from the Repair and Replacement Fund upon receipt by the Trustee of a written requisition from an Authorized Representative of the Borrower setting forth the amount and the payee for the purpose of paying the cost of maintenance and replacements which may be required to keep each Facilities in sound condition, including but not limited to replacement of equipment, replacement of

any roof or other structural component, painting, carpeting, flooring, and the repair or replacement of heating, air conditioning, plumbing and electrical equipment.

Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Repair and Replacement Fund shall be credited to the Repair and Replacement Fund.

Notwithstanding any provision of the Indenture to the contrary, during the occurrence and continuance of an Event of Default, the Trustee may use any moneys on deposit in the Repair and Replacement Fund for payment of its fees and expenses as provided in the Indenture.

In the Covenant Agreement, The Education Corporation agrees to cause a Facilities Consultant to complete a capital needs assessment of the Education Corporation projecting the Education Corporation's capital needs for the Facilities and the total cost thereof for the five-year period commencing on the immediately following July 5 (each a "**Capital Needs Assessment**") no later than June 30, 2031, and every fifth anniversary thereafter as long as the Bonds are Outstanding. The total cost set forth in a Capital Needs Assessment less the amount then on deposit in the Repair and Replacement Funds, divided by 30, shall be the "**Repair and Replacement Fund Requirement**" for such five-year period. The Repair and Replacement Requirement for each future period shall be at least the amount provided for in the definition of Repair and Replacement Fund Requirement for the Facilities.

The Borrower covenants to cause to be deposited into the Repair and Replacement Fund, a portion of the Rents due under the Lease to fund the Repair and Replacement Fund on the dates set forth therein, until the annual amount of such deposits total the Repair and Replacement Fund Requirement for such year. The Borrower shall replenish any draws made on the Repair and Replacement Fund by causing to be paid to the Trustee for deposit in the Repair and Replacement Fund in thirty (30) equal bi-monthly amounts as required by the Indenture and Loan Agreement until the Repair and Replacement Fund Requirement is met; provided, however, if amounts on deposit in the Repair and Replacement Fund are in excess of the Repair and Replacement Fund Requirement, the Borrower shall not be required to replenish draws on the Repair and Replacement Fund; and, provided, further, however, nothing contained herein, shall prohibit the Borrower from depositing amounts into the Repair and Replacement Fund in excess of the Repair and Replacement Fund Requirement.

Defeasance

Upon certain terms and conditions specified in the Indenture, including provision for the payment of such Bonds, the Series 2021 Bonds or portions thereof will be deemed to be paid and the security provided in the Indenture, the Mortgages and the other Security Documents may be discharged prior to maturity or redemption of the Series 2021 Bonds. In that case, the Series 2021 Bonds will be secured solely by the cash and securities deposited with the Trustee for such purpose. See "APPENDIX F—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, USE AGREEMENT, AND LEASE—Form of Indenture of Trust" in this Limited Offering Memorandum.

Waivers of Default

Pursuant to the terms of the Indenture, the Trustee shall waive any default thereunder 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 Borrower, 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 Remedies

Notwithstanding any provision of the Indenture or of any other Security Document, upon the occurrence of an Event of Default, no such remedy or other action (whether exercised by the Trustee, the Majority Holders or the Holders of the Bonds) shall have the effect of (a) continuing the exemption from the mortgage recording tax of the Mortgages upon any restructuring of the underlying indebtedness secured by the Mortgages (a “**Mortgages Restructuring**”), (b) amending or terminating any Security Document (other than through a forbearance) to which the Issuer is a party (a “**Security Document Action**”) or (c) substituting for the Borrower and/or the Education Corporation, 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 Facilities (a “**Substitute Entity**”), unless, in either case, a reasonable description of such Mortgage Restructuring, Security Document Action and/or Substitute Entity shall have been set forth in a writing delivered to the Issuer together with a request for approval (the “**Notice**”) and (a) the Mortgage Restructuring, Security Document Action and/or Substitute Entity shall be approved in writing by the Issuer, such approval not to be unreasonably withheld or delayed (and which approval may, in the sole discretion of the Issuer, be subject to action by the Issuer’s Board of Directors), and (b) there shall be delivered to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such Mortgages Restructuring, Security Document Action and/or Substitute Entity shall not cause the interest on any Outstanding Series 2021A Bonds to become subject to federal income taxation by reason of any such Mortgages Restructuring, Security Document Action and/or Substitute Entity. No Issuer consent is required for the entry into a forbearance agreement by the Trustee, the commencement of a foreclosure action under the Mortgage or the appointment of a receiver over the Borrower or any collateral for the Bonds. In connection with the retirement or surrender for cancellation of all of the Outstanding Bonds (other than as a result of the payment in full of all Outstanding Bonds), the Trustee agrees to provide written notice to the Issuer of such retirement or cancellation no later than fourteen (14) Business Days after the occurrence of the earlier of: (a) the Trustee’s receipt of direction to effectuate such retirement or cancellation, and (b) the Trustee’s receipt of surrendered Bonds for cancellation.

TRANSFER RESTRICTIONS

The Series 2021 Bonds are to be offered and sold (including in secondary market transactions) ONLY (1) SO LONG AS THIS BOND IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A OF THE SECURITIES ACT, TO A PERSON CONSTITUTING A “QUALIFIED INSTITUTIONAL BUYER” WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (2) TO AN “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT.

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 REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR INTEREST ON, THE SERIES 2021 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2021 BONDS. THE SERIES 2021 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2021 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR INTEREST ON, THE SERIES 2021 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, AGENT OR REPRESENTATIVE 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 the 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 depositing of the Series 2021 Bonds. 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 Borrower's Ability to Pay Loan Payments; Ability of School to Pay the Lease Rental Payments

Payment of principal of, redemption premium, if any, and interest on, the Series 2021 Bonds is intended to be made from Loan Payments made by the Borrower under the Loan Agreement and the Promissory Notes, except to the extent payment is intended to be made from other amounts held under the Indenture such as Series 2021 Bond proceeds or investment earnings. The Borrower has no significant assets or business other than the assets and business related to the Facilities. The ability of the Borrower to make Loan Payments will depend on the Borrower's ability to generate revenues sufficient to pay the Loan Payments, which will primarily depend on the ability of the Education Corporation to make payments under the Lease. See "APPENDIX A—INTEGRATION CHARTER SCHOOLS" and "APPENDIX C—BUDGET PROJECTION" in this Limited Offering Memorandum.

The Education Corporation's general revenues are a combination of state payments provided under several State and federal programs, including the Education Aid payments and Rental Assistance. See "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK" in this Limited Offering Memorandum. Rental Assistance alone will likely be insufficient to make the total payments due under the Lease. Prior enrollment history of the ICS Schools is no guaranty of future enrollment and revenues. See "APPENDIX A—INTEGRATION CHARTER SCHOOLS" and "APPENDIX C—BUDGET PROJECTION" in this Limited Offering Memorandum.

The amounts and the timing of future revenues of the Education Corporation cannot be determined with assurance. Prior revenues and expenditures of the Education Corporation are no guaranty as to future revenues and expenditures of the Education Corporation. Any event that would cause a delay, reduction or elimination of Education Aid or Rental Assistance would have a material adverse effect on the ability of the Education Corporation to pay the Lease Rental Payments under the Lease and therefore on the ability of the Borrower to make payments under the Loan Agreement and the Promissory Notes representing debt service on the Series 2021 Bonds.

Impact of COVID-19 on the Education Corporation

In late 2019, a novel strain of coronavirus (“**COVID-19**”) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and former President Trump declaring a national emergency. On March 1, 2020, the first case of COVID-19 was confirmed in the State. In response, New York Governor Andrew M. Cuomo declared a State of Emergency due to the COVID-19 pandemic on March 7, 2020. On March 16, 2020, Governor Cuomo issued Executive Order 202.4, which required all K–12 schools to temporarily close. Subsequent Executive Orders 202.11, 202.14, 202.18, and 202.28 extended such closure and ordered schools to remain in a remote learning stance for the remainder of the 2019–2020 academic school year. On June 5, 2020, Governor Cuomo issued Executive Order 202.37, allowing in-person special education services and instruction during the summer term, provided that any district offering such services follow state and federal guidance.

In September 2020, the New York State Education Department’s (“**NYSED**” or the “**Department**”) released reopening guidance entitled “*Recovering, Rebuilding, and Renewing: The Spirit of New York’s Schools,*” which required the Boards of Cooperative Education Services (“**BOCES**”), school districts, and charter schools to create comprehensive reopening plans with a schedule that includes in-person instruction, remote instruction or a hybrid of both in-person and remote.

On October 9, 2020, the New York State Department of Health issued Interim Guidance for In-Person Instruction at Pre-K to Grade 12 Schools During the COVID-19 Public Health Emergency, which was amended on April 9, 2021 (“**Interim Guidance**”). Schools may reopen if they follow guidelines that require mass testing in schools before they reopen followed by vigilant symptom and exposure screening conducted daily. For more information, see <https://forward.ny.gov/phase-four-industries>.

For the 2020–2021 school year, ICS Schools implemented a blended program. For parts of the year all ICS Schools were fully remote. ICS Schools are supporting online learning by providing Chromebooks and hot spots to students. ICS Schools plan to open fully in-person with a remote option for all students in the upcoming 2021-2022 school year. The Education Corporation anticipates the ICS Schools will be open for in person learning for the 2021–22 school year, commencing September 13, 2021.

The Education Corporation applied for and received a loan under the federal Paycheck Protection Program (“**PPP**”) in the amount of \$3,480,235.80 (the “**PPP Loan**”). The PPP Forgiveness Application was submitted and the PPP Loan was 100% forgiven on June 9, 2021.

For the 2021-22 school year, the Education Corporation anticipates commencing in person classes on September 13, 2021 with a remote option for all students. The Education Corporation also anticipates providing online options for students in need of such alternatives. Teachers are highly encouraged to be vaccinated. Students and teachers will be required to wear masks for all indoor learning.

COVID-19 has caused significant disruptions to the global, national, and State economies. The extent to which COVID-19 impacts the Education Corporation and its financial condition moving forward

will depend on future developments, which are highly uncertain and cannot be predicted by the Education Corporation or the Borrower, including the duration of the outbreak and measures taken to address the outbreak. The degree of any such impact to the Education Corporation's or the Borrower's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (a) duration, (b) severity and (c) ultimate geographic spread, as well as with regard to what actions may be taken by governmental authorities to contain or mitigate its impact. Nonetheless, there can be no assurances that the spread of COVID-19 will not materially adversely impact the financial condition of the Education Corporation or the Borrower.

Material adverse effects to the State's finances due to the continued spread of COVID-19 could affect the amount or timing of State aid appropriated to school districts, including charter schools such as the ICS Schools. In addition, while highly unlikely given the Education Corporation's high market demand, the spread of COVID-19 could have an adverse effect on future enrollment. For example, if it is perceived that competitors of the Education Corporation, including traditional public schools or other charter schools, are better equipped to handle the spread of COVID-19 or similar future outbreaks or to provide virtual learning, it could lead to lower enrollment in the future.

No Acceleration of Lease Rental Payments Upon an Acceleration of the Series 2021 Bonds

The Lease Rental Payments payable by the Education Corporation under the Lease are scheduled to pay amounts due under the Loan Agreement with respect to the regularly scheduled principal of and interest on the Series 2021 Bonds, but the Lease Rental Payments are not subject to acceleration even if there has been an acceleration of the principal of the Series 2021 Bonds.

No Taxing Authority; Dependence on Education Aid Payments and Rental Assistance

The Borrower and the Education Corporation do not possess any taxing authority and the Education Corporation 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 Education Corporation 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 Education Corporation for any reason, even a reason that is ultimately determined to be invalid or unlawful, it is likely that the Education Corporation would be forced to cease operations.

Failure of New York City Department of Education to Make Education Aid Payments or Rental Assistance to the Education Corporation

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 NYCDOE on behalf of the New York City Geographic District No. 31 ("**CSD 31**") with respect to the Education Corporation) fails to make a required bi-monthly payment of Education Aid to a charter school such as the ICS Schools. 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 NYCDOE on behalf of CSD 31 with respect to the Education Corporation) and instead will be paid directly by the Comptroller to the Education Corporation. 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 Rental Assistance that are described in Section 2853 of the Charter Schools Act. The NYCDOE letter notifying the Education

Corporation that it will receive Rental Assistance stated that the Rental Assistance will be paid consistently with the bi-monthly basis outlined in Section 2856(1)(b) of the Charter Schools Act.

Commencement of Rental Payments

Pursuant to the terms of the Lease, Rent will not be payable thereunder until completion of Phase I of the Project. In the event Phase I of the Project is not delivered before the date on which capitalized interest is no longer available to pay the interest on the Series 2021 Bonds, the Education Corporation will not be obligated to pay Rent under the Lease. Lease payments by the Education Corporation are expected to be the sole source of revenue to pay debt service on the Series 2021 Bonds.

Delay in or Termination or Reduction of Education Aid or Rental Assistance

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 Rental Assistance. 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 Rental Assistance 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 Education Corporation to make the Lease Rental Payments required under the Lease.

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

Budget Projection

The Budget Projection prepared by the Education Corporation and contained in "APPENDIX C—BUDGET PROJECTION" is based upon certain assumptions made by the Education Corporation. No assurance can be given that the results described in the Budget Projection will be achieved. The Education Corporation does not intend to issue an additional Budget Projection and, accordingly, there are risks inherent in using the Budget Projection in the future as the Budget Projection becomes outdated. The Budget Projection is only for fiscal years ending June 30, 2022 through June 30, 2026, and does not cover the entire period during which the Series 2021 Bonds may be outstanding. See "APPENDIX C—BUDGET PROJECTION" in this Limited Offering Memorandum.

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

Non-Renewal or Revocation of Charter

The Charter may be terminated by the Authorizer for the grounds set forth in the Charter Schools Act. The Charter also provides that it may be terminated by mutual agreement of the parties. For more information regarding conditions under which the Charter may be revoked, the revocation procedure, and other information regarding the Charter and the Charter Schools Act, see “CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK,” “APPENDIX A—INTEGRATION CHARTER SCHOOLS—INTEGRATION CHARTER SCHOOLS—Charter Contract for the Education Corporation,” and “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Limited Offering Memorandum.

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

No Pledge of Revenues by the Education Corporation

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

Factors Associated with Education

There are a number of factors affecting schools in general, including the Education Corporation, that could have an adverse effect on the Education Corporation’s financial position and its ability to make the payments required under the Lease, and therefore on the ability of the Borrower to make Loan Payments under the Loan Agreement. These factors include, but are not limited to (a) the ability to attract a sufficient number of students; (b) future legislation and regulations affecting charter schools and the educational system in general; (c) 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; (d) increased costs of attracting and retaining or a decreased availability of a sufficient number of teachers, including as related to any unionization of one or more of the ICS Schools’ work force with consequent impact on wage scales and operating costs of the Education Corporation; (e) cost and availability of insurance for charter schools in the State; and (f) changes in existing statutes pertaining to the powers of the Education Corporation and legislation or regulations which may affect program funding. The Education Corporation cannot assess or predict the ultimate effect of these factors on its operations or the financial results of operations.

Competition for Students

The Education Corporation competes for students primarily within the geographic area of CSD 31, as well as other surrounding CSDs, and with other public schools and charter schools within the Staten Island, New York area. There are currently approximately 8 charter schools serving grades a combination of grades Kindergarten through grade 12 within CSD 31. Charter schools within a close proximity to the Facilities are in competition with Richmond Prep and other ICS Schools for students, including, but not limited to Bridge Preparatory Charter School, Hellenic Classical Charter School, New World Preparatory Charter School, and Staten Island Hebrew Public Charter School. In the view of the Education Corporation, these schools are representative of the schools with which ICS Schools compete for students. One of the many impacts of the COVID-19 pandemic on education has been a national trend of decreased enrollment

of students, particularly those in lower grades, such as kindergarten. The decrease in enrollment will increase competition for students among schools. See “APPENDIX A—INTEGRATION CHARTER SCHOOLS—Service Area” and “—Competing Schools” in this Limited Offering Memorandum. No assurance can be given that the Education Corporation will attract and retain the number of students that are needed to produce revenue necessary to pay the principal of and interest on the Series 2021 Bonds, or that additional schools will not be created in or near the ICS Schools’ service area.

Foreclosure Delays and Deficiency

Should Loan Payments be insufficient to pay the principal of and interest on the Series 2021 Bonds, the Trustee may seek to foreclose each of the Mortgages as provided in the Indenture and subject to the provisions set forth above, and sell the Facilities securing the Series 2021 Bonds. However, no assurance can be given that the value of the Facilities 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 Facilities from the Borrower and the Education Corporation in the event of any default or dispute under the Loan Agreement.

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

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

Reliance on Projections

The Education Corporation’s projections of revenue and expenditures for the fiscal year ending June 30, 2022 and the projections of future revenues and expenses contained in “APPENDIX C—BUDGET PROJECTION” herein were prepared by the Education Corporation and have not been independently verified by any other party. The projections are forward-looking statements and are subject to the general qualifications and limitations described under “RISK FACTORS” above. Neither the Underwriter nor the Issuer has independently verified such 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 the Education Corporation’s fiscal years through 2026, and consequently do not cover the entire period that the Series 2021 Bonds will be outstanding.

The projections are derived from the Education Corporation’s assumptions about future student enrollment, revenues, and expenses. There can be no assurance that the actual enrollment and revenues and expenses for the Education Corporation will be consistent with the assumptions underlying such projections. Further, no guarantee can be made that such projections of revenues and expenses 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 Education Corporation, and the ongoing effects of the COVID-19 pandemic have added greater uncertainties about future prospects. Actual operating results may be affected by many factors, including, but not limited to, the failure to complete construction of the Richmond Prep Campus, increased costs, lower than anticipated revenues (as a result of insufficient enrollment, reduced State of New York funding, or otherwise), employee relations, changes in applicable government regulation, changes in demographic trends, changes in education competition, changes in State or local economic conditions, and other effects of the COVID-19 pandemic that cannot be predicted or guaranteed at this time. Refer to “APPENDIX C—BUDGET PROJECTION” to review certain information relevant to the projections and to consider the various factors that could cause actual results to differ significantly from projected results. Refer to “RISK FACTORS,” above, 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 CAN BE NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS UNDERLYING SUCH PROJECTIONS. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, CHANGES IN THE STATE’S FUNDING SYSTEM, UNANTICIPATED INCREASES IN COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED STATE OR FEDERAL AID PAYMENTS, OR OTHERWISE), THE COVID-19 PANDEMIC, EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENTAL REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN EDUCATION COMPETITION AND LOCAL OR GENERAL ECONOMIC CONDITIONS.

Key Personnel

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

Additional Indebtedness

Pursuant to the Covenant Agreement, the Education Corporation will covenant that it will only incur Indebtedness in accordance with the restrictions imposed by the Covenant Agreement. No assurance can be given that the Issuer will not issue Additional Bonds for the benefit of the Borrower or the Education Corporation will not incur Additional Indebtedness in the future. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS—Covenants of the Education Corporation; Additional Indebtedness—Limitations on Indebtedness” and “APPENDIX F—FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, USE AGREEMENT, AND LEASE—Form of Indenture of Trust” in this Limited Offering Memorandum.

Forward-Looking Statements

This Limited Offering Memorandum contains certain statements that are “forward-looking” statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this

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

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

Real Property Tax Exemption

Under present State law and rulings, property owned by charter schools is exempt from real property taxes levied by political subdivisions of the State so long as such property is used for the exempt purpose of the Education Corporation, and real property owned by most not-for-profit corporations with 501(c)(3) status are likewise exempt from real property taxes. To the extent real property taxes are levied against the Facilities, the Education Corporation is required to pay real property taxes under the Lease. After acquiring the Site, the Borrower must file an application for exemption from real property taxes based on the fact that it is a charitable organization using the property in connection with its charitable purposes. Assuming such exemption is granted, such real property tax exemption will be retroactive to the date the Borrower acquired the Site. Therefore, it is anticipated that from and after the date of acquisition of the Site, the Borrower will be exempt from real property taxes with respect to the Site. Nevertheless, such laws, regulations, and rulings are subject to change, and no assurance can be given that any future change in exempt status would not have a material adverse effect on the Borrower and the Education Corporation. If the Borrower or the Education Corporation is required to pay real property taxes with respect to the

Facilities in the future, it would have a negative impact on the cashflow of the Borrower and the Education Corporation. The Education Corporation has assumed for purposes of the Budget Projection that the Borrower and School will be exempt from real property taxes with respect to the Facilities; however, no assurance can be given that such exemption will be granted.

Tax-Exempt Status of the Borrower

The Borrower is a New York not-for-profit corporation determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code. Under present federal law, regulations and rulings, the income and revenue of not-for-profit, 501(c)(3) qualified exempt organizations are exempt from federal income tax, except for any unrelated business income as defined in the Code, and their revenues are exempt from the State sales tax except for certain services. If the Borrower fails to meet the requirements necessary to preserve its status as a not-for-profit corporation and a tax-exempt charitable organization under Section 501(c)(3) of the Code, the Borrower could experience expenses which are greater than those projected in “APPENDIX C—BUDGET PROJECTION” and revenues which are lower than those projected in “APPENDIX C—BUDGET PROJECTION”, which would adversely affect the Borrower’s ability in the future to pay the Loan Payments due under the Loan Agreement and the Promissory Notes. In addition, if the Borrower were to lose its status as a not-for-profit corporation and a tax-exempt organization, the tax-exempt status of the Series 2021A Bonds would also be adversely affected. The Borrower will covenant in the Tax Regulatory Agreement that it will not take any actions or fail to take any actions, the result of which would adversely affect the Borrower’s status as a not-for-profit corporation and its status as a tax-exempt charitable organization under Section 501(c)(3) of the Code.

Tax-Exempt Status of the Education Corporation

The Education Corporation is a New York not-for-profit education corporation authorized to operate one or more public charter schools pursuant to its Charter. The Education Corporation has been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code. Under present federal law, regulations and rulings, the income and revenue of not-for-profit, 501(c)(3) qualified exempt organizations are exempt from federal income tax, except for any unrelated business income as defined in the Code, and their revenues are exempt from the State sales tax except for certain services. If the Education Corporation fails to meet the requirements necessary to preserve its status as a not-for-profit education corporation and a tax-exempt charitable organization under Section 501(c)(3) of the Code, the Education Corporation could experience expenses which are greater than those projected in “APPENDIX C—BUDGET PROJECTION” and revenues which are lower than those projected in “APPENDIX C—BUDGET PROJECTION”, which would adversely affect the Education Corporation’s ability in the future to pay the Lease Rental Payments due under the Lease with respect to Series 2021 Bonds. In addition, if the Education Corporation were to lose its status as a not-for-profit education corporation and a tax-exempt organization, the tax-exempt status of the Series 2021A Bonds would also be adversely affected. The Education Corporation will covenant in the Covenant Agreement that it will not take any actions or fail to take any actions, the result of which would adversely affect the Education Corporation’s status as a not-for-profit corporation and its status as a tax-exempt charitable organization under Section 501(c)(3) of the Code.

IRS Compliance Program

The Internal Revenue Service has an active program of conducting examinations of tax-exempt bonds through its Tax-Exempt and Government Entities Division. Bond Counsel will render an opinion with respect to the tax-exempt status of interest on the Series 2021A Bonds, as described under the caption “TAX MATTERS – SERIES 2021A BONDS” in this Limited Offering Memorandum. However, neither the Borrower nor the Education Corporation has sought and neither is expected to seek, a ruling from the

Internal Revenue Service with respect to the tax-exempt status of the Series 2021A Bonds. No assurance can be given that the Internal Revenue Service will not examine the Series 2021A Bonds. If the Internal Revenue Service examines the Series 2021A Bonds, such examination may have an adverse impact on the marketability and price of the Series 2021A Bonds. See “TAX MATTERS – SERIES 2021A BONDS” in this Limited Offering Memorandum.

Tax-Exempt Status of the Series 2021A Bonds

The tax-exempt status of the interest on the Series 2021A Bonds is conditioned upon the Education Corporation and the Borrower complying with the requirements of the Code and applicable Treasury Regulations as they relate to the Series 2021A Bonds. Failure of the Borrower or the Education Corporation to comply with the terms and conditions of the Loan Agreement, the Tax Regulatory Agreement, the Indenture, the Lease and other documents as described herein may result in the loss of the tax-exempt status of the interest on the Series 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 market for and value of the Series 2021A Bonds would be adversely affected. See “TAX MATTERS – SERIES 2021A BONDS” in this Limited Offering Memorandum.

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. The Series 2021 Bonds may only be bought by or transferred to Accredited Investors or Qualified Institutional Buyers and must be sold to a broker-dealer of securities to be transferable only to Accredited Investors or Qualified Institutional Buyers. See “TRANSFER RESTRICTIONS” in this Limited Offering Memorandum. Consequently, prospective bond purchasers should be prepared to hold their Series 2021 Bonds to maturity or prior redemption.

Changes in Law; Annual Appropriation; Inadequate Education Aid Payments

Future changes to the Charter Schools Act by the State Legislature could be adverse to the financial interests of the Education Corporation and the Borrower 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 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 Education Corporation. STATE BUDGET CONSIDERATIONS MAY ALSO ADVERSELY AFFECT APPROPRIATIONS FOR CHARTER SCHOOL FUNDING.

Construction Risk Relating to the Richmond Prep Campus

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

The Richmond Prep Campus is expected to be completed by the start of the 2022–23 school year. Whether the Richmond Prep Campus will be completed on schedule depends upon a large number of factors, many of which may be beyond the control of the Borrower and the Education Corporation for the Richmond Prep Campus. These include, but are not limited to, financial difficulties of the general contractor and subcontractors, adverse weather, strikes, delays in the delivery of or shortages of materials, delays in the issuance of required building permits, environmental restrictions, the continuing effects of the COVID-19 pandemic or similar unknown or unforeseeable contingencies. Although construction work will be inspected periodically, there can be no assurance that the Richmond Prep Campus will conform to construction specifications or state or local regulations. The occurrence of any of the foregoing could result in increases in construction costs or considerable delays, in, or the complete impossibility of, the completion of the Richmond Prep Campus.

Additionally AIA Document A102-2017-Standard form of Agreement Between Owner and Contractor where the basis of payment is a Guaranteed Maximum Price contract, executed on August 16, 2021 (the “**GMP Contract**”), by and between the Borrower and the Contractor provides that the Contractor shall use commercially reasonable efforts (with such assistance from the Borrower in connection with applications for the same) to obtain payment and performance bonds, from a company or companies lawfully authorized to issue payment and performance bonds in the jurisdiction in which the Richmond Prep Campus is located. No assurance can be given that the Contractor will obtain a payment and performance bond as specified under the GMP Contract.

Permitting Risk Relating to the Richmond Prep Campus

Prior to the issuance of the Series 2021A Bonds, the Borrower will not yet have obtained all requisite permits required for the construction of the Richmond Prep Campus. There can be no assurances that the Borrower will receive all requisite permits to construct the Richmond Prep Campus or that such permits will be issued in the timeline required for opening of the Richmond Prep Campus in the fall of 2022. Significant delays in the permitting process could cause the Richmond Prep Campus cost increases. If the Borrower is unable to obtain permits for construction of the Richmond Prep Campus as planned, the Richmond Prep Campus may not be built to final construction or altered significantly.

Damage or Destruction

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

Environmental Risks

The Facilities are subject to various federal, State and local laws and regulations relating to human health and safety and the environment. In general, these laws and regulations could require the Borrower as owner of the Facilities to implement mitigation to reduce the environmental impacts of the Facilities or to remediate adverse environmental conditions on or relating to the Facilities, regardless of whether arising from preexisting conditions or arising because of the activities conducted in connection with the ownership

and operation of the Facilities. Moreover, these laws and regulations can and often do change through legislative, judicial, or regulatory activities.

Phase I Summary

Advanced Site Restoration, LLC (“ASR”) was retained by the Borrower to conduct a Phase I Environmental Site Assessment, dated February 5, 2021 (the “**Phase I**”). The subject property is located at 2245 Richmond Avenue, Staten Island, NY 10314 (as previously defined, the “**Richmond Prep Campus**” or the “**Facilities**”). ASR found no evidence of recognized environmental conditions (“**RECs**”).

ASR also performed an inspection of the Richmond Prep Campus and reviewed available federal, state, and local agency records and found the following Historical Recognized Environmental Conditions (“**HRECs**”) to be associated with the subject property:

According to the 1937 Sanborn Map, there was a filling station with two underground storage tanks located across Richmond Avenue, approximately 375 feet northwest of the Facilities.

The Phase I revealed no other evidence of RECs or HRECs associated with the Facilities, and it is the opinion and recommendation of ASR that a remedial investigation of soil, groundwater and/or air is not warranted. It is recommended that federal, state and local asbestos and lead-based paint regulations be reviewed for compliance prior to any renovation or demolition activities.

Phase II Summary

Advanced Site Restoration, LLC (“ASR”) was retained by the Borrower to conduct a Phase II Environmental Site Investigation, dated February 2021 (the “**Phase II**”) on the Facilities.

The Phase II found no known remedial impediments to remediate at the Facilities. It is recommended, as a proactive measure, to install a vapor barrier that envelopes the basement floor and extends to the top of the building foundation to preclude any soil vapors from migrating and collecting in the basement of the building. Dewatering is not anticipated; however, if dewatering is necessary into New York City storm or sewer drains during the proposed constructions, a New York City Department of Environmental Protection Sewer Discharge Permit must be obtained prior to the start of any dewatering activities at the Facilities.

National Emission Standards for Hazardous Air Pollutants regulations require sampling potential ACBM prior to demolition or extensive renovation, regardless of the date of construction; therefore, if such activities are planned, it may be required to conduct a survey of the entire facility, or that portion slated for renovation or demolition, before initiating such destructive activities. That survey should include an assessment of all subject building materials, including those in areas which are normally inaccessible. Any material found to be ACBM should be handled in accordance with applicable regulations.

Environmental Regulations and Permitting

Federal, state, and local environmental and health and safety laws, regulations, and standards regulate the Facilities. 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 Education Corporation. While representatives of the Education Corporation believe that it is in material compliance with applicable environmental laws for the Facilities, there is no assurance that the Education Corporation, either under construction or in operation as currently contemplated, is now or will always be in compliance with these regulations or be able to obtain all required construction or operating permits. In addition, the

costs incurred by the Borrower with respect to compliance with human health and safety and environmental laws and regulations could adversely affect its financial condition and its ability to own and operate the Facilities.

Appraisal

The Education Corporation engaged Equity Valuation Associates Real Estate Appraisers and Consultants (the “**Appraiser**”) to conduct an appraisal of the Richmond Prep Campus (the “**Richmond Appraisal**”). The Richmond Appraisal states that it is the opinion of the Appraiser that the market value of the “as is” fee simple interest in the subject property as of May 25, 2021 was \$14,200,000.

The Richmond Prep Campus at any given time will be directly affected by market and financial conditions that are not in the control of the parties involved in this transaction. The Richmond Prep Campus is designed for use as an educational facility, and there is nothing associated with the Richmond Prep Campus that would suggest that their value would remain stable or would increase if the general values of Campus in the Education Corporation’s service areas were to decline. The Richmond Prep Campus will also require ongoing capital repairs and improvements and, although the Education Corporation intends to maintain the Richmond Prep Campus in good condition, no assurance can be given that the Education Corporation will have sufficient revenue to maintain a regular capital improvements program for the Richmond Prep Campus in the future. Potential purchasers of the Series 2021 Bonds should refer to the complete Richmond Appraisal for additional information. Copies of the Richmond Appraisal are available as described under “SUMMARY INFORMATION—Additional Information.”

No Ratings

No recognized credit ratings for the Series 2021 Bonds have been applied for and there can be no assurance that one or more credit ratings will ever be applied for or would be obtained if applied for. Typically, unrated bonds lack liquidity in the secondary market in comparison with rated bonds. As a result of the foregoing, the Series 2021 Bonds are believed to bear interest at higher rates than would prevail for bonds with comparable maturities and redemption provisions that have investment grade credit ratings. Consequently, the Series 2021 Bonds should not be purchased by any investor who, because of financial condition, investment policies or otherwise, does not desire to assume, or have the ability to bear, the risks inherent in an investment in the Series 2021 Bonds.

Enforcement of Remedies

The remedies available to the Trustee or the 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 Ongoing Disclosure

The Borrower and the Education Corporation will enter into the Continuing Disclosure Agreement pursuant to Rule 15c2-12, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “**Rule**”). Neither the Borrower nor the Education Corporation has

previously been subject to a continuing disclosure undertaking under the Rule. Failure by the Borrower or the Education Corporation 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 H—FORM OF CONTINUING DISCLOSURE AGREEMENT” in this Limited Offering Memorandum.

Private School Vouchers

Various proposals offering private school vouchers to families to assist with the cost of private schools have been considered by the State Legislature and will likely be introduced again in the future. Such programs may have an impact on enrollment at the charter schools operated by the Education Corporation.

Redemption Prior to Maturity

The Series 2021 Bonds are subject to redemption at the option of the Borrower and in the event of certain occurrences. See “THE SERIES 2021 BONDS—Redemption of Series 2021 Bonds” in this Limited Offering Memorandum.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 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 Limited Offering Memorandum including the appendices hereto.

AUDITED FINANCIAL STATEMENTS OF THE EDUCATION CORPORATION

The audited financial statements of the Education Corporation as of and for the fiscal years ended June 30, 2019 (including June 30, 2018 comparative information) and June 30, 2020 (including June 30, 2019 comparative information) (the “**Audited Financial Statements**”), are included in APPENDIX D and APPENDIX E, respectively, to this Limited Offering Memorandum. The Audited Financial Statements were audited by Schall & Ashenfarb Certified Public Accountants, LLC, independent auditors, as stated in their report thereon. See “APPENDIX D—AUDITED FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS OF THE EDUCATION CORPORATION FOR THE FISCAL YEAR ENDED JUNE 30, 2020” and “APPENDIX E—AUDITED FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS OF THE EDUCATION CORPORATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019” in this Limited Offering Memorandum.

THE BUDGET PROJECTION

The Education Corporation has prepared the Budget Projection and related assumptions included in APPENDIX C to this Limited Offering Memorandum. The Budget Projection is based on the assumptions made by management of the Education Corporation as to, among other things, future enrollment levels, future costs, and future revenues. The Budget Projection is for the five (5) fiscal years of the Education Corporation ending June 30, 2022 through June 30, 2026. **The Budget Projection (including the notes thereto) should be read in its entirety.**

The Budget Projection is based on various assumptions that represent only the beliefs of the Education Corporation’s management as to the most probable future events and are subject to material

uncertainties. No assurances can be given that the Education Corporation will, in fact, be able to generate sufficient revenue and attain the enrollment levels as stated in the Budget Projection, and variations from the Budget Projection for each of such matters should be expected to occur. Accordingly, the operations and financial condition of the Education Corporation in the future will inevitably vary from those set forth in the Budget Projection, and such variance may be material and adverse. See “RISK FACTORS—Budget Projection” in this Limited Offering Memorandum.

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

Schall & Ashenfarb Certified Public Accounts, LLC has not performed any procedures relating to the Education Corporation’s Budget Projection.

TAX MATTERS – SERIES 2021A BONDS

Federal Income Taxes

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2021A Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2021A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2021A Bonds. Pursuant to the Indenture, the Loan Agreement, the Use Agreement and the Tax Regulatory Agreement, by and between the Issuer, the Borrower, ICS and the Trustee (the “**Tax Certificate**”), the Issuer, the Borrower and ICS have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2021A Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Issuer, the Borrower and ICS have made certain representations and certifications in the Indenture, the Loan Agreement, the Use Agreement and the Tax Certificate. Bond Counsel will also rely on the opinion of counsel to the Borrower and to ICS as to all matters concerning (a) the status of the Borrower and ICS as organizations described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code, and (b) that the intended use of the facilities financed or refinanced with proceeds of Series 2021A Bonds will be in furtherance of the Borrower’s and ICS’s exempt purposes under Section 501(c)(3) of the Code. Bond Counsel will not independently verify the accuracy of those representations and certifications or those opinions.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Issuer, the Borrower and ICS described above, interest on the Series 2021A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

State Taxes

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2021A Bonds is exempt from personal income taxation imposed by the State of New York or any political subdivision of the State of New York, including The City of New York, assuming compliance with tax covenants and the accuracy of the representations and certifications described under the heading “Federal Income Taxes” above. Bond Counsel expresses no opinion as to other State of New York or local tax consequences arising

with respect to the Series 2021A Bonds nor as to the taxability of the Series 2021A Bonds or the income therefrom under the laws of any state other than the State of New York.

Original Issue Discount

Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the Series 2021A Bonds over its issue price (i.e., the first price at which price a substantial amount of such maturity of the Series 2021A Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a “**Discount Bond**” and collectively the “**Discount Bonds**”) constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2021A Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

Series 2021A Bonds sold at prices in excess of their principal amounts are “**Premium Bonds**”. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which offsets the amount of tax-exempt interest and is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Series 2021A Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Series 2021A Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series 2021A Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2021A Bonds is subject to information reporting to the Internal Revenue Service (the “**IRS**”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2021A Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the

registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as APPENDIX G. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2021A Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2021A Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2021A Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2021A Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series 2021A Bonds may occur. Prospective purchasers of the Series 2021A Bonds should consult their own tax advisors regarding the impact of any change in law on the Series 2021A Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2021A Bonds may affect the tax status of interest on the Series 2021A Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2021A Bonds, or the interest thereon, if any action is taken with respect to the Series 2021A Bonds or the proceeds thereof upon the advice or approval of other counsel.

TAX MATTERS – SERIES 2021B BONDS

Federal Income Taxes

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2021B Bonds. The summary is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses Series 2021B Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Series 2021B Bonds as a hedge against currency risks or as a position in a "straddle," "hedge," "constructive sale transaction" or "conversion transaction" for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers that acquire Series 2021B Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Series 2021B Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the Series 2021B Bonds.

The Issuer has not sought and will not seek any rulings from the Internal Revenue Service with respect to any matter discussed herein. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax characterizations and tax consequences set forth below.

U.S. Holders

As used herein, the term “**U.S. Holder**” means a beneficial owner of Series 2021B Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds Series 2021B Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds Series 2021B Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the Series 2021B Bonds.

Taxation of Interest Generally

Interest on the Series 2021B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code and so will be fully subject to federal income taxation. Purchasers will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2021B Bonds. In general, interest paid on the Series 2021B Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder’s adjusted tax basis in the Series 2021B Bonds and capital gain to the extent of any excess received over such basis.

Recognition of Income Generally

Section 451(b) of the Code provides that purchasers using an accrual method of accounting for U.S. federal income tax purposes may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such purchaser. In this regard, Treasury Regulations provide that, with the exception of certain fees, the rule in section 451(b) will generally not apply to the timing rules for original issue discount and market discount, or to the timing rules for de minimis original issue discount and market discount. Prospective purchasers of the Series 2021B Bonds should consult their own tax advisors regarding any potential applicability of these rules and their impact on the timing of the recognition of income related to the Series 2021B Bonds under the Code.

Original Issue Discount

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Series 2021B Bonds issued with original issue discount (“**Taxable Discount Bonds**”). A Series 2021B Bond will be treated as having been issued with an original issue

discount if the excess of its “stated redemption price at maturity” (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the Series 2021B Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Series 2021B Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A Series 2021B Bond’s “stated redemption price at maturity” is the total of all payments provided by the Series 2021B Bond that are not payments of “qualified stated interest.” Generally, the term “qualified stated interest” includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a Taxable Discount Bond is the sum of the “daily portions” of original issue discount with respect to such Taxable Discount Bond for each day during the taxable year in which such holder held such Series 2021B Bond. The daily portion of original issue discount on any Taxable Discount Bond is determined by allocating to each day in any “accrual period” a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a Taxable Discount Bond, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (a) the product of the Taxable Discount Bond’s adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (b) the amount of any qualified stated interest payments allocable to such accrual period. The “adjusted issue price” of a Taxable Discount Bond at the beginning of any accrual period is the sum of the issue price of the Taxable Discount Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Taxable Discount Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on a Series 2021B Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Market Discount

A holder who purchases a Series 2021B Bond at a price which includes market discount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed de minimis amount will be required to re-characterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such holder will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Series 2021B Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such holder on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

A holder of a Series 2021B Bond who acquires such Series 2021B Bond at a market discount also may be required to defer, until the maturity date of such Series 2021B Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the holder paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2021B Bond in excess of the aggregate amount of interest (including original issue discount) includable in such holder's gross income for the taxable year with respect to such Series 2021B Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2021B Bond for the days during the taxable year on which the holder held the Series 2021B Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2021B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the bondholder elects to include such market discount in income currently as described above.

Bond Premium

A holder of a Series 2021B Bond who purchases such Series 2021B Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Series 2021B Bonds held by the holder on the first day of the taxable year to which the election applies and to all Series 2021B Bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of Series 2021B Bonds who acquire such Series 2021B Bonds at a premium should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such Series 2021B Bonds.

Surtax on Unearned Income

Section 1411 of the Code generally imposes a tax of 3.8% on the "net investment income" of certain individuals, trusts and estates. Among other items, net investment income generally includes gross income from interest and net gain attributable to the disposition of certain property, less certain deductions. U.S. Holders should consult their own tax advisors regarding the possible implications of this provision in their particular circumstances.

Sale or Redemption of Bonds

A bondholder's adjusted tax basis for a Series 2021B Bond is the price such holder pays for the Series 2021B Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such Series 2021B Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Series 2021B Bond, measured by the difference between the amount realized and the bondholder's tax basis as so adjusted, will generally give rise to capital gain or loss if the Series 2021B

Bond is held as a capital asset (except in the case of Series 2021B Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of a Series 2021B Bond are materially modified, in certain circumstances, a new debt obligation would be deemed “reissued”, or created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. In addition, the defeasance of a Series 2021B Bond under the defeasance provisions of the Indenture could result in a deemed sale or exchange of such Series 2021B Bond.

EACH POTENTIAL HOLDER OF SERIES 2021B BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE, REDEMPTION OR DEFEASANCE OF THE SERIES 2021B BONDS, AND (2) THE CIRCUMSTANCES IN WHICH SERIES 2021B BONDS WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

Non-U.S. Holders

The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of Series 2021B Bonds by a person other than a U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a “**Non-U.S. Holder**”).

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act (“**FATCA**”), payments of principal by the Issuer or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (1) does not own (actually or constructively) 10 percent or more of the voting equity interests of the Issuer, (2) is not a controlled foreign corporation for United States tax purposes that is related to the Issuer (directly or indirectly) through stock ownership, and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to the Issuer, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers’ securities in the ordinary course of its trade or business and that also holds the Series 2021B Bonds must certify to the Issuer or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

Interest payments may also be exempt from federal withholding tax depending on the terms of an existing federal income tax treaty, if any, in force between the U.S. and the resident country of the Non-U.S. Holder. The U.S. has entered into an income tax treaty with a limited number of countries. In addition, the terms of each treaty differ in their treatment of interest and original issue discount payments. Non-U.S. Holders are urged to consult their own tax advisor regarding the specific tax consequences of the receipt of interest payments, including original issue discount. A Non-U.S. Holder that does not qualify for exemption from withholding as described above must provide the Issuer or its agent with documentation as to his, her, or its identity to avoid the U.S. backup withholding tax on the amount allocable to a Non-U.S. Holder. The documentation may require that the Non-U.S. Holder provide a U.S. tax identification number.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Series 2021B Bond held by such holder is effectively connected with the conduct of such trade or business, the

Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Series 2021B Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a Series 2021B Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the Series 2021B Bonds, FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018, gross proceeds of the sale of the Series 2021B Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, bondholders or beneficial owners of the Series 2021B Bonds shall have no recourse against the Issuer, nor will the Issuer be obligated to pay any additional amounts to “gross up” payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the Series 2021B Bonds. However, it should be noted that on December 13, 2018, the IRS issued Proposed Treasury Regulation Section 1.1473-1(a)(1) which proposes to remove gross proceeds from the definition of “withholdable payment” for this purpose.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the Series 2021B Bonds.

Information Reporting and Backup Withholding

For each calendar year in which the Series 2021B Bonds are outstanding, the Issuer, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder’s name, address and taxpayer identification number (either the holder’s Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the Issuer, its agents or paying agents or a broker may be required to make “backup” withholding of tax on each payment of interest or principal on the Series 2021B Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder’s federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments of interest made by the Issuer, its agents (in their capacity as such) or paying agents or a broker to a Non-U.S. Holder if such holder has provided the required certification that it is not a U.S. person (as set forth in the second paragraph under “Non-U.S. Holders” above), or has otherwise established an exemption (provided that neither the Issuer nor its agent has actual knowledge that the holder is a U.S. person or that the conditions of an exemption are not in fact satisfied).

Payments of the proceeds from the sale of a Series 2021B Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following: (i) a U.S. person; (ii) a controlled foreign corporation for U.S. tax purposes; (iii) a foreign person 50-percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or (iv) a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a Series 2021B Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder’s particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the Series 2021B Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

State Taxes

Interest on the Series 2021B Bonds is not exempt from personal income taxes of the State of New York and its political subdivisions, including The City of New York. Bond Counsel expresses no opinion as to other state or local tax law consequences arising with respect to the Series 2021B Bonds nor as to the taxability of the Series 2021B Bonds or the income derived therefrom under the laws of any jurisdiction other than the State of New York.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the inclusion in gross income of interest on the Series 2021B Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2021B Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the Series 2021B Bonds. Prospective purchasers of the Series 2021B Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Series 2021B Bonds.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2021B BONDS.

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

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA (“ERISA Plans”). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein (“Qualified Retirement Plans”), and on Individual Retirement Accounts (“IRAs”) described in Section 408(b) of the Code (collectively, “Tax-Favored Plans”). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA) (“Governmental Plans”), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) (“Church Plans”), are not subject to ERISA requirements. Additionally, such Governmental and Church Plans are not subject to the requirements of Section 4975 of the Code but may be subject to applicable federal, state or local law (“Similar Laws”) which is, to a material extent, similar to the foregoing provisions of ERISA or the Code. Accordingly, assets of such plans may be invested in the Series 2021 Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of Similar Laws.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan’s investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, “Benefit Plans”) and persons who have certain specified relationships to the Benefit Plans (“Parties In Interest” or “Disqualified Persons”), unless a statutory or administrative exemption is available. The definitions of “Party in Interest” and “Disqualified Person” are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) fiduciary with respect to a plan; (2) a person providing services to a plan; (3) an employer or employee organization any of whose employees or members are covered by the plan; and (4) the owner of an IRA. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available. Without an exemption an IRA owner may disqualify his or her IRA.

Certain transactions involving the purchase, holding or transfer of the Series 2021 Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Issuer, the Borrower or ICS were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the “Plan Assets Regulation”), the assets of the Issuer, the Borrower or ICS would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 only of the Code if the Benefit Plan acquires an “equity interest” in the Issuer, the Borrower or ICS and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is little guidance on this matter, it appears that the Series 2021 Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the Series 2021 Bonds, including the reasonable expectation of purchasers of Series 2021 Bonds that the Series 2021 Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features.

However, without regard to whether the Series 2021 Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of Series 2021 Bonds by or on behalf of a Benefit Plan could

be considered to give rise to a prohibited transaction if the Issuer, the Borrower, ICS, the Trustee, the Underwriter or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Series 2021 Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Series 2021 Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by certain “in-house asset managers”; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts”; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving “adequate consideration” with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate’s) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Series 2021 Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Series 2021 Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring the Series 2021 Bond (or interest therein) with the assets of a Benefit Plan, Governmental plan or Church plan; or (ii) the acquisition and holding of the Series 2021 Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or Similar Laws. A purchaser or transferee who acquires Series 2021 Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

Because the Issuer, the Borrower, ICS, the Trustee, the Underwriter or any of their respective affiliates may receive certain benefits in connection with the sale of the Series 2021 Bonds, the purchase of the Series 2021 Bonds using plan assets of a Benefit Plan over which any of such parties has investment authority or provides investment advice for a direct or indirect fee may be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code or Similar Laws for which no exemption may be available. Accordingly, any investor considering a purchase of Series 2021 Bonds using plan assets of a Benefit Plan should consult with its counsel if the Issuer, the Borrower, ICS, the Trustee, the Underwriter or any of their respective affiliates has investment authority or provides investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

Any ERISA Plan fiduciary considering whether to purchase the Series 2021 Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of Similar Laws.

ENFORCEABILITY OF OBLIGATIONS

On the date of delivery of the Series 2021 Bonds, Nixon Peabody LLP, New York, New York, Bond Counsel to the Issuer, will deliver its opinion, dated the date of delivery, that the Series 2021 Bonds, the Loan Agreement, the Bond Purchase Agreement and the Indenture are valid and legally binding obligations of the Issuer. Cohen Schneider Law, P.C., New York, New York, as counsel to the Education Corporation, will deliver its opinion that the various documents to which the Education Corporation is a party are valid and legally binding agreements of the Education Corporation, each enforceable in accordance with its respective terms. The Law Office of Mark Grunblatt, Kingston, New York, as counsel to the Borrower, will deliver its opinions that the various documents to which the Borrower is a party are valid and legally binding agreements of the Borrower, each enforceable in accordance with its respective terms. Paparone Law PLLC as counsel for the Trustee, will deliver its opinion that the various documents to which the Trustee is a party are valid and legally binding agreements of the Trustee, each enforceable in accordance with its respective terms. The foregoing opinions will be generally qualified to the extent that the enforceability of the respective instruments may be limited by laws, decisions and equitable principles affecting remedies and by bankruptcy or insolvency or other laws, decisions, and equitable principles affecting creditors' rights generally.

While the Series 2021 Bonds are secured or payable pursuant to the Lease, the Loan Agreement, the Promissory Notes, the Pledge and Security Agreement, the Indenture, the Covenant Agreement, the Use Agreement, the Construction Monitoring Agreement, the Tax Regulatory Agreement, the Building Loan Agreement, the Mortgages and the Assignment of Mortgages, the practical realization of payment from any security will depend upon the exercise of various remedies specified in the respective instruments. These and other remedies are dependent in many respects upon judicial action, which is subject to discretion and delay. Accordingly, the remedies specified in the above documents may not be readily available or may be limited.

ALIGNMENT WITH SOCIAL BOND PRINCIPLES

Alignment with Social Bond Principles

The issuance of the Series 2021 Bonds is intended to align with the core components and key recommendations of the "Social Bond Principles" promulgated by the International Capital Market Association ("ICMA"), updated as of June 2021. The net proceeds of the Series 2021 Bonds will be used to acquire, construct, furnish and equip the Facilities, which will be leased to the Education Corporation for its operation of Richmond Prep, a public charter school. The mission of Richmond Prep is to provide a rigorous college preparatory education that equips and empowers students for success. Consistent with its mission and its Charter, the Education Corporation will expect all Richmond Prep students to graduate with a foundation to attend college and succeed in life. It will welcome all students, especially those on the autism spectrum, and integrate all students in its classes and activities. Full integration of students will enable them to break down barriers throughout their daily academic and social experience and develop the academic skills, emotional fluency, and confidence required to be successful students to day and thoughtful, open-minded leaders tomorrow. The Series 2021 Bonds will therefore fund "Social Projects" as defined in the Social Bond Principles, providing access to education to youth with disabilities.

The term "Social Bond Principles" or "Social Impact Project" is neither defined in nor related to provisions in the Indenture. Owners of the Series 2021 Bonds do not have any security other than as provided in the Indenture and described under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS." "Social Projects" and alignment with "Social Bond Principles" are entirely self-designating labels lacking any objective guidelines or criteria. ICMA is a European-based entity with some members from the United States. Neither the Issuer nor the Education Corporation assumes any obligation

to ensure that the projects financed with proceeds of the Series 2021 Bonds comply with any legal or other standards or principles that may relate to “Social Projects” or that the Series 2021 Bonds comply with any legal or other standards or principles that may relate to the “Social Bond Principles.” The intended alignment with the Social Bond Principles does not entitle the holders of such obligations to any special treatment under the Internal Revenue Code of 1986, as amended.

Use of Proceeds. Net proceeds of the Series 2021 Bonds will be used to acquire, construct, furnish and equip the Richmond Prep Campus for use by the Education Corporation for the operation of Richmond Prep.

Management of Proceeds of the Series 2021 Bonds. Pursuant to the Indenture, net proceeds of the Series 2021 Bonds will be deposited by the Trustee into the Project Fund, and released upon the Borrower’s submission of a Project Fund Requisition for the purposes of paying costs of acquiring, constructing, furnishing and equipping the Facilities.

Reporting of Project Funding. Pursuant to the Covenant Agreement, the Education Corporation agrees to cause all reports of the Construction Monitor to be prepared and delivered to the Trustee and the Dissemination Agent, with instructions to post such reports on the MSRB’s website EMMA, by the fifteenth (15th) day of each month during the Construction Window pursuant to the terms of the Construction Monitoring Agreement. Additionally, the Education Corporation covenants to provide operational data concerning Richmond Prep in the Continuing Disclosure Agreement. See “APPENDIX H—FORM OF CONTINUING DISCLOSURE AGREEMENT.” ***None of the Education Corporation, the Borrower, the Issuer or the Trustee make any covenant to deliver any such reports to Holders of the Series 2021 Bonds or to EMMA, and there can be no assurance that any reports or operational data will be filed on EMMA by the Education Corporation or the Dissemination Agent.***

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 Series 2021A Bonds under existing laws are subject to the legal opinion of Nixon Peabody 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 Education Corporation by its counsel, Cohen Schneider Law, P.C., New York, New York, for the Borrower by its counsel, The Law Office of Mark Grunblatt, Kingston, New York and for the Trustee by its counsel Papparone Law PLLC, New York, New York. Ballard Spahr LLP, New York, New York, represents the Underwriter in this transaction.

CONTINUING DISCLOSURE

The Rule imposes continuing disclosure obligations on the issuers of certain state and municipal securities to permit participating underwriters to offer and sell the issuer’s securities. In order to comply with the requirements of the Rule, the Borrower and the Education Corporation have entered into a Continuing Disclosure Agreement, dated the Closing Date, between the Borrower, the Education Corporation, and Dissemination Agent. Neither the Borrower nor the Education Corporation has been subject to any prior continuing disclosure undertakings under Rule 15c2-12. See “APPENDIX H—FORM OF CONTINUING DISCLOSURE AGREEMENT” in this Limited Offering Memorandum.

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

NO RATINGS

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 Borrower, the Education Corporation 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 Issuer, the Borrower, the Education Corporation 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 Borrower, the Education Corporation 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, proceeding or investigation at law or in equity by or before any court, public board or body pending against the Issuer of which the Issuer has notice, or, to the Issuer’s knowledge, overtly threatened against the Issuer, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Indenture or the Loan Agreement.

The Borrower

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

The Education Corporation

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

UNDERWRITING

D.A. Davidson & Co. (the “**Underwriter**”) intends to offer the Series 2021 Bonds in a limited offering at the offering prices set forth on the inside cover page of this Limited Offering Memorandum, less an underwriter’s discount of \$552,750, which offering prices may be subsequently changed from time to time by the Underwriter without any requirement of prior notice. The Underwriter will receive no fee (other than the underwriter’s discount described in the preceding sentence) from the Issuer, the Borrower, or the Education Corporation for underwriting the Series 2021 Bonds. The Underwriter has reserved the right to permit other securities dealers who are members of the Financial Industry Regulatory Authority to assist in selling the Series 2021 Bonds. The Underwriter may offer and sell the Series 2021 Bonds to certain dealers (including dealers depositing Series 2021 Bonds into investment trusts) at prices lower than the public offering prices set forth on the inside cover page of this Limited Offering Memorandum or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts or commissions that may be received by such dealers in connection with the sale of the Series 2021 Bonds will be deducted from the Underwriter’s underwriting discount.

THE TRUSTEE

The Issuer has appointed U.S. Bank National Association to serve as Trustee, Bond Registrar, and Paying Agent. The Trustee is a national banking corporation 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 and the other Security Documents. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Limited Offering Memorandum and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Limited Offering Memorandum or for the recitals contained in the Indenture or the Series 2021 Bonds (other than the Trustee’s certificate of authentication), or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Issuer of any of the Series 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 Borrower. 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: Corporate Trust Administration. Additional information about the Trustee may be found at its website at <http://www.usbank.com>. U.S. Bank National Association website is not incorporated into this Limited Offering Memorandum by such reference and is not a part hereof.

MISCELLANEOUS

The foregoing does not purport to be comprehensive or definitive, and all references to any document herein are qualified in their entirety by reference to each such document. All references to the Series 2021 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of these documents are available for inspection during the period of the offering at the offices of the Underwriter in New York, New York and thereafter at the principal corporate trust office of the Trustee. In addition to certain information provided herein, all

information contained in APPENDICES A, B, C, D, and E, along with information regarding the Forecast and projected debt service coverage under the caption “SUMMARY INFORMATION,” has been provided by the Borrower or the Education Corporation or been derived from information provided by the Borrower or the Education Corporation. Neither the Issuer nor the Underwriter makes any representations or warranties as to the accuracy or completeness of the information in any of the Appendices.

No Registration of the Series 2021 Bonds

Registration or qualification of the offer and sale of the Series 2021 Bonds (as distinguished from registration of the ownership of the Series 2021 Bonds) is not required under the Securities Act. THE 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.

Interest of Certain Persons Named in this Limited Offering Memorandum

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

[Remainder of Page Intentionally Left Blank]

Limited Offering Memorandum Certification

The Borrower, the Education Corporation and the Issuer (but only with respect to the information under the caption “THE ISSUER” and “ABSENCE OF MATERIAL LITIGATION—The Issuer” in this Limited Offering Memorandum) have authorized and approved the use and distribution of this Limited Offering Memorandum. The Issuer has not reviewed or approved any matters herein and assumes no responsibility for the accuracy or completeness of the information herein except for the information under the caption “THE ISSUER” and “ABSENCE OF MATERIAL LITIGATION—The Issuer” in this Limited Offering Memorandum.

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

THE ICS FOUNDATION, INC., a New York not-for-profit corporation

By: /s/ Michael Caridi

Michael Caridi, Chair

INTEGRATION CHARTER SCHOOLS, a New York not-for-profit and education corporation

By: /s/ Dr. Kenneth Byalin

Dr. Kenneth Byalin, President

APPENDIX A

INTEGRATION CHARTER SCHOOLS

INTRODUCTION

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

General

Integration Charter Schools, (the “**Education Corporation**” or “**ICS**”) is an education corporation with charter school locations within the boundaries of New York City Community School District No. 31 (“**CSD 31**”), in Staten Island, located in the City of New York (the “**City**”) in the State of New York (the “**State**”), and currently operating three (3) schools with will open a fourth school, offering varied grades at each school, including elementary middle and high school options (together, the “**ICS Schools**”).

The Education Corporation is a New York not-for-profit education corporation organized under Article 56 of the New York Education Law, as amended (the “**Charter Schools Act**”), and an organization described in Section 501(c)(3) of the Code. The Education Corporation currently operates three (3) charter schools within the boundaries of CSD 31 in the City, offering Kindergarten through grade 12. The Education Corporation was authorized to open its first school in 2009 by the Board of Regents of the State of New York on behalf of the New York State Education Department (the “**Authorizer**”). The Education Corporation received a 501(c)(3) determination letter on April 27, 2015 with an effective date of November 18, 2014, from the Internal Revenue Service. See “THE EDUCATION CORPORATION” and this APPENDIX A in this Limited Offering Memorandum. See also “CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK” and “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Limited Offering Memorandum.

The Education Corporation currently operates three (3) schools and will open its fourth school, Richmond Prep, in September of 2021. John W. Lavelle Preparatory Charter School was the Education Corporation’s first school to open (“**Lavelle Prep**”) in the fall of 2009 and serves students in Kindergarten through grade 12 and is currently located within an office complex known as Corporate Commons located at 1, 2 and 3 Teleport Drive, Staten Island, New York (the “**Teleport Leased Facilities**”). New Ventures Charter School was the Education Corporation’s second school to open (“**New Ventures**”) in the fall of 2015 and serves students ages 16 through 21. New Ventures operates out of the Teleport Leased Facilities. The Lois and Richard Nicotra Early College Charter School was the Education Corporation’s third school to open (“**Nicotra**”), which opened in the fall of 2018 serving students in grades 8 and 9, and adding an additional grade each year through grade 12. Nicotra serves students in grades 8 through 12 at the Teleport Leased Facilities.

Richmond Preparatory Charter School will be the Education Corporation’s fourth school to open (“**Richmond Prep**”) and is currently planned to open in the fall of 2021, initially serving students in grade 6, and expanding one grade per year through grade 12. Richmond Prep will serve all student populations, including, without limitation, students with special needs. Richmond Prep will open at the Teleport Leased Facilities and move to the education facility being financed with proceeds of the Bonds located at 2245 Richmond Avenue, Staten Island (the “**Richmond Prep Campus**” or the “**Facilities**”). The Facilities are approximately one and a half (1.5) miles from the Teleport Leased Facilities.

Lavelle Prep, New Ventures, Nicotra, and Richmond Prep are referred to collectively herein as the “**ICS Schools**”. Certain information on the ICS Schools is set forth in the following table.

TABLE 1
Integration Charter Schools

Schools	Grades	2019–20 Student Count	2020–21 Student Count	2020–21 Wait List	2021-22 Student Count ¹	2021- 2022 Waitlist ¹	Pledged Facility	Year Open	Charter Term
Richmond Prep*	6 - 12	--	--	--	108	--	Yes	2021	2026
Lavelle Prep	K - 12	739	796	394 (K-8)	854	260	No	2009	2023
New Ventures	10 - 12	147	139	--	135	--	No	2015	2025
Nicotra	8 - 12	<u>137</u>	<u>174</u>	<u>--</u>	<u>248</u>	<u>--</u>	No	2018	2023
		<u>1,023</u>	<u>1,109</u>	<u>394</u>	<u>1,345</u>	<u>260</u>			

* Only the Richmond Prep Campus is subject to the Mortgages.

¹ Projected.

The Education Corporation will not be a borrower under the Loan Agreement or the Promissory Notes and will not be obligated to make payments under the Loan Agreement with respect to debt service on the Series 2021 Bonds. However, the Education Corporation will lease the Facilities from The ICS Foundation, Inc., a New York not-for-profit corporation (the “**Borrower**”), under the terms of the Lease and amounts payable by the Education Corporation to the Borrower under the Lease are scheduled to be sufficient to pay all scheduled debt service on the Series 2021 Bonds.

The Borrower

The Borrower is a New York not-for-profit that was organized pursuant to Section 803 of the New York State Not-for-Profit Corporation Law, and is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”). The Borrower was formed for the purposes of benefiting, performing the functions of, or to carry out one or more of the purposes of the Education Corporation. The Borrower will use proceeds of the Series 2021 Bonds to purchase and/or construct the Facilities and will lease the Facilities to the Education Corporation pursuant to the Lease.

The Charter

The Education Corporation operates the ICS Schools pursuant to a charter agreement with the Authorizer for and on behalf of the Education Department of the State of New York (the “**Charter**”). The Charter governs such matters as the Education Corporation’s authority to operate, student performance, financial management, governance and operations. Pursuant to the Charter Schools Act, the term of a charter cannot exceed five (5) years and therefore must be renewed periodically while the Series 2021 Bonds are outstanding. The Education Corporation was granted its first Charter in 2009 for Lavelle Prep, which has been subsequently renewed and amended. The Authorizer and the Education Corporation entered into four (4) separate charter contracts pursuant to which the Education Corporation is authorized to operate Lavelle Prep through June 30, 2023, New Ventures through July 31, 2025, Nicotra through July 31, 2023, and Richmond Prep through June 30, 2026.

Mission, Vision and Academic Program

The Education Corporation is dedicated to providing innovative pathways to college that fully integrate students living with emotional challenges and others with special needs. The Education

Corporation has built its network of ICS Schools with this common mission. Each school has adopted its individual missions set forth below.

Richmond Prep Mission. Richmond Prep will provide a rigorous college preparatory education that equips and empowers students for success. Richmond Prep will expect all students to graduate with a foundation to attend college and succeed in life. Richmond Prep will welcome all students, especially those on the autism spectrum, and integrate all students in its classes and activities. Full integration of students will enable them to break down barriers throughout their daily academic and social experience and develop the academic skills, emotional fluency, and confidence required to be successful students to day and thoughtful, open-minded leaders tomorrow.

Lavelle Prep Mission. Lavelle Prep provides a rigorous college preparatory education that equips and empowers students to go to college and succeed in life. Lavelle Prep welcomes all students, including those living with emotional challenges. Full integration of students will enable them to break down barriers throughout their daily academic and social experience and develop the academic skills, emotional fluency, and confidence required to be successful students to day and thoughtful, open-minded leaders tomorrow.

New Ventures Mission. The mission of New Ventures is to create a learning community in which all students, including those living in challenging economic circumstances and those living with emotional challenges and other disabilities, develop skills and social fluency to lead fulfilling and contributive lives in their communities. Toward this end, New Ventures will promote college and career readiness for over-age and under-credited, disconnected, and at-risk youth aged 16-21 living on Staten Island, New York, enabling them to graduate from high school prepared to excel in their academic, professional, and personal lives.

Nicotra Mission. The Nicotra mission is designed to provide an innovative pathway to college graduation for all students that wish to pursue and interest in Business and Entrepreneurship or Criminal Justice and the Law and education. Nicotra prepares all students, including those that live with emotional challenges and/or other disabilities, to obtain their high school diploma and earn credits at St. John's University. In fostering both the academic and emotional growth of students, Nicotra is an innovative educational model that enables students to develop the academic skills, emotional fluency, and confidence required to be successful today and thoughtful, open-minded leaders of tomorrow.

PLAN OF FINANCE

Use of Proceeds of the Series 2021A Bonds

Proceeds of the Series 2021A Bonds will be used by the Borrower to: (a) (i) finance the acquisition, renovation, furnishing and equipping of a 28,500 square foot building located on a 60,700 square foot parcel of land located at 2245 Richmond Avenue, Staten Island, New York, to serve as a new educational facility thereon to be used by the Education Corporation as the school building for its Richmond Preparatory Charter School, serving students in grade 6 through grade 12, including without limitation students with special needs (“**Phase I**”), and (ii) finance the construction, furnishing and equipping of an expansion to the Original Facility consisting of a 25,000 square foot addition (“**Phase II**”); (b) fund a debt service reserve fund for the benefit of the Series 2021A Bonds; (c) fund capitalized interest on the Series 2021A Bonds; and (d) pay for certain costs related to the issuance of the Series 2021A Bonds.

The Borrower entered into a Contract for Sale with EFG & P LLC, as seller, for the acquisition of these facilities for a purchase price equal to \$14,100,000, which contract was later amended by an Agreement in Modification of Contract, to provide for, among other things, the Borrower's agreement to

pay an additional \$3,333.33 charged daily from June 30, 2021 through the date of acquisition of the Facilities on the date of issuance of the Series 2021 Bonds.

The improvements to the Richmond Prep Campus are to be constructed in two phases. Phase I is to be completed by September of 2022 and Phase II is to be completed by August 1, 2023. Phase I includes the renovation of the Original Facility to serve as an educational facility for Richmond Prep, and Phase II includes the construction of an approximately 12,600 square foot two story addition on the north side of the Original Facility, an approximately 12,900 square foot third floor addition to the Original Facility, and an exterior surface basketball play area and other outdoor play areas totaling approximately 9,550 square feet of space (collectively, the “**Improvements**”). If the Series 2021 Project budget allows, Phase II will include the construction of an elevated post and beam structure on the South side of the Original Facility to house on grade street parking and the planned exterior improvements described above will be located on top of such structure. The Original Facility was constructed in 2000 as a two story stucco building, consisting of approximately 28,000 square feet of building space used for retail purposes. Following construction of the Improvements, the Richmond Prep Campus will house approximately 30 classrooms, a student lounge, common rooms, office space, a gymnasium, a technology lab and game room, music room, movement spaces, a kitchen, and open air space. As planned, the Richmond Prep Campus will have approximately 50 to 70 parking spaces. Upon completion of the Improvements, the total square footage of the Richmond Prep Campus will be approximately 60,000 square feet. The Richmond Prep Campus is planned to serve up to approximately 500 students in grades 6 through 12.

See this APPENDIX A. The approximate budget for the Richmond Prep Campus is set forth below:

Project Budget

Acquisition of Original Facility	\$14,360,757
Guaranteed Maximum Price	18,412,496
Other Project Costs, Including Soft Costs	<u>1,481,865</u>
Total	<u>\$34,255,118</u>

The Borrower has selected Tamborra Architecture and Construction, P.C., Staten Island, New York, as the architect for the Series 2021 Project. The Borrower has selected CLJ Building Enterprises, Inc., located in Staten Island, New York (the “**Contractor**”) as the construction contractor for the Series 2021 Project. The Contractor and Borrower entered into an AIA Document A102-2017-Standard form of Agreement Between Owner and Contractor where the basis of payment is a Guaranteed Maximum Price contract, executed on August 16, 2021, pursuant to which the parties agreed to a Guaranteed Maximum Price of \$18,412,496 to complete the Series 2021 Project. Anser Advisory, LLC (the “**Construction Monitor**”) will serve as the construction monitor for the Series 2021 Project pursuant to the Construction Disbursement and Monitoring Agreement, dated on or about September 1, 2021 (the “**Construction Monitoring Agreement**”), by and among the Borrower, the Education Corporation, and the Construction Monitor.

Series 2021 Project costs in excess of the amount deposited into the Project Fund from Series 2021 Bond proceeds will need to be paid from legally available funds of the Education Corporation. See “RISK FACTORS—Construction Risk Relating to the Richmond Prep Campus.”

Use of Proceeds of the Series 2021B Bonds

Proceeds of the Series 2021B Bonds will be used by the Borrower to (a) fund a portion of the purchase price of the property located at 2245 Richmond Avenue, Staten Island, New York; (b) fund capitalized interest on the Series 2021 Bonds; and (c) pay for certain costs related to the issuance of the Series 2021 Bonds.

Charter School Facilities and Rental Assistance

The Education Corporation is eligible to receive certain rental assistance payments from the school district. The Education Corporation received Rental Assistance in the annual amount of approximately \$2,437,993 for the 2020–2021 school year. The Education Corporation is eligible to receive Rental Assistance for students: in Kindergarten through grade 5 and grades 11 and 12 at Lavelle Prep; in grades 10 through 12 at New Ventures; and in grades 8 through 12 at the Nicotra, respectively. Additionally, the Education Corporation anticipates it will receive Rental Assistance for students in grades 6 through 12 at the Richmond upon enrollment of students in such grades. Richmond Prep is anticipated to open in the 2021-22 school year with grade 6 and add an additional grade through grade 12 annually.

The amount of Rental Assistance is determined pursuant to a formula set forth in the Charter Schools Act. The maximum amount of Rental Assistance available to eligible New York City charter schools for the 2020–2021 school year was 30% of the per pupil funding (approximately \$4,837), to the extent such amount does not exceed actual rental costs. See “CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK—Rental Assistance,” “APPENDIX C—BUDGET PROJECTION,” and “APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Limited Offering Memorandum for a more detailed discussion of Rental Assistance.

Environmental Reports

See “RISK FACTORS—Environmental Risks” for a description of the environmental site assessments on the Facilities, which are hereby incorporated into this APPENDIX A.

Appraisals

See “RISK FACTORS—Appraisal” for a description of the environmental site assessments on the Facilities, which are hereby incorporated into this APPENDIX A. No Appraisals of the Facilities have been conducted at this time.

INTEGRATION CHARTER SCHOOLS

Education Corporation Governance and Administration

Board of Trustees

The Charter is a not-for-profit education corporation and has no members. The Education Corporation is managed by a Board of Trustees (the “**Board**”). Trustees have no power as individuals and only act through the Board. Under the Education Corporation’s Bylaws, the Board consists of not less than five (5) nor more than twenty-five (25) trustees. Trustees may be elected for successive terms.

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

Name	Position	Initial Start Date	Current Term Expiration (November)
Jill H. B. Patel	Chairperson	2015	2021
David Lehr	Vice-Chairperson	2015	2021
Ed Fucini	Treasurer	2020	2023
Deborah Miller	Secretary	2009	2023
Dr. Sheldon Blackman	Trustee	2009	2022
John Strand	Trustee	2014	2022
Michael Caridi	Trustee	2015	2021
Joseph Carroll	Trustee	2009	2022
Dr. Bonnie Johnson Fritz	Trustee	2015	2023
Robin Lefkowitz	Trustee	2015	2022
Dr. Doris Schueler	Trustee	2009	2022
Dirk Tillotson	Trustee	2009	2023
Dr. Eleni Tournaki	Trustee	2009	2022
Denise Henick	Trustee	2018	2022
Dr. Kathlyn Barrett-Layne	Trustee	2021	2024
William Henri	Chairman Emeritus	--	--
Francisco Lugoviña	Chairman Emeritus	--	--

Below are biographies of the board members.

Jill H. B. Patel, Chairperson. Ms. Patel is a former hospital administrator who worked at Thomas Jefferson University Hospital in Philadelphia, the former St. Vincent’s Medical Center on Staten Island, Maimonides Medical Center in Brooklyn, and the New York-Presbyterian Medical Center in Manhattan from which she retired as Director. Prior to working in academic medical centers, she was an educator who taught graduate courses in early childhood education and established the first day care center at Harvard University. Ms. Patel has served on the Board of Jacques Marchais Museum of Tibetan Art, the Harvard Schools Committee of New York City, and as a member of the New York State Justice Center Surrogate Decision Making Committee.

David Lehr, Vice-Chairperson. Mr. Lehr is a retired attorney and former Chief Assistant District Attorney for Staten Island, also serving as CSD 31 Community School Board Member and as an Adjunct Professor at St. John’s University. He is presently the Board Chairman of the Visiting Nurse Association of Staten Island and is a trustee at Staten Island University Hospital.

Ed Fucini, Treasurer. Mr. Fucini is the founder and president of Chris Limo USA which is headquartered in Brooklyn, New York. He started this company in 1990 and it has enjoyed over 30 years of successful operations.

Deborah Miller, Secretary. Ms. Miller has been the Director of the Staten Island Family Resource Center since 2004, where she is actively involved in ensuring that families and caregivers of children and youth with special needs receive the needed services. Ms. Miller holds a Masters in Social Science from Antioch University. She has also received numerous certifications in the Applied Behavioral Sciences and in Organizational Psychology. She has also completed Post Graduate studies at the University of Pennsylvania. Ms. Miller received her credentials in the Family Development and Credentialing Program offered by Cornell University. She is passionate about her role as an advocate, especially as it relates to the educational needs of children and youth. Ms. Miller currently serves as the Treasurer of the Board of

Directors for Families on the Move of NYC, Inc. Ms. Miller was formerly Borough Based Council Chairperson and New York State Coalition for Children's Mental and Behavioral Health, Executive Board Member and Founding Member, Trustee and Chairperson of Lavelle Prep.

Dr. Sheldon Blackman, Trustee. Dr. Blackman is an alumnus of Princeton University, Cum Laude, Phi Beta Kappa and received his Ph.D. from Ohio State University in 1960 in Clinical Psychology. He is now retired from positions at SVMCR and Staten Island University Health, including VP for Program Development, and is an author of two books and numerous professional articles in psychology.

John Strand, Trustee. Mr. Strand most was a program evaluation consultant at Lavelle Prep from 2014 through 2017, and has previous experience as a consultant in the development of New Charter Schools as well as Great Schools Partnership in Knoxville, Tennessee. Prior to his work at Lavelle Prep, Mr. Strand served as a leadership coach and senior program officer at New Visions for Public Schools in New York City. Earlier in his career, he was the superintendent of public schools in New York, Illinois, and Massachusetts.

Michael Caridi, Trustee. Mr. Caridi has an active role with charitable organizations and nonprofits throughout Staten Island. In addition to his role on the Board of the Education Corporation, he is the treasurer of the board for St. George Theatre, and spends time planning and presenting events at both the Snug Harbor Cultural Center and the Staten Island Economic Development Corporation. He has also worked closely with Staten Island University Hospital and founded the Puddin' Kids 1st Vincent Gruppuso Foundation which provides support to underprivileged children and children in need.

Joseph Carroll, Trustee. Mr. Carroll is the District Manager of Community Board #1 in Staten Island, a government agency consisting of up to 50 volunteers and a small paid staff where he works with officials in Staten Island and across the city to ensure some of the needs of the North Shore are met. Prior to obtaining the position of District Manager, Mr. Carroll held many positions, including teaching with various unions. Mr. Carroll attended St. John's Grammar School in Manhattan, Bishop Loughlin High School, and Queensborough, Long Island University and Richmond College.

Dr. Bonnie Johnson Fritz, Trustee. Dr. Fritz is a native of Georgia. She received her Bachelor of Arts in Humanities and a Master of Arts in Teaching English from Emory University. She also received a Master of Education in Reading and a Ph.D. in Communicative Arts Education from Georgia State University. Dr. Fritz has over 30 years of experience in higher education focusing on high impact programs designed for student success. In 2003 she was named Professor Emerita at Georgia State. Dr. Fritz helped to establish the Emeriti Organization at Georgia State University, serving as chair of the steering committee and creating the organization's first newsletter. Since moving to Staten Island, Dr. Fritz has enjoyed becoming a part of the college community through teaching, volunteering, and engaging in several Staten Island organizations and events, including serving as a member of the Board of Directors for College of Staten Island Hillel, Integrated Charter Schools, and the Greenbelt Conservancy as board member and chair of the Education, Nature Center, and Public Programming Committee.

Robin Lefkowitz, Trustee. Ms. Lefkowitz is an Executive Vice President and Director of Branch Administration and Business Development at Northfield Bank, and has over 30 years of banking and financial experience. Specializing in customer relationships and growth of the bank's overall branch system, Robin's wealth of experience spans throughout the Northfield Bank network, located in Staten Island, Brooklyn and New Jersey. Prior to her position with Northfield, she was Vice President, Business Development, for Independence Community Bank, where she was responsible for developing customer and account growth throughout the Brooklyn marketplace. Ms. Lefkowitz joined Independence in April 2004 following its merger with SI Bank & Trust, and served as Vice President, Trust and Investment

Development for over four years. She holds a Bachelor of Arts Degree in Political Science with a minor in Economics, from Brooklyn College and a Master of Business Administration Degree from Wagner College.

Dr. Doris Schueler, Trustee. Dr. Schueler has a private practice in South Plainfield, New Jersey specializing in treating children and families. She is also the President of the Middlesex County Association of Psychologists and supervises doctoral students from the Rutgers's Psy.D. program in New Brunswick.

Dirk Tillotson, Trustee. For over 20 years, Mr. Tillotson has worked to support communities and families in developing and holding their local schools accountable. He has helped to develop over 40 schools in Oakland, New York, New Orleans, and Doha, Qatar, always with one eye on quality and the other on equity.

Dr. Eleni Tournaki, Trustee. Dr. Tournaki has a Ph.D. in Educational Psychology from New York University and is currently Professor of Special Education at the School of Education, College of Staten Island, The City University of New York. Her two longstanding areas of inquiry include first, the examination of teachers' attitudes, efficacy and effectiveness and second, the effectiveness of a variety of teaching strategies in the classroom – most notably in mathematics. Most recently she is investigating the development of Executive Functioning among adolescents who are underserved and at-risk. Dr. Tournaki has received several PSC-CUNY grants as well as an NSF Noyce grant.

Denise Henick, Trustee. Ms. Henick grew up in Mariners Harbor and lived in several neighborhoods along the North Shore before settling in St. George at Bay Street Landing. Ms. Henick oversees the Stop & Stor Charitable Fund which has disbursed over \$2.75 million dollars since its inception in 2002. Ms. Henick initiated Team Stop & Stor for the Making Strides Against Breast Cancer on Staten Island. Ms. Henick is a member of the Staten Island Chamber of Commerce and the SIEDC Executive Women's Council. In November of 2017, she was the recipient of the SIEDC's Executive Woman of the Year Award. Additionally, she was recognized by Michael's Cause in appreciation of her support at their 2017 annual event. In February of 2018, she was the recipient of the highly-respected Louis R. Miller Business Leadership Award. Most recently, Denise was the NY1's New Yorker of the Week. Ms. Henick began her career working for The City of New York, Office of the Mayor for almost 20 years. Having assumed many roles under the Koch, Dinkins, and Giuliani administrations, she left city government as Deputy Director of Fiscal Operations under Mayor Rudy Giuliani.

Dr. Kathlyn Barrett-Layne. Dr. Barrett-Layne has a Ph.D. in Philosophy, School Leadership from Concordia University – River Forest and is currently an Adjunct Professor at Touro College. Dr. Barrett-Layne has served as a School Based Administrator and Field Supervisor for the New York City Department of Education. Dr. Barrett-Layne is licensed as a New York State Administration Supervisor and New York State School District Administrator. For over 34 years, Dr. Barrett-Layne has served a Senior Pastor at Reach out and Touch Ministries, where she is responsible for the day-to-day operations and management of the non-profit organization, which services mental, emotional, social and spiritual needs for all age groups within and around the North Shore communities of Staten Island. Dr. Barrett-Layne is a frequent motivational and inspirational speaker, with extensive background in leading and training. She also holds a Master of Education Degree, Educational Administration and Supervision from the College of Staten Island.

Teachers and Staff

The figures in the following table represents employees at all ICS Schools for the 2021-2022 school year.

TABLE 2 Education Corporation Employees				
	Lavelle Prep	New Ventures	Nicotra	Central
Administration	7	3	4	73
Teachers	90	14	20	--
Teacher Assistants	<u>39</u>	<u>4</u>	<u>7</u>	<u>--</u>
Total	<u>136</u>	<u>21</u>	<u>31</u>	<u>73</u>

The Education Corporation's student teacher ratio at the ICS Schools is targeted to be 18:3 for grades K-5 and 18:2 for grades 6-12 each year.

The following table shows the level of experience and education for teachers and teacher aides/assistants for the 2021-2022 school year at the ICS Schools.

TABLE 3 Teacher Experience and Education	
	2021-2022
0-5 Years' Experience	83
5-10 Years' Experience	32
Over 10 Years' Experience	<u>9</u>
Total	<u>124</u>

The following tables show historical teacher and associate teacher retention rates at each of the ICS Schools.

TABLE 4 Lavelle Historical Teacher Retention Rates	
Year	Percent Retained
From 2016 to 2017	91.0%
From 2017 to 2018	93.5
From 2018 to 2019	90.5
From 2019 to 2020	94.0
From 2020 to 2021	97.5

TABLE 5
New Ventures
Historical Teacher Retention Rates

Year	Percent Retained
From 2016 to 2017	100.0%
From 2017 to 2018	100.0
From 2018 to 2019	82.5
From 2019 to 2020	93.0
From 2020 to 2021	100.0

TABLE 6
Nicotra
Historical Teacher Retention Rates

Year	Percent Retained
From 2018 to 2019	87.5%
From 2019 to 2020	95.0
From 2020 to 2021	87.5

Professional Development. Prior to the start of each school year, the Education Corporation hosts professional development for its teachers for two weeks. Additionally, throughout the school year the Education Corporation plans student half days for teacher professional development in the afternoons.

Key Administrators

Below are biographies of the key administrators.

Dr. Kenneth Byalin, Founder and President. Dr. Byalin is the President of ICS and has broad experience in organizational leadership and education, as well as in mental health as a manger in the New York State Office of Mental Health and as a psychotherapist in private practice. Dr. Byalin earned a Ph.D. in Sociology from New York University, a MS in Social Work from Columbia University, and a BA in English from Carleton College. Dr. Byalin is also a Zen teacher in the lineage of Bernie Glassman.

Mary Cottingham, Senior Vice President and Chief of Staff. Ms. Cottingham is Senior Vice President and Chief of Staff of ICS. Ms. Cottingham joined Lavelle Prep in 2010 as an Events Coordinator. She holds a Bachelor of Science in Business from the College of Staten Island. Ms. Cottingham has served as a key member of both the Operations & Development teams, HR Recruiter, Liaison to the Board of Trustees, Coordinator of Special Projects for the organization and as Vice President of External Affairs. Her previous career was in College Recruiting for the investment firm Merrill Lynch. Ms. Cottingham earned an Executive MBA from Wagner College.

Dana Volini, Vice President of Administration. Mrs. Volini is the Vice President of Administration at ICS. She holds a Bachelor’s degree in Political Science from Arizona State University, a Master’s degree in Middle School Education and Special Education from Touro College, and as a recipient of a Race to the Top grant, she received an additional Master’s degree from Wagner College in Educational Leadership and Administration. Mrs. Volini previously worked as a Special Education Mathematics teacher, Special Education Coordinator, 7th-grade team leader and Director of Operations. Ms. Volini currently oversees the office administration, human resources, kitchen, technology, facilities, finances,

legal compliance, data, and communications. Mrs. Volini also is part of the SIEDC's Executive Women's Council and the Executive Club of Staten Island.

Aimee Horowitz, Vice President of Educational Excellence. In her most recent position prior to joining ICS as Vice President of Education/Instructional Excellence, Ms. Horowitz served as the Executive Superintendent of the Campus Showcase Program, an initiative designed to increase opportunities for students, staff, and families at co-located high schools. Prior to that she was the Executive Superintendent for the School Renewal Program, spearheading the systemic efforts to turn around New York City's most struggling schools. Prior to that, Ms. Horowitz was the founding Principal of the College of Staten Island High School for International Studies; Staten Island's first small high school created in collaboration with Asia Society's International Studies School's Network, College of Staten Island, and the Department of Education. Ms. Horowitz is an alumnus of the College of Staten Island, having earned an Advanced Certificate in Supervision and Administration. She also holds a Juris Doctorate from Southwestern University School of Law and a BA from Brooklyn College.

Jonathan Lipschitz, Director of Finance. Mr. Lipschitz, CPA, became Director of Finance at ICS in March 2020. His most recent experience has been as Director of Financial Planning and Strategy for one of the largest minority Community Banks in the United States. Mr. Lipschitz has an extensive background as CFO and Controller of various banks including a Staten Island Community Bank responsible for financial reporting, internal controls, various financial regulatory audits and management of accounting staff. Prior to that, Mr. Lipschitz has had a successful career of more than 20 years at JP Morgan Chase where he served as CFO and Controller of various business units gaining a broad band of accounting and management experience. Mr. Lipschitz has previously served as Co-Chairman of the Board for ICS and Chairman of the Board for New Ventures where he gained a deep passion for ICS. Mr. Lipschitz holds a Bachelor of Science degree in Accounting from Ithaca College and is a Certified Public Accountant.

Ryan Melis, Principal of New Ventures. Mr. Melis is the Principal of New Ventures. Mr. Melis holds a degree in Master's degree in Education in grades 7-12 and a degree in business administration, as well as a New York State School Building Leader license. Mr. Melis is a Special Education Teacher and enjoys making an impact on the lives of Staten Island youth while inspiring them to be the best version of themselves. Mr. Melis is in his 8th year under the ICS umbrella, with his first 5 years working at Lavelle Prep. He has held many positions since starting his career including Teacher's Assistant, Teacher, Athletic Director, After School Program Director, and Grade Leader.

Jenna Curran, Principal of Lavelle Prep, Elementary School Division. Mrs. Curran is the Principal of Lavelle Prep, Elementary School Division. Mrs. Curran has been with ICS for 8 years, first, as a teaching assistant, and working through positions including Mathematics Teacher and 6th Grade Team Leader for six years. She previously served as the Elementary Division's founding Assistant Principal for three years. She currently manages the operations, instruction, and function of the school on a daily basis, ensuring all students are prepared for, and provided with, opportunities for academic success. She holds a dual Master's degree in Elementary and Special Education from St. John's University, a Master's degree in School Administration from Wagner College and a Bachelor's degree in Public Relations from Hofstra University. Mrs. Curran's favorite part of working at Lavelle is the 'teamwork' mentality.

Theresa Peterford, Interim Acting Principal of Lavelle Prep, Middle School Division. Ms. Peterford is currently serving as the Interim Acting Principal of Lavelle Prep, Middle School Division. Ms. Peterford has been an educator since 2002 and joined the ICS team in 2011. She holds a Master's degree in Education in School Building Leadership as well as New York State teaching certifications spanning grades K-12 in both general and special education. She also serves as the Vice President of Education, Integration Excellence and works collaboratively with the executive leadership team to ensure that the educational and emotional needs of all students are met and that the promise of career and college readiness is attainable

for all students, including those with special needs. Ms. Peterford also ensures that each school within the organization maintains a commitment to the full integration of students with disabilities and other challenges and that these students have access to the tools necessary to be successful in the integrated setting offered at ICS.

Dhurata Rexha, Principal of Lavelle Prep, High School Division. Ms. Rexha is the Principal of Lavelle Prep, High School Division, where she provides students with an atmosphere conducive to collegiate learning that encourages high levels of performance and enables students to become active, caring global citizens. She has been with ICS since 2009 and has taught middle and high school mathematics courses. In 2011, in her role as Math Coach for Lavelle Prep, she supervised and mentored mathematics teachers in their daily instruction while also creating supportive learning environments to deepen student engagement and learning. Mrs. Rexha received her first B.A. in History and her second B.A. in Mathematics. She earned her first M.S.Ed. in Education from the College of Staten Island and as a recipient of a Race to the Top Grant, she received a second M.S.Ed. in School and Building Leadership from Wagner College. She previously served as Assistant Principal for Nicotra.

Jessica Carvanas, Principal of Nicotra. Ms. Carvanas began her career at ICS Schools 9 years ago at Lavelle Prep teaching science. Throughout her years at ICS Schools, she has been the 8th-grade team leader and science coach liaison. She earned her first Master's Degree from Wagner College in General and Special Education. After a few years, she went back to school and received her second Master's Degree in Biological Sciences and most recently completed the School Building Leadership program from CSI. She is very excited to make this division of ICS Schools her home and help foster the ICS Values here.

Chris Zilinski, Founding Principal of Richmond Prep. Mr. Zilinski will serve as the Founding Principal of Richmond Prep when it opens September 2021. He joined Lavelle Prep in 2009 as a classroom teacher after spending time with the NYC Department of Education. During his time at Lavelle Prep, he has taught History, Visual Arts, Middle School English and High School English. In 2010, Mr. Zilinski assumed the role of Team Leader, in 2013 he became the Assistant Principal, and in 2014, he became the Principal of Middle and High Schools. In 2020 he stepped into the role of Founding Principal of Richmond Prep. Mr. Zilinski has an undergraduate degree from the University of Pittsburgh, a graduate degree from the College of Staten Island, and a post-graduate certificate from the College of St. Rose.

Charter Contract for the Education Corporation

General. New York Education Law, specifically Article 56, the New York Charter Schools Act of 1998, as amended, provides for the creation of public charter schools to provide educational opportunities for students, teachers, parents, and community members, and to establish and maintain schools that operate independently of existing schools and school districts in order to: (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 charter schools accountable for meeting measurable student achievement results.

Annual Reports. As part of the Charter, the Education Corporation is required to submit to the Authorizer and State Board of Regents (the “**Regents**”) an annual accountability plan progress report (the “**Annual Report**”) to ensure that each of the ICS Schools is in compliance with the terms of the Charter. An Annual Report is to be submitted no later than August 1 succeeding a school year in which any ICS School provided instruction or received funding under Education Law § 2856. The Annual Report provides

information about each of the ICS Schools' academic and fiscal standing, as well as operational information (i.e., student and teacher retention, progress to goals and measures of the accountability plan, school calendar for the current year, including days and hours of operations, any changes to the education program or mission, and progress to meeting enrollment and retention targets, etc.). The Education Corporation also submits financial and operating data to the New York State Education Department pursuant to the Charter.

Charter Renewal. Under the terms of the Charter Schools Act, charters may be renewed, upon application for renewal, for a term of up to five (5) years. In connection with charter renewal, the Charter Schools Act requires applicants such as the Education Corporation to submit: (a) a report of progress in achieving the educational objectives set forth in the charter; (b) a detailed financial statement that discloses the cost of administration, instruction and other spending categories for the charter school that will allow a comparison of such costs to other schools, both public and private; (c) copies of each of the annual reports of the charter school required by the Charter and the Charter Schools Act, including charter school report cards and certified financial statements; (d) evidence of parent and student satisfaction; (e) the means by which each school will meet or exceed enrollment and retention targets; (f) a summary of the current status of any school's probationary status, closure plan, or corrective action plan, and (g) such other material and information as required by the Authorizer.

The Charter Schools Act requires that charter renewal applications be submitted to the charter entity, which in the case of the Education Corporation is the Authorizer, no later than August 1 of the calendar year prior to the expiration of a charter; provided, however, that the Authorizer may waive the August 1 date restriction upon written request from the Education Corporation. The Charter states that if the Authorizer does not approve a renewal application, the parties to the Charter shall fulfill their respective obligations through the full term of the Charter.

The Education Corporation was granted its first Charter in 2009 for Lavelle Prep, which has been subsequently renewed and amended. The Authorizer and the Education Corporation entered into four (4) separate charter contracts (one for each of the ICS Schools) pursuant to which the Education Corporation is authorized to operate Lavelle Prep through June 30, 2023, New Ventures through July 31, 2025, Nicotra through July 31, 2023, and Richmond Prep through June 30, 2026.

Charter Revocation. A charter may be terminated by the charter entity or the Authorizer or Regents upon any of the following statutory grounds: (a) if the charter school's outcome on student assessment measures adopted by the Board of Regents falls below the level that would allow the Commissioner of Education to revoke the registration of another public school, and student achievement on such measures has not shown improvement over the preceding three (3) school years; (b) serious violations of law; (c) material and substantial violation of the charter, including fiscal mismanagement; or (d) if the New York Public Employment Relations Board makes a determination that the charter school demonstrates a practice and pattern of egregious and intentional violations of subdivision one of § 209-A of the New York Civil Service Law involving interference with or discrimination against employee rights under Article 14 of the New York Civil Service Law.

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

The Charter Schools Act provides that notice of intent to revoke a charter must be provided to the board of trustees of a charter school at least thirty (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 thirty (30) days to correct the problems associated with the proposed revocation. Prior to revocation of the charter, a charter school must be provided an opportunity to be heard, consistent with the requirements of due process. Upon the termination of a charter, the charter school is

required to proceed with dissolution pursuant to the procedures of the charter and direction of the authorizing entity and the Board of Regents.

In addition, the charter entity or the Board of Regents may develop and require the Education Corporation to implement a corrective plan if a charter school falls within the provisions of (a) through (d) above. The failure of a charter school to comply with the terms and conditions of a remedial action plan may result in summary revocation of ICS Schools' charter.

School Year and School Day Length

Lavelle Prep. Breakfast is available in the cafeteria for all students from 7:30 a.m. to 8:00 a.m. each school day. The school day starts at 7:50 a.m. and ends at 2:40 p.m. There are at least 180 instructional school days. The school year begins in early September and ends at the end of June.

New Ventures. The school day starts at 12:30 p.m. and ends at 7:06 p.m., Monday through Thursday. Hours vary on Friday for internships. There are at least one hundred eighty (180) instructional school days. The unique school model begins with a boot camp in midsummer and continues through the end of June. Due to the nature of credit accumulation, students graduate at various points within the year.

Nicotra. Breakfast is available in the classrooms for all students from 7:30 a.m. to 8:00 a.m. each school day. The school day starts at 7:50 a.m. and ends at 2:40 p.m. There are at least one hundred eighty (180) instructional school days. The school year begins in early September and ends at the end of June.

COVID-19 Related Changes. For the 2020–2021 school year, ICS Schools implemented a blended program. For parts of the year all ICS Schools were fully remote. ICS Schools are supporting online learning by providing Chromebooks and hot spots to students. ICS Schools plan to open fully in-person with a remote option for all students in the upcoming 2021-2022 school year. The Education Corporation anticipates the ICS Schools will be open for in person learning for the 2021–22 school year, commencing September 13, 2021. See “RISK FACTORS—Impact of COVID-19 on the Education Corporation” for a more detailed description of the impact of COVID-19 on the Education Corporation and the ICS Schools.

Transportation

Students who meet eligibility requirements of the NYC Office of Pupil Transportation may obtain free MTA Cards.

Curriculum

Richmond Prep Curriculum. Richmond Prep welcomes and integrates all students, including those that are living on the autism spectrum. Richmond Prep Curriculum is designed to prepare students for college from the time that they enter Richmond Prep until they graduate. Due to the nature of Richmond Prep's program, students are able to take the New York State Regents exams on an accelerated schedule making way for college credit bearing classes. Richmond Prep will also offer a computer science program as part of its curriculum. The computer science program begins in the sixth grade introducing students to the basics of programming and hardware and increases the complexity of these topics through the eighth grade. Students will have the opportunity to obtain IC3 Digital Literacy Certification. Once Richmond Prep students enter high school, they will choose either a hardware or programming pathway for the next four years. Student in the programming track will become adept at multiple programming languages and how to apply them, while their peers in the hardware track will master working with computer hardware,

computer networking and security. Both tracks lead to college credit bearing Advanced Placement classes as well as professional certifications in their respective fields.

Lavelle Prep Curriculum. Lavelle Prep welcomes and integrates students living with and without emotional challenges and disabilities into a rigorous college preparatory program. Lavelle Prep’s charter program, core instruction is delivered by either a teacher dually certified in Special Education and Content and a Teacher Assistant OR by a teacher certified in content and a teacher certified in special education working as a team. Lavelle Prep utilizes a constructivist teaching approach to increase student engagement. Additionally, all students take Wellness classes two times a week which address social emotional learning. Arts and Movement classes are infused into the student’s school week with varying opportunities for sports and extracurricular clubs both during and after school hours based on student interest. Lavelle Prep’s free arts and literacy based after school program provides students with a creative outlet and has continued virtually throughout the pandemic.

Lavelle Prep uses backward design, an approach to instructional planning that starts with the end goal, then work backward from there. The school also uses Universal Design for Learning (UDL) as a way of thinking about teaching and learning that helps give all students an equal opportunity to succeed, no matter how they learn. Educational supports such as “Lunch and Learn tutoring” and RTI are also provided. As far as extracurricular activities, they include, sports (in partnership with local DOE high school Port Richmond), Student council & government, Yearbook committee, STEP partnership with CSI, Guest speakers and collaboration with international schools.

New Ventures Curriculum. Every year on Staten Island, over 1,000 high school students fail to graduate on time. With only one transfer school option serving this population in this borough, New Ventures seeks to empower students to regain the confidence and skills needed to complete high school and earn their diploma. The school’s unique teaching methods have allowed our students to re-engage and connect the content being taught to real-world and community based situations through project-based learning. This curriculum immerses students in the community of Staten Island through our various partnerships that the school knows as “fieldwork sites.” New Ventures extends those partnerships on Fridays, as our students gain hands-on learning experiences in one of the school’s 75 internship locations.

Nicotra Curriculum. Nicotra uses backward design, an approach to instructional planning that starts with the end goal, then work backward from there. The school also uses Universal Design for Learning (UDL) as a way of thinking about teaching and learning that helps give all students an equal opportunity to succeed, no matter how they learn. Educational supports such as “Lunch and Learn tutoring” and RTI are also provided. As far as extracurricular activities, they include Student Council & government, Yearbook committee, STEP partnership with CSI, Guest speakers and collaboration with international schools.

Enrollment

Set forth below is a history of each of the ICS Schools' approximate enrollment.

TABLE 7 Enrollment – Lavelle							
Grade	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021-22 ¹
K	--	--	--	--	--	41	51
1 st	--	--	--	--	--	20	51
2 nd	--	--	--	--	--	21	34
3 rd	--	48	45	78	81	40	54
4 th	--	45	66	69	66	78	72
5 th	--	47	79	75	80	79	76
6 th	133	97	103	128	106	114	95
7 th	119	115	92	102	115	97	106
8 th	118	111	113	81	90	102	91
9 th	52	68	65	68	40	62	71
10 th	30	49	58	53	59	38	58
11 th	29	30	46	57	52	55	37
12 th	<u>14</u>	<u>26</u>	<u>30</u>	<u>44</u>	<u>50</u>	<u>49</u>	<u>58</u>
Total	<u>495</u>	<u>636</u>	<u>697</u>	<u>755</u>	<u>739</u>	<u>796</u>	<u>854</u>

¹ Projected as of August 16, 2021.

Source: The Education Corporation.

TABLE 8 Enrollment – New Ventures							
Grade	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021-22 ¹
9 th	--	1	1	8	--	--	10
10 th	28	22	27	38	45	46	43
11 th	15	22	35	52	53	47	46
12 th	<u>6</u>	<u>37</u>	<u>45</u>	<u>19</u>	<u>49</u>	<u>46</u>	<u>36</u>
Total	<u>49</u>	<u>82</u>	<u>108</u>	<u>117</u>	<u>147</u>	<u>139</u>	<u>135</u>

¹ Projected as of August 16, 2021.

Source: The Education Corporation.

[Remainder of Page Intentionally Left Blank]

Grade	2018–19	2019–20	2020–21	2021-22 ¹
8 th	40	37	24	39
9 th	38	58	58	63
10 th	--	42	55	57
11 th	--	--	37	53
12 th	--	--	--	<u>36</u>
Total	<u>78</u>	<u>137</u>	<u>174</u>	<u>248</u>

¹ Projected as of August 16, 2021.
Source: The Education Corporation.

The following tables show projected student enrollment numbers at each of the ICS Schools by grade level for the next five (5) school years.

Grade	2021-22	2022–23	2023–24	2024–25	2025–26	2026-27	2027-28
6 th	108	108	108	108	108	108	108
7 th	--	97	97	97	97	97	97
8 th	--	--	88	88	87	87	87
9 th	--	--	--	52	52	52	52
10 th	--	--	--	--	47	47	47
11 th	--	--	--	--	--	45	45
12 th	--	--	--	--	--	--	<u>44</u>
Total Enrollment	<u>108</u>	<u>205</u>	<u>293</u>	<u>345</u>	<u>391</u>	<u>436</u>	<u>480</u>

Source: The Education Corporation.

Grade	2022–23	2023–24	2024–25	2025–26	2026-27
K	34	34	34	34	34
1 st	34	34	34	34	34
2 nd	34	34	34	34	34
3 rd	102	102	102	102	102
4 th	102	102	102	102	102
5 th	102	102	102	102	102
6 th	126	126	126	126	126
7 th	102	102	102	102	102
8 th	92	92	92	92	92
9 th	46	46	46	46	46
10 th	48	48	48	48	48
11 th	43	43	43	43	43
12 th	<u>43</u>	<u>43</u>	<u>43</u>	<u>43</u>	<u>43</u>
Total Enrollment	<u>908</u>	<u>908</u>	<u>908</u>	<u>908</u>	<u>908</u>

Source: The Education Corporation.

TABLE 12 Projected Enrollment by Grade Level – New Ventures					
Grade	2022–23	2023–24	2024–25	2025–26	2026–27
10 th	60	60	60	60	60
11 th	60	60	60	60	60
12 th	<u>60</u>	<u>60</u>	<u>60</u>	<u>60</u>	<u>60</u>
Total Enrollment	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>

Source: The Education Corporation.

TABLE 13 Projected Enrollment by Grade Level – Nicotra					
Grade	2022–23	2023–24	2024–25	2025–26	2026–27
8 th	73	125	125	125	125
9 th	65	90	90	90	90
10 th	87	87	87	87	87
11 th	62	62	62	62	62
12 th	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>
Total Enrollment	<u>325</u>	<u>402</u>	<u>402</u>	<u>402</u>	<u>402</u>

Source: The Education Corporation.

Facility Capacity

Upon completion of Series 2021 Project and any additional improvements being constructed at the Teleport Leased Facilities, the student capacity at each of the Richmond Prep Campus will be approximately 500 students, as currently planned, and at the Teleport Leased Facilities will be approximately 1,852 students.

Student Retention

Listed below is the historical student enrollment retention at the ICS Schools for the prior five (5) years.

TABLE 14 Retention Rate by School Year — Lavelle	
School Year	Percent Retention from Previous School Year
From 2016 to 2017	83%
From 2017 to 2018	82
From 2018 to 2019	80
From 2019 to 2020	87
From 2020 to 2021	88

Source: The Education Corporation.

TABLE 15	
Retention Rate by School Year — New Ventures	
School Year	Percent Retention from Previous School Year
From 2016 to 2017	62%
From 2017 to 2018	69
From 2018 to 2019	84
From 2019 to 2020	83
From 2020 to 2021	91

Source: The Education Corporation.

TABLE 16	
Retention Rate by School Year — Nicotra	
School Year	Percent Retention from Previous School Year
From 2015 to 2016	--
From 2016 to 2017	--
From 2017 to 2018	--
From 2018 to 2019	83%
From 2019 to 2020	90
From 2020 to 2021	86

Source: The Education Corporation.

Lottery Admission Process

Under the Charter Schools Act, admission into charter schools is determined by a lottery process. Each of the ICS Schools will admit an eligible child who is interested in becoming a student and submits a timely application by the first day of April, unless the number of applications exceeds the chartered capacity of the grade level. Admission will not be restricted to Kindergarten; any grade with available spots will be filled with students from the lottery. Students who are already enrolled at one of the ICS Schools will be automatically re-enrolled for the following academic year. If the number of timely applications to one of the ICS Schools exceeds capacity, students will be accepted by a lottery where students will be assigned a number using a random selection process. Once all spots are filled, a waitlist will be compiled of all remaining applicants in order of their selection in the lottery. Each of the ICS Schools has its own lottery and waiting list.

[Remainder of Page Intentionally Left Blank]

Application and Wait List

Set forth below is the historical waitlist summary, listed by grade level for Lavelle Prep. The Education Corporation does not maintain a waitlist for grades 8 through 12 at Lavelle. Additionally, neither the New Ventures nor the Nicotra have a waitlist.

TABLE 17
Historical Wait List Summary – Lavelle

Grade	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21 ¹	2021-22 ²
K	--	--	--	--	--	107	8
1 st	--	--	--	--	--	25	30
2 nd	--	--	--	--	--	44	--
3 rd	--	77	45	--	5	56	--
4 th	--	68	56	6	42	45	9
5 th	--	92	22	30	22	3	41
6 th	38	250	170	38	92	74	133
7 th	<u>62</u>	<u>78</u>	<u>40</u>	<u>10</u>	<u>4</u>	<u>40</u>	<u>39</u>
Total	<u>100</u>	<u>565</u>	<u>333</u>	<u>84</u>	<u>165</u>	<u>394</u>	<u>260</u>

¹ As of June, 2021.

² As of August 16, 2021.

Source: The Education Corporation.

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

Academic Achievement Indicators

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

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

New York State English Language Arts and Math Exam. The tests are designed to measure how well students are mastering the learning standards that guide classroom instruction and help to ensure that students are on track to graduate from high school with the critical thinking, problem solving, and reasoning skills needed for success in college and the workplace. The tests also show how schools and districts are progressing with the learning standards and can be used to support professional development for teachers.

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

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

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

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

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

State Testing Performance. The following is a summary of student performance at the ICS Schools for the past two school years for which such data is available in ELA and mathematics. Performance on State assessments is reported in terms of mean scores and percentages of tested students scoring at or above Level 3 and 4. Level 3 is the “meets proficiency” standard that means students demonstrate an understanding of the subject and the knowledge and skills expected at their grade level. Spring 2020 standardized state assessments, including the June 2020 Regents examinations, were canceled and are, thus, not reported.

TABLE 18 Percentage of students that scored at or above Level 3 in English Language Arts				
Grade	2017–18		2018–19	
	Lavelle Prep	State	Lavelle Prep	CSD 31
3 rd	30%	51%	22%	52
4 th	18	47	22	48
5 th	21	37	4	38
6 th	39	49	30	47
7 th	22	40	28	40
8 th	40	48	46	48

TABLE 19
Percentage of students that scored at or above
Level 3 in Mathematics

Grade	2017–18		2018–19	
	Lavelle Prep	CSD 31	Lavelle Prep	CSD 31
3 rd	23%	54%	15%	55%
4 th	16	48	16	50
5 th	17	44	15	46
6 th	34	44	18	47
7 th	36	41	33	43
8 th	6*	30	26*	33

* Does not include 8th grade honors students who took the Algebra Regents instead of the 8th grade math exam.

Lavelle Prep students take the more rigorous Living Environmental Regents in lieu of the NYS 8th grade science test. Note that not all 8th graders in the state take the Regents Exam. As such, the table below reflects the comparative state data from a self-selecting group for the 2018–2019 school year. Spring 2020 standardized state assessments, including the June 2020 Regents examinations, were canceled and are, thus, not reported.

TABLE 20
2018-2019* New York State Regents Exam Results
Examination Pass Rate

Subject	Lavelle	Nicotra **	New Ventures ⁺	State
ELA	91%	^^	89%	84%
Algebra 1	65	57%	48	71
Geometry	97	^^	^^	70
Algebra II	83	^^	^^	83
Living Environment	71	60	62	73
Earth Science	27	^^	^^	69
Chemistry	77	^^	^^	73
Global History	61	^^	55	62
US History	45	29	49	77

** First year of operation.

⁺ As a transfer school for over-aged and under-credited students, New Ventures students have historically struggled with high stakes exams during their academic careers.

^^ Exam not administered.

TABLE 21
Average Student Performance Scores: 8th Grade Science

Examination Pass Rate					
School Year	Lavelle Prep	Nicotra	New Ventures	CSD 31	State
2018–2019	71%	60%	62%	69%	73%

Graduation Rates and College Placement.

For the 2019-2020 school year, Lavelle Prep graduated 98% of its students within 4 years and New Ventures graduated 74% of its students. Nicotra did not have a graduating class in 2019-2020.

83% of Lavelle Prep and 28% of New Ventures students graduated from high school and enrolled in college or other post-secondary program within six months.

4 Year High School Graduation Rates		
School Year	Lavelle Prep	State
2018–2019	100%	83%
2019-2020	98	85

6 Year High School Graduation Rates*		
School Year	New Ventures	State Transfer High School
2018–2019	71%	50%
2019-2020	74	52

* 6-year graduation rate is a more accurate measure of transfer high school graduation rates.

Service Area

The ICS Schools are all located in Staten Island, which is located in Richmond County, in the City and State. All of Richmond County is within CSD 31. According to U.S. Census data, Richmond County has an estimated population of 476,143 as of July 1, 2019. All students attending ICS Schools reside in Richmond County. The Facilities and the Teleport Leased Facilities are located in CSD 31.

Staten Island has a land area of 58.69 square miles, making it the third-largest in land area of the five boroughs of New York City (Manhattan, Queens, Brooklyn, Bronx, and Staten Island), but is the least populated borough.

Approximately 76% of current students attending ICS Schools qualify for the Federal free and reduced lunch program. Approximately 2% of current students attending ICS Schools are current or former English Language Learners. Approximately 37% of current Education Corporation students are students with disabilities.

The average student population at ICS Schools is approximately 44% Hispanic at Lavelle Prep, 45% Hispanic at New Ventures, and 39% Hispanic at Nicotra. For comparison, the racial demographics of

Richmond County and the State, as presented in the U.S. Department of Commerce's 2010 Census, are also included.

Richmond County and State Racial Demographics		
Race	Richmond County	State
African American	12%	16%
Asian	11	7
Hispanic	19	18
White	75	66
Other	9	7

Source: U.S. Census, 2010.

Population

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

Comparative Population				
Year	Richmond County	Percent Change	State of New York	Percent Change
1990	378,977	--	17,990,778	--
2000	443,762	17.09%	18,976,821	5.48%
2010	469,363	5.77	19,378,102	2.11

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

Median Age

According to the U.S. Census Bureau, 2015–2019 American Community Survey 5-Year Data Profile, the estimated median age for the residents of Richmond County was 40.1 years and for residents of the State was 38.8 years. (Source: U.S. Department of Commerce, Bureau of the Census.)

Income

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

Per Capita Personal Income						
	2014	2015	2016	2017	2018	2019
Richmond County	\$48,164	\$51,057	\$52,060	\$54,488	\$56,171	\$58,890
State of New York	\$56,758	\$59,243	\$61,401	\$65,814	\$68,657	\$71,717
United States	\$47,071	\$49,019	\$50,015	\$52,118	\$54,606	\$56,490

Source: US Department of Commerce, Bureau of Economic Analysis.

Competing Schools

The Education Corporation competes for students primarily within the geographic area of CSD 31 and other surrounding districts, and with other public schools and charter schools within the City area. There are currently approximately 8 charter schools serving grades K–12 within CSD 31. Charter schools within a close proximity to the Facilities are in competition with ICS Schools for students, including, but not limited to Bridge Preparatory Charter School, Hellenic Classical Charter School – Staten Island, New World Preparatory Charter School, and Staten Island Hebrew Public Charter School.

The student population at the ICS Schools consists of students residing in the following zip codes, all of which are in Staten Island (Richmond County), New York.

Zip Code	Percentage of Elementary Students	Percentage of Middle School Students	Percentage of High School Students
10301	10%	12%	17%
10302	9	7	8
10303	35	41	32
10304	18	17	18
10305	3	3	5
10310	10	11	11
10314	9	7	8

Zip Code	Percent
10301	11%
10302	6
10303	25
10304	13
10305	4
10306	6
10310	14
10314	13

Table 24
Distribution of New Ventures Students by Zip Code for 2021-2022 School Year

Zip Code	Percent
10301	9%
10302	9
10303	14
10310	13
10312	8
10314	23

The following table sets for the number of competing schools by zip code.

Table 25 Competing Schools by Zip Code for 2021-2022 School Year			
Zip Code	Elementary School	Middle Schools	High Schools
10301	14	6	7
10302	4	2	1
10303	5	2	1
10304	11	8	4
10305	13	6	3
10306	12	7	4
10310	6	4	1
10314	19	10	7

¹ New Ventures is a transfer high school. Only one other transfer high school exists on Staten Island

[Remainder of Page Intentionally Left Blank]

FINANCIAL DATA

Charter School Funding

Historic Per Pupil Funding Chart for New York City-based Charter Schools	
School Year	Per Pupil Funding ¹
2012–2013	\$13,527
2014–2015	13,777
2015–2016	13,877
2016–2017	14,027
2017–2018	14,527
2018–2019	15,308
2019–2020	16,150
2020–2021	16,112
2021–2022	16,845 ²

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

² Estimated amount.

Source: The Education Corporation and <https://www.nyccharterschools.org/sites/default/files/resources/Charter-Center-Memo-on-2019-State-Budget.pdf>.

New York State’s 2021–2022 annual fiscal budget includes the following items affecting all charter schools in New York City.

Increase in Per Pupil Funding. In addition to the statutory per-pupil funding, the Governor and Legislature may provide, as they have done so in the past, a one-time supplemental appropriation for New York City charter school students; the amount of supplemental aid is unknown at this time. The Education Corporation will receive approximately \$16,845 per student for the 2021–2022 school year. The Education Corporation is also eligible for ESSER II and ESSER III funds and ARP special funding.

Security in Schools. As of July 1, 2019 all district and charters school were required to define the roles and responsibilities of school security personnel in response to student misconduct. Specifically, schools that employ or contract with public or private security personnel (including law enforcement) must have a written contract or memorandum of understanding (“**MOU**”) that defines the roles and responsibilities of security personnel that is consistent with the school’s code of conduct and defines the relationship between the school, school personnel, students, visitors, law enforcement and the security personnel. The contract must also clearly delegate the role of school discipline to the school administration. In preparing the contract or MOU, the school must consult with stakeholders such as parents, students, school administrators, teachers, collective bargaining units, parent and student organizations, and community members, as well as probation officers, prosecutors, defense counsel and courts that are familiar with school discipline. Schools will also be required to submit any contract or MOU with school personnel with their school’s safety plan.

Budgeting of Funds and Reports

The Education Corporation prepares all required annual and quarterly financial reporting to the State and the NYCDOE. Required reporting to the New York State Education Department includes quarterly financials consisting of a Statement of Financial Position, a Statement of Activities prepared as a

budget versus actual, a Statement of Cash Flows, and an Annual Budget (the Annual Budget is prepared using a breakdown between program and supporting services prepared on a generally accepted accounting principles basis, and an annual budget and expenditure reports for federal grants including Title IA and Title IIA).

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

The following table sets forth the budgeted financial data of the Education Corporation as compared to the financials for the Fiscal Year ending June 30, 2019 and the data for the Fiscal Year ending June 30, 2020.

TABLE 26				
Education Corporation Budgeted and Actual Financial Data				
	2019–2020 Budget	2019–2020 Year End ¹	2020–2021 Budget	2020–2021 Year-to- Date (unaudited)¹
Revenue and Support:				
State Grants	\$29,008,186	\$24,700,522	\$28,554,036	\$27,829,704
Federal Grants	985,220	1,643,455	4,433,682	4,819,381
Miscellaneous Income	11,935	57,627	12,000	16,502
Contributions	<u>99,729</u>	<u>66,314</u>	<u>100,000</u>	<u>169,040</u>
Total Revenue & Support	<u>30,105,070</u>	<u>26,467,918</u>	<u>33,099,718</u>	<u>32,834,627</u>
Expenses:				
Compensation	21,815,987	20,321,185	21,300,672	21,451,688
Administrative	168,116	212,238	243,692	238,425
Professional Services	218,807	269,717	216,945	175,048
Professional Development	158,138	189,008	94,832	134,405
Staff/Student Recruitment	38,391	41,694	78,730	106,226
Fundraising	61,166	41,705	64,366	7,574
Classroom	1,364,995	673,248	1,200,070	704,578
Facility	4,987,021	3,390,469	5,907,583	2,857,318
Technology	62,658	122,594	82,296	242,803
Miscellaneous	<u>479,030</u>	<u>515,576</u>	<u>3,786,309</u>	<u>395,556</u>
Total Expenses	<u>29,354,309</u>	<u>25,777,434</u>	<u>32,975,495</u>	<u>26,313,621</u>
Net Income	<u>\$ 750,761</u>	<u>\$ 690,484</u>	<u>\$ 124,224</u>	<u>\$ 6,521,006</u>

¹ Year to date unaudited financials through June 30, 2021.

Source: The Education Corporation.

TABLE 27
Richmond Prep Budgeted and Actual Financial Data

	2020–2021 Budget	2020–2021 Year-to-Date (unaudited) ¹
Revenue and Support:		
State Grants	<u>\$916,064</u>	<u>\$637,487</u>
Total Revenue & Support	<u>916,064</u>	<u>637,487</u>
Expenses:		
Compensation	623,189	446,841
Administrative	35,000	3,574
Professional Services	9,375	5,701
Professional Development	5,000	6,955
Staff/Student Recruitment	34,000	26,006
Classroom	141,000	148,410
Facility	62,500	--
Technology	<u>6,000</u>	<u>--</u>
Total Expenses	<u>916,064</u>	<u>637,487</u>
Net Income	\$ <u> </u> --	\$ <u> </u> --

¹ Year to date unaudited financials through June 30, 2021.
Source: The Education Corporation.

Annual Financial Audit

The Education Corporation is required to have an annual audit conducted by an outside independent accounting firm. Financial audits are conducted in accordance with generally accepted auditing standards. Upon completion, audits are reviewed by Schall & Ashenfarb Certified Public Accountants, LLC before being submitted to the full Board for review. Schall & Ashenfarb Certified Public Accountants, LLC has been the Education Corporation’s auditor for eight years.

The audited financial statements of the Education Corporation for the fiscal years ended June 30, 2019 and June 30, 2020 are included in “APPENDIX D—AUDITED FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS OF THE EDUCATION CORPORATION FOR THE FISCAL YEAR ENDED JUNE 30, 2020” and “APPENDIX E—AUDITED FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS OF THE EDUCATION CORPORATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019”, respectively, in this Limited Offering Memorandum.

Historical Financial Data

The following financial data presents selected historical financial data of the Education Corporation, as shown in the Education Corporation’s audited financial statements for the stated years.

TABLE 28
ICS Schools Historical Schedule of Activities ^{1,2}

	2017–2018	2018–2019	2019–2020	2020–2021³
Revenue				
Public school district – resident student enrollment	\$11,564,480	\$14,187,017	\$15,849,513	\$17,403,396
Public school district – special education services	5,088,444	5,880,884	6,413,016	7,272,517
New York City rental assistance	--	--	2,437,993	2,518,914
Other government grants	3,496,324	4,963,662	1,643,455	5,454,257
Contributions	74,530	140,702	66,314	166,540
Other income	18,037	22,917	57,627	19,004
Benefit income	30,019	--	--	--
Special event income	--	33,614	--	--
Total Revenue	<u>20,271,834</u>	<u>25,228,796</u>	<u>26,467,918</u>	<u>32,834,627</u>
Expenses				
Personnel services	11,072,465	13,921,130	15,864,353	16,167,683
Fringe benefits and payroll taxes	2,924,935	3,772,165	4,456,832	4,714,893
Retirement	383,303	472,049	12,371	593,666
Supplies and materials	499,855	457,612	377,768	374,233
Legal services	56,000	45,962	138,252	127,064
Accounting and audit services	50,063	72,095	96,655	77,400
Other purchased professional and consulting services	232,383	249,658	59,771	50,823
Occupancy and facility costs	2,138,262	2,579,763	2,911,421	2,537,222
Repairs and maintenance	242,985	334,110	286,855	158,140
Insurance	139,346	139,182	157,971	161,025
Utilities	225,404	252,537	209,722	161,957
Equipment and furnishings	33,371	276,994	50,962	249,012
Staff development	139,361	195,255	169,328	108,862
Marketing and recruitment	42,822	35,707	41,771	106,226
Technology	20,317	40,503	105,841	242,803
Food services	315,605	358,493	246,483	34,995
Student services	144,120	144,609	84,492	53,423
Office expenses	59,840	81,120	61,261	46,992
Bad debt	19,456	71,513	54,345	--
Depreciation and amortization	331,281	328,736	285,455	236,147
Other	119,847	187,547	105,525	111,058
Total Expenses	<u>19,191,021</u>	<u>24,016,740</u>	<u>25,777,434</u>	<u>26,313,621</u>
Less: Direct special event expenses netted with revenue	<u>--</u>	<u>(24,538)</u>	<u>--</u>	<u>--</u>
Non-Operating income: Inherent contribution received in acquisition of John W. Lavelle Preparatory Charter School	<u>2,026,765</u>	<u>--</u>	<u>--</u>	<u>--</u>
Change in net assets	<u>\$ 3,107,578</u>	<u>\$ 1,236,594</u>	<u>\$ 690,484</u>	<u>\$ 6,521,006</u>
Fund balance	<u>\$ 4,171,640</u>	<u>\$ 5,247,726</u>	<u>\$ 5,938,210</u>	<u>\$12,459,216</u>

¹ Figures may not total due to rounding.

² The Lavelle Prep and New Ventures financials were merged beginning with the 2017-2018 school year. See Table 29 and Table 30 below.

³ Unaudited financials as of June 30, 2021.

Source: The Education Corporation.

TABLE 29
Lavelle — Schedule of Activities ¹

	2015–2016	2016–2017	2017–2018	2018–2019	2019–2020	2020–2021
Revenue and Support:						
Public school district – resident student enrollment	\$6,767,119	\$ 8,844,262	\$ 9,931,122	\$11,005,227	\$11,706,278	\$12,578,840
Public school district – special education services	3,140,530	3,859,548	4,347,897	4,585,380	5,003,492	5,560,732
New York City rental assistance	--	--	--	--	1,550,745	1,536,618
Other government grants	1,141,510	2,053,480	2,741,523	3,370,546	1,087,874	1,091,398
Contributions	38,050	209,644	49,955	--	--	82,182
Benefit income	17,863	23,320	--	--	--	--
Other income	<u>170,268</u>	<u>332,817</u>	<u>17,615</u>	<u>19,882</u>	<u>32,209</u>	<u>11,602</u>
Total Revenue & Support	<u>11,275,340</u>	<u>15,323,071</u>	<u>17,088,112</u>	<u>18,981,035</u>	<u>19,380,598</u>	<u>20,861,374</u>
Expenses:						
Personnel services ²	7,744,088	10,421,994	9,262,275	10,590,391	11,682,388	11,348,083
Fringe benefits and payroll taxes ²	--	--	2,699,395	2,806,778	3,281,979	3,373,221
Retirement ²	--	--	311,780	309,617	8,170	421,503
Supplies and materials	9,864	16,061	497,182	321,839	300,734	96,987
Legal services	--	--	40,733	31,991	46,149	68,421
Accounting and audit services	--	--	32,363	38,510	52,113	53,534
Other purchased professional consulting services	--	--	188,740	183,884	37,540	7,402
Occupancy and facility costs	1,415,009	2,173,140	1,845,284	1,982,756	1,850,771	1,879,279
Repairs and maintenance	334,955	332,638	205,468	235,399	221,094	18,298
Insurance	48,642	41,986	117,747	102,612	115,435	114,328
Utilities	16,814	13,680	186,139	185,110	150,867	115,412
Equipment and furnishings	--	--	24,568	42,218	21,773	33,997
Staff development	--	--	125,063	142,727	112,573	88,811
Marketing and recruitment	13,167	13,319	19,473	12,274	17,359	35,152
Technology	23,821	22,954	17,774	28,148	40,518	175,909
Food services	188,605	272,334	290,969	298,621	186,836	29,994
Student services	--	--	60,171	40,779	18,847	52,367
Office expense	--	--	47,919	44,126	44,515	54,680
Bad debt	--	--	11,253	12,513	--	--
Depreciation and amortization	217,776	245,359	20,603	20,603	20,603	--
Amortization	20,603	--	--	--	--	--
Other	--	107,214	100,257	122,863	91,403	67,699
Leased equipment	30,968	11,305	--	--	--	--
Professional fees	178,014	259,751	--	--	--	--
Office supplies	96,371	--	--	--	--	--
Curriculum and classroom expenses	395,051	398,054	--	--	--	148,066
Professional development	38,089	66,200	--	--	--	--
Student transportation	--	--	--	--	--	--
Special events	<u>3,989</u>	<u>5,272</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenses	<u>10,775,826</u>	<u>14,401,261</u>	<u>16,105,156</u>	<u>17,553,759</u>	<u>18,301,667</u>	<u>18,183,143</u>
Change in Net Assets	<u>\$ 499,514</u>	<u>\$ 921,810</u>	<u>\$ 982,956</u>	<u>\$ 1,427,276</u>	<u>\$ 1,078,931</u>	<u>\$ 2,678,231</u>
Fund Balance³	\$ 1,104,955	\$ 2,026,765	--	--	--	--

¹ Figures may not add due to rounding.

² The 2016 and 2017 Audits combine personnel services expenditures; the 2018-2020 audits break the expenditures out.

³ The Lavelle Prep and New Ventures financials were merged beginning with the 2017-2018 school year. See Table 28 above.

⁴ Unaudited financials as of June 30, 2021

Source: The Education Corporation.

TABLE 30
New Ventures — Schedule of Activities ¹

	2015–2016	2016–2017	2017–2018	2018–2019	2019–2020	2020–2021 ⁴
Revenue and Support:						
Public school district – resident student enrollment	\$ 695,238	\$1,287,156	\$1,633,358	\$1,909,778	\$2,064,455	\$2,052,240
Public school district – special education services	411,934	663,966	740,547	853,524	879,086	949,349
New York City rental assistance	--	--	--	--	334,618	418,550
Contributions	--	247,767	5,723	--	--	16,393
Government grants	801,200	727,902	475,593	572,214	294,136	105,081
Other income	2,644	9,286	422	1,915	5,773	2,102
Total Revenue & Support	<u>1,911,016</u>	<u>2,936,077</u>	<u>2,855,643</u>	<u>3,337,431</u>	<u>3,578,068</u>	<u>3,543,715</u>
Expenses:						
Personnel services ²	775,815	1,496,543	1,576,884	1,947,831	2,009,359	2,023,899
Fringe benefits and payroll taxes ²	--	--	197,712	516,235	564,496	566,853
Retirement ²	--	--	71,523	77,077	1,853	77,177
Supplies and materials	--	--	2,470	40,669	29,613	30,038
Legal services	--	--	6,013	7,265	18,925	13,382
Accounting and audit services	--	--	11,700	17,075	21,298	9,802
Other purchased professional consulting services	--	--	24,813	9,111	8,126	10,654
Occupancy and facility costs	169,597	300,539	292,978	317,081	421,287	395,512
Repairs and maintenance	--	--	37,517	44,552	37,994	2,959
Insurance	17,301	20,552	20,099	21,985	20,902	20,933
Utilities	--	--	39,265	39,994	37,301	20,097
Equipment and furnishings	--	--	2,782	28,821	17,588	6,789
Staff development	--	--	14,150	17,237	29,288	16,272
Marketing and recruitment	16,926	11,370	8,944	7,622	7,691	17,484
Technology	56,918	--	2,478	4,755	6,586	24,318
Food services	11,144	14,627	24,636	12,594	26,716	904
Student services	--	--	82,949	101,053	62,813	--
Office expense	--	--	8,942	9,598	8,934	6,081
Bad debt	--	--	8,203	--	--	--
Depreciation and amortization	13,024	46,593	--	59,000	--	--
Other	--	4,220	7,162	12,315	6,125	650
Postage and shipping	2,891	--	--	--	--	678
Professional fees	240,127	156,859	--	--	--	--
Office supplies	14,752	23,525	--	--	--	6,074
Curriculum and classroom expenses	125,823	161,492	--	--	--	--
Professional development	1,735	4,112	--	--	--	--
Student transportation	34,927	51,847	--	--	--	--
Special events	2,158	7,614	--	--	--	--
Total Expenses	<u>1,483,138</u>	<u>2,299,893</u>	<u>2,441,220</u>	<u>3,291,870</u>	<u>3,336,895</u>	<u>3,250,556</u>
Change in Net Assets	<u>\$ 427,878</u>	<u>\$ 636,184</u>	<u>\$ 414,423</u>	<u>\$ 45,561</u>	<u>\$ 241,173</u>	<u>\$ 293,159</u>
Fund Balance³	\$ 427,878	\$1,064,062	--	--	--	--

¹ Figures may not add due to rounding.

² The 2016 and 2017 Audits combine personnel services expenditures; the 2018-2020 audits break the expenditures out.

³ The Lavelle Prep and New Ventures financials were merged beginning with the 2017-2018 school year. See Table 28 above.

⁴ Unaudited financials as of June 30, 2021.

Source: The Education Corporation.

TABLE 31
Nicotra — Schedule of Activities ¹

	2017–2018	2018–2019	2019–2020	2020-2021 ²
Revenue and Support:				
Public school district – resident student enrollment	\$ --	\$1,272,012	\$2,078,780	\$2,772,315
Public school district – special education services	--	441,980	530,438	762,436
New York City rental assistance	--	--	552,630	563,744
Government grants	279,208	1,020,902	261,445	100,359
Other income	--	1,120	11,420	19,595
Total Revenue & Support	<u>279,208</u>	<u>2,736,014</u>	<u>3,434,713</u>	<u>4,218,450</u>
Expenses:				
Personnel services	233,306	1,382,908	1,889,382	2,331,431
Fringe benefits and payroll taxes	27,828	366,515	530,794	698,729
Retirement	--	85,355	2,348	94,987
Supplies and materials	203	95,104	47,421	57,353
Legal services	2,400	6,181	16,382	15,224
Accounting and audit services	6,000	16,510	23,244	12,064
Other purchased professional consulting services	18,830	56,663	14,105	3,855
Occupancy and facility costs	--	279,926	639,363	366,777
Repairs and maintenance	--	54,159	27,767	32,534
Insurance	1,500	14,585	21,634	24,166
Utilities	--	27,433	21,554	26,447
Equipment and furnishings	6,021	205,955	11,601	88,183
Staff development	148	26,034	27,467	14,384
Marketing and recruitment	12,647	15,811	12,596	24,754
Technology	65	7,600	58,737	42,496
Food services	--	47,278	32,931	4,097
Student services	--	2,777	2,832	961
Office expense	--	27,396	7,812	8,353
Depreciation and amortization	2,979	--	--	--
Other	--	1,928	7,997	--
Total Expenses	<u>311,927</u>	<u>2,720,118</u>	<u>3,395,967</u>	<u>3,846,793</u>
Change in Net Assets	<u>\$(32,719)</u>	<u>\$ 15,896</u>	<u>\$ 38,746</u>	<u>\$ 371,657</u>

¹ Figures may not add due to rounding.

² Unaudited financials as of June 30, 2021.

Source: The Education Corporation.

Federal Paycheck Protection Program

The Education Corporation applied for and received a loan under the federal Paycheck Protection Program (“PPP”) in the amount of \$3,480,235.80 (the “PPP Loan”). The PPP Forgiveness Application was submitted and the PPP Loan was 100% forgiven on June 9, 2021.

Additional Lease Obligations

The Education Corporation currently operates three (3) schools and will open its fourth school, Richmond Preparatory Charter School (as previously defined, “**Richmond Prep**”), in September of 2021. John W. Lavelle Preparatory Charter School was the Education Corporation’s first school to open (as previously defined, “**Lavelle Prep**”) opened in the fall of 2009, received authorization to serve grades kindergarten through 12 in 2016, and now serves students in K-12. Lavelle Prep has received two full term renewals and is currently located within an office complex known as Corporate Commons located at 1, 2 and 3 Teleport Drive, Staten Island, New York (the “**Teleport Leased Facilities**”). New Ventures Charter School was the Education Corporation’s second school to open (“**New Ventures**”) in the fall of 2015 and serves students ages 16 through 21. New Ventures operates out of the Teleport Leased Facilities. The Lois and Richard Nicotra Early College Charter School was the Education Corporation’s third school to open (“**Nicotra**”), which opened in the fall of 2018 serving students in grades 8 and 9, and adding an additional grade each year through grade 12. Nicotra serves students in grades 8 through 12 at the Teleport Leased Facilities.

The landlord for the Teleport Leased Facilities is currently constructing improvements to Corporate Commons 3 that once complete will allow the Education Corporation to terminate its Trailer and Trailer Land leases as well as move Nicotra to the Corporate Commons 3 location and open Richmond Prep in the fall of 2021.

Year Ending (June 30)	Phase One and Two	Trailer Land	2 Teleport Office Space	Corporate Commons 3 ¹	Total
2021	\$ 1,466,397	\$5,317	\$127,020	\$ 2,700,606	\$ 4,299,340
2022	1,466,397	--	127,020	4,629,611	6,223,028
2023	1,466,397	--	10,585	4,990,293	6,467,275
2024	1,511,656	--	--	5,247,923	6,759,579
2025	1,565,967	--	--	5,247,923	6,813,890
Thereafter	<u>10,038,489</u>	<u>--</u>	<u>--</u>	<u>96,363,282</u>	<u>106,401,771</u>
Total	<u>\$17,515,303</u>	<u>\$5,317</u>	<u>\$264,625</u>	<u>\$119,179,638</u>	<u>\$136,964,883</u>

¹ The completion date for Corporate Common 3 was delayed into fiscal year 2021-2022 and as such corresponding lease payments will be made in Fiscal Year 2021-2022 rather than 2020-2021.

Investment Policy

The Education Corporation adopted an investment policy on August 12, 2020, which sets forth the structure for managing assets, including appropriate asset classes, investment management styles, asset allocation and acceptable ranges. Earnings on the investment assets are also available to provide limited funds for the support of Education Corporation programs that are consistent with its mission to provide

innovative pathways to college that fully integrate students living with emotional challenges and others with special needs.

Employee Benefit Plan

The Education Corporation currently offers employees a variety of benefits, some of which are dependent on employee classifications. Generally, the Education Corporation offers eligible employees the ability to participate in a 401(k), retirement savings plan and medical insurance plans, and FSA/HAS programs. Additionally, the Education Corporation complies with State disability and workers' compensation laws.

Insurance

The Education Corporation and the Borrower will maintain the insurance coverages required in the Covenant Agreement, the Mortgage (in the case of the Borrower) and the Loan Agreement.

No Litigation

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW

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

Purpose (New York Education Law § 2850)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Copies of each of the annual reports of the charter school required by § 2857(2) 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:

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.

Effective June 30, 2021:

(a) For purposes of §§ 701 (power to designate text-books; purchase and loan of text-books; purchase of supplies), 711 (aid for purchase of school library materials), 751 (aid for computer software purchases) and 912 (health and welfare services to all children) of the New York

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

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

(c) A charter school may contract with the governing body of a public college or university for the use of a school building and grounds, the operation and maintenance thereof. Any such contract shall provide such services or facilities at cost. A school district shall permit any charter school granted approval to co-locate, to use such services and facilities without cost.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Causes for Revocation or Non-Renewal (New York Education Law § 2855)

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

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

(b) Serious violations of law;

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

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

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

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

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

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

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

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

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

- (a) a charter school report card, which shall include measures of the comparative academic and fiscal performance of the school, as prescribed by the Commissioner in regulations adopted for such purpose. Such measures shall include, but not be limited to, graduation rates, dropout rates, performance of students on standardized tests, college entry rates, total spending per pupil and administrative spending per pupil. Such measures shall be presented in a format that is easily comparable to similar public schools. In addition, the charter school shall ensure that such information is easily accessible to the community including making it publicly available by transmitting it to local newspapers of general circulation and making it available for distribution at board of trustee meetings;
- (b) discussion of the progress made towards achievement of the goals set forth in the charter;
- (c) a certified financial statement setting forth, by appropriate categories, the revenues and expenditures for the preceding school year, including a copy of the most recent independent fiscal audit of the school and any audit conducted by the New York State Comptroller; and

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

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

(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.

(a-1) (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) 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 10 days to respond. The petition must be dismissed, adjudicated or disposed of by the commissioner within 10 days of the receipt of the city school district's response.

(b) A charter school may pledge, assign or encumber its assets to be used as collateral for loans or extensions of credit; provided, however, that a charter school shall not pledge or assign monies provided,

or to be provided, pursuant to § 2856(1) of the Act in connection with the purchase or construction, acquisition, reconstruction, rehabilitation or improvement of a school facility.

(c) The office of general services shall annually publish a list of vacant and unused buildings and vacant and unused portions of buildings that are owned by the state and that may be suitable for the operation of a charter school. Such list shall be provided to applicants for charter schools and to existing charter schools. At the request of a charter school or a prospective applicant, a school district shall make available a list of vacant and unused school buildings and vacant and unused portions of school buildings, including private school buildings, within the school district that may be suitable for the operation of a charter school.

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

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

(i) Notwithstanding any other provision of law to the contrary, within the later of (a) five months after a charter school's written request for co-location and (b) 30 days after the charter school's charter is approved by its charter entity, the city school district shall either: (1) 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 (2B) 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.

(ii) No later than 30 days after approval by the Board of Education or expiration of the offer period prescribed in paragraph (i) above, the charter school shall either accept the city school district's offer or appeal in accordance with paragraph (iii) 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.

(iii) 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.

(iv) 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.

(v) 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:

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

(2) 30% of the product of the Charter School Basic Tuition for the current school year and (a) for a new charter school that first commences instruction on or after July 1, 2014, the charter school's current year enrollment; or (b) 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.

(vi) An arbitration in an appeal pursuant to this paragraph shall be conducted by a single arbitrator selected in accordance with the Act.

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

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

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

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

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

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

(vi) for the 2018–2019 school year, the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year five years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Law Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year, provided that the highest and lowest annual quotients shall be excluded from the calculation of such average or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year;

(vii) for the 2019–2020 school year the Charter School Basic Tuition shall be the lesser of (A) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year provided that the highest annual quotient calculated pursuant to this subparagraph shall be replaced by the average quotient calculated pursuant to subparagraph (vi) of this paragraph or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the base year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year;

(viii) for the 2020–2021 and 2021–2022 school years, the Charter School Basic Tuition shall be the lesser of (a) the product of (i) the Charter School Basic Tuition calculated for the Base Year multiplied by (ii) the average of the quotients for each school year in the period commencing with the year three years prior to the Base Year and finishing with the year prior to the Base Year of the Total Approved Operating Expense for such school district calculated pursuant to § 3602(1)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year multiplied by, for the 2020–2021 school year only, (iii) nine hundred forty-five one-thousandths (0.945) or (b) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year.

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

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

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

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.

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.

Effective June 30, 2021:

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

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

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

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

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

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

"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.

“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:

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

(b) for placement for 30% or more of the school week in a resource room or special services or programs including related services required for 30% 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.

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

(i) Adjusted Average Daily Attendance shall be determined by using the average daily attendance of public school pupils in a full-day kindergarten and grades 1–12 as the basic unit, with the attendance of such pupils in one-half day kindergartens measured at one-half of such basic unit. The sum of all such units of attendance shall be the Adjusted Average Daily Attendance.

(ii) In computing such attendance, the school district shall (a) 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; (b) deduct the aggregate attendance on such religious holidays from the total aggregate attendance, by grade level; (c) deduct such religious holidays from the total number of days of session, by grade level; (d) compute the Adjusted Average Daily Attendance for the school year.

(iii) 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.

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: (a) the number of children on a regular enrollment register of a public school district on such date; (b) the number of children eligible to receive home instruction in the school district on such date; (c) the number of children for whom Equivalent Attendance must be computed pursuant to this Section on such date; (d) 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; (e) 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 (f) 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:

- (a) any balances and transfers;
- (b) any payments for transportation of pupils to and from school during the regular school year inclusive of capital outlays and debt service therefor;

(b-2) 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;

(c) 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;

(d) any payments for cafeteria or school lunch programs;

(e) 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;

(f) 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;

(g) 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;

(h) 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;

(i) 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;

(j) 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;

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

(l) 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;

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

(n) 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;

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

(p) 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;

(q) 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

(r) 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. The Commissioner may excuse any delay in reporting under this paragraph for the length of time of a school closure ordered pursuant to an Executive Order of the Governor pursuant to a State of emergency for the COVID-19 crisis, however, such delay shall not exceed 30 days from such reporting deadline.

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

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

Public school district of residence obligations:

(a) No later than the first business day of July, September, November, January, March and May of the current school year, each public school district with resident pupils attending a

charter school shall pay directly to such charter school the appropriate payment amounts as specified in subdivision one of § 2856 of the New York Education Law that are attributable to the enrollment of such pupils as reported to the public school district by the charter school no later than 30 days prior to each such payment date.

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

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

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

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

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

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

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

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

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

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

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

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

(f) If there is a delay in reporting pursuant to paragraph (a) under the heading “Charter school obligations,” the Commissioner shall excuse any delay in payments required under this subdivision for the length of time of a school closure ordered pursuant to an Executive Order of the Governor pursuant to a State of emergency for the COVID-19 crisis, however, such delay shall not exceed 30 days from such payment deadline.

Department obligations:

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

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

BUDGET PROJECTION

The following projections are “forward-looking statements” and are subject to the general qualifications and limitations described under “RISK FACTORS—Forward-Looking Statements” with respect to such statements.

The information contained in the following table has been prepared by the Education Corporation. Such 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. Neither the Underwriter nor the Issuer has independently verified the following projections, and they make no representation nor give any assurances that such projections or the assumptions underlying them are complete or correct. The financial projections are based on assumptions made by the Education Corporation (on matters such as future enrollment, revenues and anticipated expenses), but there can be no assurance that actual enrollment, revenues and expenses will be consistent with such assumptions. Actual operating results of the Education Corporation may be affected by many factors, including, but not limited to, increased costs, lower than anticipated revenues (as a result of insufficient enrollment, reduced payments from the State, or otherwise), effects of the COVID-19 pandemic, employee relations, changes in taxes, changes to applicable government regulation, changes in demographic trends, factors associated with education, competition for students, and changes in local or general economic conditions.

NO REPRESENTATION OR ASSURANCE CAN BE GIVEN THAT THE EDUCATION CORPORATION WILL REALIZE REVENUES IN AMOUNTS SUFFICIENT TO MAKE ALL REQUIRED PAYMENTS ON THE SERIES 2021 BONDS. THE REALIZATION OF FUTURE REVENUES DEPENDS ON, AMONG OTHER THINGS, THE MATTERS DESCRIBED IN “RISK FACTORS” AND FUTURE CHANGES IN ECONOMIC AND OTHER CONDITIONS THAT ARE UNPREDICTABLE AND CANNOT BE DETERMINED AT THIS TIME. THE UNDERWRITER AND ISSUER MAKE NO REPRESENTATION AS TO THE ACCURACY OF THE PROJECTIONS CONTAINED HEREIN.

**Integration Charter Schools
Cash Flow Projections**

	2022	2023	2024	2025	2026
	Projected	Projected	Projected	Projected	Projected
Total Enrollment	1,345	1,618	1,783	1,835	1,881
SPED Total	437	485	535	551	564
PP Rate	\$16,844	\$17,265	\$17,696	\$18,138	\$18,591
PP Rate YOY % Increase		2.50%	2.50%	2.50%	2.50%
Revenue from State Sources					
Per Pupil Revenue	22,655,180	27,934,770	31,551,968	33,283,230	34,969,671
Rental Assistance	4,650,805	5,907,191	6,710,838	6,813,890	6,822,941
Special Education Revenue	8,320,043	9,241,531	10,183,961	10,480,970	10,743,708
Revenue from Federal Funding					
IDEA Special Needs	345,600	393,300	436,860	481,410	495,450
Title I, Title II and Title IV	340,044	374,048	411,453	452,599	497,858
School Food Service (Free Lunch)	335,730	369,303	406,233	446,857	491,542
ESSER II	462,000	462,000	-	-	-
ARP Funding	666,667	666,667	666,667	-	-
Charter School Program (CSP) Planning & Implementation	333,334	-	-	-	-
Total Revenues	38,109,402	45,348,809	50,367,980	51,958,955	54,021,170
Expenses					
Administrative Staff Personnel Costs	1,300,129	1,326,132	1,352,654	1,379,707	1,407,301
Instructional Staff Personnel Costs	14,412,329	15,996,576	16,676,507	17,226,037	17,570,558
Non Instructional Staff Personnel Costs	4,264,688	4,349,982	4,436,981	4,525,721	4,616,235
Payroll Taxes and Benefits	5,773,449	6,285,080	6,515,181	6,708,125	6,842,288
Contracted Services	385,280	392,986	400,845	408,862	417,039
School Operations	2,001,539	2,041,570	2,082,401	2,124,049	2,166,530
Rent	6,320,509	6,096,007	6,710,838	6,813,890	6,822,941
Facility Operation & Maintenance	1,372,858	1,400,315	1,428,321	1,456,888	1,486,026
Depreciation & Amortization	325,000	331,500	338,130	331,367	324,740
Reserves/Contingency	25,000	25,000	25,000	25,000	-
Total Expenses	36,180,781	38,245,146	39,966,860	40,999,647	41,653,659
Revenues Less Expenses	1,928,621	7,103,663	10,401,120	10,959,307	12,367,512
Add back: Depreciation	325,000	331,500	338,130	331,367	324,740
Add back: Reserves/Contingency	25,000	25,000	25,000	25,000	-
Revenues Available for Debt Service	2,278,621	7,460,163	10,764,250	11,315,675	12,692,252
Principal	-	-	500,000	515,000	535,000
Interest & Fees	1,237,864	1,806,150	1,806,150	1,786,150	1,765,050
Less: Capitalized Interest	(1,237,864)	(1,806,150)	(568,286)	-	-
Net Debt Service	-	-	1,737,864	2,301,150	2,300,050
Debt Outstanding	36,850,000	36,850,000	36,350,000	35,835,000	35,300,000
Debt Service Coverage	n/a	n/a	6.19x	4.92x	5.52x
Net Revenues After Debt Service	2,278,621	7,460,163	9,026,386	9,014,525	10,392,202
Beginning Cash Balance	10,497,344	12,775,965	20,236,128	29,262,514	38,277,039
Ending Cash Balance	12,775,965	20,236,128	29,262,514	38,277,039	48,669,241
Days Cash on Hand	126	186	258	329	412

APPENDIX D

**AUDITED FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS OF THE EDUCATION CORPORATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

[THIS PAGE INTENTIONALLY LEFT BLANK]



IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

INTEGRATION CHARTER SCHOOLS

**Audited Financial Statements In Accordance
With Government Auditing Standards**

June 30, 2020

INTEGRATION CHARTER SCHOOLS

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 – 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 17
Combining Schedule of Activities	18
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19 – 20
Schedule of Findings and Responses	21

Independent Auditor's Report

To the Board of Trustees of
Integration Charter Schools

Report on the Financial Statements

We have audited the accompanying financial statements of Integration Charter Schools ("ICS"), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Summarized Comparative Information

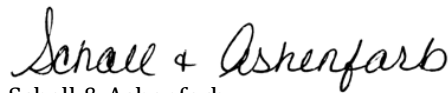
We have previously audited the ICS' 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 2, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining schedule of activities on page 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2020 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.


Schall & Ashenfarb
Certified Public Accountants, LLC

October 20, 2020

INTEGRATION CHARTER SCHOOLS
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2020
(With comparative totals at June 30, 2019)

	6/30/20	6/30/19*
Assets		
Cash and cash equivalents	\$7,274,256	\$3,942,749
Grants and pledges receivable, net (Note 3)	454,790	1,413,986
Prepaid expenses	490,480	427,076
Due from related organization (Note 4)	351,436	26,436
Restricted cash (Note 5)	195,000	170,000
Fixed assets, net (Note 6)	5,151,433	4,821,250
Lease acquisition costs (Note 7)	242,074	262,677
Security deposits (Note 7)	321,011	210,426
Total assets	\$14,480,480	\$11,274,600
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$2,312,200	\$3,067,009
Grant advance - New York City Department of Education (Note 8)	119,740	225,539
Paycheck Protection Program Loan (Note 9)	3,480,236	0
Loans payable (Note 10)	745,292	782,873
Deferred rent	1,884,802	1,951,453
Total liabilities	8,542,270	6,026,874
Net Assets:		
Without donor restrictions	5,469,836	4,804,888
With donor restrictions (Note 11)	468,374	442,838
Total net assets	5,938,210	5,247,726
Total liabilities and net assets	\$14,480,480	\$11,274,600

*Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

**INTEGRATION CHARTER SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

(With comparative totals for the year ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/20	Total 6/30/19*
Public Support and Revenue:				
Public school district: (Note 8)				
Revenue - resident student enrollment	\$15,849,513		\$15,849,513	\$14,187,017
Revenue - students with special education services	6,413,016		6,413,016	5,880,884
Total public school district revenue	22,262,529	0	22,262,529	20,067,901
New York City rental assistance (Note 8)	2,437,993		2,437,993	1,909,094
Other government grants	1,643,455		1,643,455	3,054,568
Contributions	13,566	52,748	66,314	140,702
Special event income (net of expenses with a direct benefit to donors) (Note 14)			0	33,614
Other income	57,627		57,627	22,917
Net assets released from restrictions	27,212	(27,212)	0	0
Total public support and revenue	26,442,382	25,536	26,467,918	25,228,796
Expenses:				
Program services:				
Regular education	13,500,804		13,500,804	13,067,839
Special education	7,723,626		7,723,626	7,203,534
Total program services	21,224,430	0	21,224,430	20,271,373
Supporting services:				
Management and general	4,257,406		4,257,406	3,461,593
Fundraising/Community Relations	295,598		295,598	259,236
Total expenses	25,777,434	0	25,777,434	23,992,202
Change in net assets	664,948	25,536	690,484	1,236,594
Net assets - beginning of year, as originally stated	4,804,888	442,838	5,247,726	4,171,640
Prior period adjustment (Note 17)			0	(160,508)
Net assets - beginning of year, as restated	4,804,888	442,838	5,247,726	4,011,132
Net assets - end of year	\$5,469,836	\$468,374	\$5,938,210	\$5,247,726

*Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

INTEGRATION CHARTER SCHOOLS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	Program Services			Supporting Services		Total Expenses 6/30/20	Total Expenses 6/30/19
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising/Community Relations		
Personnel services:							
Administrative staff personnel	\$761,659	\$337,891	\$1,099,550			\$1,099,550	\$1,058,774
Instructional staff personnel	7,212,222	4,213,579	11,425,801			11,425,801	10,591,399
Non-instructional staff personnel	424,922	248,252	673,174	\$2,496,978	\$168,850	3,339,002	2,270,957
Total personnel services	<u>8,398,803</u>	<u>4,799,722</u>	<u>13,198,525</u>	<u>2,496,978</u>	<u>168,850</u>	<u>15,864,353</u>	<u>13,921,130</u>
Fringe benefits and payroll taxes	2,359,507	1,348,405	3,707,912	701,488	47,432	4,456,832	3,772,165
Retirement	6,549	3,743	10,292	1,947	132	12,371	472,049
Supplies and materials	238,455	139,313	377,768			377,768	457,612
Legal services			0	138,252		138,252	45,962
Accounting and audit services			0	96,655		96,655	72,095
Other purchased professional and consulting services	26,096	14,980	41,076	18,278	417	59,771	249,658
Occupancy and facility costs	1,552,432	888,056	2,440,488	441,105	29,828	2,911,421	2,579,763
Repairs and maintenance	151,865	86,788	238,653	45,150	3,052	286,855	334,110
Insurance	83,632	47,793	131,425	24,864	1,682	157,971	139,182
Utilities	111,030	63,451	174,481	33,009	2,232	209,722	252,537
Equipment and furnishings	29,841	17,434	47,275	3,687		50,962	276,994
Staff development	94,083	54,966	149,049	20,279		169,328	195,255
Marketing and recruitment			0	41,771		41,771	35,707
Technology	56,034	32,022	88,056	16,658	1,127	105,841	40,503
Food services	155,586	90,897	246,483			246,483	358,493
Student services	53,334	31,158	84,492			84,492	144,609
Office expense	32,433	18,535	50,968	9,640	653	61,261	81,120
Bad debt			0	54,345		54,345	71,513
Depreciation and amortization	151,124	86,363	237,487	44,930	3,038	285,455	328,736
Other expenses			0	68,370	37,155	105,525	187,547
Total expenses	<u>13,500,804</u>	<u>7,723,626</u>	<u>21,224,430</u>	<u>4,257,406</u>	<u>295,598</u>	<u>25,777,434</u>	<u>24,016,740</u>
Less: direct special event expenses netted with revenue (Note 14)			0			0	(24,538)
Total expenses for statement of activities	<u>\$13,500,804</u>	<u>\$7,723,626</u>	<u>\$21,224,430</u>	<u>\$4,257,406</u>	<u>\$295,598</u>	<u>\$25,777,434</u>	<u>\$23,992,202</u>

The attached notes and auditor's report are an integral part of these financial statements.

**INTEGRATION CHARTER SCHOOLS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

(With comparative totals for the year ended June 30, 2019)

	6/30/20	6/30/19*
Cash flows from operating activities:		
Change in net assets	\$690,484	\$1,236,594
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	285,455	328,736
Changes in assets and liabilities:		
Grants and pledges receivable	959,196	(365,606)
Prepaid expenses	(63,404)	439
Due from related organization	(325,000)	(26,436)
Restricted cash	(25,000)	(50,000)
Security deposits	(110,585)	(100,000)
Accounts payable and accrued expenses	(754,809)	855,865
Grant advance - New York City Department of Education	(105,799)	(30,338)
Paycheck Protection Program Loan	3,480,236	0
Deferred rent	(66,651)	(66,651)
Total adjustments	3,273,639	546,009
Net cash provided by operating activities	3,964,123	1,782,603
Cash flows from investing activities:		
Fixed asset acquisitions	(595,035)	(2,727,301)
Net cash used for investing activities	(595,035)	(2,727,301)
Cash flows from financing activities:		
Repayment of loans	(37,581)	(34,418)
Net cash used for financing activities	(37,581)	(34,418)
Net increase/(decrease) in cash and cash equivalents	3,331,507	(979,116)
Cash and cash equivalents - beginning of year	3,942,749	4,921,865
Cash and cash equivalents - end of year	\$7,274,256	\$3,942,749
Supplemental disclosures:		
Interest paid	\$67,603	\$70,768
Taxes paid	\$0	\$0

*Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

**INTEGRATION CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 1 - Organization and Nature of Activities

Integration Charter Schools (“ICS”) located in Staten Island, New York, is a not-for-profit corporation which administers several schools that are chartered by the Board of Regents of the State of New York. ICS is dedicated to providing innovative pathways to college that fully integrate students living with emotional challenges and others with special needs. In fostering both the academic and emotional growth of all students, ICS serves as an innovative, holistic educational model for other high-performing schools.

John W. Lavelle Preparatory Charter School (“LPCS”) was established in 2009 and is a not-for-profit educational corporation chartered by the Board of Regents of the State of New York. LPCS provides a college preparatory education curriculum that equips and empowers students for success. During the year ended June 30, 2018, the Board of Regents of the State of New York approved the charter renewal for LPCS for a term of five years, expiring on June 30, 2023.

New Ventures Charter School (“NVCS”) was established in 2015 and is a not-for-profit educational corporation chartered by the Board of Regents of the State of New York. NVCS is a transfer high school which promotes college and career readiness for over age and under-credited, at risk youth, aged 16-21 living on Staten Island, enabling them to graduate from high school prepared to excel in their academic, professional, and personal lives. NVCS was granted a provisional charter by the Board of Regents of the University of the State of New York for a term of five years, expiring on June 30, 2025. Such provisional charter may be extended upon application for a term of up to five years in accordance with the provisions of Article 56 of the Education law.

The Lois and Richard Nicotra Early College Charter School (“NECCS”) is the most recent development from ICS. NECCS is designed to provide an innovative pathway to college graduation for all students including those living with emotional challenges as well as those with other disabilities in all classes and activities. NECCS was granted a provisional charter by the Board of Regents of the University of the State of New York for a term of five years, expiring June 30, 2023. Such provisional charter may be extended upon application for a term of up to five years in accordance with the provisions of Article 56 of the Education law.

Richmond Preparatory Charter School (“RPCS”) is the fourth school under the Integration Charter Schools umbrella. RPCS is designed to fully integrate students from grades 6 to 12, on the autism spectrum as well as those living with other disabilities in all classes and activities. RPCS was granted a provisional charter by the Board of Regents of the University of the State of New York in June 2018 and is expected to open in September 2021.

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

Effective July 1, 2019 ICS adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, and all subsequent amendments to the ASU (collectively, "Topic 606"). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective July 1, 2019, ICS adopted ASU No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("Topic 605"). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, ICS evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, ICS applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

Analysis of the various provisions of both standards resulted in no significant changes in the way ICS recognizes revenue.

b. Basis of Presentation

ICS reports information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represent those resources for which there are no restrictions by donors as to their use.
- *Net Assets with Donor Restrictions* – represent those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

c. Revenue Recognition

ICS did not have any types of revenue that fall under Topic 606.

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor

restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

ICS' public-school district revenue and other government grants are primarily conditional, non-exchange transactions and fall under Topic 605. Revenue from these transactions is recognized based on rates established by the ICS' funding sources and when performance related outcomes are achieved as well as other conditions under the agreements are met. The difference between cash received and revenue recognized is reflected as government grants receivable or refundable advances.

Grants and pledges that are expected to be received in less than one year are recorded at net realizable value. Those that are due in greater than one year are recorded at fair value which is calculated using risk-adjusted present value techniques.

ICS reviews receivables for collectability using factors such as historical experience and a review of activity subsequent to the date of the statement of financial position. Based on this review, an allowance of \$59,000 (Note 8) was established for doubtful accounts as of June 30, 2020 and June 30, 2019.

d. Cash and Cash Equivalents

ICS considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Restricted cash has been classified separately.

e. Concentration of Credit

Financial instruments, which potentially subject ICS to concentration of credit risk, consist of cash accounts, which have been placed with financial institutions that management deems to be creditworthy. At year end and at various times throughout the year, balances were in excess of insured amounts. ICS has not suffered any losses due to bank failure.

f. Capitalization Policy

Leasehold improvements, as well as equipment and furniture that exceed pre-determined amounts and that have a useful life of greater than one year are recorded at cost or at fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Furniture and fixtures – *7 years*

Computer hardware and software – *3 years*

Office equipment – *5 years*

Leasehold improvements – *Life of lease*

g. Deferred Rent

Rent expense is recognized evenly over the life of the lease using the straight-line method. In the earlier years of the lease, as rent expense exceeds amounts paid, a deferred rent liability is created. In later years, as payments exceed the amount of expense recognized, deferred rent will be reduced until it is zero at the end of the lease.

h. Donated Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of tasks that assist ICS. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

i. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include the following:

Expense	Method of Allocation
Personnel services	Time and effort & full time equivalent
Fringe benefits and payroll taxes	Time and effort & full time equivalent
Retirement	Time and effort & full time equivalent
Supplies and materials	Full time equivalent
Other purchased professional and consulting services	Time and effort & full time equivalent
Occupancy and facility costs	Time and effort & full time equivalent
Repairs and maintenance	Time and effort & full time equivalent
Insurance	Time and effort & full time equivalent
Utilities	Time and effort & full time equivalent
Equipment and furnishings	Full time equivalent
Staff development	Full time equivalent
Technology	Time and effort & full time equivalent
Food services	Full time equivalent
Student services	Full time equivalent
Office expense	Time and effort & full time equivalent
Depreciation and amortization	Time and effort & full time equivalent

j. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

k. Accounting for Uncertainty of Income Taxes

ICS has been notified by the Internal Revenue Service that they are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

ICS does not believe its financial statements include any material, uncertain tax positions. Tax returns for periods ending June 30, 2017 and later are subject to examination by applicable taxing authorities.

l. Prior-Year Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the ICS' financial statements for the year ended June 30, 2019, from which the summarized information was derived.

m. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 20, 2020, the date the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or further disclosure in the financial statements have been made.

n. New Accounting Pronouncement

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line item presentation on the statement of activities and additional disclosures.

ICS is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Grants and Pledges Receivable

Grants and pledges receivable are anticipated to be collected in the following periods:

	<u>6/30/20</u>	<u>6/30/19</u>
Within 1 year	\$449,984	\$1,365,928
2 to 5 years	<u>5,000</u>	<u>50,000</u>
Total pledges	454,984	1,415,928
Less: discount to fair value (2%)	<u>(194)</u>	<u>(1,942)</u>
Pledges receivable, net	<u>\$454,790</u>	<u>\$1,413,986</u>

Note 4 - Due from Related Organization

During the year ended June 30, 2019 a board member and a former board member formed an entity, The ICS Foundation, Inc. (the "Foundation"). The Foundation supports the operation of ICS by providing assistance with real estate and facilities related needs, and by raising funds and resources that will provide the support needed to enhance the experience of ICS students. The balance owed to ICS by the Foundation totaled \$351,436 and \$26,436 as of June 30, 2020 and June 30, 2019, respectively. There is no formal loan agreement or terms of repayment.

In November 2019, the Foundation entered into a lease with an unrelated third-party

landlord for space which was then subleased to ICS. This lease expired July 31, 2020 and was used for classes for one of the schools. For the year ended June 30, 2020, the occupancy cost associated with this sublease amounted to \$552,630, which included related facility expenses. The rental payment due for the year ending June 30, 2021 is \$50,239.

Note 5 - Restricted Cash

An escrow account has been established to meet the requirement of NYCDOE. The purpose of this account is to ensure sufficient funds are available for an orderly dissolution or transition process in the event of termination of the charter or school closure.

Note 6 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/20</u>	<u>6/30/19</u>
Furniture and fixtures	\$331,439	\$322,068
Computer hardware and software	109,397	109,397
Office equipment	357,729	331,232
Leasehold improvements	<u>5,296,148</u>	<u>4,736,981</u>
	6,094,713	5,499,678
Less: accumulated depreciation	<u>(943,280)</u>	<u>(678,428)</u>
Total fixed assets, net	<u>\$5,151,433</u>	<u>\$4,821,250</u>

Note 7 - Lease Commitments

ICS occupies space in Staten Island under a lease agreement that expires on August 31, 2031. The lease agreement contains two phases, and consists of the following:

Phase One

Phase one is for the third floor of the space, which commenced on May 1, 2011 and terminates on August 31, 2031.

Phase Two

Phase two was an option that ICS exercised for additional space in the same facility. A non-refundable reservation fee of \$412,060 is reflected as an asset (lease acquisition costs) and is amortized over the life of the phase two portion of the lease on a straight-line basis. As of June 30, 2020 and June 30, 2019, the balance is \$242,074 and \$262,677, respectively.

The phase two space also requires a security deposit of \$500,000. As of June 30, 2020 and June 30, 2019, total security deposits totaled \$300,000 and \$200,000, respectively. Remaining payments are due as follows:

Year ending:	June 30, 2021	\$100,000
	June 30, 2022	<u>100,000</u>
Total		<u>\$200,000</u>

On August 31, 2016, ICS entered into a lease agreement with the landlord to rent additional land where ICS will place trailers for temporary classrooms, while the landlord is in process of construction of a new building for ICS. This lease expired on July 31, 2019 and was renewed for an additional year through July 31, 2020. A security deposit of \$10,426 was paid to the landlord. Subsequent to July 31, 2020, ICS leases space on a month-to-month basis.

On August 1, 2017, ICS entered into a lease agreement with the landlord to rent additional office space (“2 Teleport Office Space”) which expires on July 31, 2022. A security deposit of \$10,585 was paid to the landlord during the year ended June 30, 2020.

On March 16, 2018, ICS entered into an additional lease agreement with the landlord to rent the space that is currently under construction (“Corporate Commons 3”). The lease does not commence until the first day of the month after the issuance of the temporary or permanent certificate of occupancy, which is expected to occur on December 1, 2020, and expires on the last day of the month twenty years thereafter. Future minimum rental payments on this lease will total \$119,179,638 over the twenty years. In addition to the rental payments, ICS is required to make payments for the initial improvements totaling \$3,000,000 and security deposit installments totaling \$1,157,402. As of June 30, 2020, total initial improvements paid amounted to \$2,500,000, with the remaining \$500,000 due in the year ended June 30, 2021. Security deposit installments are due annually each September 1st starting in 2021 in the amount of \$231,480.

Future minimum rental payments for both phases and the additional trailers are due as follows:

	Phase One and Two	Trailer Land	2 Teleport Office Space	Corporate Commons 3	Total
Year ending: June 30, 2021	\$1,466,397	\$5,317	\$127,020	\$2,700,606	\$4,299,340
June 30, 2022	1,466,397	0	127,020	4,629,611	6,223,028
June 30, 2023	1,466,397	0	10,585	4,990,293	6,467,275
June 30, 2024	1,511,656	0	0	5,247,923	6,759,579
June 30, 2025	1,565,967	0	0	5,247,923	6,813,890
Thereafter	<u>10,038,489</u>	<u>0</u>	<u>0</u>	<u>96,363,282</u>	<u>106,401,771</u>
Total	<u>\$17,515,303</u>	<u>\$5,317</u>	<u>\$264,625</u>	<u>\$119,179,638</u>	<u>\$136,964,883</u>

Note 8 - Grant Advance – New York City Department of Education

Grants advances on the contract with NYCDOE can be summarized as follows:

	June 30, 2020			
	LPCS	NVCS	NECS	Total
Beginning (grant advance payable)/ grant receivable	(\$121,427)	(\$114,895)	\$10,783	(\$225,539)
Funding based on allowable FTE's	16,709,770	2,943,541	2,609,218	22,262,529
Advances received	<u>(16,620,700)</u>	<u>(2,899,481)</u>	<u>(2,636,549)</u>	<u>(22,156,730)</u>
Ending grant advance payable	<u>(\$32,357)</u>	<u>(\$70,835)</u>	<u>(\$16,548)</u>	<u>(\$119,740)</u>
	June 30, 2019			
	LPCS	NVCS	NECS	Total
Beginning grant advance payable	(\$38,657)	(\$217,220)	\$0	(\$255,877)
Funding based on allowable FTE's	15,590,607	2,763,302	1,713,992	20,067,901
Advances received	<u>(15,673,377)</u>	<u>(2,601,977)</u>	<u>(1,703,209)</u>	<u>(19,978,563)</u>
Reserve for potential loss	<u>0</u>	<u>(59,000)</u>	<u>0</u>	<u>(59,000)</u>
Ending (grant advance payable)/ grant receivable	<u>(\$121,427)</u>	<u>(\$114,895)</u>	<u>\$10,783</u>	<u>(\$225,539)</u>

In addition to per pupil funding, ICS was entitled to receive a rent subsidy, that is calculated at the lower of 30 percent of the per pupil amount or actual lease costs as approved by the DOE. During the year ended June 30, 2020, ICS recognized revenue of \$2,437,993 in rent subsidies. Of this balance \$552,630 was recognized by NECS as a subsidy for payments made to the Foundation, a related party, under the sublease agreement referred to in Note 4.

Note 9 - Paycheck Protection Program Loan

During the year ended June 30, 2020, ICS obtained a loan from the SBA in the amount of \$3,480,236 through the Payroll Protection Program. Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a two-year period, with a six-month deferral of payments and interest will accrue at 1%. The loan forgiveness amount has not been determined as of the date of these financial statements.

ICS expects to recognize revenue from this loan consistent with ASU 2018-08, as it is considered to have traits similar to a conditional contribution, however, will continue to review whether any new accounting pronouncements may be issued that will provide more definitive guidance.

Note 10 - Loans Payable

ICS has entered into several loans with its landlord for the renovation of ICS' space. All of the loans are secured by the ICS' property and are cross-collateralized with phases one and two of the lease.

A summary of the loans is as follows:

	<u>6/30/20</u>	<u>6/30/19</u>
First loan from landlord – due 8/31/31 at 8.75%	\$377,071	\$396,182
Second loan from landlord – due 8/31/31 at 8.9%	201,301	211,398
Third loan from landlord – due 8/31/31 at 8.9%	<u>166,920</u>	<u>175,293</u>
Total	<u>\$745,292</u>	<u>\$782,873</u>

Subsequent to year-end, ICS entered into a new loan with the landlord for the renovation of ICS' space in the amount of \$887,880. The loan accrues interest at 8% and matures in 10 years. Principal and interest payments are payable monthly starting one month after the Corporate Commons 3 lease commences. As discussed in Note 7, the lease is expected to commence on December 1, 2020.

As of June 30, 2020, future minimum principal payments on all loans are as follows:

Year ending:	June 30, 2021	\$70,644
	June 30, 2022	107,685
	June 30, 2023	117,022
	June 30, 2024	127,170
	June 30, 2025	138,200
	Thereafter	<u>1,072,451</u>
Total		<u>\$1,633,172</u>

Note 11 - Net Assets With Donor Restrictions

A summary of net assets with donor restrictions is as follows:

Program:	June 30, 2020			
	Balance 7/1/19	Additions	Released from Restrictions	Balance 6/30/20
Mala - School Expansion	\$115,680	\$26,000	\$0	\$141,680
Culinary program	247,751	1,942	0	249,693
Scholarships	1,500	0	0	1,500
Community Performing Arts Space	7,600	0	0	7,600
Early Intervention Mental Health Practices	17,212	0	(17,212)	0
Lavelle Prep Music Program	44,800	0	0	44,800
Other programs	<u>8,295</u>	<u>0</u>	<u>0</u>	<u>8,295</u>
Total program	442,838	27,942	(17,212)	\$453,568
Time	<u>0</u>	<u>24,806</u>	<u>(10,000)</u>	<u>\$14,806</u>
Total	<u>\$442,838</u>	<u>\$52,748</u>	<u>(\$27,212)</u>	<u>\$468,374</u>

Program:	June 30, 2019			
	Balance 7/1/18	Additions	Released from Restrictions	Balance 6/30/19
Mala - School Expansion	\$87,730	\$27,950	\$0	\$115,680
Culinary program	244,868	2,883	0	247,751
Scholarships	1,500	0	0	1,500
Community Performing Arts Space	7,600	0	0	7,600
Early Intervention Mental Health Practices	76,758	0	(59,546)	17,212
Lavelle Prep Music Program	0	44,800	0	44,800
Other programs	<u>6,690</u>	<u>53,195</u>	<u>(51,590)</u>	<u>8,295</u>
Total	<u>\$425,146</u>	<u>\$128,828</u>	<u>(\$111,136)</u>	<u>\$442,838</u>

Note 12 - Significant Concentrations

ICS is dependent upon grants from NYCDOE to carry out its operations. Approximately 95% and 88% of the total public support and revenue was received from NYCDOE for the years ended June 30, 2020 and June 30, 2019, respectively. If NYCDOE were to discontinue funding, it would have a severe economic impact on the ability to operate.

Note 13 - Retirement Plan

ICS adopted a 401(k)-profit sharing plan (the "Plan"). The Plan is a defined contribution plan. Employees are eligible to enroll in the Plan on the first day of employment. Those employees who have completed at least one full day of service are also eligible for employer contribution. The Plan provides for a discretionary contribution from ICS of up to 5% of the participating employee's salary. The contribution from ICS becomes fully vested after the employee completes two years of service. No discretionary contribution was made for the year ended June 30, 2020. Amounts accrued for the employer portion of the matching contribution was \$464,000 for the year June 30, 2019.

Note 14 - Special Event

As a result of the pandemic disclosed in Note 17, there was no Gala benefit for the year ended June 30, 2020. ICS' Gala benefit proceeds are summarized as follows for the year ended June 30, 2019:

Gross revenue	\$58,152
Less: expenses with a direct benefit to donors	<u>(24,538)</u>
	33,614
Less: other event expenses	<u>(8,849)</u>
Total	<u>\$24,765</u>

Note 15 - Contingencies

As discussed in Note 4, the Foundation subleases space to ICS. A legal claim was filed by an entity related to the Foundation claiming that the Foundation did not have legal standing to enter the lease as the landlord. The plaintiff asked ICS and other defendants to reimburse them for rent paid to the landlord that should have been paid to the plaintiff. During the year all the parties agreed that ICS would continue to pay rent amounts into an escrow account. Legal counsel does not anticipate there to a likelihood of an unfavorable outcome.

Note 16 - Availability and Liquidity

The following reflects ICS' financial assets at June 30, 2020 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:		
Cash and cash equivalents	\$7,274,256	
Grants and pledges receivable collectible within one year	<u>449,984</u>	
Total financial assets		\$7,724,240
Less amounts not available for general expenditures:		
Donor contributions restricted to specific purposes		<u>(453,568)</u>
Financial assets available to meet cash needs for operations within one year		<u>\$7,270,672</u>

ICS maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, ICS operates its programs within a board approved budget and relies on grants and earned income to fund its operations and program activities.

Note 17 - Prior Period Adjustment

The financial statements at June 30, 2019 contained a prior period adjustment to increase net assets by \$160,508 to correct an error of not recording accrued vacation as of June 30, 2018.

Note 18 - Other Matters

In January 2020, the World Health Organization declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern. Since then, the pandemic has led to quarantines, facility closures, and travel and logistics restrictions that have hurt workforces, economies, and financial markets. These events could adversely affect ICS by potentially impacting the funding it receives; limiting program operations; depressing demand for its services; and disrupting its students, staff, and suppliers. As of the date of these financial statements, the potential impact of these events on ICS cannot be quantified.

**INTEGRATION CHARTER SCHOOLS
COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Integration Charter School	John W Lavelle Preparatory	New Ventures	Nicotra Early College	Total
Public Support and Revenue:					
Public school district: (Note 8)					
Revenue - resident student enrollment		\$11,706,278	\$2,064,455	\$2,078,780	\$15,849,513
Revenue - students with special education services		5,003,492	879,086	530,438	6,413,016
Total public school district revenue	0	16,709,770	2,943,541	2,609,218	22,262,529
New York City rental assistance (Note 8)		1,550,745	334,618	552,630	2,437,993
Other government grants		1,087,874	294,136	261,445	1,643,455
Contributions	66,314				66,314
Other income	8,225	32,209	5,773	11,420	57,627
Total public support and revenue	74,539	19,380,598	3,578,068	3,434,713	26,467,918
Expenses:					
Personnel services:					
Administrative staff personnel	49,584	621,884	184,315	243,767	1,099,550
Instructional staff personnel	55,738	8,517,007	1,430,344	1,422,712	11,425,801
Non-instructional staff personnel	177,902	2,543,497	394,700	222,903	3,339,002
Total personnel services	283,224	11,682,388	2,009,359	1,889,382	15,864,353
Fringe benefits and payroll taxes	79,563	3,281,979	564,496	530,794	4,456,832
Retirement		8,170	1,853	2,348	12,371
Supplies and materials		300,734	29,613	47,421	377,768
Legal services	56,796	46,149	18,925	16,382	138,252
Accounting and audit services		52,113	21,298	23,244	96,655
Other purchased professional and consulting services		37,540	8,126	14,105	59,771
Occupancy and facility costs		1,850,771	421,287	639,363	2,911,421
Repairs and maintenance		221,094	37,994	27,767	286,855
Insurance		115,435	20,902	21,634	157,971
Utilities		150,867	37,301	21,554	209,722
Equipment and furnishings		21,773	17,588	11,601	50,962
Staff development		112,573	29,288	27,467	169,328
Marketing and recruitment	4,125	17,359	7,691	12,596	41,771
Technology		40,518	6,586	58,737	105,841
Food services		186,836	26,716	32,931	246,483
Student services		18,847	62,813	2,832	84,492
Office expense		44,515	8,934	7,812	61,261
Bad debt	54,345				54,345
Depreciation and amortization	264,852	20,603			285,455
Other		91,403	6,125	7,997	105,525
Total expenses	742,905	18,301,667	3,336,895	3,395,967	25,777,434
Change in net assets	(\$668,366)	\$1,078,931	\$241,173	\$38,746	\$690,484

The attached notes and auditor's report are an integral part of these financial statements.

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

Independent Auditor's Report

To the Board of Trustees of
Integration Charter Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Integration Charter Schools ("ICS"), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 20, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ICS' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ICS' internal control. Accordingly, we do not express an opinion on the effectiveness of the ICS' 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

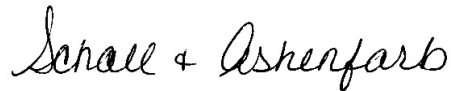
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ICS' 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Schall & Ashenfarb
Certified Public Accountants, LLC

October 20, 2020

**INTEGRATION CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2020**

Current Year:

None

Prior-Year Follow-Up:

2019-001 – Significant Adjustments and Account Analysis: This matter was corrected and not repeated as a finding.

2019-002 – Unauthorized Student Billing: This matter was corrected and not repeated as a finding.

2019-003 – Timely Filing of Initial Statement of Controls for Lois and Richard Nicotra Early College Charter School (“NECCS”): This matter was corrected and not repeated as a finding.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

**AUDITED FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS OF THE EDUCATION CORPORATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

[THIS PAGE INTENTIONALLY LEFT BLANK]



IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA
MICHAEL L. SCHALL, CPA

INTEGRATION CHARTER SCHOOLS

**Audited Financial Statements In Accordance
With Government Auditing Standards**

June 30, 2019

307 Fifth Avenue, 15th Floor
New York, New York 10016
Tel: (212) 268-2800 Fax: (212) 268-2805
www.schallandashenfARB.com

Independent Auditor's Report

To the Board of Trustees of
Integration Charter Schools

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

Emphasis of Matter

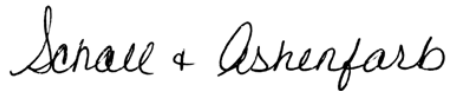
As discussed in Note 2 to the financial statements, ICS adopted Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining schedule of activities on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019 on our consideration of ICS’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ICS’ internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ICS’ internal control over financial reporting and compliance.



Schall & Ashenfarb
Certified Public Accountants, LLC

December 2, 2019

**INTEGRATION CHARTER SCHOOLS
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2019**

Assets

Cash and cash equivalents	\$3,992,121
Grants and pledges receivable (Note 3)	1,413,986
Prepaid expenses	427,076
Due from related organization (Note 4)	26,436
Restricted cash (Note 5)	120,628
Fixed assets, net (Note 6)	4,821,250
Lease acquisition costs (Note 7)	262,677
Security deposits (Note 7)	<u>210,426</u>
Total assets	<u><u>\$11,274,600</u></u>

Liabilities and Net Assets

Liabilities:	
Accounts payable and accrued expenses	\$3,067,009
Grant advance - New York City Department of Education (Note 8)	225,539
Loans payable (Note 9)	782,873
Deferred rent	<u>1,951,453</u>
Total liabilities	<u>6,026,874</u>
Net Assets:	
Without donor restrictions	4,804,888
With donor restrictions (Note 10)	<u>442,838</u>
Total net assets	<u>5,247,726</u>
Total liabilities and net assets	<u><u>\$11,274,600</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

**INTEGRATION CHARTER SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:			
Public school district: (Note 8)			
Revenue - resident student enrollment	\$14,187,017		\$14,187,017
Revenue - students with special education services	5,880,884		5,880,884
Total public school district revenue	<u>20,067,901</u>	<u>0</u>	<u>20,067,901</u>
Government grants	4,963,662		4,963,662
Contributions	11,874	128,828	140,702
Special event income (net of expenses with a direct benefit to donors) (Note 13)	33,614		33,614
Other income	22,917		22,917
Net assets released from restrictions	111,136	(111,136)	0
Total public support and revenue	<u>25,211,104</u>	<u>17,692</u>	<u>25,228,796</u>
Expenses:			
Program services:			
Regular education	13,067,839		13,067,839
Special education	7,203,534		7,203,534
Total program services	<u>20,271,373</u>	<u>0</u>	<u>20,271,373</u>
Supporting services:			
Management and general	3,461,593		3,461,593
Fundraising	259,236		259,236
Total expenses	<u>23,992,202</u>	<u>0</u>	<u>23,992,202</u>
Total change in net assets	<u>1,218,902</u>	<u>17,692</u>	<u>1,236,594</u>
Net assets - as originally stated	3,746,494	425,146	4,171,640
Prior period adjustment (Note 15)	(160,508)		(160,508)
Net assets - restated	<u>3,585,986</u>	<u>425,146</u>	<u>4,011,132</u>
Net assets - end of year	<u>\$4,804,888</u>	<u>\$442,838</u>	<u>\$5,247,726</u>

The attached notes and auditor's report are an integral part of these financial statements.

**INTEGRATION CHARTER SCHOOLS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services			Supporting Services		Total Expenses
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising	
Personnel services:						
Administrative staff personnel	\$736,777	\$321,997	\$1,058,774			\$1,058,774
Instructional staff personnel	6,779,797	3,810,702	10,590,499	\$900		10,591,399
Non-instructional staff personnel	119,182	66,988	186,170	1,948,368	\$136,419	2,270,957
Total personnel services	<u>7,635,756</u>	<u>4,199,687</u>	<u>11,835,443</u>	<u>1,949,268</u>	<u>136,419</u>	<u>13,921,130</u>
Fringe benefits and payroll taxes	2,023,711	1,113,049	3,136,760	599,250	36,155	3,772,165
Retirement	258,919	142,406	401,325	66,098	4,626	472,049
Supplies and materials	292,952	164,660	457,612			457,612
Legal services			0	45,962		45,962
Accounting and audit services			0	72,095		72,095
Other purchased professional and consulting services	137,249	76,914	214,163	35,155	340	249,658
Occupancy and facility costs	1,460,330	807,005	2,267,335	291,993	20,435	2,579,763
Repairs and maintenance	183,260	100,793	284,053	46,783	3,274	334,110
Insurance	76,342	41,988	118,330	19,488	1,364	139,182
Utilities	138,517	76,185	214,702	35,360	2,475	252,537
Equipment and furnishings	170,039	95,574	265,613	11,381		276,994
Staff development	121,666	68,383	190,049	5,206		195,255
Marketing and recruitment			0	35,707		35,707
Technology	22,216	12,219	34,435	5,671	397	40,503
Food services	229,499	128,994	358,493			358,493
Student services	92,576	52,033	144,609			144,609
Office expense	44,495	24,472	68,967	11,358	795	81,120
Bad debt			0	71,513		71,513
Depreciation and amortization	180,312	99,172	279,484	46,030	3,222	328,736
Other expenses			0	113,275	74,272	187,547
Total expenses	<u>13,067,839</u>	<u>7,203,534</u>	<u>20,271,373</u>	<u>3,461,593</u>	<u>283,774</u>	<u>24,016,740</u>
Less: direct special event expenses netted with revenue (Note 13)			<u>0</u>		<u>(24,538)</u>	<u>(24,538)</u>
Total expenses for statement of activities	<u>\$13,067,839</u>	<u>\$7,203,534</u>	<u>\$20,271,373</u>	<u>\$3,461,593</u>	<u>\$259,236</u>	<u>\$23,992,202</u>

The attached notes and auditor's report are an integral part of these financial statements.

**INTEGRATION CHARTER SCHOOLS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

Cash flows from operating activities:	
Change in net assets	\$1,236,594
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	328,736
Changes in assets and liabilities:	
Restricted cash	(119)
Grants and pledges receivable	(365,606)
Prepaid expenses	439
Due from related organization	(26,436)
Security deposits	(100,000)
Accounts payable and accrued expenses	855,865
Grant advance - New York City Department of Education	(30,338)
Due to related organization	0
Deferred rent	(66,651)
Total adjustments	<u>595,890</u>
Net cash provided by operating activities	<u>1,832,484</u>
Cash flows from investing activities:	
Fixed asset acquisitions	(2,727,301)
Net cash used for investing activities	<u>(2,727,301)</u>
Cash flows from financing activities:	
Repayment of loans	(34,418)
Net cash used for financing activities	<u>(34,418)</u>
Net decrease in cash and cash equivalents	(929,235)
Cash and cash equivalents - beginning of year	<u>4,921,356</u>
Cash and cash equivalents - end of year	<u><u>\$3,992,121</u></u>
Supplemental disclosures:	
Interest paid	<u>\$70,768</u>
Taxes paid	<u>\$0</u>

The attached notes and auditor's report are an integral part of these financial statements.

**INTEGRATION CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 1 - Organization and Nature of Activities

Integration Charter Schools (“ICS”), located in Staten Island, New York, is a not-for-profit corporation which administers several schools that are chartered by the Board of Regents of the State of New York. ICS is dedicated to providing innovative pathways to college that fully integrate students living with emotional challenges and others with special needs. In fostering both the academic and emotional growth of all students, ICS serves as an innovative, holistic educational model for other high-performing schools.

John W. Lavelle Preparatory Charter School (“LPCS”) was established in 2009 and is a not-for-profit educational corporation chartered by the Board of Regents of the State of New York. LPCS provides a college preparatory education curriculum that equips and empowers students for success. During the year ended June 30, 2018, the Board of Regents of the State of New York approved the charter renewal for LPCS for a term of five years, expiring on June 30, 2023.

New Ventures Charter School (“NVCS”) was established in 2015 and is a not-for-profit educational corporation chartered by the Board of Regents of the State of New York. NVCS is a transfer high school which promotes college and career readiness for over age and under-credited, at risk youth, aged 16-21 living on Staten Island, enabling them to graduate from high school prepared to excel in their academic, professional, and personal lives. On November 18, 2014, NVCS was granted a provisional charter by the Board of Regents of the University of the State of New York for a term of five years, expiring on June 30, 2020. Such provisional charter may be extended upon application for a term of up to five years in accordance with the provisions of Article 56 of the Education law.

The Lois and Richard Nicotra Early College Charter School (“NECCS”) is the most recent development from ICS. NECCS is designed to provide an innovative pathway to college graduation for all students including those living with emotional challenges as well as those with other disabilities in all classes and activities. NECCS was granted a provisional charter by the Board of Regents of the University of the State of New York for a term of five years, expiring June 30, 2023. Such provisional charter may be extended upon application for a term of up to five years in accordance with the provisions of Article 56 of the Education law.

Richmond Preparatory Charter School (“RPCS”) is the fourth school under the Integration Charter Schools umbrella. RPCS is designed to fully integrate students from grades 6 to 12, on the autism spectrum as well as those living with other disabilities in all classes and activities. RPCS was granted a provisional charter by the Board of Regents of the University of the State of New York in June 2018 and is expected to open in September 2020.

On July 1, 2017, LPCS merged into and with NVCS, that created a surviving entity, Integration Charter School. Each school referred to above, continues to operate based on their own charter. Activity for all schools have been combined into the accompanying financial statements of ICS.

Note 2 - Significant Accounting Policies

a. Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

ICS adopted the requirements of the Financial Accounting Standards Board's (FASB) Accounting Standards Update No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This Standard addresses 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 between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 13).

Implementation of ASU 2016-14 did not require any reclassification or restatement of opening balances related to the periods presented.

ICS reports information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represent those resources for which there are no restrictions by donors as to their use.
- *Net Assets with Donor Restrictions* – represent those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

b. Cash and Cash Equivalents

ICS considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Restricted cash has been classified separately.

c. Concentration of Credit

Financial instruments, which potentially subject ICS to concentration of credit risk, consist of cash accounts, which have been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. ICS has not experienced any losses due to failure of any financial institution.

d. Grants and Pledges Receivables

Grants and pledges that are expected to be received in less than one year are recorded at net realizable value. Those that are due in greater than one year are recorded at fair value which is calculated using risk-adjusted present value techniques.

ICS reviews receivables for collectability using factors such as historical experience and a review of activity subsequent to the date of the statement of financial position. Based on this review, an allowance of \$59,000 (Note 7) was established for doubtful accounts as of June 30, 2019.

e. Capitalization Policy

Leasehold improvements, as well as equipment and furniture that exceed pre-determined amounts and that have a useful life of greater than one year are recorded at cost or at fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Furniture and fixtures – *7 years*

Computer hardware and software – *3 years*

Office equipment – *5 years*

Leasehold improvements – *Life of lease*

f. Deferred Rent

Rent expense is recognized evenly over the life of the lease using the straight-line method. In the earlier years of the lease, as rent expense exceeds amounts paid, a deferred rent liability is created. In later years, as payments exceed the amount of expense recognized, deferred rent will be reduced until it is zero at the end of the lease.

g. Contributions

Contributions are recorded as revenue upon the earlier of the receipt of cash or at the time a pledge is considered unconditional. Contributions received with specific donor restrictions have been recorded in the class of net assets with donor restrictions. Other contributions have been recorded in the class of net assets without donor restrictions. Conditional contributions are recognized as income when the conditions have been substantially met.

h. Revenue – Public School District

ICS receives grants from the New York City, Department of Education (“NYCDOE”) to carry out its operations. Program revenues are recognized based on rates established by the School’s funding sources and the amount realizable on the accrual basis in the period during which services are provided.

i. Government Grants

All government grants have been recognized as income when earned, either based on performance of certain milestones or by incurring expenses that can be reimbursed under the terms of the grant agreement. The difference between cash received and revenue recognized is reflected as government grants receivable or refundable advances.

j. Donated Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of tasks that assist ICS. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

k. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include the following:

Expense	Method of Allocation
Personnel services	Time and effort & full time equivalent
Fringe benefits and payroll taxes	Time and effort & full time equivalent
Retirement	Time and effort & full time equivalent
Supplies and materials	Full time equivalent
Other purchased professional and consulting services	Time and effort & full time equivalent
Occupancy and facility costs	Time and effort & full time equivalent
Repairs and maintenance	Time and effort & full time equivalent
Insurance	Time and effort & full time equivalent
Staff development	Full time equivalent
Technology	Time and effort & full time equivalent
Food services	Full time equivalent
Student services	Full time equivalent
Office expense	Time and effort & full time equivalent
Depreciation and amortization	Time and effort & full time equivalent

l. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

m. Taxes

ICS has been notified by the Internal Revenue Service that they are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

ICS does not believe its financial statements include any material, uncertain tax positions. Tax returns for periods ending June 30, 2016 and later are subject to examination by applicable taxing authorities.

n. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through December 2, 2019, the date the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or further disclosure in the financial statements have been made.

o. **New Accounting Pronouncement**

FASB issued an Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the June 30, 2020 year, with early implementation permitted, provides guidance on whether a receipt from a third-party resource provider should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions.

In addition, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the June 30, 2020 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

Lastly, FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2021 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding “right to use asset” on the statement of financial position.

ICS is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Grants and Pledges Receivable

Grants and pledges receivable are anticipated to be collected in the following periods:

Year ending:	June 30, 2020	\$1,365,928
	June 30, 2021	<u>50,000</u>
		1,415,928
Less: present value discount (2%)		<u>(1,942)</u>
Total		<u>\$1,413,986</u>

Note 4 - Due from Related Organization

During the year ended June 30, 2019 a board member and a former board member formed the entity, The ICS Foundation, Inc. (the “Foundation”). The Foundation supports the operation of ICS by providing assistance with real estate and facilities related needs, and by raising funds and resources that will provide the support needed to enhance the experience ICS students. During the year ended June 30, 2019, ICS loaned the Foundation funds totaling \$26,436. Subsequent to year-end, ICS loaned the Foundation additional funds totaling \$250,000. There is no formal loan agreement or terms of repayment.

Subsequent to year end, the Foundation entered into a lease with an unrelated third-party landlord for space which was then sub-leased to ICS. The lease expires July 30, 2020 and the space is being used for classes for one of the schools. A legal claim has been filed by an entity related to the landlord claiming that the landlord did not have legal standing to enter into the lease. The plaintiff has asked ICS to vacate the space and, along with other defendants, reimburse them for rent paid to the landlord that should have been paid to the plaintiff. Legal counsel has maintained that it is unable to predict the outcome of this matter but will be defending ICS vigorously.

Note 5 - Restricted Cash

An escrow account has been established to meet the requirement of NYCDOE. The purpose of this account is to ensure sufficient funds are available for an orderly dissolution or transition process in the event of termination of the charter or school closure.

Note 6 - Fixed Assets

Fixed assets consist of the following:

Furniture and fixtures	\$322,068
Computer hardware and software	109,397
Office equipment	331,232
Leasehold improvements	<u>4,736,981</u>
	5,499,678
Less: accumulated depreciation	<u>(678,428)</u>
Total fixed assets, net	<u>\$4,821,250</u>

Note 7 - Lease Commitments

ICS occupies space in Staten Island under a lease agreement that expires on August 31, 2031. The lease agreement contains two phases, and consists of the following:

Phase One

Phase one is for the third floor of the space, which commenced on May 1, 2011 and terminates on August 31, 2031.

Phase Two

Phase two was an option that the School exercised for additional space in the same facility. A non-refundable reservation fee of \$412,060 is reflected as an asset (lease acquisition costs) and is amortized over the life of the phase two portion of the lease on a straight-line basis. As of June 30, 2019, the balance is \$262,677.

The phase two space also requires a security deposit of \$500,000. As of June 30, 2019, total security deposits totaled \$200,000. Remaining payments are due as follows:

Year ending:	June 30, 2020	\$100,000
	June 30, 2021	100,000
	June 30, 2022	<u>100,000</u>
Total		<u>\$300,000</u>

On August 31, 2016, ICS entered into a lease agreement with the landlord to rent additional land where ICS will place trailers for temporary classrooms, while the landlord is in process of construction of a new building for ICS. This lease expired on July 31, 2019 and was renewed for an additional year through July 31, 2020. A security deposit of \$10,426 was paid to the landlord.

On March 16, 2018, ICS entered into an additional lease agreement with the landlord to rent the space that is currently under construction. The lease does not commence until the first day of the month after the issuance of the temporary or permanent certificate of occupancy, which is expected to occur in fiscal year 2021, and expires on the last day of the month twenty years thereafter. Future minimum rental payments on this lease will total \$119,179,638 over the twenty years. In addition to the rental payments, ICS is required to make payments for the initial improvements totaling \$3,000,000 making annual payments of \$231,480 each September 1st starting in 2021.

Future minimum rental payments for both phases and the additional trailers are due as follows:

		Phase One <u>and Two</u>	Trailer <u>Land</u>	Corporate <u>Commons 3</u>	<u>Total</u>
Year ending:	June 30, 2020	\$1,466,397	\$63,703	\$0	\$1,530,100
	June 30, 2021	1,466,397	5,317	3,858,009	5,329,723
	June 30, 2022	1,466,397	0	4,629,611	6,096,008
	June 30, 2023	1,466,397	0	5,144,871	6,611,268
	June 30, 2024	1,511,656	0	5,247,923	6,759,579
	Thereafter	<u>11,604,456</u>	<u>0</u>	<u>100,299,224</u>	<u>111,903,680</u>
Total		<u>\$18,981,700</u>	<u>\$69,020</u>	<u>\$119,179,638</u>	<u>\$138,230,358</u>

Note 8 - Grant Advance – New York City Department of Education

Grants advances on the contract with NYCDOE can be summarized as follows:

	<u>LPCS</u>	<u>NVCS</u>	<u>NECS</u>	<u>Total</u>
Beginning grant advance payable	(\$38,657)	(\$217,220)	\$0	(\$255,877)
Funding based on allowable FTE's	15,590,607	2,763,302	1,713,992	20,067,901
Advances received	(15,673,377)	(2,601,977)	(1,703,209)	(19,978,563)
Reserve for potential loss	<u>0</u>	<u>(59,000)</u>	<u>0</u>	<u>(59,000)</u>
Ending grant payable	<u>(\$121,427)</u>	<u>(\$114,895)</u>	<u>\$10,783</u>	<u>(\$225,539)</u>

Note 9 - Loans Payable

ICS has entered into several loans with its landlord for the renovation of the School's space. All of the loans are secured by the ICS' property and are cross-collateralized with phases one and two of the lease.

A summary of the loans is as follows:

First loan from landlord – due 8/31/31 at 8.75%	\$396,182
Second loan from landlord – due 8/31/31 at 8.9%	211,398
Third loan from landlord – due 8/31/31 at 8.9%	<u>175,293</u>
Total	<u>\$782,873</u>

As of June 30, 2019, future minimum principal payments on the loans payable are as follows:

Year ending:	June 30, 2020	\$37,581
	June 30, 2021	41,035
	June 30, 2022	44,806
	June 30, 2023	48,923
	June 30, 2024	53,419
	Thereafter	<u>557,109</u>
Total		<u>\$782,873</u>

Note 10 - Net Assets With Donor Restrictions

A summary of net assets with donor restrictions is as follows:

	Balance <u>7/1/18</u>	Additions	Released from <u>Restrictions</u>	Balance <u>6/30/19</u>
Mala - School Expansion	\$87,730	\$27,950	\$0	\$115,680
Culinary program	244,868	2,883	0	247,751
Scholarships	1,500	0	0	1,500
Community Performing Arts Space	7,600	0	0	7,600
Early Intervention Mental Health Practices	76,758	0	(59,546)	17,212
Lavelle Prep Music Program	0	44,800	0	44,800
Other programs	<u>6,690</u>	<u>53,195</u>	<u>(51,590)</u>	<u>8,295</u>
Total	<u>\$425,146</u>	<u>\$128,828</u>	<u>(\$111,136)</u>	<u>\$442,838</u>

Note 11 - Significant Concentrations

ICS is dependent upon grants from NYCDOE to carry out its operations. Approximately 80% of the total public support and revenue was received from NYCDOE. If NYCDOE were to discontinue funding, it would have a severe economic impact on the ability to operate.

Note 12 - Retirement Plan

ICS adopted a 401(k) profit sharing plan (the "Plan"). The Plan is a defined contribution plan. Employees are eligible to enroll in the Plan on the first day of employment. Those employees who have completed at least one full day of service are also eligible for employer contribution. The Plan provides for ICS to contribute up to 5% of the participating employee's salary. ICS contribution becomes fully vested after the employee completes two years of service. Amounts accrued for the employer portion of matching contribution was \$464,000 for the year ended June 30, 2019.

Note 13 - Special Event

The School's Gala benefit proceeds are summarized as follows:

Gross revenue	\$58,152
Less: expenses with a direct benefit to donors	<u>(24,538)</u>
	33,614
Less: other event expenses	<u>(8,849)</u>
Total	<u>\$24,765</u>

Note 14 - Availability and Liquidity

The following reflects the school's financial assets at June 30, 2019 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:		
Cash and cash equivalents	\$3,992,121	
Grants and pledges receivable collectible within one year	<u>1,365,928</u>	
Total financial assets		\$5,358,049
Less amounts not available for general expenditures:		
Donor contributions restricted to specific purposes		<u>(394,780)</u>
Financial assets available to meet cash needs for operations within one year		<u>\$4,963,269</u>

ICS maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, the school operates its programs within a board approved budget and relies on grants and earned income to fund its operations and program activities.

Note 15 - Prior Period Adjustment

A prior period adjustment was made to increase accrued vacation as of June 30, 2018. This has the effect of decreasing opening net assets by \$160,508 to correct errors that were noted in the current year.

**INTEGRATION CHARTER SCHOOLS
COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	Integration Charter School	John W Lavelle Preparatory	New Ventures	Nicotra Early College	Total
Public Support and Revenue:					
Public school district: (Note 8)					
Revenue - resident student enrollment		\$11,005,227	\$1,909,778	\$1,272,012	\$14,187,017
Revenue - students with special education services		4,585,380	853,524	441,980	5,880,884
Total public school district revenue	0	15,590,607	2,763,302	1,713,992	20,067,901
Government grants		3,370,546	572,214	1,020,902	4,963,662
Contributions	140,702				140,702
Special event income (net of expenses with a direct benefit to donors) (Note 13)	33,614				33,614
Other income		19,882	1,915	1,120	22,917
Total public support and revenue	174,316	18,981,035	3,337,431	2,736,014	25,228,796
Expenses:					
Personnel services:					
Administrative staff personnel		602,600	181,446	274,728	1,058,774
Instructional staff personnel		8,286,552	1,429,530	875,317	10,591,399
Non-instructional staff personnel		1,701,239	336,855	232,863	2,270,957
Total personnel services	0	10,590,391	1,947,831	1,382,908	13,921,130
Fringe benefits and payroll taxes	82,637	2,806,778	516,235	366,515	3,772,165
Retirement		309,617	77,077	85,355	472,049
Supplies and materials		321,839	40,669	95,104	457,612
Legal services	525	31,991	7,265	6,181	45,962
Accounting and audit services		38,510	17,075	16,510	72,095
Other purchased professional and consulting services		183,884	9,111	56,663	249,658
Occupancy and facility costs		1,982,756	317,081	279,926	2,579,763
Repairs and maintenance		235,399	44,552	54,159	334,110
Insurance		102,612	21,985	14,585	139,182
Utilities		185,110	39,994	27,433	252,537
Equipment and furnishings		42,218	28,821	205,955	276,994
Staff development	9,257	142,727	17,237	26,034	195,255
Marketing and recruitment		12,274	7,622	15,811	35,707
Technology		28,148	4,755	7,600	40,503
Food services		298,621	12,594	47,278	358,493
Student services		40,779	101,053	2,777	144,609
Office expense		44,126	9,598	27,396	81,120
Bad debt		12,513	59,000		71,513
Depreciation and amortization	308,133	20,603			328,736
Other	50,441	122,863	12,315	1,928	187,547
Subtotal	450,993	17,553,759	3,291,870	2,720,118	24,016,740
Less: direct special event expenses netted with revenue	(24,538)				(24,538)
Total expenses	426,455	17,553,759	3,291,870	2,720,118	23,992,202
Change in net assets	(\$252,139)	\$1,427,276	\$45,561	\$15,896	\$1,236,594

The attached notes and auditor's report are an integral part of these financial statements.

**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
Integration Charter Schools (formerly New Ventures Charter School)

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Integration Charter Schools (“ICS”), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated December 2, 2019.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal controls that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency, described in the accompanying schedule of findings and responses as item 2019-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-002 to be a significant deficiency.

Compliance and Other Matters

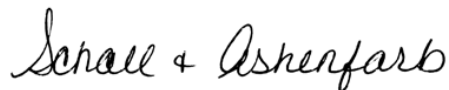
As part of obtaining reasonable assurance about whether ICS' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-002 and 2019-003.

Management of ICS' Response to Findings

ICS' response to the findings identified in our audit is described in the accompanying schedule of findings and responses. ICS' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Schall & Ashenfarb
Certified Public Accountants, LLC

December 2, 2019

**INTEGRATION CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

Current Year:

2019-001 – Significant Adjustments and Account Analysis

Criteria: The books should be maintained to permit the preparation of financial statements in accordance with accounting principles generally accepted in the U.S.

Condition: Adjustments were identified during the audit, that management agreed to, so that the financial statements would not be materially misstated.

Cause: The fiscal management team did not post audit adjustments from the prior year or perform accurate analysis on a regular basis, therefore the books contained errors that required adjustments.

Effect: The financial statements that would have been prepared based on the information in the books were not free of material error.

Recommendation: Ongoing account analysis should be performed that identifies and corrects errors in the books so that accurate financial statements could be prepared.

Views of Responsible Officials: See Corrective Action Plan attached.

2019-002 – Unauthorized Student Billing

Criteria: ICS receives funding from the New York City Department of Education (“NYCDOE”) based on attendance of the students. ICS is required to keep records of students and attendance. This is used to update the NYCDOE’s attendance tracking system for each billing period. ICS receives funding from NYCDOE based on this information. Students who do not attend class during the school year and have not provided documentation of enrollment in a new school must continue to be enrolled at ICS by law but be marked as non-attending within the NYCDOE system by ICS.

Condition: One student at New Ventures Charter School did not attend school during the year under audit and was included in the final billing.

Cause: The final reconciliation report was not reviewed and compared to ICS’ attendance records, which resulted in a discrepancy in the bill submitted to the NYCDOE.

Effect: We identified one error out of a sample size of twenty students at New Ventures Charter School. As a result, ICS received an overpayment of \$15,307 for the attendance of the student who never attended. The per pupil revenue has been reduced and the related advance has been increased by the same amount on the financial statements. Extrapolating the error to the total population indicates approximately \$117,000.

Recommendation: A review of the attendance records and final billing of per pupil funding should be completed prior to submitting to the NYCDOE.

Views of Responsible Officials: See Corrective Action Plan attached.

2019-003 – Timely Filing of Initial Statement of Controls for Lois and Richard Nicotra Early College Charter School (“NECCS”)

Criteria: Every charter school is required to provide to the Board of Regents an initial statement concerning the status of managerial and financial controls. This statement is due to the Charter School Office within 120 days after the effective date of the charter. After completion of the initial statement, the school is required to retain an independent CPA licensed in New York to perform an agreed-upon procedures engagement. This engagement is required to commence within 60 days after the date on which the school has disbursed more than \$50,000 in monies received from payments from school districts or from grants or other revenue sources.

Condition: An initial statement of controls specific for NECCS was not submitted within 120 days after the effective date of the charter which was November 14, 2017. In addition, NECCS received its first \$50,000 of payments during the fiscal year ended June 30, 2019 and has not engaged an independent CPA licensed in New York to perform the agreed-upon engagement.

Cause: NECCS was formed under the umbrella organization, Integration Charter Schools, which has a combined fiscal policies and procedures manual. A specific manual for this school was not adopted.

Effect: NECCS is not in compliance with the requirements set by the Board of Regents, the charter school authorizer.

Recommendation: A specific statement of controls for NECCS should be adopted and the agreed-upon procedures engagement should be completed as soon as administratively possible.

Views of Responsible Officials: See Corrective Action Plan attached.

Prior-Year Follow-Up:

2018-001 – Significant Adjustments and Account Analysis: See finding 2019-001

2018-002 – Expense Allocations: This matter was corrected and not repeated as a finding.

2018-003 – Allocating Salary Expense: This matter was corrected and not repeated as a finding.



December 2, 2019

Integration Charter Schools Schedule of Finding and Responses
FY 18-19 Annual Audit

Corrective Action Plan

2019-001 – Significant Adjustments and Account Analysis

After a financial consultant's recommendation in January 2019, the Finance Department at Integration Charter Schools (ICS) was restructured. The Director of Finance became the Controller and a Director of Financial Planning was hired in May 2019. The additional personnel support permits the Controller to perform ongoing account analysis that should identify and correct errors in the books so that accurate financial statements could be prepared.

2019-002 – Unauthorized Student Billing

ICS notified NYCDOE immediately after the overbill was confirmed. NYCDOE did reconcile the additional \$15,307 in Payment 4 of the 2019-2020 school year.

A new billing structure was put into place by ICS in November 2019. The billing team (which consists of the VP of Administration, VP of Student Integration, Student Services Assistant and Director of Operations) will meet bimonthly with the attendance team from each school (which typically consists of the Principal and/or Assistant Principal, social worker, Director of Program Evaluation and Principal's Assistant). At the meetings attendance records will be reviewed and compared to billing records. Notes will be kept of the meetings.

The Controller will review the final reconciliation report each year prior to submission to the NYCDOE to confirm there are no discrepancies in the billing.

2019-003 – Timely Filing of Initial Statement of Controls for Lois and Richard Nicotra Early College Charter School ("NECCS")

Although NECCS is a school under ICS and abides by the ICS Fiscal Policies and Procedures Manual, a specific statement of controls for NECCS will be adopted and followed by January 1, 2020. This will be completed by the Vice President of Administration, along with the ICS finance team and the Finance Committee from the Board of Trustees.

Sincerely,

Kenneth Byalin, Ph.D.
President

Integration Charter Schools

INTEGRATION CHARTER SCHOOLS

John W. Lavelle Preparatory Charter School • New Ventures Charter School • Lois & Richard Nicotra Early College Charter School
Corporate Commons Two at 2 Teleport Drive, 2nd floor • Staten Island, NY 10311 • 347.855.2238

APPENDIX F

**FORMS OF LOAN AGREEMENT, INDENTURE, COVENANT AGREEMENT, USE
AGREEMENT, AND LEASE**

[THIS PAGE INTENTIONALLY LEFT BLANK]

LOAN AGREEMENT

Dated as of September 1, 2021

by and between

BUILD NYC RESOURCE CORPORATION,

a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 1 Liberty Plaza, New York, New York 10006,
as “**Issuer**”

and

THE ICS FOUNDATION, INC.,

a not-for-profit corporation organized and existing under the laws of the State of New York, having its principal office at 2 Teleport Drive, Suite 200, Staten Island, New York 10311,
as “**Institution**”

\$36,135,000

Build NYC Resource Corporation
Revenue Bonds
(Richmond Preparatory Charter School Project), Series 2021A
(Social Impact Project)

and

\$715,000

Build NYC Resource Corporation
Taxable Revenue Bonds
(Richmond Preparatory Charter School Project), Series 2021B
(Social Impact Project)

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS AND CONSTRUCTION	3
Section 1.1 Definitions.....	3
Section 1.2 Construction.....	25
ARTICLE II REPRESENTATIONS AND WARRANTIES	27
Section 2.1 Representations and Warranties by Issuer	27
Section 2.2 Representations and Warranties by the Institution	28
ARTICLE III THE PROJECT; MAINTENANCE; REMOVAL OF PROPERTY AND TITLE INSURANCE.....	32
Section 3.1 Agreement to Undertake Project.....	32
Section 3.2 Manner of Project Completion.....	32
Section 3.3 Maintenance.....	34
Section 3.4 Alterations and Improvements.....	34
Section 3.5 Removal of Property of the Facility.....	35
Section 3.6 Implementation of Additional Improvements and Removals.....	36
Section 3.7 Title Insurance	36
Section 3.8 No Warranty of Condition or Suitability	37
ARTICLE IV LOAN; PAYMENT PROVISIONS	38
Section 4.1 Loan of Proceeds.....	38
Section 4.2 Promissory Note.....	38
Section 4.3 Loan Payments; Pledge of this Agreement and of the Promissory Note.....	38
Section 4.4 Loan Payments and Other Payments Payable Absolutely Net	42
Section 4.5 Nature of Institution’s Obligation Unconditional	42
Section 4.6 Advances by the Issuer or the Trustee	42
ARTICLE V RECAPTURE OF BENEFITS.....	44
Section 5.1 Recapture of Benefits.....	44
ARTICLE VI DAMAGE, DESTRUCTION AND CONDEMNATION.....	47
Section 6.1 Damage, Destruction and Condemnation	47
Section 6.2 Loss Proceeds.....	47
Section 6.3 Election to Rebuild or Terminate.....	47
Section 6.4 Effect of Election to Build	48
ARTICLE VII COVENANTS OF THE ISSUER	51
Section 7.1 Assignment of Promissory Note and Assignment of Mortgage	51
Section 7.2 Issuance of Initial Bonds.....	51
Section 7.3 Issuance of Additional Bonds	51
Section 7.4 Pledge and Assignment to Trustee.....	51
ARTICLE VIII COVENANTS OF THE INSTITUTION.....	52
Section 8.1 Insurance	52
Section 8.2 Indemnity	58
Section 8.3 Compensation and Expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents; Administrative and Project Fees	59
Section 8.4 Current Facility Personalty Description.....	60

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 8.5 Signage at Facility Site	61
Section 8.6 Environmental Matters.....	61
Section 8.7 Employment Matters.....	62
Section 8.8 Non-Discrimination	63
Section 8.9 Assignment of this Agreement or Lease of Facility	63
Section 8.10 Retention of Title to or of Interest in Facility; Grant of Easements; Release of Portions of Facility	66
Section 8.11 Discharge of Liens	68
Section 8.12 Filing.....	69
Section 8.13 No Further Encumbrances Permitted.....	71
Section 8.14 Documents Automatically Deliverable to the Issuer	71
Section 8.15 Requested Documents.....	72
Section 8.16 Periodic Reporting Information for the Issuer	73
Section 8.17 Taxes, Assessments and Charges.....	74
Section 8.18 Compliance with Legal Requirements.....	75
Section 8.19 Operation as Approved Facility	76
Section 8.20 Restrictions on Dissolution and Merger	76
Section 8.21 Preservation of Exempt Status	78
Section 8.22 Securities Law Status.....	79
Section 8.23 Further Assurances.....	79
Section 8.24 Tax Regulatory Agreement.....	79
Section 8.25 Compliance with the Indenture.....	80
Section 8.26 Reporting Information for the Trustee.....	80
Section 8.27 Continuing Disclosure	81
Section 8.28 Special Covenants.....	81
Section 8.29 Reserved.....	81
Section 8.30 Living Wage.....	82
Section 8.31 M/WBE Program	90
Section 8.32 Repair and Replacement Fund	90
ARTICLE IX REMEDIES AND EVENTS OF DEFAULT	92
Section 9.1 Events of Default	92
Section 9.2 Remedies on Default.....	93
Section 9.3 Bankruptcy Proceedings	94
Section 9.4 Remedies Cumulative	94
Section 9.5 No Additional Waiver Implied by One Waiver.....	95
Section 9.6 Effect on Discontinuance of Proceedings	95
Section 9.7 Agreement to Pay Fees and Expenses of Attorneys and Other Consultants.....	95
Section 9.8 Certain Continuing Representations	95
Section 9.9 Late Delivery Fees	95
Section 9.10 Issuer Approval of Certain Nonforeclosure Remedies	96
ARTICLE X TERMINATION OF THIS AGREEMENT	98
Section 10.1 Termination of this Agreement.....	98

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 10.2 Actions on Termination	98
Section 10.3 Survival of Institution Obligations.....	99
ARTICLE XI CERTAIN PROVISIONS RELATING TO THE BONDS.....	100
Section 11.1 Issuance of Additional Bonds	100
Section 11.2 Determination of Taxability.....	100
Section 11.3 Mandatory Redemption of Bonds as Directed by the Issuer	100
Section 11.4 Mandatory Redemption As a Result of Project Gifts or Grants	101
Section 11.5 Right to Cure Issuer Defaults.....	102
Section 11.6 Prohibition on the Purchase of Bonds.....	102
Section 11.7 Investment of Funds.....	102
ARTICLE XII MISCELLANEOUS.....	104
Section 12.1 Force Majeure	104
Section 12.2 Assignment of Mortgage and Pledge under Indenture	104
Section 12.3 Amendments	105
Section 12.4 Service of Process	105
Section 12.5 Notices	105
Section 12.6 Consent to Jurisdiction.....	107
Section 12.7 Prior Agreements Superseded.....	107
Section 12.8 Severability	107
Section 12.9 Effective Date; Counterparts.....	107
Section 12.10 Binding Effect.....	108
Section 12.11 Third Party Beneficiaries	108
Section 12.12 Law Governing	108
Section 12.13 Waiver of Trial by Jury.....	108
Section 12.14 Recourse Under This Agreement.....	108
Section 12.15 Legal Counsel; Mutual Drafting	109

EXHIBITS

Exhibit A – Description of the Land	
Exhibit B – Description of the Facility Personalty	
Exhibit C – Authorized Representative	
Exhibit D – Principals of Institution	
Exhibit E – Project Cost Budget	
Exhibit F – Form of Required Disclosure Statement	
Exhibit G – Form of Project Completion Certificate	
Exhibit H – Form of Promissory Note	
Exhibit I – Reserved	
Exhibit J – Form of LW Agreement	
Exhibit K – M/WBE Participation Plan	

LOAN AGREEMENT

This **LOAN AGREEMENT**, dated as of September 1, 2021 (this “**Agreement**”), is by and between **BUILD NYC RESOURCE CORPORATION**, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 1 Liberty Plaza, New York, New York 10006 (the “**Issuer**”), party of the first part, and **THE ICS FOUNDATION, INC.**, a not-for-profit corporation organized and existing under the laws of the State of New York, having its principal office at 2 Teleport Drive, Suite 200, Staten Island, New York 10311 (the “**Institution**”), party of the second part (capitalized terms used herein shall have the respective meanings assigned to such terms throughout this Agreement).

WITNESSETH:

WHEREAS, the Issuer is authorized pursuant to Section 1411(a) of the Not-for-Profit Corporation Law of the State of New York, as amended, and its Certificate of Incorporation and By-Laws (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of The City of New York (the “**City**”) by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their eligible projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other eligible projects that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to the City or by encouraging the development of or retention of an industry in the City, and lessening the burdens of government and acting in the public interest; and

WHEREAS, the Certificate of Incorporation of the Issuer further provides that the lessening of the burdens of government and the exercise of the powers conferred on the Issuer are the performance of an essential governmental function, which activities will assist the City in reducing unemployment and promoting additional job growth and economic development; and

WHEREAS, the Institution has entered into negotiations with officials of the Issuer for the Issuer’s assistance with a tax-exempt and taxable bond transaction, the proceeds of which, together with other funds of the Institution, will be used by the Institution for the acquisition, construction, renovation, equipping and furnishing of the Improvements as part of the Project; and

WHEREAS, the Issuer has determined that the providing of financial assistance to the Institution for the Project will promote and is authorized by and will be in furtherance of the corporate purposes of the Issuer; and

WHEREAS, as a result of such negotiations, the Institution has requested the Issuer to issue its bonds to finance a portion of the costs of the Project; and

WHEREAS, the Issuer adopted the Bond Resolution authorizing the Project and authorizing the issuance of its revenue bonds to finance a portion of the costs of the Project; and

WHEREAS, to facilitate the Project and the issuance by the Issuer of its revenue bonds to finance a portion of the costs of the Project, the Issuer and the Institution have entered into negotiations pursuant to which (i) the Issuer will make the Loan of the proceeds of the Initial Bonds, in the original aggregate principal amount of the Initial Bonds, to the Institution pursuant to this Agreement, and (ii) the Institution will execute the Promissory Note in favor of the Issuer to evidence the Institution's obligation under this Agreement to repay the Loan, and the Issuer will endorse the Promissory Note to the Trustee; and

WHEREAS, to provide funds for a portion of the costs of the Project and for incidental and related costs and to provide funds to pay the costs and expenses of the issuance of the Initial Bonds, the Issuer has authorized the issuance of the Initial Bonds in the Authorized Principal Amount pursuant to the Bond Resolution and the Indenture; and

WHEREAS, concurrently with the execution hereof, in order to further secure the Initial Bonds, (i) the Institution will grant a lien on and security interest in the Pledged Collateral pursuant to the Pledge and Security Agreement in favor of the Trustee, subject only to the lien of the Mortgage and any other applicable Permitted Encumbrances, and (ii) the Institution will grant a mortgage lien on and security interest in its fee interest in the Mortgaged Property to the Issuer and the Trustee pursuant to the Mortgage, and the Issuer will assign its right, title and interest under the Mortgage to the Trustee pursuant to the Assignment of Mortgage; and

NOW, THEREFORE, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.1 Definitions. The following capitalized terms shall have the respective meanings specified for purposes of this Agreement.

Account Control Agreement shall mean the Account Control Agreement, dated as of September 15, 2021, among the Institution, the Trustee and the Depository Bank, as the same may be amended or supplemented from time to time or any successor Account Control Agreement entered into by a successor Depository Bank, the Trustee, and the Institution.

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

Additional Improvements shall have the meaning specified in Section 3.4(a).

Affiliate means, with respect to a given Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such given Person.

Agreement shall mean this Loan Agreement, dated as of the date set forth in the first paragraph hereof, between the Issuer and the Institution, and shall include any and all amendments hereof and supplements hereto hereafter made in conformity herewith and with the Indenture.

Annual Administrative Fee shall mean that annual administrative fee established from time to time by the Issuer's Board of Directors as generally applicable to Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from such general applicability as may be established by the Issuer's Board of Directors).

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

Approved Project Operations shall mean the facility located at 2245 Richmond Avenue, Staten Island, New York, for use by the Institution in the providing of education services to students in grades 6 through 12.

Asserted Cure has the meaning specified in Section 8.30(k)(i).

Asserted LW Violation has the meaning specified in Section 8.30(k)(i).

Assignment of Lease shall mean, that certain Assignment of Lease, dated September 23, 2021, relating to the Facilities, from the Institution to the Trustee.

Assignment of Mortgage shall mean, collectively, the Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), the Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan) and the Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan) relating to the Facilities, each dated as of even date herewith, and each from the Issuer to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Authorized Denomination shall mean, (i) in the case of the Initial Bonds, \$100,000 or any integral multiple of \$5,000 in excess thereof, and (ii) in the case of any Additional Bonds, such denominations as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Additional Bonds.

Authorized Principal Amount shall mean, (i) in the case of the Series 2021A Bonds, \$36,135,000, (ii) in the case of the Series 2021B Bonds, \$715,000, and (iii) in the case of any Additional Bonds, such authorized principal amount as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Additional Bonds.

Authorized Representative shall mean, (i) in the case of the Issuer, the Chairperson, Vice Chairperson, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, or any other officer or employee of the Issuer who is authorized to perform specific acts or to discharge specific duties, and (ii) in the case of the Institution, a person named in Exhibit C — “Authorized Representative”, or any other officer or employee of the Institution who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the Institution has given written notice to the Issuer and the Trustee; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of this Agreement or any other Project Document, such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

Beneficial Owner shall mean, whenever used with respect to an Initial Bond, the Person in whose name such Initial Bond is recorded as the Beneficial Owner of such Initial Bond by the respective systems of DTC and each of the Participants of DTC. If at any time the Initial Bonds are not held in the Book-Entry System, Beneficial Owner shall mean “Holder” for purposes of the Security Documents.

Benefits shall have the meaning set forth in Section 5.1(a).

Bond Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

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

Bond Purchase Agreement shall mean the Bond Purchase Agreement, dated September 15, 2021, among the Institution, the Organization, the Issuer and the Underwriter.

Bond Registrar shall mean the Trustee acting as registrar as provided in Section 3.10 of the Indenture.

Bond Resolution shall mean the resolution of the Issuer adopted on March 9, 2021 authorizing 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 even date herewith, among the Issuer, the Institution and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Business Day shall mean any day that shall not be:

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

Business Incentive Rate shall mean the discount energy transportation and delivery rate provided through the Business Incentive Rate program co-administered by NYCEDC and Consolidated Edison Company of New York, Inc.

Certificate shall have the meaning set forth in Section 8.1(a).

CGL shall have the meaning set forth in Section 8.1(a).

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

Claims shall have the meaning set forth in Section 8.2(a).

Closing Date shall mean September 23, 2021, the date of the initial issuance and delivery of the Initial Bonds.

CM shall have the meaning set forth in Section 8.1(a).

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

Completed Improvements Square Footage shall mean approximately 85,700 square feet, the square footage of the Improvements upon completion of the Project Work.

Completion Deadline shall mean September 1, 2024.

Comptroller has the meaning specified in Section 8.30(b).

Concessionaire has the meaning specified in Section 8.30(b).

Conduct Representation shall mean any representation by the Institution under Section 2.2(t), or by any other Person in any Required Disclosure Statement delivered to the Issuer.

Construction shall have the meaning set forth in Section 8.1(a).

Construction Workforce Disclosure Law shall have the meaning set forth in Section 8.16(g).

Contractor shall have the meaning set forth in Section 8.1(a).

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

Costs of Issuance shall mean issuance costs with respect to the Initial Bonds described in Section 147(g) of the Code and any regulations thereunder, including but not limited to the following: Underwriter’s fee; counsel fees (including bond counsel, counsel to the Underwriter, Trustee’s counsel, Issuer’s counsel, Institution’s counsel, Organization’s counsel, as well as any other specialized counsel fees incurred in connection with the borrowing); financial advisor fees of any financial advisor to the Issuer, the Institution or the Organization 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 of 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.

Covenant Agreement means the Covenant Agreement, dated as of September 1, 2021, between the Organization and the Trustee, as the same may be amended or supplemented from time to time

Covered Counterparty has the meaning specified in Section 8.30(b).

Covered Employer has the meaning specified in Section 8.30(b).

DCA has the meaning specified in Section 8.30(b).

Debt Service Reserve Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Debt Service Reserve Fund Requirement shall mean, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) equal to the lesser of:

(a) with respect to the Series 2021A Bonds, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) equal to the lesser of:

(i) ten percent (10%) of the Stated Principal Amount (as defined in the Tax Regulatory Agreement) of the Outstanding Series 2021A Bonds;

(ii) 100% of the greatest amount required in the then current or any future calendar year to pay the sum of the scheduled principal and interest payable on Outstanding Series 2021A Bonds; or

(iii) 125% of the average annual amount required in the then current or any future calendar year to pay the sum of scheduled principal and interest on Outstanding Series 2021A Bonds.

(b) with respect to any Series of Additional Bonds, such amount as shall be set forth in the Supplemental Indenture entered into in connection with the issuance of such Additional Bonds.

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

Depositary Agreement means the Depositary Agreement, dated as of September 15, 2021, between the Institution and the Depositary Bank, as the same may be amended or supplemented from time to time.

Depositary Bank means U.S. Bank National Association, as depositary bank for the Institution, or any successor depositary bank for the Institution.

Determination of Taxability shall mean:

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

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

(C) a determination from which no further right of appeal exists of any court of competent jurisdiction in the United States in a proceeding in which

the Institution or the Organization have participated or has been a party, or has been given the opportunity to participate or be a party; or

(D) the admission in writing by the Institution or the Organization;

in any case, to the effect that the interest payable on the Tax-Exempt Bond of a Holder or a former Holder thereof is includable in gross income for federal income tax purposes; or

(ii) the receipt by the Trustee of a written opinion of Nationally Recognized Bond Counsel to the effect that the interest payable on the Tax-Exempt Bonds is includable in gross income for federal income tax purposes or the refusal of any such counsel to render a written opinion that the interest on the Tax-Exempt Bonds is not so includable when required pursuant to a request by a Bondholder in accordance with the procedures set forth in the Indenture;

provided, however, that no such Determination of Taxability described in clauses (i)(B) or (i)(C) of this definition shall be considered to exist unless (1) the Holder or former Holder of the Tax-Exempt Bond involved in such proceeding (a) gives the Institution and the Trustee prompt notice of the commencement thereof and (b) (if the Institution agrees to pay all expenses in connection therewith) offers the Institution the opportunity to control the defense thereof and (2) either (a) the Institution does not agree within thirty (30) days of receipt of such offer to pay such expenses and to control such defense or (b) the Institution shall exhaust or choose not to exhaust all available proceedings for the contest, review, appeal or rehearing of such decree, judgment or action which the Institution determines to be appropriate. A Bondholder shall have the right to request the Trustee to obtain a written opinion of Nationally Recognized Bond Counsel pursuant to clause (ii) above, at the expense of the Institution, upon delivery by the Bondholder to the Institution of a letter from the Bondholder's accountant stating that, in his or her reasonable opinion, interest on the Tax-Exempt Bonds is includable in the gross income of such Bondholder for federal income tax purposes and stating the reasons for such determination. No Determination of Taxability described above will result from the inclusion of interest on any Tax-Exempt Bond in the computation of minimum or indirect taxes.

DOL shall have the meaning set forth in Section 8.7(a).

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

Due Date shall have the meaning set forth in Section 9.9(a).

Employment Information shall have the meaning set forth in Section 8.7(c).

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

Environmental Audit shall mean that certain Phase I Environmental Site Assessment Report dated February 5, 2021, prepared by the Environmental Auditor and that certain Phase II Environmental Site Assessment Report dated February, 2021, also prepared by the Environmental Auditor.

Environmental Auditor shall mean Advanced Site Restoration, LLC.

Estimated Project Cost shall mean \$35,000,000.

Event of Default shall have the meaning specified in Section 9.1.

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

Existing Facility Property shall have the meaning set forth in Section 3.5(a).

Facility or **Facilities** shall mean collectively, the Facility Personalty and the Facility Realty.

Facility Personalty shall mean those items of machinery, equipment and other items of personalty the acquisition and/or the installation of which is to be financed in whole or in part with the proceeds of the Bonds for installation or use at the Facility Realty as part of the Project pursuant to Section 3.2 and described in Exhibit B— “Description of the Facility Personalty”, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Personalty shall, in accordance with the provisions of Sections 3.5 and 6.4, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so substituted for or replaced, and further exclude all items of Facility Personalty removed as provided in Section 3.5.

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

Final Project Cost Budget shall mean that certain budget of costs paid or incurred for the Project to be submitted by the Institution pursuant to Section 3.2(f) upon completion of the Project.

Fiscal Year shall mean a year of 365 or 366 days, as the case may be, commencing on July 1 and ending on June 30 of each calendar year, or such other fiscal year of similar length used by the Institution for accounting purposes as to which the Institution shall have given prior written notice thereof to the Issuer and the Trustee at least ninety (90) days prior to the commencement thereof.

Fitch shall mean Fitch, Inc., a Delaware corporation, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of

a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Fixed Date Deliverables shall have the meaning set forth in Section 9.9(a)(ii).

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

GC shall have the meaning set forth in Section 8.1(a).

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

Government Obligations shall mean the following:

- (i) direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America;
- (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States of America for the timely payment thereof; or
- (iii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in clauses (i) or (ii) above.

Hazardous Materials shall include any petroleum, flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 5101, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation.

Impositions shall have the meaning set forth in Section 8.17(a).

Improvements shall mean:

(i) all buildings, structures, foundations, related facilities, fixtures and other improvements of every nature whatsoever existing on the Closing Date and hereafter erected or situated on the Land;

(ii) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land (including any improvements or demolitions made as part of the Project Work pursuant to Section 3.2); and

(iii) all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

Indemnification Commencement Date shall mean March 9, 2021, the date on which the Issuer first adopted a resolution with respect to the Project.

Indemnified Parties shall have the meaning set forth in Section 8.2(a).

Indenture shall mean the Indenture of Trust, dated as of even date herewith, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XI of the Indenture.

Independent Accountant shall mean an independent certified public accountant or firm of independent certified public accountants selected by the Institution 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 the Institution or any Affiliate of either thereof) registered and qualified to practice engineering or architecture under the laws of the State, selected by the Institution, and approved in writing by the Trustee (which approval shall not be unreasonably withheld).

Information Recipients shall have the meaning set forth in Section 8.7(c).

Initial Annual Administrative Fee shall mean \$1,250.00.

Initial Bonds shall mean collectively, the Series 2021A Bonds and the Series 2021B Bonds authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Institution shall mean The ICS Foundation, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the Institution under Section 8.9 or 8.20.

Institution Documents shall mean collectively, the Bond Purchase Agreement, this Agreement, each Promissory Note, each Mortgage, the Building Loan Agreement, the Pledge and Security Agreement, the Account Control Agreement, the Continuing Disclosure Agreement, the Depositary Agreement, the Lease Agreement, the Assignment of Lease, the Tax Regulatory

Agreement, and any other Project Documents to which the Institution is a party, each as may be amended from time to time.

Institution's Property shall have the meaning specified in Section 3.4(d).

Insured shall have the meaning set forth in Section 8.1(a).

Insurer shall have the meaning set forth in Section 8.1(a).

Interest Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01 of the Indenture.

Interest Payment Date shall mean, with respect to the Initial Bonds, June 1 and December 1 of each year, commencing December 1, 2021, and with respect to any Series of Additional Bonds, the dates set forth therefor in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

IRS Determination Letter shall mean that certain ruling letter dated August 27, 2019, issued by the Internal Revenue Service to the Institution confirming that the Institution is a Tax-Exempt Organization.

ISO shall have the meaning set forth in Section 8.1(a).

ISO Form CG-0001 shall have the meaning set forth in Section 8.1(a).

Issuer shall mean Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State at the direction of the Mayor of the City, and its successors and assigns.

Issuer's Reserved Rights shall mean, collectively,

(i) the right of the Issuer in its own behalf to receive all Opinions of Counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Issuer under this Agreement;

(ii) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under this Agreement;

(iii) the right of the Issuer to enforce in its own behalf the obligation of the Institution under this Agreement to complete the Project;

(iv) the right of the Issuer to enforce or otherwise exercise in its own behalf all agreements of the Institution under this Agreement with respect to ensuring that the Facilities shall always constitute the Approved Facility;

(v) the right of the Issuer to amend with the Institution the provisions of Section 5.1 without the consent of the Trustee or any Bondholder;

(vi) the right of the Issuer in its own behalf (or on behalf of the appropriate taxing authorities) to enforce, receive amounts payable under or otherwise exercise its rights under Article III (except for Section 3.1), Sections 4.4, 4.5 and 4.6, Article V, Article VI, Article VIII (except for Section 8.26), Article IX, Article X, Sections 11.1, 11.3 and 11.5, and Article XII (except Section 12.2); and

(vii) the right of the Issuer in its own behalf to declare a default with respect to any of the Issuer's Reserved Rights and exercise the remedies set forth in Section 9.2(b).

Land shall mean that certain lot, piece or parcel of land in the County of Richmond Block 2380 and Lot 86, generally known by the street address 2245 Richmond Avenue, Staten Island, New York, all as more particularly described in Exhibit A — “Description of the Land”, together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 8.10(c).

Land Square Footage shall mean approximately 60,700 square feet.

Lease Agreement, shall mean that certain Lease, dated September 23, 2021, from the Organization to the Institution.

Legal Requirements shall mean the Constitutions of the United States and the State of New York and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, certificates of occupancy, directions and requirements (including zoning, land use, planning, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wage, living wage, prevailing wage, sick leave, healthcare, benefits and employment practices) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, including those of the City, foreseen or unforeseen, ordinary or extraordinary, that are applicable now or may be applicable at any time hereafter to (i) the Institution, (ii) the Facilities or any part thereof, or (iii) any use or condition of the Facilities or any part thereof.

Letter of Representation and Indemnity Agreement shall mean the Letter of Representation and Indemnity Agreement, dated the Closing Date, from the Institution to the Issuer, the Trustee and the Underwriter.

Liability shall have the meaning set forth in Section 8.2(a).

Liens shall have the meaning specified in Section 8.11(a).

Loan shall mean the loan made by the Issuer to the Institution pursuant to this Agreement as described in Section 4.1.

Loan Payment Date shall mean each January 5, March 5, May 5, July 5, September 5 and November 5 of each year.

Loss Event shall have the meaning specified in Section 6.1.

LW has the meaning specified in Section 8.30(b).

LW Agreement has the meaning specified in Section 8.30(b).

LW Agreement Delivery Date has the meaning specified in Section 8.30(b).

LW Event of Default has the meaning specified in Section 8.30(b).

LW Law has the meaning specified in Section 8.30(b).

LW Term has the meaning specified in Section 8.30(b).

LW Violation Final Determination has the meaning specified in Section 8.30(k)(i)(1), Section 8.30(k)(i)(2)(A) or Section 8.30(k)(i)(2)(B), as applicable.

LW Violation Initial Determination has the meaning specified in Section 8.30(k)(i)(2).

LW Violation Notice has the meaning specified in Section 8.30(k)(i).

LW Violation Threshold has the meaning specified in Section 8.30(b).

Majority Holders shall mean the Beneficial Owners of at least a majority in aggregate principal amount of the Bonds Outstanding, or, if the Bonds shall cease to be in book-entry form, the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding.

Maturity Date shall mean collectively, (i) with respect to the Series 2021A Bonds, June 1, 2031, June 1, 2036, June 1, 2041, June 1, 2051 and June 1, 2056, and (ii) with respect to the Series 2021B Bonds June 1, 2025.

Merge shall have the meaning specified in Section 8.20(a)(v).

Moody's shall mean Moody's Investors Service Inc., a Delaware corporation, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Mortgage shall mean, collectively, the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan) and the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan) relating to the Facilities, each dated as of even date herewith, and each from the Institution to the Issuer and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Mortgaged Property shall have the meaning specified in the Mortgage.

Nationally Recognized Bond Counsel shall mean Nixon Peabody LLP or other counsel acceptable to the Issuer and the Trustee and experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions.

Net Proceeds shall mean, when used with respect to any insurance proceeds or condemnation award, compensation or damages, the gross amount of any such proceeds, award, compensation or damages less all expenses (including reasonable attorneys' fees and any extraordinary expenses of the Issuer or the Trustee) incurred in the collection thereof.

New Facility shall mean financing the construction, furnishing and equipping of an expansion to the Original Facility consisting of 25,000 square feet to serve as the site of a new school to be known as the Richmond Preparatory Charter School (providing educational services to students in Grade 6 through 12 including those with special needs).

Original Facility shall mean the acquisition, renovation, furnishing, and equipping of a 28,500 square foot building located on a 60,700 square foot parcel of land located at 2245 Richmond Avenue, Staten Island, New York, to serve as the site of a new school to be known as the Richmond Preparatory Charter School (providing educational services to students in Grade 6 through 12 including those with special needs).

Notice Parties shall mean the Issuer, the Institution, the Bond Registrar, the Paying Agents and the Trustee.

Notification of Failure to Deliver shall have the meaning specified in Section 9.9(b).

NYCDOF shall mean the New York City Department of Finance.

NYCEDC shall mean New York City Economic Development Corporation, a New York not-for-profit corporation, and any successor thereof.

NYCIDA shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

Operations Commencement Date shall have the meaning set forth in Section 5.1(a).

Opinion of Counsel shall mean a written opinion of counsel for the Institution or any other Person (which counsel shall be reasonably acceptable to the Issuer and the Trustee) with respect to such matters as required under any Project Document or as the Issuer or the Trustee may otherwise reasonably require, and which shall be in form and substance reasonably acceptable to the Issuer and the Trustee.

Organization shall mean Integration Charter Schools Corporation, a New York not-for-profit education corporation, exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

Organization Documents shall mean, collectively, the Bond Purchase Agreement, the Use Agreement, the Tax Regulatory Agreement, the Covenant Agreement, the Continuing Disclosure Agreement, and the Lease Agreement.

Organizational Documents shall mean, (i) in the case of an Entity constituting a limited liability company, the articles of organization or certificate of formation, and the operating agreement of such Entity, (ii) in the case of an Entity constituting a corporation, the charter, articles of incorporation or certificate of incorporation, and the bylaws of such Entity, and (iii) in the case of an Entity constituting a general or limited partnership, the partnership agreement of such Entity.

Outstanding, when used with reference to a Bond or Bonds, as of any particular date, shall mean all Bonds which have been issued, executed, authenticated and delivered under the Indenture, except:

(i) Bonds cancelled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee under the Indenture for cancellation;

(ii) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with Article X of the Indenture, there has been separately set aside and held in the Redemption Account of the Bond Fund either:

(A) moneys, and/or

(B) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys,

in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or redemption date, which payment or redemption date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article III of the Indenture,

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any other Security Document, Bonds owned by the Institution or any Affiliate of the Institution shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so

owned shall be so disregarded. Bonds which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Institution or any Affiliate of the Institution.

Owed Interest has the meaning specified in Section 8.30(b).

Owed Monies has the meaning specified in Section 8.30(b).

Participants shall mean those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

Paying Agent shall mean any paying agent for the Bonds appointed pursuant to the Indenture (and may include the Trustee) and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

Per Diem Fees shall mean, collectively, the Per Diem Late Fee and the Per Diem Supplemental Late Fee.

Per Diem Late Fee shall mean that per diem late fee established from time to time by the Issuer's Board of Directors generally imposed upon Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from such general applicability as may be established by the Issuer's Board of Directors) and that have not (x) paid to the Issuer the Annual Administrative Fee on the date required under Section 8.3, (y) delivered to the Issuer all or any of the Fixed Date Deliverables on the respective dates required under Section 8.14 or 8.16, and/or (z) delivered to the Issuer all or any of the Requested Document Deliverables under Section 8.15 within five (5) Business Days of the Issuer having made the request therefor.

Per Diem Supplemental Late Fee shall mean that supplemental per diem late fee established from time to time by the Issuer's Board of Directors generally imposed upon Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from general applicability as may be established by the Issuer's Board of Directors).

Permitted Encumbrances shall mean:

(i) the Mortgage (as assigned by the Assignment of Mortgage), the Building Loan Agreement, the Lease 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 Facilities or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to Section 8.11(b);

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

(v) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to property similar in character to the Facilities as do not, as set forth in a certificate of an Authorized Representative of the Institution delivered to the Issuer and the Trustee, either singly or in the aggregate, render title to the Facilities unmarketable or materially impair the property affected thereby for the purpose for which it was acquired or purport to impose liabilities or obligations on the Issuer;

(vi) those exceptions to title to the Mortgaged Property enumerated in the title insurance policy delivered pursuant to Section 3.7 insuring the Trustee's mortgagee interest in the Mortgaged Property, a copy of which is on file at the offices of the Issuer and at the designated corporate trust office of the Trustee;

(vii) liens arising by reason of good faith deposits with the Institution in connection with the tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Institution to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(viii) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Institution to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(ix) any judgment lien against the Institution, so long as the finality of such judgment is being contested in good faith and execution thereon is stayed;

(x) any purchase money security interest in movable personal property, including equipment leases and financing;

(xi) liens on property due to rights of governmental entities or third party payors for recoupment of excess reimbursement paid;

(xii) a lien, restrictive declaration or performance mortgage with respect to the operation of the Facilities arising by reason of a grant or other funding received by the 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.

Pledge and Security Agreement shall mean the Pledge and Security Agreement, dated as of even date herewith, from the Institution to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Pledged Collateral shall have the meaning specified in Section 3.1 of the Pledge and Security Agreement.

Policy(ies) shall have the meaning specified in Section 8.1(a).

Predecessor Institution shall have the meaning specified in Section 8.20(b)(ii).

Prevailing Wage Law has the meaning specified in Section 8.30(b).

Principal Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01 of the Indenture.

Principals shall mean, with respect to any Entity, the most senior three officers of such Entity, any Person with a ten percent (10%) or greater ownership interest in such Entity and any Person as shall have the power to Control such Entity, and “principal” shall mean any of such Persons.

Project shall mean (a) the acquisition, renovation, furnishing, and equipping of a 28,500 square foot building located on a 60,700 square foot parcel of land located at 2245 Richmond Avenue, Staten Island, New York, which is expected to serve as the site of a new school (the “**Original Facility**”), to be known as the Richmond Preparatory Charter School (providing educational services to students in Grade 6 through 12 including those with special needs), (b) financing the construction, furnishing and equipping of an expansion to the Original Facility consisting of 25,000 square feet (the “**New Facility**”); (c) funding a capitalized interest and debt service reserve fund; and (d) paying for certain costs and expenses associated with the issuance of the Bonds.

Project Application Information shall mean the eligibility application and questionnaire submitted to the Issuer by or on behalf of the Institution, for approval by the Issuer of the Project and the providing of financial assistance by the Issuer therefor, together with all other letters, documentation, reports and financial information submitted in connection therewith.

Project Completion Date shall mean the date by which all of the following conditions have been satisfied: (i) the Issuer shall have received a signed and complete certificate of an Authorized Representative of the Institution in substantially the form set forth in Exhibit G – “Form of Project Completion Certificate”, together with all attachments required thereunder, (ii) the Project Work shall have been finished and shall have been completed substantially in accordance with the plans and specifications therefor, (iii) the Issuer shall have received a copy of

a certificate of occupancy issued by the New York City Department of Buildings from the Institution, (iv) there shall be no certificate, license, permit, authorization, written approval or consent or other document required to permit the occupancy, operation and use of the Facilities 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 Facilities shall be ready for occupancy, use and operation for the Approved Project Operations in accordance with all applicable laws, regulations, ordinances and guidelines.

Project Cost Budget shall mean that certain budget for costs of the Project Work as set forth by the Institution in Exhibit E — “Project Cost Budget”, provided that if the Project Improvements Investment amount is modified in the M/WBE Participation Plan, as the same may be amended from time to time, it shall be deemed to be amended for all purposes under this Loan Agreement.

Project Costs shall mean:

- (i) all costs of engineering and architectural services with respect to the Project, including the cost of test borings, surveys, estimates, permits, plans and specifications and for supervising demolition, construction and renovation, as well as for the performance of all other duties required by or consequent upon the proper construction of, and the making of alterations, renovations, additions and improvements in connection with, the completion of the Project;
- (ii) all costs paid or incurred for labor, materials, services, supplies, machinery, equipment and other expenses and to contractors, suppliers, builders and materialmen in connection with the completion of the Project;
- (iii) the interest on the Bonds during the construction and renovation of the Project;
- (iv) all costs of contract bonds and of insurance that may be required or necessary during the period of Project construction and renovation;
- (v) the cost of acquisition of the Facility Realty;
- (vi) all costs of title insurance as provided in Section 3.7;
- (vii) the payment of the Costs of Issuance with respect to the Initial Bonds;
- (viii) the payment of the fees and expenses of the Trustee during the period of construction and renovation of the Project;
- (ix) all costs which the Institution shall be required to pay, under the terms of any contract or contracts, for the completion of the Project, including any amounts required to reimburse the Institution for advances made for any item otherwise constituting

a Project Cost or for any other costs incurred and for work done which are properly chargeable to the Project; and

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

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

Project Documents shall mean, collectively, collectively, the Institution Documents, the Organization Documents and the Security Documents.

Project Fee shall mean \$204,250, representing the \$209,250 Issuer’s financing fee, less the application fee of \$5,000.

Project Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Project Improvements shall mean all buildings, structures, foundations, related facilities, fixtures and other improvements resulting from the Project Work.

Project Improvements Investment shall mean the costs and expenses to be incurred by the Institution after the Indemnification Commencement Date and prior to the Completion Deadline for the construction, reconstruction, acquisition or installation of the Project Improvements in connection with the Project Work which are (a) described in the Project Cost Budget, and (b) considered hard costs of construction under normal industry standards, including, without limitation: (1) payments to contractors, subcontractors, suppliers and materialmen for labor performed and materials supplied, and (2) costs and expenses for labor, services, facilities or equipment customarily considered as “general conditions” items, including the premium paid for payment and performance bonds and/or insurance policies that may be required in connection with the Project Work pursuant to this Agreement.

Project Work shall mean (i) the design, construction and/or renovation of the Improvements, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Promissory Note shall mean, (i) with respect to the Initial Bonds, that certain Series 2021A Promissory Note and that certain Series 2021B Promissory Note each in substantially the form of Exhibit H to this Agreement, each from the Institution to the Issuer and each endorsed by the Issuer to the Trustee, (ii) with respect to any Series of Additional Bonds, that certain Promissory Note in substantially the form of any related Exhibit to an amendment to this Agreement, and (iii) with respect to the Bonds, collectively, those certain Promissory Notes described in clauses (i) and (ii) above, and shall include in each case any and all amendments thereof and supplements thereto made in conformity with this Agreement and the Indenture.

Qualified Investments shall mean, to the extent permitted by applicable law, the following:

- (c) Government Obligations;
- (d) commercial paper having, at the time of investment or contractual commitment to invest therein, a rating from S&P and Moody's, of A1 and P1, respectively;
- (e) repurchase and reverse repurchase agreements collateralized with Government Obligations, including those of the Trustee or any of its affiliates;
- (f) investments in money market mutual funds having a rating at time of investment in the highest investment category granted thereby from S&P or Moody's, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;
- (g) demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and certificates of deposit or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, rated in the AA long-term ratings category or higher by S&P or Moody's or which are fully FDIC-insured;
- (h) direct and general long-term obligations of any state of the United States on which the full faith and credit of the state is pledged and which are rated in either of the two highest rating categories by Moody's or S&P;
- (i) direct and general short-term obligations of any state of the United States on which the full faith and credit of the state is pledged and which are rated in the highest rating category by Moody's and S&P; and
- (j) other obligations, interest on which is excludable from gross income for purposes of federal income taxation, which are rated in the two highest rating categories by S&P and Moody's.

Qualified Workforce Program has the meaning specified in Section 8.30(b).

Rating Agency shall mean any of S&P, Moody's or Fitch and such other nationally recognized securities rating agency as shall have awarded a rating to the Initial Bonds.

Rebate Amount shall have the meaning assigned to that term in the Tax Regulatory Agreement.

Rebate Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Recapture Event shall have the meaning set forth in Section 5.1(a).

Recapture Period shall have the meaning set forth in Section 5.1(a).

Redemption Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01 of the Indenture.

Redemption Date shall mean the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

Redemption Price shall mean, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

Renewal Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Repair and Replacement Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Repair and Replacement Requirement shall mean an amount equal to \$200,000 payable in five equal installments of \$40,000 beginning July 5, 2025 and continuing annually for five consecutive years.

Requested Document Deliverables shall have the meaning set forth in Section 9.9(a).

Required Disclosure Statement shall mean that certain Required Disclosure Statement in the form of Exhibit F — “Form of Required Disclosure Statement”.

S&P shall mean Standard & Poor’s Financial Services LLC, a Delaware limited liability company which is a subsidiary of McGraw Hill Financial, Inc., a corporation organized and existing under the laws of the State, its successors and assigns, and if such limited liability company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Sales Taxes shall mean City and State sales and/or compensating use taxes imposed pursuant to Sections 1105, 1107, 1109 and 1110 of the New York State Tax Law, as each of the same may be amended from time to time (including any successor provisions to such statutory sections).

Securities Act shall mean the Securities Act of 1933, as amended, together with any rules and regulations promulgated thereunder.

Securities Depository shall mean any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book-entry interests in the Bonds, and to effect transfers of book-entry interests in the Bonds in book-entry form, and includes and means initially DTC.

Securities Exchange Act shall mean the Securities Exchange Act of 1934, as amended, together with any rules and regulations promulgated thereunder.

Security Documents shall mean, collectively, this Agreement, the Promissory Note, the Pledge and Security Agreement, the Indenture, the Account Control Agreement, the Depositary Agreement, the Covenant Agreement, the Lease Agreement, the Tax Regulatory Agreement, the Building Loan Agreement, the Mortgage and the Assignment of Mortgage.

Series shall mean all of the Bonds designated as being of the same series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Indenture.

Series 2021A Bonds shall mean the Issuer's \$36,135,000 Revenue Bonds (Richmond Preparatory Charter School Project), Series 2021A (Social Impact Project), authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Series 2021B Bonds shall mean the Issuer's \$715,000 Taxable Revenue Bonds (Richmond Preparatory Charter School Project), Series 2021B (Social Impact Project), authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Series 2021A Promissory Note shall mean the Promissory Note in substantially the form of Exhibit H to this Agreement.

Series 2021B Promissory Note shall mean the Promissory Note in substantially the form of Exhibit H to this Agreement.

Sign shall have the meaning specified in Section 8.5.

Sinking Fund Installment shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds pursuant to the Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to the Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

Sinking Fund Installment Account shall mean the special trust account of the Bond Fund so designated, which is established pursuant to Section 5.01 of the Indenture.

SIR shall have the meaning set forth in Section 8.1(a).

Site Affiliates has the meaning specified in Section 8.30(b).

Site Employee has the meaning specified in Section 8.30(b).

Small Business Cap has the meaning specified in Section 8.30(b).

Specified Contract has the meaning specified in Section 8.30(b).

State shall mean the State of New York.

Successor Institution shall have the meaning specified in Section 8.20(b)(ii).

Supplemental Indenture shall mean any indenture supplemental to or amendatory of the Indenture, executed and delivered by the Issuer and the Trustee in accordance with Article XI of the Indenture.

Taxable Bonds shall mean the Series 2021B Bonds and any other such Additional Bonds that shall be issued as taxable bonds under this Indenture.

Tax-Exempt Bonds shall mean the Series 2021A Bonds and any other such Additional Bonds that shall be issued as tax-exempt bonds under this Indenture.

Tax-Exempt Organization shall mean an Entity organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from Federal income taxes under 501(a) of Code, or corresponding provisions of Federal income tax laws from time to time in effect.

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

Termination Date shall mean such date on which this Agreement may terminate pursuant to Article X.

Transfer shall have the meaning specified in Section 8.20(a)(iv).

Trustee shall mean 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.

U/E shall have the meaning set forth in Section 8.1(a).

Workers' Compensation shall have the meaning set forth in Section 8.1(a).

Section 1.2 Construction. In this Agreement, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Agreement, refer to this Agreement, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the Closing Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

(e) Unless the context indicates otherwise, references to designated “Exhibits”, “Articles”, “Sections”, “Subsections”, “clauses” and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Agreement.

(f) The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”.

(g) The word “will” shall be construed to have the same meaning and effect as the word “shall”.

(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein or herein).

(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person’s successors and assigns or such Person’s successors in such capacity, as the case may be.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties by Issuer. The Issuer makes the following representations and warranties:

(a) The Issuer is a local development corporation created pursuant to the not-for-profit Corporation Law of the State at the direction of the Mayor of the City, and is duly organized and validly existing under the laws of the State.

(b) Assuming the accuracy of representations made by the Institution, the Issuer is authorized and empowered to enter into the transactions contemplated by this Agreement and any other Project Documents to which the Issuer is a party and to carry out its obligations hereunder and thereunder and to issue and sell the Initial Bonds.

(c) By proper action of its board of directors, the Issuer has duly authorized the execution and delivery of this Agreement and each of the other Project Documents to which the Issuer is a party.

(d) In order to finance a portion of the cost of the Project, the Issuer proposes to issue the Initial Bonds in the Authorized Principal Amount. The Initial Bonds will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture.

(e) The Issuer is that not-for-profit local development corporation formed and existing on behalf of the City to act as a governmental issuer of tax-exempt and taxable bonds and notes for the purpose of providing financial assistance to not-for-profit institutions and manufacturing and industrial companies and other businesses.

(f) The Issuer has all requisite power, authority and legal right to execute and deliver the Project Documents to which it is a party and all other instruments and documents to be executed and delivered by the Issuer pursuant hereto and thereto and to perform its obligations under the Project Documents and all such other instruments and documents to which it is a party. All corporate action on the part of the Issuer which is required for the execution, delivery, performance and observance by the Issuer of the Project Documents and all such other instruments and documents to which it is a party has been duly authorized and effectively taken, and such execution, delivery, performance and observance by the Issuer do not contravene the Issuer's Organizational Documents or any applicable Legal Requirements or any contractual restriction binding on or affecting the Issuer.

(g) There is no action or proceeding before any court, governmental agency or arbitrator pending or, to the knowledge of the Issuer, threatened against the Issuer, which seeks (i) to restrain or enjoin the issuance or delivery of the Initial Bonds, the pledge and grant of the Trust Estate or the collection of any revenues pledged under the Indenture, (ii) to contest or affect in any way the authority for the issuance of the Initial Bonds or the validity of any of the Project Documents, or (iii) to contest in any way the existence or powers of the Issuer.

Section 2.2 Representations and Warranties by the Institution. The Institution makes the following representations and warranties:

(a) The Institution is a not-for-profit corporation duly organized under the laws of the state set forth on the cover page of this Agreement, is validly existing and in good standing under the laws of its state of organization, is duly qualified to do business and in good standing under the laws of the State, is not in violation of any provision of its Organizational Documents, has the requisite power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Agreement and each other Project Document to which it is or shall be a party.

(b) This Agreement and the other Project Documents to which the Institution is a party (x) have been duly authorized by all necessary action on the part of the Institution, (y) have been duly executed and delivered by the Institution, and (z) constitute the legal, valid and binding obligations of the Institution, enforceable against the Institution in accordance with their respective terms.

(c) The execution, delivery and performance of this Agreement and each other Project Document to which the Institution is or shall be a party and the consummation of the transactions herein and therein contemplated will not (x) violate any provision of law, any order of any court or agency of government, or any of the Organizational Documents of the Institution, or any indenture, agreement or other instrument to which the Institution is a party or by which it or any of its property is bound or to which it or any of its property is subject, (y) be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or (z) result in the imposition of any lien, charge or encumbrance of any nature whatsoever other than Permitted Encumbrances.

(d) There is no action or proceeding pending or, to the best of the Institution's knowledge, after diligent inquiry, threatened, by or against the Institution by or before any court or administrative agency that would adversely affect the ability of the Institution to perform its obligations under this Agreement or any other Project Document to which it is or shall be a party.

(e) The financial assistance provided by the Issuer to the Institution as contemplated by this Agreement is necessary to induce the Institution to proceed with the Project.

(f) Undertaking the Project is anticipated to serve the corporate public purposes of the Issuer by preserving permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in the State.

(g) The Facilities will be the Approved Facility.

(h) Except as permitted by Section 8.9, no Person other than the Institution and the Organization is or will be in use, occupancy or possession of any portion of the Facilities.

(i) The Institution has obtained all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by it as of the Closing Date in connection with the execution and delivery of this Agreement and each other Project Document to which it

shall be a party or in connection with the performance of its obligations hereunder and under each of the Project Documents.

(j) The Project will be designed, and the operation of the Facilities will be, in compliance with all applicable Legal Requirements.

(k) The Institution is in compliance, and will continue to comply, with all applicable Legal Requirements relating to the Project, the Project Work and the operation of the Facilities.

(l) The Institution has delivered to the Issuer a true, correct and complete copy of the Environmental Audit.

(m) The Institution has not used Hazardous Materials on, from, or affecting the Facilities in any manner that violates any applicable Legal Requirements governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and except as set forth in the Environmental Audit, to the best of the Institution's knowledge, no prior owner or occupant of the Facilities has used Hazardous Materials on, from, or affecting the Facilities in any manner that violates any applicable Legal Requirements.

(n) The Project Cost Budget attached as Exhibit E — "Project Cost Budget" represents a true, correct and complete budget as of the Closing Date of the proposed costs of the Project; the Estimated Project Cost is a fair and accurate estimate of the Project Cost as of the Closing Date. Expenses for supervision by the officers or employees of the Institution and expenses for work done by such officers or employees in connection with the Project will be included as a Project Cost only to the extent that such Persons were specifically employed for such particular purpose, the expenses do not exceed the actual cost thereof and are to be treated on the books of the Institution as a capital expenditure in conformity with GAAP. Any costs incurred with respect to that part of the Project paid from the proceeds of the sale of the Initial Bonds shall be treated on the books of the Institution as capital expenditures in conformity with GAAP. The Institution represents and warrants that the Project Improvements Investment for the Project is \$18,412,496.

(o) The total cost of the Project Work being funded with the Initial Bonds is not less than the Authorized Principal Amount. That portion of the Estimated Project Cost as shall not derive from the proceeds of the Initial Bonds shall be provided from equity on the part of the Institution. The amounts provided to the Institution from the proceeds of the Initial Bonds, together with other moneys available to the Institution, are sufficient to pay all costs in connection with the completion of the Project.

(p) All of the Land comprises one (1) complete tax lot and no portion of any single tax lot.

(q) Subject to Section 3.5 and Article VI, no property constituting part of the Facilities shall be located at any site other than at the Facility Realty.

(r) The Completed Improvements Square Footage and the Land Square Footage are true and correct.

(s) The Fiscal Year is true and correct.

(t) None of the Institution, the Principals of the Institution, or any Person that is an Affiliate of the Institution:

(i) is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Issuer, the NYCIDA, the NYCEDC or the City, unless such default or breach has been waived in writing by the Issuer, the NYCIDA, the NYCEDC or the City, as the case may be;

(ii) has been convicted of a misdemeanor related to truthfulness and/or business conduct in the past five (5) years;

(iii) has been convicted of a felony in the past ten (10) years;

(iv) has received formal written notice from a federal, state or local governmental agency or body that such Person is currently under investigation for a felony criminal offense; or

(v) has received written notice of default in the payment to the City of any taxes, sewer rents or water charges, which have not been paid, unless such default is currently being contested with due diligence in proceedings in court or other appropriate forum.

(u) The Project Application Information was true, correct and complete as of the date submitted to the Issuer, and no event has occurred or failed to occur since such date of submission which would cause any of the Project Application Information to include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make such statements not misleading.

(v) The Principals of the Institution, and their respective titles to the Institution, as set forth in Exhibit D — “Principals of Institution”, are true, correct and complete.

(w) The representations, warranties, covenants and statements of expectation of the Institution set forth in the Tax Regulatory Agreement are by this reference incorporated in this Agreement as though fully set forth herein.

(x) The property included in the Project is either property of the character subject to the allowance for depreciation under Section 167 of the Code, or land.

(y) No part of the proceeds of the Initial Bonds will be used to finance inventory or will be used for working capital, or will be used for any other property not constituting part of the Facilities.

(z) The Institution has fee title in the Facilities and has no present intention to sell, directly or indirectly, in whole or in part, its interest in the Facilities.

(aa) The Institution is in compliance with the provisions of the Code and any applicable regulations thereunder necessary to maintain its exempt status under Section 501(a) of the Code.

(bb) The Institution is exempt from Federal income taxes under Section 501(a) of the Code.

(cc) The Institution is an organization described in Section 501(c)(3) of the Code and has received the IRS Determination Letter. The facts and circumstances which form the basis of the IRS Determination Letter continue substantially to exist as represented to the Internal Revenue Service. The IRS Determination Letter has not been modified, limited or revoked, and the Institution is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of the IRS Determination Letter.

(dd) The Institution is not a “private foundation”, as defined in Section 509 of the Code.

(ee) The Organization is registered with the New York State Department of Education as an eligible education institution.

(ff) The Organization is formed under the Education Law of the State of New York and is chartered by the New York Board of Regents.

(gg) The Organization is registered with the New York State Department of Education.

ARTICLE III

THE PROJECT; MAINTENANCE; REMOVAL OF PROPERTY AND TITLE INSURANCE

Section 3.1 Agreement to Undertake Project.

The Institution covenants and agrees to undertake and complete the Project Work in accordance with this Agreement, including, without limitation:

- (i) effecting the Project Work,
- (ii) making, executing, acknowledging and delivering any contracts, orders, receipts, writings and instructions with any other Persons, and in general doing all things which may be requisite or proper, all for the purposes of undertaking the Project Work,
- (iii) paying all fees, costs and expenses incurred in the Project Work from funds made available therefor in accordance with or as contemplated by this Agreement and the Indenture, and
- (iv) asking, demanding, suing for, levying, recovering and receiving all such sums of money, debts due and other demands whatsoever that may be due, owing and payable to the Institution under the terms of any contract, order, receipt or writing in connection with the Project Work and to enforce the provisions of any contract, agreement, obligation, bond or other performance security entered into or obtained in connection with the Project Work.

Section 3.2 Manner of Project Completion.

(a) The Institution will complete the Project Work, or cause the Project Work 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 Institution 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 Institution will cause the Project Completion Date to occur by the Completion Deadline.

(b) In undertaking the Project Work, the Institution shall take such action and institute such proceedings as shall be necessary to cause and require all contractors, manufacturers and suppliers to complete their agreements relating to the Project Work in accordance with the terms of the contracts therefor including the correction of any defective work. Upon request, the Institution will extend to the Issuer or the Trustee all vendors' warranties received by the Institution in connection with the Project, including any warranties given by contractors, manufacturers or service organizations who perform Project Work.

(c) Project Costs shall be paid from the Project Fund or other funds provided by the Institution. In the event that moneys in the Project Fund are not sufficient to pay the costs necessary to complete the Project in full, the Institution shall pay that portion of such costs of the

Project as may be in excess of the moneys therefor in the Project Fund and shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds (except from the proceeds of Additional Bonds which may be issued for that purpose), nor shall the Institution be entitled to any diminution of the loan payments payable or other payments to be made under this Agreement, under the Promissory Note or under any other Project Document. All expenses incurred by the Institution or the Issuer in connection with the performance of its obligations under this Section 3.2(c) shall be considered a Project Cost. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery, if recovered prior to the date of completion of the Project, shall be deposited into the Project Fund and made available for payment of Project Costs, or if recovered after such date of completion, be deposited in the Redemption Account of the Bond Fund.

(d) The Institution shall pay all costs, charges, fees, expenses or claims incurred in connection with the Project Work.

(e) The Institution will perform or cause to be performed the Project Work in accordance with all applicable Legal Requirements and with the conditions and requirements of all policies of insurance with respect to the Facilities and the Project Work. Promptly upon finishing of the Project Work and the completion of the Improvements, the Institution will obtain or cause to be obtained all required permits, authorizations and licenses from appropriate authorities, if any be required, authorizing the occupancy, operation and use of the Facilities as an Approved Facility and shall furnish copies of same to the Trustee immediately upon the receipt thereof and to the Issuer immediately upon demand therefor.

(f) Upon completion of the Project Work, the Institution shall (y) deliver to the Issuer the Final Project Cost Budget, which budget will include a comparison with the Project Cost Budget, and indicate the source of funds (i.e., Bond proceeds, equity, etc.) for each cost item, and (z) evidence the completion of the Project and the occurrence of the Project Completion Date by delivering to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution in substantially the form set forth in Exhibit G – “Form of Project Completion Certificate”, together with all attachments required thereunder.

(g) Upon request by the Issuer or the Trustee, the Institution shall make available to the Issuer and the Trustee copies of any bills, invoices or other evidences of costs as shall have been incurred in the effectuation of the Project Work.

(h) In the event that the aggregate costs of the Project Work upon the completion thereof shall be significantly different from the estimated costs thereof set forth in the Project Cost Budget (i.e., more than a ten percent (10%) difference in either total Project costs or in major categories of Project Work cost), on request of the Issuer, the Institution shall provide evidence to the reasonable satisfaction of the Issuer as to the reason for such discrepancy, and that the scope of the Project Work as originally approved by the Issuer has not been modified in a material manner without the prior written consent of the Issuer.

(i) The Institution covenants to invest or cause the investment of at least \$18,412,496 as its Project Improvement Investment.

Section 3.3 Maintenance. (a) During the term of this Agreement, the Institution will:

(i) keep the Facilities in good and safe operating order and condition, ordinary wear and tear excepted,

(ii) occupy, use and operate the Facilities, or cause the Facilities 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 Bonds shall not cease to be excludable from gross income for federal income tax purposes, (y) the operations of the Institution at the Facilities shall not be materially impaired or diminished in any way, and (z) the security for the Bonds shall not be materially impaired.

(b) All replacements, renewals and repairs shall be similar in quality, class and value to the original work and be made and installed in compliance with all applicable Legal Requirements.

(c) The Issuer shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Facilities, to effect the replacement of any inadequate, obsolete, worn out or unsuitable parts of the Facilities, or to furnish any utilities or services for the Facilities, and the Institution hereby agrees to assume full responsibility therefor.

Section 3.4 Alterations and Improvements.

(a) The Institution shall have the privilege of making such alterations of or additions to the Facility Realty (“**Additional Improvements**”) or any part thereof from time to time as it in its discretion may determine to be desirable for its uses and purposes, provided that:

(i) as a result of the Additional Improvements, the fair market value of the Facilities 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 Facilities is not materially impaired,

(ii) the Additional Improvements are effected with due diligence, in a good and workmanlike manner and in compliance with all applicable Legal Requirements,

(iii) the Additional Improvements are promptly and fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor, and

(iv) the Additional Improvements do not change the nature of the Facilities so that it would not constitute the Approved Facility.

(b) All Additional Improvements shall constitute a part of the Facilities, subject to this Agreement and the Mortgage.

(c) If at any time after the Operations Commencement Date, the Institution shall make any Additional Improvements, the Institution shall notify an Authorized Representative of the Issuer of such Additional Improvements by delivering written notice thereof within thirty (30) days after the completion of the Additional Improvements.

(d) In addition to the Facility Personalty, the Institution shall have the right to install or permit to be installed at the Facility Realty, machinery, equipment and other personal property at the Institution's own cost and expense (the "**Institution's Property**"). Once so installed, the Institution's Property shall constitute part of the Facility Personalty and the Pledged Collateral and shall not be subject to this Agreement, nor constitute part of the Facilities, or subject to the lien and security interest of the Mortgage and the Pledge and Security Agreement, provided that the same is not made fixtures appurtenant to the Facility Realty. The Institution shall have the right to create or permit to be created any mortgage, encumbrance, lien or charge on, or conditional sale or other title retention agreement with respect to, the Institution's Property, without the consent of or notice to the Issuer or the Trustee.

Section 3.5 Removal of Property of the Facility.

(a) The Institution shall have the right from time to time to remove from that property constituting part of the Facilities 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 Facilities and the lien and security interest of the Mortgage or the Pledge and Security Agreement, as applicable, provided, however:

(i) such Existing Facility Property is substituted or replaced by property (y) having equal or greater fair market value, operating efficiency and utility and (z) free of all mortgages, liens, charges, encumbrances, claims and security interests other than Permitted Encumbrances, or

(ii) if such Existing Facility Property is not to be substituted or replaced by other property but is instead to be sold, scrapped, traded-in or otherwise disposed of in an arms'-length bona fide transaction for consideration, the Institution shall pay to the Trustee for deposit in the Redemption Account of the Bond Fund and thereby cause a redemption of Bonds to be effected in an amount (to the nearest integral multiple of Authorized Denomination) equal to the amounts derived from such sale or scrapping, the trade-in value credit received or the proceeds received from such other disposition; provided that no such redemption shall be required when such amount received in connection with any removal or series of removals does not exceed, in the aggregate, \$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 Bonds to cease to be excludable from gross income for federal income tax purposes, (w) such removal would change the nature of the Facilities as the Approved Facility, (x) such removal would materially impair the usefulness, structural integrity or operating efficiency of the Facilities, (y) such removal would materially reduce the fair market value of the

Facilities below its fair market value immediately before such removal (except by the amount by which the Bonds are to be redeemed as provided in paragraph (ii) above), or (z) there shall exist and be continuing an Event of Default hereunder. Any amounts received pursuant to paragraph (ii) above in connection with any removal or series of removals, which are not in excess of \$25,000, shall be retained by the Institution.

(b) The removal from the Facilities of any Existing Facility Property pursuant to the provisions of Section 3.5(a) shall not entitle the Institution to any abatement or reduction in the loan payments and other amounts payable by the Institution under this Agreement, under the Promissory Note or under any other Project Document.

Section 3.6 Implementation of Additional Improvements and Removals.

(a) In the event of any Additional Improvements or substitution or replacement of property pursuant to Section 3.4 or 3.5, the Institution shall deliver or cause to be delivered to the Issuer and the Trustee any necessary documents in order to subject such Additional Improvements or substitute or replacement property to the lien and security interest of the Mortgage (in each case to the extent such Additional Improvements or substitute or replacement property relates to the Mortgaged Property) and to cause all of same to be made part of the Facilities.

(b) The Institution agrees to pay all costs and expenses (including reasonable counsel fees) in subjecting, in accordance with Section 3.4, Additional Improvements to, or releasing, in accordance with Section 3.5, Existing Facility Property from the lien and security interest of the Mortgage or the Pledge and Security Agreement, as applicable.

(c) The Institution agrees, upon request of the Issuer or the Trustee, to furnish to the Issuer and the Trustee with a certificate of an Authorized Representative of the Institution indicating whether or not the Institution has taken any action to (i) effect Additional Improvements in compliance with Section 3.4 and (ii) effect the removal of Existing Facility Property in compliance with Section 3.5(a), pursuant to Sections 8.15(d) and (e), respectively.

Section 3.7 Title Insurance. On or prior to the Closing Date, the Institution will obtain and deliver (w) to the Issuer a title report (in form and substance acceptable to the Issuer) reflecting all matters of record with respect to the Land and existing Improvements, (x) to the Issuer a full set of municipal department search results showing only Permitted Encumbrances, (y) to the Trustee a mortgagee title insurance policy in an amount not less than the Authorized Principal Amount of the Initial Bonds, insuring the Trustee's interest under the Mortgage as a holder of a mortgage lien on the Mortgaged Property, subject only to Permitted Encumbrances, and (z) a current or updated survey of each of the Land and the Improvements constituting part of the Mortgaged Property, certified to the Trustee, the Issuer and the title company issuing such title insurance policy. The title insurance policy shall be subject only to Permitted Encumbrances and shall provide for, among other things, the following: (1) full coverage against mechanics' liens; (2) no exceptions other than those approved by the Trustee; (3) an undertaking by the title insurer to provide the notice of title continuation or endorsement; and (4) such other matters as the Trustee shall request. Any proceeds of such mortgagee title insurance shall be paid to the Trustee for deposit in the Renewal Fund and applied to remedy the applicable defect in title in respect of which

such proceeds shall be derived (including the reimbursement to the Institution for any costs incurred by the Institution in remedying such defect in title). If not so capable of being applied or if a balance remains after such application, the amounts in the Renewal Fund shall be transferred by the Trustee to the Redemption Account of the Bond Fund and used to redeem an equivalent principal amount of the Initial Bonds to the nearest integral multiple of Authorized Denominations.

Section 3.8 No Warranty of Condition or Suitability. THE ISSUER HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE FACILITIES, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE FACILITIES, OR THE SUITABILITY OF THE FACILITIES FOR THE PURPOSES OR NEEDS OF THE INSTITUTION OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE BONDS WILL BE SUFFICIENT TO PAY THE COST OF COMPLETION OF THE PROJECT. THE INSTITUTION ACKNOWLEDGES THAT THE ISSUER IS NOT THE MANUFACTURER OF THE FACILITY PERSONALTY NOR THE MANUFACTURER'S AGENT NOR A DEALER THEREIN. THE INSTITUTION IS SATISFIED THAT THE FACILITIES ARE SUITABLE AND FIT FOR PURPOSES OF THE INSTITUTION. THE ISSUER SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE INSTITUTION OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE FACILITIES OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIR, SERVICE OR ADJUSTMENT THEREOF, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, REPAIRS, SERVICE OR ADJUSTMENT, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS HOWSOEVER CAUSED.

ARTICLE IV

LOAN; PAYMENT PROVISIONS

Section 4.1 Loan of Proceeds. The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to loan the proceeds from the sale of the Initial Bonds to the Institution (the “**Loan**”). The Loan shall be made by depositing on the Closing Date the proceeds from the sale of the Initial Bonds into the Project Fund in accordance with Section 4.01 of the Indenture. Such proceeds shall be disbursed to or on behalf of the Institution as provided in Section 3.2(c) and Section 5.02 of the Indenture.

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

Section 4.3 Loan Payments; Pledge of this Agreement and of the Promissory Note.

(a) The Institution covenants to pay the Promissory Note and repay the Loan made pursuant to this Agreement by making loan payments which the Issuer agrees shall be paid in immediately available funds by the Institution directly to the Trustee on each Loan Payment Date (except as provided in Section 4.3(a)(ii), (iv), (v), (vi) and (vii) below which shall be paid on the respective due dates thereof) for deposit in the Bond Fund (except to the extent that amounts are on deposit in the Bond Fund and available therefor) in an amount equal to the sum of:

(i) with respect to interest due and payable on the Initial Bonds, an amount equal to the quotient obtained by dividing the amount of interest on the Initial Bonds Outstanding payable on the first Interest Payment Date (after taking into account any amount on deposit in the Interest Account of the Bond Fund, and as shall be available to pay interest on the Initial Bonds on the first Interest Payment Date) by the number of Loan Payment Dates between the Closing Date and the first Interest Payment Date, and thereafter in an amount equal to one-third (1/3) of the amount of interest which will become due and payable on the Initial Bonds on the next succeeding Interest Payment Date (after taking into account any amounts on deposit in the Interest Account of the Bond Fund, and as shall be available to pay interest on the Initial Bonds on such next succeeding Interest Payment Date); provided that in any event the aggregate amount so paid with respect to interest on the Initial Bonds on or before the Loan Payment Date immediately preceding an Interest Payment Date shall be an amount sufficient to pay the interest next becoming due on the Initial Bonds on such immediately succeeding Interest Payment Date;

(ii) with respect to principal due on the Initial Bonds (other than such principal amount as shall become due as a mandatory Sinking Fund Installment payment), commencing on that Loan Payment Date as shall precede the first principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth

(1/6) of the amount of the principal of the Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within the next succeeding thirteen (13) month period (or, if the first principal payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first principal amount, an amount equal to the quotient obtained by dividing such principal amount by the number of Loan Payment Dates between the Closing Date and such first principal payment date), and thereafter for each principal payment date commencing on that Loan Payment Date as shall precede such principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the principal of the Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to principal on the Initial Bonds on or before the Loan Payment Date immediately preceding a principal payment date of the Initial Bonds shall be an amount sufficient to pay the principal of the Initial Bonds Outstanding becoming due on such next succeeding principal payment date of the Initial Bonds; provided further that in the event of the acceleration of the principal of the Initial Bonds, a loan payment in the amount of the principal amount of the Initial Bonds Outstanding (together with all interest accrued thereon to the date of payment), shall be due and payable on such date of acceleration;

(iii) with respect to Sinking Fund Installment payments due on the Initial Bonds, commencing on that Loan Payment Date as shall precede the first Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the Sinking Fund Installment on the Initial Bonds first becoming due within the next succeeding thirteen (13) month period (or, if the first Sinking Fund Installment payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first Sinking Fund Installment, an amount equal to the quotient obtained by dividing such Sinking Fund Installment by the number of Loan Payment Dates between the Closing Date and such first Sinking Fund Installment payment date), and thereafter for each Sinking Fund Installment payment date commencing on that Loan Payment Date as shall precede such Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-sixth (1/6) of the amount of the Sinking Fund Installment of the Initial Bonds Outstanding becoming due within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to Sinking Fund Installments on the Initial Bonds on or before the Loan Payment Date immediately preceding a Sinking Fund Installment payment date of the Initial Bonds shall be an amount sufficient to pay the Sinking Fund Installment of the Initial Bonds Outstanding becoming due on such next succeeding Sinking Fund Installment payment date;

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

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

(vi) upon receipt by the Institution of notice from the Trustee pursuant to Section 5.09(f) of the Indenture that the amount on deposit in the Debt Service Reserve Fund shall be less than the Debt Service Reserve Fund Requirement, the Institution shall pay to the Trustee for deposit in the Debt Service Reserve Fund on the first day of the month immediately following the receipt by the Institution of notice of such deficiency, and on the first day of each of the five (5) succeeding months, or over such longer time period as shall be consented to in writing by the Majority Holders, an amount equal to one sixth (1/6th) of such deficiency in the Debt Service Reserve Fund; and

(vii) all amounts required by Section 8.32 hereof.

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

(c) The Institution has the option to make advance loan payments for deposit in the Bond Fund to effect the retirement, defeasance or redemption of the Bonds in whole or in part, all in accordance with the terms of the Indenture; provided, however, that no partial redemption of the Bonds may be effected through advance loan payments hereunder if there shall exist and be continuing an Event of Default. The Institution shall exercise its option to make such advance loan payments by delivering a written notice of an Authorized Representative of the Institution to the Trustee in accordance with the Indenture, with a copy to the Issuer, setting forth (u) the amount of the advance loan payment, (v) the principal amount of Bonds Outstanding requested to be redeemed with such advance loan payment (which principal amount shall be in such minimum amount or integral Authorized Denomination as shall be permitted in the Indenture), and (w) the date on which such principal amount of Bonds are to be redeemed (which date shall be not earlier than forty-five (45) days after the date of such notice). In the event the Institution shall exercise its option to make advance loan payments to effect the redemption in whole of the Bonds, and such redemption is expressly permitted under the Indenture as a result of the damage, destruction or condemnation of the Facilities, or changes in law, or executive or judicial action, the Institution shall further deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise to such redemption, the Institution has discontinued, or at the earliest practicable date will discontinue, its operation of the Facilities for its intended purposes. Such advance loan payment shall be paid to the Trustee in legal tender, for deposit in the Redemption Account of the Bond Fund on or before the redemption date and shall be an amount which, when added to the amounts on deposit in the Bond Fund and available therefor, will be sufficient to pay the Redemption Price of the Bonds to be redeemed, together with interest to accrue to the date of redemption and all expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents in connection with such redemption. In the event the Bonds are to be redeemed in whole or otherwise retired, the Institution shall further pay on or before such redemption date, in legal

tender, to the Issuer, the Trustee, the Bond Registrar and the Paying Agent all fees and expenses owed such party or any other party entitled thereto under this Agreement or the Indenture together with (x) all other amounts due and payable under this Agreement and the other Security Documents, and (y) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement.

(d) At its option, to be exercised on or before the forty-fifth (45th) day next preceding the date any Bonds of a Series are to be redeemed from mandatory Sinking Fund Installments, the Institution may deliver to the Trustee Bonds of such Series which are subject to mandatory Sinking Fund Installment redemption in an aggregate principal amount not in excess of the principal amount of Bonds of such Series to be so redeemed on such date. Each such Bond so delivered shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date and any excess over such Sinking Fund Installment shall be credited on future Sinking Fund Installments in direct chronological order, and the principal amount of Bonds to be redeemed by operation of the mandatory Sinking Fund Installments shall be accordingly reduced.

(e) In the event Defaulted Interest (as defined in Section 2.02(f) of the Indenture) shall become due on any Initial Bond, the Institution shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on such Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with Section 2.02(f) of the Indenture), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment.

(f) No further loan payments need be made to the Issuer on account of the Bonds when and so long as the amount of cash and/or Defeasance Obligations on deposit in the Bond Fund is sufficient to satisfy and discharge the obligations of the Issuer under the Indenture and pay the Bonds as provided in Article X of the Indenture.

(g) Any amounts remaining in the Rebate Fund, the Bond Fund, the Debt Service Reserve Fund, the Project Fund, Repair and Replacement Fund, the Revenue Fund or the Renewal Fund after payment in full of (w) the Bonds (in accordance with Article X of the Indenture), (x) the fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents in accordance with the Indenture, (y) all amounts required to be rebated to the Federal government pursuant to the Tax Regulatory Agreement or the Indenture, and (z) all amounts required to be paid under any Project Document, shall have been so paid, shall belong to and be paid to the Institution by the Trustee as overpayment of the loan payments.

(h) In the event that the Institution fails to make any loan payment required in this Section 4.3, the installment so in default shall continue as an obligation of the Institution until the amount in default shall have been fully paid.

(i) Notwithstanding anything in the foregoing to the contrary, if the amount on deposit and available in the applicable subaccounts of the accounts of the Bond Fund is not sufficient to pay the principal of, Sinking Fund Installments for, redemption premium, if any, and

interest on the Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Institution shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in appropriate subaccounts of the accounts of the Bond Fund.

Section 4.4 Loan Payments and Other Payments Payable Absolutely Net. The obligation of the Institution to pay the loan payments and other payments under this Agreement and under the Promissory Note shall be absolutely net to the Issuer and to the Trustee without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that this Agreement and the Promissory Note shall yield, net, to the Issuer and to the Trustee, the loan payments and other payments provided for herein, and all costs, expenses and charges of any kind and nature relating to the Facilities, arising or becoming due and payable under this Agreement, shall be paid by the Institution and the Indemnified Parties shall be indemnified by the Institution for, and the Institution shall hold the Indemnified Parties harmless from, any such costs, expenses and charges.

Section 4.5 Nature of Institution's Obligation Unconditional. The Institution's obligation under this Agreement and under the Promissory Note to pay the loan payments and all other payments provided for in this Agreement and in the Promissory Note shall be absolute, unconditional and a general obligation of the Institution, irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Issuer, the Trustee or the Holder of any Bond and the obligation of the Institution shall arise whether or not the Project has been completed as provided in this Agreement and whether or not any provider of a credit facility or liquidity facility with respect to the Bonds shall be honoring its obligations thereunder. The Institution will not suspend or discontinue any such payment or terminate this Agreement (other than such termination as is provided for hereunder), or suspend the performance or observance of any covenant or agreement required on the part of the Institution hereunder, for any cause whatsoever, and the Institution waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender this Agreement or any obligation of the Institution under this Agreement except as provided in this Agreement or to any abatement, suspension, deferment, diminution or reduction in the loan payments or other payments hereunder or under the Promissory Note.

Section 4.6 Advances by the Issuer or the Trustee. In the event the Institution fails to make any payment or to perform or to observe any obligation required of it under this Agreement, under the Promissory Note or under any other Security Document, the Issuer or the Trustee, after first notifying the Institution in writing of any such failure on its part (except that no prior notification of the Institution shall be required in the event of an emergency condition that, in the reasonable judgment of the Issuer or the Trustee, necessitates immediate action), may (but shall not be obligated to), and without waiver of any of the rights of the Issuer or the Trustee under this Agreement or any other Security Document to which the Issuer or the Trustee is a party, make such payment or otherwise cure any failure by the Institution to perform and to observe its other obligations hereunder or thereunder. All amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Institution to the Issuer or the Trustee, as the case may be, which amounts, together with interest thereon at the rate of twelve percent (12%) per annum, compounded daily, from the date advanced, the Institution will pay upon demand therefor by the

Issuer or the Trustee, as applicable. Any remedy vested in the Issuer or the Trustee herein or in any other Security Document for the collection of the loan payments or other payments or other amounts due hereunder, under the Promissory Note or under any other Security Document shall also be available to the Issuer or the Trustee for the collection of all such amounts so advanced. No advance shall be made by the Trustee except as specified in the Indenture.

ARTICLE V

RECAPTURE OF BENEFITS

Section 5.1 Recapture of Benefits. It is understood and agreed by the parties to this Agreement that the Issuer is entering into this Agreement in order to provide financial assistance to the Institution for the Project and to accomplish its corporate public purposes. In consideration therefor, the Institution hereby agrees as follows:

(a) The following capitalized terms shall have the respective meanings specified below:

Benefits shall mean the exemption from any applicable mortgage recording taxes, and filing and recording fees.

Operations Commencement Date shall mean the date by which the Issuer shall have received a signed certificate of an Authorized Representative of the Institution certifying that the Project Completion Date has occurred and that the Facilities are in fact being occupied, used and operated for the Approved Project Operations.

Recapture Event shall mean any one of the following events:

(i) The Institution shall have failed to cause the Project Completion Date to occur by the Completion Deadline.

(ii) Except as permitted by written consent of the Issuer pursuant to and in accordance with Section 8.20, the Institution shall have liquidated all or substantially all of its operating assets or shall have ceased all or substantially all of its operations.

(iii) The Institution or the Organization shall have transferred all or substantially all of its employees to a location outside of the City.

(iv) The Facilities have ceased to be the Approved Facility and/or the Institution or the Organization shall have substantially changed the scope and nature of its operations at the Facility Realty.

(v) Except as permitted by written consent of the Issuer pursuant to and in accordance with Section 8.20, the Institution shall have sold, leased or otherwise disposed of all or substantially all of the Facility Realty.

(vi) The Institution shall have subleased all or part of the Facility Realty in violation of Section 8.9.

(vii) The Institution or the Organization shall have relocated all or substantially all of its operations at the Facility Realty to another site; provided, however, and notwithstanding the foregoing, such relocation shall not be a Recapture Event if (A) the Institution or the Organization has relocated its operations at the Facility Realty and at least 90% of its employees employed at the Facility Realty prior to the relocation, to another site

within the City, (B) the Institution or the Organization maintains, for the remaining balance of the Recapture Period, an employment level equal to at least 90% of the number of employees employed by the Institution at the Facility Realty prior to relocation, and (C) the Institution or the Organization shall satisfy such other additional conditions as the Issuer may from time to time impose provided such additional conditions are reasonable and uniformly imposed, at the time, to other similar transactions under similar circumstances. There shall arise another Recapture Event upon the failure of the Institution or the Organization to satisfy continuously the foregoing requirements for the remaining balance of the Recapture Period. Upon the occurrence of such subsequent Recapture Event, the Issuer shall have the right to demand payment of all amounts due under Section 5.1(b) or (c), and the calculation of interest pursuant to Section 5.1(c)(iii) shall assume that the subsequent Recapture Event replaces the original Recapture Event for purposes of that computation. The determination of the pre-relocation, 90%-employment level shall be done in a manner, and in respect of a date or period of time, that the Issuer deems appropriate in its sole discretion.

Notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event:

(A) shall have arisen as a direct, immediate result of (x) force majeure as defined in Section 12.1, (y) a taking or condemnation by governmental authority of all or substantially all of the Facility Realty, or (z) the inability at law of the Institution to rebuild, repair, restore or replace the Facility Realty after the occurrence of a Loss Event to substantially its condition prior to such Loss Event, which inability shall have arisen in good faith through no fault on the part of the Institution or any Affiliate, or

(B) is deemed, in the sole discretion of the Issuer, to be (x) as necessitated by law, (y) minor in nature, or (z) a cause of undue hardship to the Institution were the Issuer to recapture any Benefits.

Recapture Period shall mean the period of time commencing on the Closing Date, and expiring on the date which is the tenth anniversary of the Operations Commencement Date.

(a) If there shall occur a Recapture Event during the Recapture Period, but such Recapture Event is prior to the Operations Commencement Date, the Institution shall pay to the Issuer as a return of financial assistance conferred by the Issuer, the following amounts upon demand by the Issuer: (i) all Benefits; and (ii) interest described in Section 5.1(c)(iii).

(b) If there shall occur a Recapture Event during the Recapture Period, but such Recapture Event occurs after the Operations Commencement Date, the Institution shall pay to the Issuer as a return of financial assistance conferred by the Issuer, the following amounts (as applicable) upon demand by the Issuer:

(i) If the Recapture Event occurs within the first six (6) years after the Operations Commencement Date, one hundred percent (100%) of the Benefits.

(ii) If the Recapture Event occurs within any month during any one of the seventh, eighth, ninth or tenth years after the Operations Commencement Date, X percent of the Benefits (where “X” is a percent equal to 100% less Y, and where “Y” equals the product of 1.666% and the number of months elapsed commencing with the first month of the seventh year through and including the month in which the Recapture Event occurs).

(iii) The principal of the Benefits to be recaptured, whether pursuant to clause (i) or (ii) above, shall bear interest at a rate equal to the lesser of (x) the maximum amount of interest permitted by law, and (y) the statutory judgment rate, compounded daily, commencing from the date that any amount of Benefit principal has accrued to the Institution, through and including the date such principal is repaid in full; such that Benefit principal comprising the dollar amount of the exemption from mortgage recording taxes, and filing and recording fees, shall be deemed to have accrued to the Institution on the Closing Date. The “statutory judgment rate” shall be the statutory judgment rate in effect on the date of the Issuer’s demand.

For purposes of this Section 5.3, demand for payment by the Issuer shall be made in accordance with the notice requirements of this Agreement and the due date for payment shall be not less than seven (7) Business Days from the date of the notice.

(c) The Institution shall furnish the Issuer with written notification of any Recapture Event within ten (10) days of its occurrence and shall subsequently provide to the Issuer in writing any additional information that the Issuer may request.

(d) The provisions of this Section 5.1 shall survive the termination of this Agreement for any reason whatsoever, notwithstanding any provision of this Agreement to the contrary.

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 6.1 Damage, Destruction and Condemnation. In the event that the whole or part of the Facilities shall be damaged or destroyed, or taken or condemned by a competent authority for any public use or purpose, or by agreement to which the Institution and those authorized to exercise such right are parties, or if the temporary use of the Facilities shall be so taken by condemnation or agreement (a “**Loss Event**”):

(i) the Issuer shall have no obligation to rebuild, replace, repair or restore the Facilities or to advance funds therefor,

(ii) there shall be no abatement, postponement or reduction in the loan payments or other amounts payable by the Institution under this Agreement or the Promissory Note or any other Security Document to which it is a party, and the Institution hereby waives, to the extent permitted by law, any provisions of law which would permit the Institution to terminate this Agreement, the Promissory Note or any other Security Document, or eliminate or reduce its payments hereunder, under the Promissory Note or under any other Security Document, and

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

Section 6.2 Loss Proceeds.

(a) The Issuer, the Trustee and the Institution shall cooperate and consult with each other in all matters pertaining to the settlement, compromise, arbitration or adjustment of any claim or demand on account of any Loss Event, and the settlement, compromise, arbitration or adjustment of any such claim or demand shall, as between the Issuer and the Institution, be subject to the written approval of the Institution and the Trustee (such approvals not to be unreasonably withheld).

(b) The Net Proceeds with respect to the Facilities shall be paid to the Trustee and deposited in the Renewal Fund (except as provided in Section 3.11(d) of the Mortgage in respect of property insurance proceeds that are less than a threshold amount). Pending the disbursement or transfer thereof, the Net Proceeds in the Renewal Fund shall be applied, and may be invested, as provided in the Indenture. The Institution shall be entitled to the Net Proceeds of any insurance proceeds or condemnation award, compensation or damages attributable to the Institution’s Property.

Section 6.3 Election to Rebuild or Terminate.

(a) In the event a Loss Event shall occur, the Institution shall either:

(i) at its own cost and expense (except to the extent paid from the Net Proceeds), within one (1) year of the Loss Event, promptly and diligently rebuild, replace, repair or restore the Facilities to substantially its condition immediately prior to the Loss

Event, or to a condition of at least equivalent value, operating efficiency and function, regardless of whether or not the Net Proceeds derived from the Loss Event shall be sufficient to pay the cost thereof, and the Institution shall not by reason of payment of any such excess costs be entitled to any reimbursement from the Issuer, the Trustee or any Bondholder, nor shall the loan payments or other amounts payable by the Institution under this Agreement or the Promissory Note or any other Security Document be abated, postponed or reduced, or

(ii) if, to the extent and upon the conditions permitted to do so under Sections 10.1 and 10.2 and under the Indenture, exercise its option to terminate this Agreement and cause the Bonds to be redeemed in whole;

provided that if all or substantially all of the Facilities shall be taken or condemned, or if the taking or condemnation renders the Facilities unsuitable for use by the Institution as contemplated hereby, the Institution shall exercise its option to terminate this Agreement pursuant to Sections 10.1 and 10.2.

Not later than ninety (90) days after the occurrence of a Loss Event, the Institution shall advise the Issuer and the Trustee in writing of the action to be taken by the Institution under this Section 6.3(a), a failure to so timely notify being deemed an election in favor of Section 6.3(a)(ii) to be exercised in accordance with the provisions of Section 6.3(a)(ii).

(b) If the Institution shall elect to or shall otherwise be required to rebuild, replace, repair or restore the Facilities as set forth in Section 6.3(a)(i), the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in Section 5.03 of the Indenture to pay or reimburse the Institution, at the election of the Institution, either as such work progresses or upon the completion thereof, provided, however, the amounts so disbursed by the Trustee to the Institution shall not exceed the actual cost of such work. If the Institution shall exercise its option in Section 6.3(a)(ii), the amount of the Net Proceeds so recovered shall be transferred from the Renewal Fund and deposited in the Redemption Account of the Bond Fund, and the Institution shall thereupon pay to the Trustee for deposit in the Redemption Account of the Bond Fund an amount which, when added to any amounts then in the Bond Fund and available for that purpose, shall be sufficient to retire and redeem the Bonds in whole at the earliest possible date (including, without limitation, principal and interest to the maturity or redemption date and redemption premium, if any), and shall pay the expenses of redemption, the fees and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents, together with all other amounts due under the Indenture, under this Agreement and under each other Security Document, as well as any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement and such amount so deposited shall be applied, together with such other available amounts in the Bond Fund, if applicable, to such redemption or retirement of the Bonds on said redemption or Maturity Date.

Section 6.4 Effect of Election to Build.

(a) All rebuilding, replacements, repairs or restorations of the Facilities in respect of or occasioned by a Loss Event shall:

(i) automatically be deemed a part of the Facilities under this Agreement and, with respect to Mortgaged Property, shall be subject to the lien and security interest of the Mortgage,

(ii) be effected only if the Institution shall deliver to the Issuer and the Trustee a certificate from an Authorized Representative of the Institution acceptable to the Issuer and the Trustee to the effect that such rebuilding, replacement, repair or restoration shall not change the nature of the Facilities as the Approved Facility,

(iii) be effected with due diligence in a good and workmanlike manner, in compliance with all applicable Legal Requirements and be promptly and fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor,

(iv) restore the Facilities to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, and to a state and condition that will permit the Institution to use and operate the Facilities as the Approved Facility,

(v) be effected only if the Institution shall have complied with Section 8.1(c),

(vi) be preceded by the furnishing by the Institution to the Trustee of a labor and materials payment bond, or other security, satisfactory to the Trustee, and

(vii) if the estimated cost of such rebuilding, replacement, repair or restoration is in excess of \$250,000, be effected under the supervision of an Independent Engineer.

(b) The date of completion of the rebuilding, replacement, repair or restoration of the Facilities shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Institution stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment, reasonably satisfactory to the Trustee, has been made (iii) that the Facilities have 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 Facilities is under this Agreement and, if applicable, subject to the mortgage lien and security interest of the Mortgage, subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facilities are ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Institution against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of this Section and Section 5.03 of the Indenture and (z) that no Person other than the Issuer or the Trustee may benefit therefrom.

(c) The certificate delivered pursuant to Section 6.4(b) shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if it is a temporary certificate of occupancy, the Institution will proceed with due diligence to obtain a permanent certificate of occupancy), if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facilities for the purposes contemplated by this Agreement; (ii) a certificate of an Authorized Representative of the Institution that all costs of rebuilding, repair, restoration and reconstruction of the Facilities 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 Facilities (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence to the Trustee that such costs have been appropriately bonded or that the Institution shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company, or other evidence satisfactory to the Trustee, indicating that there has not been filed with respect to the Facilities any mechanic's, materialmen's or any other lien in connection with the rebuilding, replacement, repair and restoration of the Facilities and that there exist no encumbrances other than Permitted Encumbrances and those encumbrances consented to by the Issuer and the Trustee.

ARTICLE VII

COVENANTS OF THE ISSUER

Section 7.1 Assignment of Promissory Note and Assignment of Mortgage. On the Closing Date, the Issuer will endorse and assign the Promissory Note to the Trustee, and execute and deliver to the Trustee the Assignment of Mortgage.

Section 7.2 Issuance of Initial Bonds. On the Closing Date, subject to the satisfaction of the conditions to the issuance of the Initial Bonds, the Issuer will sell and deliver the Initial Bonds in the Authorized Principal Amount under and pursuant to the Bond Resolution and under and pursuant to the Indenture. The proceeds of sale of the Initial Bonds shall be deposited and applied in accordance with the provisions of the Indenture.

Section 7.3 Issuance of Additional Bonds. Under the provisions of and subject to the conditions set forth in the Indenture, the Issuer is authorized to enter into a Supplemental Indenture and issue one or more series of Additional Bonds on a parity with the Initial Bonds for the purpose of (w) completing the Project, (x) providing funds in excess of the Net Proceeds of insurance or eminent domain to repair, relocate, replace, rebuild or restore the Facilities in the event of damage, destruction or taking by eminent domain, (y) providing extensions, additions or improvements to the Facilities, or (z) refunding Outstanding Bonds. If the Institution is not in default hereunder or under any other Project Document, the Issuer will consider the issuance of a Series of Additional Bonds in a principal amount as is specified in a written request in accordance with the applicable provisions set forth in the Indenture.

Section 7.4 Pledge and Assignment to Trustee. As security for the payment of the Bonds and the obligations of the Institution under the Security Documents:

(a) the Institution shall, pursuant to the Mortgage, grant to the Issuer and the Trustee, for the benefit of the Bondholders, a mortgage lien on and security interest in its fee interest in the Mortgaged Property;

(b) the Issuer shall assign its right, title and interest in the Mortgage to the Trustee pursuant to the Assignment of Mortgage; and

(c) the Issuer shall pledge and assign to the Trustee, for the benefit of the Bondholders, pursuant to the Indenture all of the Issuer's right, title and interest in the Promissory Note and all of the Issuer's right, title and interest in this Agreement (except for the Issuer's Reserved Rights), including all loan payments hereunder and under the Promissory Note, and in furtherance of such pledge, the Issuer will unconditionally assign such loan payments to the Trustee for deposit in the Bond Fund in accordance with the Indenture.

ARTICLE VIII

COVENANTS OF THE INSTITUTION

Section 8.1 **Insurance.**

(a) **Definitions.** The following capitalized terms shall have the respective meanings specified below:

Certificate means an ACORD certificate evidencing insurance.

CGL means commercial general liability insurance.

CM means a construction manager providing construction management services in connection with any Construction.

Construction means any construction, reconstruction, restoration, renovation, alteration and/or repair on, in, at or about the Facility Realty, including the Project Work or any other construction, reconstruction, restoration, alteration and/or repair required under this Agreement in connection with the Facilities.

Contractor(s) means, individually or collectively, a contractor or subcontractor providing materials and/or labor and/or other services in connection with any Construction, but not including a GC, CM or any architect or engineer providing professional services.

GC means any general contractor providing general contracting services in connection with any Construction.

Insured means the Institution.

Insurer means any entity writing or issuing a Policy.

ISO means the Insurance Services Office or its successor.

ISO Form CG-0001 means the CGL form published by ISO at the Closing Date.

Policy(ies) means, collectively or individually, the policies required to be obtained and maintained pursuant to Section 8.1(b) and (c).

SIR means self-insured retention.

U/E means Umbrella or Excess Liability insurance.

Workers' Compensation means Workers' Compensation, disability and employer liability insurance.

(b) Required Insurance. Except during periods of Construction, the Insured shall obtain and maintain for itself as a primary insured the following insurance:

(i) CGL with \$1,000,000 minimum per occurrence; \$2,000,000 minimum in the aggregate; and per-location aggregate. This Policy shall contain coverage for contractual liability, premises operations, and products and completed operations.

(ii) U/E with \$4,000,000 minimum per occurrence on terms consistent with CGL. The excess coverage provided under U/E shall be incremental to the CGL to achieve minimum required coverage of \$5,000,000 per occurrence; such incremental coverage must also apply to auto liability (see Section 8.1(b)(iii)), whether auto liability coverage is provided by endorsement to the Insured's CGL or by a stand-alone policy.

(iii) Auto liability insurance with \$1,000,000 combined single limit and \$1,000,000 for uninsured or under-insured vehicles. If the Insured owns any vehicles, it shall obtain auto liability insurance in the foregoing amounts for hired and non-owned vehicles. Coverage should be at least as broad as ISO Form CA0001, ed. 10/01.

(iv) Workers Compensation satisfying State statutory limits. Coverage for employer liability shall be in respect of any work or operations in, on or about the Facility Realty.

(v) Property insurance in the amount required under the Mortgage.

(c) Required Insurance During Periods of Construction. In connection with any Construction and throughout any period of such Construction, the Institution shall cause the following insurance requirements to be satisfied:

(i) The Insured shall obtain and maintain for itself Policies in accordance with all requirements set forth in Section 8.1(b).

(ii) Any GC or CM shall obtain and maintain for itself as a primary insured the following Policies:

(A) CGL and U/E in accordance with the requirements in Section 8.1(b), subject to the following modifications: (x) coverage shall be in an aggregate minimum amount of \$10,000,000 per project aggregate, and (y) completed operations coverage shall extend (or be extended) for an additional five (5) years after completion of the Construction (which will be deemed to be the Project Completion Date unless the Institution shall have provided written notice and satisfactory evidence to the Issuer that the Construction was completed as of a specified earlier date);

(B) Auto liability insurance in accordance with the requirements in Section 8.1(b); and

(C) Workers' Compensation in accordance with the requirements in Section 8.1(b).

(iii) Notwithstanding preceding subsections “i” and “ii,” during Construction aggregate minimum coverage in the amount of \$15,000,000 (combined CGL and U/E required by Sections 8.1(b) and 8.1(c)) may be achieved by any combination of coverage amounts between the Insureds on the one hand and the GC or CM on the other.

(iv) Each Contractor shall obtain and maintain for itself as a primary insured the following insurance:

(A) CGL and U/E in accordance with the requirements in Section 8.1(b) except that, in addition, completed operations coverage shall extend (or be extended) for an additional five (5) years after completion of the Construction (which will be deemed to be the Project Completion Date unless the Institution shall have provided written notice and satisfactory evidence to the Issuer that the Construction was completed as of a specified earlier date);

(B) Auto Liability insurance in accordance with the requirements in Section 8.1(b); and

(C) Workers’ Compensation in accordance with the requirements in Section 8.1(b).

(d) Required Policy Attributes. Except as the Issuer and the Trustee shall expressly otherwise agree in writing in their sole and absolute discretion:

(i) The Institution shall cause each Policy (other than Worker’s Compensation and auto liability insurance) to name the Issuer and the Trustee as additional insureds on a primary and non-contributory basis as more particularly required in Section 8.1(f)(i). In addition, each Contractor shall protect the Issuer and Trustee as additional insureds on a primary and non-contributory basis via ISO endorsements CG 20 26 and CG 20 37, or their equivalents and the endorsements must specifically identify the Issuer and Trustee as Additional Insureds.

(ii) No Policy shall have a deductible.

(iii) CGL shall not be subject to SIR.

(iv) CGL shall be written on either ISO Form CG-0001 or on such other form that the Institution may request provided that any requested substitute shall provide an additional insured with substantially equivalent coverage to that enjoyed by an additional insured in a policy written on ISO Form CG-0001 and provided further that the substitute is reasonably approved by the Issuer. If the Insured intends to renew its CGL on a form that is not ISO Form CG-0001, it shall provide the Issuer and the Trustee with a copy of the substitute form at least sixty (60) days prior to the intended date on which the renewal Policy is to be effective.

(v) The Institution acknowledges that the Issuer and the Trustee are materially relying upon the content of ISO Form CG-0001 to implement the Issuer’s insurance requirements under this Section 8.1; accordingly, the Institution agrees that non-

standard exclusions and other modifications to ISO Form CG-0001 are prohibited under the terms and conditions of this Section 8.1. In the event that ISO either ceases to exist or discontinues ISO Form CG-0001, the Issuer or the Trustee shall have the right to require, for all purposes hereunder, a different CGL form, provided that the replacement is substantially similar to ISO Form CG-0001.

(vi) Without limiting Section 8.1(d)(v) or the application of any other requirement under this Section 8.1, no Policy delivered hereunder shall limit (whether by exception, exclusion, endorsement, script or other modification) any of the following coverage attributes:

(A) contractual liability coverage insuring the contractual obligations of the Insureds;

(B) employer's liability coverage;

(C) coverage for claims arising under New York Labor Law;

(D) the right of the Insured to name additional insureds including the Issuer and the Trustee;

(E) the applicability of CGL coverage to the Issuer and the Trustee as additional insureds in respect of liability arising out of any of the following claims: (x) claims against the Issuer and/or the Trustee by employees of an Insured, or (y) claims against the Issuer and/or the Trustee by any GC, CM, Contractor, architect or engineer or by the employees of any of the foregoing, or (z) claims against the Issuer and/or the Trustee arising out of any work performed by a GC, CM, Contractor, architect or engineer.

(vii) U/E shall follow the form of CGL except that U/E may be broader.

(viii) Each Policy shall provide primary insurance and the issuing Insurer shall not have a right of contribution from any other insurance policy insuring the Issuer and/or the Trustee.

(ix) In each Policy, the Insurer shall waive, as against any Person insured under such Policy including any additional insured, the following: (x) any right of subrogation, (y) any right to set-off or counterclaim against liability incurred by a primary insured or any additional insured, and (z) any other deduction, whether by attachment or otherwise, in respect of any liability incurred by any primary insured or additional insured.

(x) Policies shall not be cancellable without at least thirty (30) days' prior written notice to the Issuer and the Trustee as additional insureds.

(xi) Each Policy under which the Issuer and the Trustee is an additional insured shall provide that the Issuer and the Trustee will not be liable for any insurance premium, commission or assessment under or in connection with any Policy.

(e) Required Insurer Attributes. All Policies must be issued by Insurers satisfying the following requirements:

(i) Insurers shall have a minimum AM Best rating of A minus.

(ii) Each Insurer must be an authorized insurer in accordance with Section 107(a) of the New York State Insurance Law.

(iii) Insurers must be admitted in the State; provided, however, that if an Insured requests the Issuer to accept a non-admitted Insurer, and if the Issuer reasonably determines that for the kind of operations performed by the Insured an admitted Insurer is commercially unavailable to issue a Policy or is non-existent, then the Issuer shall provide its written consent to a non-admitted Insurer. For purposes of this paragraph, an “admitted” Insurer means that the Insurer’s rates and forms have been approved by the State Department of Financial Services and that the Insurer’s obligations are entitled to be insured by the State’s insurance guaranty fund.

(f) Required Evidence of Compliance. The Institution shall deliver or cause to be delivered evidence of all Policies required hereunder as set forth in this Section 8.1(f):

(i) All Policies. With respect to all Policies on which an Insured is to be a primary insured, the Insured shall deliver to the Issuer and the Trustee a Certificate or Certificates evidencing all Policies required by this Section 8.1 (w) at the Closing Date, (x) prior to the expiration or sooner termination of Policies, (y) prior to the commencement of any Construction, and (z) upon request by the Issuer or the Trustee. If the Certificate in question evidences CGL, such Certificate shall name the Issuer and the Trustee as additional insureds in the following manner:

Build NYC Resource Corporation and U.S. Bank National Association, as Trustee, ISAOA are each additional insureds on a primary and non-contributory basis. The referenced CGL is written on ISO Form CG-0001 without modification to the contractual liability, employer’s liability or waiver-of-subrogation provisions thereof, and contains no endorsement limiting or excluding coverage for claims arising under New York Labor Law, covering the following premises: 2245 Richmond Avenue, Staten Island, New York;

(ii) CGL. With respect to CGL on which the Insured is to be a primary insured, the Insured shall additionally deliver to the Issuer and the Trustee the following:

(A) Prior to the Closing Date, the Insured shall deliver to the Issuer and the Trustee the declarations page and the schedule of forms and endorsements pertinent thereto.

(B) Upon the expiration or sooner termination of any CGL, the Insured shall deliver to the Issuer and the Trustee a declarations page and a schedule of forms and endorsements pertinent to the new or replacement CGL.

(C) Prior to the commencement of any Construction, the Insured shall deliver to the Issuer and the Trustee a declarations page and a schedule of forms and endorsements pertinent to the CGL under which the Insured is to be the primary insured during the period of such Construction.

(iii) Insurance to be obtained by GCs and CMs. Prior to the commencement of any Construction that entails the services of a GC or CM, the Institution shall provide to the Issuer and the Trustee, in a form satisfactory to the Issuer and the Trustee, evidence that the GC or CM (as the case may be) has obtained the Policies that it is required to obtain and maintain in accordance with Section 8.1(c).

(iv) Insurance to be obtained by Contractors. In connection with any Construction, the Institution shall, upon the written request of the Issuer or the Trustee, cause any or all Contractors to provide evidence, satisfactory to the Issuer and the Trustee, that such Contractors have obtained and maintain the Policies that they are required to obtain and maintain in accordance with the requirements of Section 8.1(c).

(g) Notice. The Institution shall immediately give the Issuer and the Trustee notice of each occurrence that is reasonably probable to give rise to a claim under the insurance required to be maintained by this Section 8.1.

(h) Miscellaneous.

(i) If, in accordance with the terms and conditions of this Section 8.1, an Insured is required to obtain the consent of the Issuer and/or the Trustee, the Institution shall request such consent in a writing provided to the Issuer and/or the Trustee at least thirty (30) days in advance of the commencement of the effective period (or other event) to which the consent pertains.

(ii) The delivery by an Insured of a Certificate evidencing auto liability insurance for hired and non-owned vehicles shall, unless otherwise stated by the Institution to the contrary, constitute a representation and warranty from the Insured to the Issuer and the Trustee that the Insured does not own vehicles.

(iii) The Insured shall neither do nor omit to do any act, nor shall it suffer any act to be done, whereby any Policy would or might be terminated, suspended or impaired.

(iv) If insurance industry standards applicable to properties similar to the Facility Realty and/or operations similar to the operations of the Institution materially change; and if, as a consequence of such change, the requirements set forth in this Section 8.1 become inadequate in the reasonable judgment of the Issuer or the Trustee for the purpose of protecting the Issuer and the Trustee against third-party claims, then the Issuer or the Trustee shall have the right to supplement and/or otherwise modify such requirements, provided, however, that such supplements or modifications shall be commercially reasonable.

(v) THE ISSUER AND THE TRUSTEE DO NOT REPRESENT THAT THE INSURANCE REQUIRED IN THIS SECTION 8.1, WHETHER AS TO SCOPE OR COVERAGE OR LIMIT, IS ADEQUATE OR SUFFICIENT TO PROTECT THE INSURED AND ITS OPERATIONS AGAINST CLAIMS AND LIABILITY.

(vi) The Issuer, in its sole discretion and without obtaining the consent of the Trustee or any other party to the transactions contemplated by this Agreement, may make exceptions to the requirements under this Section 8.1 by a written instrument executed by the Issuer. In the event the Institution shall request the Issuer to make any exception to the requirements under this Section 8.1, the Issuer shall not unreasonably withhold its consent. The Institution acknowledges that the Issuer's decision in this respect will be deemed reasonable if made in furtherance of protecting the Issuer from liability.

Section 8.2 Indemnity.

(a) The Institution shall at all times indemnify, defend, protect and hold the Issuer, the Trustee, the Bond Registrar and the Paying Agents, and any director, member, officer, employee, servant, agent (excluding for this purpose the Institution, which is not obligated hereby to indemnify its own employees, Affiliates or affiliated individuals) thereof and persons under the Issuer's control or supervision (collectively, the "**Indemnified Parties**" and each an "**Indemnified Party**") harmless of, from and against any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses, including attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses (collectively, "**Claims**") of any kind for losses, damage, injury and liability (collectively, "**Liability**") of every kind and nature and however caused (except, with respect to any Indemnified Party, Liability arising from the gross negligence or willful misconduct of such Indemnified Party), arising during the period commencing on the Indemnification Commencement Date, and continuing until the termination of this Agreement, arising upon, about, or in any way connected with the Facilities, the Project, or any of the transactions with respect thereto, including:

(i) the financing of the costs of the Facilities or the Project and the marketing, offering, issuance, sale and remarketing of the Bonds for such purpose,

(ii) the planning, design, acquisition, site preparation, Project Work, construction, renovation, equipping, installation or completion of the Project or any part thereof or the effecting of any work done in or about the Facilities, or any defects (whether latent or patent) in the Facilities,

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

(iv) the execution and delivery by an Indemnified Party, the Institution or any other Person of, or performance by an Indemnified Party, the Institution or any other Person, as the case may be, of, any of their respective obligations under, this Agreement or any other Project Document, or other document or instrument delivered in connection

herewith or therewith or the enforcement of any of the terms or provisions hereof or thereof or the transactions contemplated hereby or thereby,

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

(vi) any imposition arising from, burden imposed by, violation of, or failure to comply with any Legal Requirement, including failure to comply with the requirements of the City's zoning resolution and related regulations, or

(vii) the presence, disposal, release, or threatened release of any Hazardous Materials that are on, from, or affecting the Facilities; any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, and/or any violation of Legal Requirements, including demands of government authorities, or any policies or requirements of the Issuer, which are based upon or in any way related to such Hazardous Materials.

(b) The Institution releases each Indemnified Party from, and agrees that no Indemnified Party shall be liable to the Institution or its Affiliates for, any Claim or Liability arising from or incurred as a result of action taken or not taken by such Indemnified Party with respect to any of the matters set forth in Section 8.2(a) including any Claim or Liability arising from or incurred as a result of the negligence or gross negligence of such Indemnified Party, or at the direction of the Institution with respect to any of such matters above referred to.

(c) An Indemnified Party shall promptly notify the Institution in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Institution pursuant to this Section 8.2; such notice shall be given in sufficient time to allow the Institution to defend or participate in such claim or action, but the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Institution under this Section 8.2.

(d) Anything to the contrary in this Agreement notwithstanding, the covenants of the Institution contained in this Section 8.2 shall be in addition to any and all other obligations and liabilities that the Institution may have to any Indemnified Party in any other agreement or at common law, and shall remain in full force and effect after the termination of this Agreement until the later of (x) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (y) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Indemnified Party relating to the enforcement of the provisions herein specified.

Section 8.3 Compensation and Expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents; Administrative and Project Fees.

(a) The Institution shall pay the fees, costs and expenses of the Issuer together with any fees and disbursements incurred by lawyers or other consultants in performing services for the Issuer in connection with this Agreement or any other Project Document, together with all

fees and costs incurred in connection with complying with Section 8.12(b) (including fees and disbursements of lawyers and other consultants).

(b) On the Closing Date, the Institution shall pay to the Issuer the Initial Annual Administrative Fee and the Project Fee.

(c) The Institution further agrees to pay the Annual Administrative Fee to the Issuer on each July 1 following the Closing Date until the Termination Date (the Annual Administrative Fee shall not be pro-rated for the final period ending on the Termination Date). In the event the Institution shall fail to pay the Annual Administrative Fee on the date due, the Issuer shall have no obligation to deliver notice of such failure to the Institution.

(d) The Institution shall, to the extent not paid out of the proceeds of the Bonds as financing expenses, pay the following fees, charges and expenses and other amounts:

(i) the initial and annual fees of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, including fees and expenses as Bond Registrar and in connection with preparation of new Bonds upon exchanges or transfers or making any investments in accordance with the Indenture and the reasonable fees of its counsel,

(ii) the reasonable fees and charges of the Trustee and any Paying Agents on the Bonds for acting as paying agents as provided in the Indenture, including the reasonable fees of its counsel,

(iii) the reasonable fees, charges, and expenses of the Trustee for extraordinary services rendered by it under the Indenture, including reasonable counsel fees, and

(iv) the reasonable fees, costs and expenses of the Bond Registrar.

Section 8.4 Current Facility Personalty Description. The Institution covenants and agrees that, until the termination of this Agreement, including upon the completion of the Project or of any replacement, repair, restoration or reconstruction of the Facilities pursuant to Article VI, it will cause Exhibit B — “Description of the Facility Personalty”, together with the “Description of the Facility Personalty” attached as part of the appendices to the Indenture, this Agreement and the Mortgage, to be an accurate and complete description of all current items of Facility Personalty. To this end, the Institution covenants and agrees that (x) no requisition shall be submitted to the Trustee for moneys from the Project Fund for the acquisition or installation of any item of Facility Personalty, (y) no item of Facility Personalty shall be substituted or replaced by a new item of machinery, equipment or other tangible personal property except pursuant to Section 3.5(a) or Article VI, and (z) no item of Facility Personalty shall be delivered and installed at the Facility Realty as part of the property comprising the Facilities, unless in each case such item of machinery, equipment or other item of tangible personal property shall be accurately and sufficiently described in Exhibit B — “Description of the Facility Personalty”, together with the “Description of the Facility Personalty” in the appendices attached as part of the Indenture, this Agreement and the Mortgage, and the Institution shall from time to time prepare and deliver to the Issuer and the Trustee supplements to such Appendices in compliance with the foregoing. Such supplements

shall be executed and delivered by the appropriate parties and, at the Trustee's request, duly recorded by the Institution, and, at the Trustee's request, additional financing statements with respect thereto shall be duly filed by the Institution.

Section 8.5 Signage at Facility Site. Upon commencement of the renovation and/or construction of the Improvements at the Facilities in connection with the Project (including the commencement of any demolition and/or excavation), the Institution shall erect on the Facilities site, at its own cost and expense, within easy view of passing pedestrians and motorists, a large and readable sign with the following information upon it (hereinafter, the "Sign"):

*FINANCIAL ASSISTANCE PROVIDED
THROUGH THE
BUILD NYC RESOURCE CORPORATION
Mayor Bill de Blasio*

In addition, the Sign shall satisfy the following requirements: (x) format and appearance generally shall be stipulated by the Issuer in writing or electronically; (y) the minimum size of the Sign shall be four (4) feet by eight (8) feet; and (z) the Sign shall have no other imprint upon it other than that of the Issuer. The Sign shall remain in place at the Facilities until completion of the renovations and/or construction. The Institution may erect other signs in addition to the Sign.

Section 8.6 Environmental Matters.

(a) On or before the Closing Date, the Institution shall provide to the Issuer and the Trustee a letter from the Environmental Auditor addressed to the Issuer and the Trustee, stating that the Issuer and the Trustee may rely upon the Environmental Audit as if it was prepared for the Issuer and the Trustee in the first instance.

(b) The Institution shall not cause or permit the Facilities or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Legal Requirements, nor shall the Institution cause or permit, as a result of any intentional or unintentional act or omission on the part of the Institution or any occupant or user of the Facilities, a release of Hazardous Materials onto the Facilities or onto any other property.

(c) The Institution shall comply with, and require and enforce compliance by, all occupants and users of the Facilities 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 Facilities obtain and comply with, any and all approvals, registrations or permits required thereunder.

(d) The Institution shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Facilities in accordance with all applicable Legal Requirements.

(e) In the event the Mortgage is foreclosed, or a deed in lieu of foreclosure is tendered, or this Agreement is terminated as provided in Article IX, the Institution shall deliver

the Mortgaged Property so that the conditions of the Mortgaged Property with respect to any and all Hazardous Materials shall conform with all applicable Legal Requirements affecting the Mortgaged Property.

(f) The parties hereto agree that the reference in Section 2.2(m) to the Environmental Audit is not intended, and should not be deemed to intend, to modify, qualify, reduce or diminish the Institution's obligations to carry out and perform all of the covenants stated throughout this Section 8.6 and in Section 8.2.

Section 8.7 Employment Matters.

(a) Except as is otherwise provided by collective bargaining contracts or agreements, new employment opportunities created as a result of the Project shall be listed with the New York State Department of Labor ("DOL") Community Services Division, and with the administrative entity of the service delivery area created by the Workforce Investment Act of 1998 (29 U.S.C. §2801) in which the Facility Realty is located. Except as is otherwise provided by collective bargaining contracts or agreements, the Institution agrees, where practicable, to consider first, and cause each of its Affiliates at the Facilities to consider first, persons eligible to participate in the Workforce Investment Act of 1998 (29 U.S.C. §2801) programs who shall be referred by administrative entities of service delivery areas created pursuant to such Act or by the Community Services Division of the DOL for such new employment opportunities.

(b) Upon the Issuer's written request, the Institution shall provide to the Issuer any employment information in the possession of the Institution which is pertinent to the Institution and the employees of the Institution to enable the Issuer and/or NYCEDC to comply with its reporting requirements required by City Charter §1301 and any other applicable laws, rules or regulations.

(c) The Institution hereby authorizes any private or governmental entity, including the DOL, to release to the Issuer and/or NYCEDC, and/or to the successors and assigns of either (collectively, the "**Information Recipients**"), any and all employment information under its control and pertinent to the Institution and the employees of the Institution to enable the Issuer and/or NYCEDC to comply with its reporting requirements required by City Charter §1301 and any other applicable laws, rules or regulations. Information released or provided to Information Recipients by DOL, or by any other governmental entity, or by any private entity, or by the Institution, or any information previously released as provided by all or any of the foregoing parties (collectively, "**Employment Information**") may be disclosed by the Information Recipients in connection with the administration of the programs of the Issuer, and/or NYCEDC, and/or the successors and assigns of either, and/or the City, and/or as may be necessary to comply with law; and, without limiting the foregoing, the Employment Information may be included in (x) reports prepared by the Information Recipients pursuant to City Charter §1301, (y) other reports required of the Issuer, and (z) any other reports required by law. This authorization shall remain in effect until the termination of this Agreement.

(d) Upon the request of the Issuer, the Institution shall cooperate with the Issuer in the development of programs for the employment and/or training of members of minority groups in connection with performing work at the Facilities.

(e) Nothing in this Section shall be construed to require the Institution to violate any existing collective bargaining agreement with respect to hiring new employees.

Section 8.8 Non-Discrimination.

(a) At all times during the maintenance and operation of the Facilities, the Institution shall not discriminate nor permit any of its Affiliates to discriminate against any employee or applicant for employment because of race, color, creed, age, sex or national origin. The Institution shall use its best efforts to ensure that employees and applicants for employment with any tenant of the Facilities are treated without regard to their race, color, creed, age, sex or national origin. As used herein, the term “treated” shall mean and include the following: recruited, whether by advertising or other means; compensated, whether in the form of rates of pay or other forms of compensation; selected for training, including apprenticeship; promoted; upgraded; downgraded; demoted; transferred; laid off; and terminated.

(b) The Institution shall, in all solicitations or advertisements for employees placed by or on behalf of the Institution state that all qualified applicants will be considered for employment without regard to race, color, creed or national origin, age or sex.

(c) The Institution shall furnish to the Issuer all information required by the Issuer pursuant to this Section and will cooperate with the Issuer for the purposes of investigation to ascertain compliance with this Section.

Section 8.9 Assignment of this Agreement or Lease of Facility.

(a) The Institution shall not at any time, except as permitted by Section 8.20, assign or transfer this Agreement without the prior written consents of the Issuer and the Trustee (which consents may be withheld by the Issuer or the Trustee in their absolute discretion); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such assignment or transfer:

(i) the Institution shall have delivered to the Issuer and the Trustee a certificate of an Authorized Representative to the effect that the transfer or assignment to the assignee or transferee (the “**New Institution**”) shall not cause the Facilities to cease being the Approved Facility;

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

(iii) the New Institution shall have assumed in writing (and shall have executed and delivered to the Issuer and the Trustee such document and have agreed to keep and perform) all of the terms of this Agreement and each other Project Document on the part of the New Institution to be kept and performed, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

(iv) the New Institution shall be a not-for-profit corporation or a limited liability company constituting a Tax-Exempt Organization;

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

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

(vii) the New Institution shall have delivered to the Issuer the Required Disclosure Statement in form and substance satisfactory to the Issuer;

(viii) each such assignment shall contain such other provisions as the Issuer or the Trustee may reasonably require; and

(ix) an opinion of Nationally Recognized Bond Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such assignment or transfer shall not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income tax purposes.

The Institution shall furnish or cause to be furnished to the Issuer and the Trustee a copy of any such assignment or transfer in substantially final form at least thirty (30) days prior to the date of execution thereof.

(b) The Institution shall not at any time lease all or substantially all of the Facilities, except to the Organization pursuant to the Lease 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); nor shall the Institution lease part (*i.e.*, not constituting substantially all) of the Facilities without the prior written consents of the Issuer and the Trustee (which consents shall, in such case, not be unreasonably withheld and, in the case of the Issuer, such consent to be requested by the Institution of the Issuer in the form prescribed by the Issuer, and such consent of the Issuer to take into consideration the Issuer's policies as in effect from time to time); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such letting:

(i) the Institution shall have delivered to the Issuer and the Trustee a certificate of an Authorized Representative to the effect that the lease shall not cause the Facilities to cease being the Approved Facility;

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

(iii) any lessee in whole or substantially in whole of the Facilities shall have assumed in writing (and shall have executed and delivered to the Issuer and the Trustee such document) and have agreed to keep and perform all of the terms of this Agreement and each other Project Document on the part of the Institution to be kept and performed, shall be jointly and severally liable with the Institution for the performance thereof, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

(iv) any lessee shall utilize the Facilities as the Approved Facility and shall constitute a Tax-Exempt Organization;

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

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

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

(viii) such lease shall in no way diminish or impair the obligation of the Institution to carry the insurance required under Section 3.11 of the Mortgage or Section 8.1 and the Institution shall furnish written evidence satisfactory to the Issuer and the Trustee that such insurance coverage shall in no manner be diminished or impaired by reason of such assignment, transfer or lease;

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

(x) each such lease shall contain such other provisions as the Issuer or the Trustee may reasonably require; and

(xi) an opinion of Nationally Recognized Bond Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such lease shall not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income tax purposes.

The Institution shall furnish or cause to be furnished to the Issuer and the Trustee a copy of any such lease in substantially final form at least thirty (30) days prior to the date of execution thereof.

(c) Any consent by the Issuer or the Trustee to any act of assignment, transfer or lease shall be held to apply only to the specific transaction thereby authorized. Such consent shall not be construed as a waiver of the duty of the Institution, or the successors or assigns of the Institution, to obtain from the Issuer and the Trustee consent to any other or subsequent assignment, transfer or lease, or as modifying or limiting the rights of the Issuer or the Trustee under the foregoing covenant by the Institution.

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

Section 8.10 Retention of Title to or of Interest in Facility; Grant of Easements; Release of Portions of Facility.

(a) The Institution shall not sell, assign, encumber (other than Permitted Encumbrances), convey or otherwise dispose of its fee title to or interest in the Facilities, including the Improvements, or any part of the Facilities or interest therein, except as set forth in Sections 3.3, 3.4, 3.5, 3.6, Article VI, 8.9 and 9.2 or in this Section, without (i) the prior written consents of the Issuer and of the Trustee and (ii) the Institution delivering to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that such action pursuant to this Section will not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income taxes. Any purported disposition without such consents and opinion shall be void.

(b) The Institution may, with the prior written consents of the Issuer and the Trustee (such consents not to be unreasonably withheld or delayed), so long as there exists no Event of Default hereunder, grant such rights of way or easements over, across, or under, the Facility Realty, or grant such permits or licenses in respect to the use thereof, free from the lien and security interest of the Mortgage, as shall be necessary or convenient in the opinion of the Institution for the operation or use of the Facilities, 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 Facilities as the Approved Facility, and provided, further, that any consideration received by the Institution from the granting of said rights of way, easements, permits or licenses shall be paid to the Trustee and deposited in the Redemption Account of the Bond Fund. The Issuer agrees, at the sole cost and expense of the Institution, to execute and deliver, and to cause and direct the Trustee to execute and deliver, any and all instruments necessary or appropriate to confirm and grant any such right of way or easement or any such permit or license and to release the same from the lien and security interest of the Mortgage.

(c) So long as there exists no Event of Default hereunder, and the Institution delivers to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that the following action will not affect the exclusion of the interest on any Bonds then

Outstanding from gross income for federal income tax purposes, the Institution may from time to time request in writing to the Issuer and the Trustee the release of and removal from the property comprising the Facilities under this Agreement and the lien and security interest of the Mortgage, of any unimproved part of the Land (on which none of the Improvements, including the buildings, structures, major appurtenances, fixtures or other property comprising the Facility Realty, is situated); provided that such release and removal will not adversely affect the use or operation of the Facilities as the Approved Facility. Upon any such request by the Institution, the Issuer shall, at the sole cost and expense of the Institution, cause and direct the Trustee to execute and deliver any and all instruments necessary or appropriate to so release and remove such unimproved Land from the property comprising the Facilities under this Agreement and the lien and security interest of the Mortgage, subject to the following:

- (i) any liens, easements, encumbrances and reservations to which title to said property was subject on the Closing Date;
- (ii) any liens, easements and encumbrances created at the request of the Institution or to the creation or suffering of which the Institution consented;
- (iii) any liens and encumbrances or reservations resulting from the failure of the Institution to perform or observe any of the agreements on its respective part contained in this Agreement or any other Project Document;
- (iv) Permitted Encumbrances (other than the lien of the Mortgage); and
- (v) any liens for taxes or assessments not then delinquent;

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 Facilities, will not adversely affect the use or operation of the Facilities as the Approved Facility and will not destroy the means of ingress thereto and egress therefrom;

(2) the Trustee shall have received an amount of cash for deposit in the Redemption Account of the Bond Fund equal to the greatest of (A) the original cost of the unimproved Land so released, such allocable cost to be determined by the appraisal of an independent real estate brokerage firm of recognized standing within the City, (B) the fair market value of such unimproved Land, such value to be determined by the appraisal of an independent real estate brokerage firm of recognized standing within the City, and (C) if such unimproved Land is released in connection with its sale, the amount received by the Institution upon such sale; and

(3) the Facility Realty as shall remain subject to the Mortgage shall not constitute a portion of a tax lot.

(d) No conveyance or release effected under the provisions of this Section 8.10 shall entitle the Institution to any abatement or diminution of the loan payments or other amounts payable under Section 4.3 or any other payments required to be made by the Institution under this Agreement or any other Project Document to which it shall be a party.

Section 8.11 Discharge of Liens.

(a) If any lien, encumbrance or charge is filed or asserted (including any lien for the performance of any labor or services or the furnishing of materials), or any judgment, decree, order, levy or process of any court or governmental body is entered, made or issued or any claim (such liens, encumbrances, charges, judgments, decrees, orders, levies, processes and claims being herein collectively called “**Liens**”), whether or not valid, is made against the Trust Estate, the Facilities or any part thereof or the interest therein of the Institution or against any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Security Documents, or the interest of the Issuer, the Trustee or the Institution in any Security Document, other than Liens for Impositions not yet payable, Permitted Encumbrances, or Liens being contested as permitted by Section 8.11(b), the Institution forthwith upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such notice) shall give written notice thereof to the Issuer, the Trustee and the Organization and take all action (including the payment of money and/or the securing of a bond with respect to any such Lien) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full of such Lien and to remove or nullify the basis therefor. Nothing contained in this Agreement shall be construed as constituting the express or implied consent to or permission of the Issuer for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien not permitted under this Section 8.11(a).

(b) The Institution may at its sole cost and expense contest (after prior written notice to the Issuer and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Lien, if:

(i) such proceeding shall suspend the execution or enforcement of such Lien against the Trust Estate, the Facilities or any part thereof or interest therein, or against any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents or the interest of the Issuer or the Institution in any Project Document,

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

(iii) none of the Institution, the Issuer or the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and

(iv) the Institution shall have furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents.

Section 8.12 Filing.

(a) The security interest granted by the Issuer to the Trustee pursuant to the Indenture in the rights and other intangible interests described therein, shall be perfected by the filing of financing statements at the direction of the Issuer (at the sole cost and expense of the Institution) in the office of the Secretary of State of the State in the City of Albany, New York, and in the offices of such Register of the City, which financing statements shall be in accordance with Article 9 (Secured Transactions) of the New York State Uniform Commercial Code.

(b) As of the Closing Date,

(i) Section 9-515 of the New York State Uniform Commercial Code provides that an initial financing statement filed in connection with a “public-finance transaction” is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public-finance transaction,

(ii) Section 9-102(67) of the New York State Uniform Commercial Code defines a “public-finance transaction” as a secured transaction in connection with which (x) debt securities are issued, (y) all or a portion of the debt securities issued have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a security interest is a state or a governmental unit of a state, and

(iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.

(c) The parties hereto acknowledge and agree that, because the foregoing financing statements evidence collateral for the Initial Bonds, and because the Initial Bonds are municipal debt securities with a term that is at least twenty (20) years in duration, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the liens and security interests that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

Subsequent to the initial filings, if it is necessary to re-file financing statements and/or file continuation statements and/or take any other actions to preserve the lien and security interest of the Indenture (individually or collectively, the “**Continuation Action(s)**”), then the Institution in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Trustee all necessary instruments and filing papers, together with remittances equal to the cost of required

filing fees and other charges, so that the Trustee may perform the Continuation Actions, or (ii) electronically perform the Continuation Actions and deliver to the Trustee written certification (upon which the Trustee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause “(i)” and the others in the manner described in clause “(ii)”; and (B) if requested by the Trustee (acting at the direction of the Majority Holders) or the Issuer, deliver or cause to be delivered to the Issuer and the Trustee the Opinion of Counsel to the Institution as described below. The Trustee may conclusively rely upon (y) when applicable, the certification referred to in clause “(A)(ii),” and (z) in all instances, the Opinion of Counsel to the Institution. In the event the Institution chooses to have the Trustee perform all or some of the Continuation Actions, as provided in clause “(A)(i)”, the Trustee shall reasonably promptly perform such Continuation Actions at the Institution’s sole expense. The Institution shall perform the obligations described hereinabove in clauses “(A)” (in every case) and “(B)” (if so requested) no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause “(i)”) on which a Continuation Action is to be taken to preserve the lien and security interest of the Indenture.

If an Opinion of Counsel to the Institution is requested pursuant to clause “(B)”, then the Opinion of Counsel to the Institution shall be addressed to the Institution, the Issuer and the Trustee. If so requested, the Institution shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year anniversary thereafter through the term of the Initial Bonds, and/or (ii) the date of any required Continuation Action not covered by clause “(i),” in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Institution, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Trustee with instruments and papers prepared by the Institution, or (ii) the Institution through electronic filing, or (iii) the Trustee as to some Continuation Actions, and the Institution as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Institution, the Issuer and the Trustee then requisite to the maintenance of the perfection of the security interest of the Trustee in and to all property and interests which by the terms of the Indenture are to be subjected to the lien and security interest of the Indenture.

(d) Any filings with respect to the Uniform Commercial Code financing statements may be made electronically, and the Issuer shall have the right to designate a company (which shall be reasonably acceptable to the Trustee) to facilitate the filing of the Uniform Commercial Code financing statements.

(e) The Institution acknowledges and agrees that neither the Issuer nor the Trustee, nor any of their respective directors, members, officers, employees, servants, agents, persons under its control or supervision, or attorneys (including Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests, or the recording or rerecording of any

document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

(f) The Institution agrees to perform all other acts (including the payment of all fees and expenses) necessary in order to enable the Issuer and the Trustee to comply with this Section and with Section 7.07 of the Indenture, including but not limited to, providing prompt notice to the Trustee of any change in either of the name or address of the Institution. The Institution agrees that the Issuer and the Trustee, if permitted by applicable law, may provide for the re-recording of the Indenture or any other Security Document or the filing or re-filing of continuation statements without the cooperation of the Institution as necessary at the sole cost and expense of the Institution.

Section 8.13 No Further Encumbrances Permitted. The Institution shall not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against (i) the Facilities or any part thereof, or the interest of the Institution in the Facilities, except for Permitted Encumbrances, or (ii) the Trust Estate or any portion thereof, the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Security Documents or the interest of the Issuer or the Institution in any Security Document. The Institution covenants that it shall take or cause to be taken all action, including all filing and recording, as may be necessary to ensure that there are no mortgage liens on, or security interests in, the Facilities (other than Permitted Encumbrances) prior to the mortgage liens thereon, and security interests therein, granted by the Mortgage.

Section 8.14 Documents Automatically Deliverable to the Issuer.

(a) The Institution shall immediately notify the Issuer of the occurrence of any Event of Default, or any event that with notice and/or lapse of time would constitute an Event of Default under any Project Document. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Institution and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Institution shall state this fact on the notice.

(b) The Institution shall promptly provide written notice to the Issuer if any Conduct Representation made by the Institution would, if made on any date during the term of the Agreement and deemed made as of such date, be false, misleading or incorrect in any material respect.

(c) Within five (5) Business Days after receipt from the Issuer of any subtenant survey and questionnaire pertaining to the Facilities, the Institution shall complete and execute such survey and questionnaire and return the same to the Issuer.

(d) The Institution shall deliver all insurance-related documents required by Sections 8.1(f) and 8.1(g).

(e) Within 120 days after the close of each Fiscal Year during which action was taken by the Institution pursuant to Section 3.4, the Institution shall deliver written notice of the Additional Improvement(s) to the Issuer.

(f) If a removal involving Existing Facility Property having a value in the aggregate exceeding \$25,000 was taken by the Institution pursuant to Section 3.5(a), the Institution shall deliver written notice of such removal to the Issuer within five (5) Business Days following such removal.

(g) Promptly following completion of the Project, but no later than five (5) Business Days following the receipt of any one of a certificate of occupancy, temporary certificate of occupancy, an amended certificate of occupancy or a letter of no objection, the Institution shall deliver to the Issuer the certificate as to Project completion in substantially the form set forth in Exhibit G – “Form of Project Completion Certificate”, together with all attachments required thereunder.

(h) If the Institution shall request the consent of the Issuer under Section 8.9 to any sublease in whole or in part of the Facilities, or to any assignment or transfer of this Agreement, the Institution shall submit such request to the Issuer in the form prescribed by the Issuer.

Section 8.15 Requested Documents. Upon request of the Issuer, the Institution shall deliver or cause to be delivered to the Issuer within five (5) Business Days of the date so requested:

(a) a copy of the most recent annual audited financial statements of the Institution and of its subsidiaries, if any (including balance sheets as of the end of the Fiscal Year and the related statement of revenues, expenses and changes in fund balances and, if applicable, income, earnings, and changes in financial position) for such Fiscal Year, prepared in accordance with GAAP and certified by an Independent Accountant;

(b) a certificate of an Authorized Representative of the Institution that the insurance the Institution maintains complies with the provisions of Section 8.1, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and are in full force and effect and the evidence required by Section 8.1(f);

(c) copies of any (x) bills, invoices or other evidences of cost as shall have been incurred in connection with the Project Work, and (y) permits, authorizations and licenses from appropriate authorities relative to the occupancy, operation and use of the Facilities;

(d) a certificate of an Authorized Representative of the Institution certifying either (x) the Institution did not take any action described in Section 3.4 resulting in Additional Improvements to the Facility Realty during the preceding Fiscal Year or (y) the Institution did take action or actions described in Section 3.4 resulting in Additional Improvements to the Facility Realty during the preceding Fiscal Year and the Institution complied with the provisions of Section 3.4;

(e) a certificate of an Authorized Representative of the Institution certifying either (x) the Institution did not take any action described in Section 3.5(a) resulting in the removal of Existing Facility Property having a value in the aggregate exceeding \$25,000 during the preceding Fiscal Year or (y) the Institution did take action or actions described in Section 3.5(a) resulting in the removal of Existing Facility Property having a value in the aggregate exceeding

\$25,000 during the preceding Fiscal Year and the Institution complied with the provisions of Section 3.5(a);

(f) a certificate of an Authorized Representative of the Institution as to whether or not, as of the close of the immediately preceding Fiscal Year, and at all times during such Fiscal Year, the Institution was in compliance with all the provisions that relate to the Institution in this Agreement and in any other Project Document to which it shall be a party, and if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Institution with respect thereto;

(g) upon twenty (20) days prior request by the Issuer, a certificate of an Authorized Representative of the Institution either stating that to the knowledge of such Authorized Representative after due inquiry there is no default under or breach of any of the terms hereof that exists or, with the passage of time or the giving of notice or both, would constitute an Event of Default hereunder, or specifying each such default or breach of which such Authorized Representative has knowledge;

(h) employment information requested by the Issuer pursuant to Section 8.7(b);
and

(i) information regarding non-discrimination requested by the Issuer pursuant to Section 8.8.

Section 8.16 Periodic Reporting Information for the Issuer.

(a) The Institution shall not assert as a defense to any failure of the Institution to deliver to the Issuer any reports specified in this Section 8.16 that the Institution shall not have timely received any of the forms from or on behalf of the Issuer unless, (x) the Institution shall have requested in writing such form from the Issuer not more than thirty (30) days nor less than fifteen (15) days prior to the date due, and (y) the Institution shall not have received such form from the Issuer at least one (1) Business Day prior to the due date. For purposes of this Section 8.16, the Institution shall be deemed to have “received” any such form if it shall have been directed by the Issuer to a website at which such form shall be available. In the event the Issuer, in its sole discretion, elects to replace one or more of the reports required by this Agreement with an electronic or digital reporting system, the Institution shall make its reports pursuant to such system.

(b) Annually, by August 1 of each year, commencing on the August 1 immediately following the Closing Date, until the termination of this Agreement, the Institution shall submit to the Issuer the Annual Employment and Benefits Report relating to the period commencing July 1 of the previous year and ending June 30 of the year of the obligation of the filing of such report, in the form prescribed by the Issuer, certified as to accuracy by an officer of the Institution. Upon termination of this Agreement, the Institution shall submit to the Issuer the Annual Employment and Benefits Report relating to the period commencing the date of the last such Report submitted to the Issuer and ending on the last payroll date of the preceding month in

the form prescribed by the Issuer, certified as to accuracy by the Institution. Nothing herein shall be construed as requiring the Institution to maintain a minimum number of employees on its respective payroll.

(c) If there shall have been a tenant, other than the Institution or the Organization, with respect to all or part of the Facilities, at any time during the immediately preceding calendar year, the Institution shall file with the Issuer by the next following February 1, a certificate of an Authorized Representative of the Institution with respect to all tenancies in effect at the Facilities, in the form prescribed by the Issuer.

(d) If there shall have been a subtenant, other than the Institution or the Organization, with respect to all or part of the Facilities, at any time during the twelve-month period terminating on the immediately preceding June 30, the Institution shall deliver to the Issuer by the next following August 1, a completed Subtenant's Employment and Benefits Report with respect to such twelve-month period, in the form prescribed by the Issuer.

(e) If the Institution shall have had the benefit of a Business Incentive Rate at any time during the twelve-month period terminating on the immediately preceding June 30, the Institution shall deliver to the Issuer by the next following August 1, a completed report required by the Issuer in connection with the Business Incentive Rate with respect to such twelve-month period, in the form prescribed by the Issuer.

(f) The Institution shall deliver to the Issuer on August 1 of each year, commencing on the August 1 immediately following the Closing Date, a completed location and contact information report in the form prescribed by the Issuer.

(g) The Project is a "covered project" and the Institution is a "covered developer," each as defined under Section 22-1101 of the New York City Administrative Code (the "Construction Workforce Disclosure Law"). The Institution will comply with the Construction Workforce Disclosure Law in all respects, including that the Institution will provide all workforce disclosure records in a format that Issuer may request, which at a minimum will be sufficient to comply with the requirements of the Construction Workforce Disclosure Law.

Section 8.17 Taxes, Assessments and Charges.

(a) The Institution shall pay when the same shall become due all taxes and assessments, general and specific, if any, levied and assessed upon or against the Trust Estate, the Facility Realty or any part thereof, or interest of the Institution in the Facilities, or against any of the loan payments or other payments or other amounts payable hereunder, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Facility Realty, all of which are herein called "**Impositions**". The Institution may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

(b) In the event the Facility Realty is exempt from Impositions solely due to the Issuer's involvement with the Project and the Facility Realty, the Institution shall pay all Impositions to the appropriate taxing authorities equivalent to the Impositions that would have been imposed on the Facility Realty as if the Issuer had no involvement with the Project and the Facility Realty.

(c) The Institution may at its sole cost and expense contest (after prior written notice to the Issuer and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Imposition, if

(i) such proceeding shall suspend the execution or enforcement of such Imposition against the Trust Estate, the Facilities or any part thereof, or interest of the Institution in the Facilities, or against any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document,

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

(iii) none of the Institution, the Issuer or the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and

(iv) the Institution shall have furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents.

Section 8.18 Compliance with Legal Requirements.

(a) The Institution shall not occupy, use or operate the Facilities, or allow the Facilities or any part thereof to be occupied, used or operated, for any unlawful purpose or in violation of any certificate of occupancy affecting the Facilities or for any use which may constitute a nuisance, public or private, or make void or voidable any insurance then in force with respect thereto.

(b) At its sole cost and expense, the Institution shall promptly observe and comply with all applicable Legal Requirements (including, without limitation, as applicable, the LW Law, the Prevailing Wage Law, and the Earned Sick Time Act, constituting Chapter 8 of Title 20 of the New York City Administrative Code), whether foreseen or unforeseen, ordinary or extraordinary, that shall now or at any time hereafter be binding upon or applicable to the Institution, the Facilities, any occupant, user or operator of the Facilities or any portion thereof, and will observe and comply with all conditions, requirements, and schedules necessary to preserve and extend all rights, licenses, permits (including zoning variances, special exception and non-conforming uses), privileges, franchises and concessions. The Institution will not, without the prior written consent of the Issuer and the Trustee (which consents shall not be unreasonably

withheld or delayed), initiate, join in or consent to any private restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the uses that may be made of the Facilities or any part thereof.

(c) The Institution may at its sole cost and expense contest in good faith the validity, existence or applicability of any of the matters described in Section 8.18(b) if (i) such contest shall not result in the Trust Estate, the Facilities or any part thereof or interest of the Institution in the Facilities, or any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, being in any danger of being sold, forfeited or lost, (ii) such contest shall not result in the Institution, the Issuer or the Trustee being in any danger of any civil or any criminal liability for failure to comply therewith, and (iii) the Institution shall have furnished such security, if any, as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents for failure to comply therewith.

Section 8.19 Operation as Approved Facility.

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

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

(c) The Institution will permit the Trustee and its duly authorized agents, at all reasonable times upon written notice to enter upon the Facilities and to examine and inspect the Facilities and exercise its rights hereunder, under the Indenture and under the other Security Documents with respect to the Facilities. The Institution will further permit the Issuer, or its duly authorized agent, upon reasonable notice, at all reasonable times, to enter the Facilities, but solely for the purpose of assuring that the Institution is operating the Facilities, or is causing the Facilities to be operated, as the Approved Facility consistent with the Approved Project Operations and with the corporate purposes of the Issuer.

Section 8.20 Restrictions on Dissolution and Merger.

(a) The Institution covenants and agrees that at all times during the term of this Agreement, it will

(i) maintain its existence as a not-for-profit corporation constituting a Tax-Exempt Organization,

(ii) continue to be subject to service of process in the State,

(iii) continue to be organized under the laws of, or qualified to do business in, the State,

(iv) not liquidate, wind up or dissolve or otherwise dispose of all or substantially all of its property, business or assets (“**Transfer**”) remaining after the Closing Date, except as provided in Section 8.20(b),

(v) not consolidate with or merge into another Entity or permit one or more Entities to consolidate with or merge into it (“**Merge**”), except as provided in Section 8.20(b), and

(vi) not change or permit the change of any Principal of the Institution, or a change in the relative Control of the Institution of any of the existing Principals, except in each case as provided in Section 8.20(c).

(b) Notwithstanding Section 8.20(a), the Institution may Merge or participate in a Transfer if the following conditions are satisfied on or prior to the Merger or Transfer, as applicable:

(i) when the Institution is the surviving, resulting or transferee Entity,

(1) the Institution shall have a net worth (as determined by an Independent Accountant in accordance with GAAP) at least equal to that of the Institution immediately prior to such Merger or Transfer,

(2) the Institution shall continue to be a Tax-Exempt Organization,

(3) the Institution shall deliver to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such action will not cause the interest on the Bonds to become includable in gross income for federal income tax purposes, and

(4) the Institution shall deliver to the Issuer a Required Disclosure Statement with respect to itself as surviving Entity in form and substance satisfactory to the Issuer; or

(ii) when the Institution is not the surviving, resulting or transferee Entity (the “**Successor Institution**”),

(1) the predecessor Institution (the “**Predecessor Institution**”) shall not have been in default under this Agreement or under any other Project Document,

(2) the Successor Institution shall be a Tax-Exempt Organization and shall be solvent and subject to service of process in the State and organized under the laws of the State, or under the laws of any other state of the United States and duly qualified to do business in the State,

(3) the Successor Institution shall have assumed in writing all of the obligations of the Predecessor Institution contained in this

Agreement and in all other Project Documents to which the Predecessor Institution shall have been a party,

(4) the Successor Institution shall have delivered to the Issuer a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion,

(5) each Principal of the Successor Institution shall have delivered to the Issuer a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion,

(6) the Successor Institution shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer and the Trustee, an Opinion of Counsel to the effect that (y) this Agreement and all other Project Documents to which the Predecessor Institution shall be a party constitute the legal, valid and binding obligations of the Successor Institution and each is enforceable in accordance with their respective terms to the same extent as it was enforceable against the Predecessor Institution, and (z) such action does not legally impair the security for the Holders of the Bonds afforded by the Security Documents,

(7) the Successor Institution shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer and the Trustee, an opinion of an Independent Accountant to the effect that the Successor Institution has a net worth (as determined in accordance with GAAP) after the Merger or Transfer at least equal to that of the Predecessor Institution immediately prior to such Merger or Transfer, and

(8) the Successor Institution delivers to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such action will not cause the interest on the Bonds to become includable in gross income for federal income tax purposes.

(c) If there is a change in Principals of the Institution, or a change in the Control of the Institution, the Institution shall deliver to the Issuer prompt written notice thereof (including all details that would result in a change to Exhibit D — “Principals of Institution”) to the Issuer together with a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion.

Section 8.21 Preservation of Exempt Status. The Institution agrees that it shall:

(a) not perform any acts, enter into any agreements, carry on or permit to be carried on at the Facilities, or permit the Facilities to be used in or for any trade or business, which shall adversely affect the basis for its exemption under Section 501 of the Code;

(b) not use more than three percent (3%) of the proceeds of the Bonds or permit the same to be used, directly or indirectly, in any trade or business that constitutes an unrelated

trade or business as defined in Section 513(a) of the Code or in any trade or business carried on by any Person or Persons who are not governmental units or Tax-Exempt Organizations;

(c) not directly or indirectly use the proceeds of the Bonds to make or finance loans to Persons other than governmental units or Tax-Exempt Organizations, provided that no loan shall be made to another Tax-Exempt Organization unless such organization is using the funds for a purpose that is not an unrelated trade or business for either the Institution or the borrower;

(d) not take any action or permit any circumstances within its control to arise or continue, if such action or circumstances, or its expectation on the Closing Date, would cause the Bonds to be “arbitrage bonds” under the Code or cause the interest paid by the Issuer on the Bonds to be subject to Federal income tax in the hands of the Holders thereof; and

(e) maintain the tax-exempt status of the Bonds.

Section 8.22 Securities Law Status. The Institution covenants that:

(a) the Facilities shall be operated (y) exclusively for civic or charitable purposes and (z) not for pecuniary profit, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act,

(b) no part of the net earnings of the Institution shall inure to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act, and

(c) it shall not perform any act nor enter into any agreement which shall change such status as set forth in this Section.

Section 8.23 Further Assurances. The Institution will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, including Uniform Commercial Code financing statements, at the sole cost and expense of the Institution, as the Issuer or the Trustee deems reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of this Agreement and any rights of the Issuer or the Trustee hereunder, under the Indenture or under any other Security Document.

Section 8.24 Tax Regulatory Agreement.

(a) The Institution shall comply with all of the terms, provisions and conditions set forth in the Tax Regulatory Agreement, including, without limitation, the making of any payments and filings required thereunder.

(b) Promptly following receipt of notice from the Trustee as provided in Section 5.07 of the Indenture that the amount on deposit in the Rebate Fund is less than the Rebate Amount, the Institution shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.

(c) The Institution agrees to pay all costs of compliance with the Tax Regulatory Agreement and costs of the Issuer and the Trustee relating to any examination or audit of the Bonds by the Internal Revenue Service (including fees and disbursements of lawyers and other consultants).

Section 8.25 Compliance with the Indenture. The Institution will comply with the provisions of the Indenture with respect to the Institution. The Trustee shall have the power, authority, rights and protections provided in the Indenture. The Institution will use its best efforts to cause there to be obtained for the Issuer any documents or opinions of counsel required of the Issuer under the Indenture.

Section 8.26 Reporting Information for the Trustee.

(a) The Institution shall furnish or cause to be furnished to the Trustee:

(i) as soon as available and in any event within ninety (90) days after the close of each Fiscal Year, a copy of the annual financial statements of the Institution, including balance sheets as at the end of each such Fiscal Year, and the related statements of income, balances, earnings, retained earnings and changes in financial position for each such Fiscal Year, as audited by the Institution's Independent Accountant and prepared in accordance with GAAP, and

(ii) as soon as available and in any event within ninety (90) days after the close of each quarter of each Fiscal Year, a copy of the unaudited financial statements of the Institution, including balance sheets as at the end of such quarter, and the related statements of income, balances, earnings, retained and changes in financial position for such quarter, prepared in accordance with GAAP, certified by an Authorized Representative of the Institution, and

(iii) all information required by the Continuing Disclosure Agreement.

(b) The Institution shall deliver to the Trustee with each delivery of annual financial statements required by Section 8.26(a)(i):

(i) a certificate of an Authorized Representative of the Institution:

(1) as to whether or not, as of the close of such preceding Fiscal Year, and at all times during such Fiscal Year, the Institution was in compliance with all the provisions which relate to the Institution in this Agreement (including, but not limited to, all insurance requirements) and in any other Project Document to which it shall be a party, and

(2) as to whether or not a Determination of Taxability has occurred, and

(3) if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default or Determination of Taxability, he shall disclose in such certificate such default or

defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Institution with respect thereto, and

(ii) a certificate of an Authorized Representative of the Institution that the insurance it maintains complies with the provisions of Section 8.1 of this Agreement and Section 3.11 of the Mortgage, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and the Trustee and are in full force and effect.

(c) In addition, upon twenty (20) days prior request by the Trustee, the Institution will execute, acknowledge and deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution either stating that to the knowledge of such Authorized Representative after due inquiry no default or breach exists hereunder or specifying each such default or breach of which such Authorized Representative has knowledge.

(d) The Institution shall immediately notify the Trustee of the occurrence of any Event of Default or any event which with notice and/or lapse of time would constitute an Event of Default under any Project Document. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Institution and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Institution shall state this fact on the notice.

(e) The Institution shall deliver to the Trustee all insurance-related documents required by Sections 8.1(f)(i), 8.1(f)(ii), 8.1(f)(iii) and 8.1(g).

(f) The Trustee shall be under no obligation to review the financial statements received under this Section 8.26 for content and shall not be deemed to have knowledge of the contents thereof.

Section 8.27 Continuing Disclosure. The Institution 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 a continuing disclosure agreement. Notwithstanding any other provision of this Agreement, failure of the Institution to comply with such 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 Institution to comply with its obligations under this Section 8.27. The Institution agrees that the Issuer shall have no continuing disclosure obligations.

Section 8.28 Special Covenants.

(a) If the Organization provides education to any of grades “K” through 8, it must either be (i) registered with the New York State Department of Education, or (ii) evaluated

by an independent professional (acceptable to the Issuer in its sole discretion) as providing an education equivalent to that provided by public schools in the State of New York.

(b) The Institution covenants that the Organization shall not discriminate in admissions, hiring, the granting of scholarships or loans, or the administration of educational policies generally.

(c) The Institution covenants that the Lease Agreement will at all times require the Organization to submit all payments under the Lease Agreement for direct deposit to the account held under the Account Control Agreement commencing immediately after the Closing Date. The Institution covenants and agrees that such provisions of the Lease Agreement shall remain in full force and effect at all times to ensure that all payments under the Lease Agreement are submitted by direct deposit to the account held under the Account Control Agreement for so long as any of the Bonds remain outstanding or unsatisfied, and that such standing instructions to the Organization shall remain irrevocable so long as any of the obligations of the Institution under this Agreement remain outstanding or unsatisfied.

(d) The Institution agrees that it will not amend the provisions of the Lease Agreement without the prior written consent of the Trustee (acting at the direction of the Majority Holders).

(e) The Institution agrees that, if it desires to change the location of the account or any account number for any reason held under the Account Control Agreement, it shall first obtain the prior written consent of the Trustee (acting at the direction of the Majority Holders).

Section 8.29 HireNYC Program. The Institution shall use its good faith efforts to achieve the hiring and workforce development goals of the HireNYC Program and shall perform the requirements of the HireNYC Program, all as set forth in Exhibit I. The Institution agrees to be bound by each of the provisions of the HireNYC Program set forth in Exhibit I, including without limitation, the payment of any liquidated damages and other enforcement provisions set forth therein.

Section 8.30 Living Wage.

(a) Institution acknowledges and agrees that it has received “financial assistance” as defined in the LW Law. Institution agrees to comply with all applicable requirements of the LW Law. Institution acknowledges that the terms and conditions set forth in this Section 8.30 are intended to implement the Mayor’s Executive Order No. 7 dated September 30, 2014.

(b) The following capitalized terms shall have the respective meanings specified below for purposes hereof.

Asserted Cure has the meaning specified in Section 8.30(k)(i).

Asserted LW Violation has the meaning specified in Section 8.30(k)(i).

Comptroller means the Comptroller of The City of New York or his or her designee.

Concessionaire means a Person that has been granted the right by Institution, an Affiliate of Institution or any tenant, subtenant, leaseholder or subleaseholder of Institution or of an Affiliate of Institution to operate at the Facility Realty for the primary purpose of selling goods or services to natural persons at the Facility Realty.

Covered Counterparty means a Covered Employer whose Specified Contract is directly with Institution or one of its Affiliates to lease, occupy, operate or perform work at the Facility Realty.

Covered Employer means any of the following Persons: (a) Institution, (b) a Site Affiliate, (c) a tenant, subtenant, leaseholder or subleaseholder of Institution or of an Affiliate of Institution that leases any portion of the Facility Realty (or an Affiliate of any such tenant, subtenant, leaseholder or subleaseholder if such Affiliate has one or more direct Site Employees), (d) a Concessionaire that operates on any portion of the Facility Realty, and (e) a Person that contracts or subcontracts with any Covered Employer described in clauses (a), (b), (c) or (d) above to perform work for a period of more than ninety days on any portion of the Facility Realty, including temporary services or staffing agencies, food service contractors, and other on-site service contractors; provided, however, that the term “Covered Employer” shall not include (i) a Person of the type described in Section 6-134(d)(2), (3), (4) or (5) of the New York City Administrative Code, (ii) a Person that has annual consolidated gross revenues that are less than the Small Business Cap unless the revenues of the Person are included in the consolidated gross revenues of a Person having annual consolidated gross revenues that are more than the Small Business Cap, in each case calculated based on the fiscal year preceding the fiscal year in which the determination is being made, and in each case calculated in accordance with generally accepted accounting principles, (iii) any otherwise covered Person operating on any portion of the Facility Realty if residential units comprise more than 75% of the total Facility Realty area and all of the residential units are subject to rent regulation, (iv) any otherwise covered Person that the Issuer has determined (in its sole and absolute discretion) in writing to be exempt on the basis that it works significantly with a Qualified Workforce Program, (v) a Person whose Site Employees all are paid wages determined pursuant to a collective bargaining or labor agreement, (vi) if Institution is a “covered developer” under and as defined in the Prevailing Wage Law, a Person that is a “building services contractor” (as defined in the LW Law) so long as such Person is paying its “building service employees” (as defined in the Prevailing Wage Law) no less than the applicable “prevailing wage” (as defined in the Prevailing Wage Law), or (vii) a Person exempted by a Deputy Mayor of The City of New York in accordance with the Mayor’s Executive Order No. 7 dated September 30, 2014.

DCA means the Department of Consumer Affairs of The City of New York, acting as the designee of the Mayor of The City of New York, or such other agency

or designee that the Mayor of The City of New York may designate from time to time.

LW has the same meaning as the term “living wage” as defined in Section 6-134 of the New York City Administrative Code and shall be adjusted annually in accordance therewith, except that as of April 1, 2015, the “living wage rate” component of the LW shall be eleven dollars and sixty-five cents per hour (\$11.65/hour) and the “health benefits supplement rate” component of the LW shall be one dollar and sixty-five cents per hour (\$1.65/hour). The annual adjustments to the “living wage rate” and “health benefits supplement rate” will be announced on or around January 1 of each year by the DCA and will go into effect on April 1 of such year.

LW Agreement means, with respect to any Covered Counterparty, an enforceable agreement in the form attached hereto as Exhibit J (except only with such changes as are necessary to make such Covered Counterparty the obligor thereunder).

LW Agreement Delivery Date means, with respect to any Covered Counterparty, the latest of (a) the effective date of such Covered Counterparty’s Specified Contract, (b) the date that such Covered Counterparty becomes a Covered Employer at the Facility Realty and (c) the Closing Date.

LW Event of Default means the satisfaction of the following two conditions: (a) two or more LW Violation Final Determinations shall have been imposed against Institution or its Site Affiliates in respect of the direct Site Employees of Institution or its Site Affiliates in any consecutive six year period during the LW Term and (b) the aggregate amount of Owed Monies and Owed Interest paid or payable by Institution in respect of such LW Violation Final Determinations is in excess of the LW Violation Threshold in effect as of the date of the second LW Violation Final Determination. For the avoidance of doubt, the Owed Monies and Owed Interest paid or payable by Institution in respect of the Site Employees of a Covered Counterparty that is not an Affiliate of Institution (pursuant to Section 8.30(k)(v)) shall not count for purposes of determining whether the conditions in clauses (a) and (b) of the preceding sentence have been satisfied.

LW Law means the Fair Wages for New Yorkers Act, constituting Section 6-134 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

LW Term means the period commencing on the Closing Date and ending on the later to occur of (a) the date on which Institution is no longer receiving financial assistance under this Agreement or (b) the date that is ten years after the Facilities commence operations.

LW Violation Final Determination has the meaning specified in Section 8.30(k)(i)(1), Section 8.30(k)(i)(2)(A) or Section 8.30(k)(i)(2)(B), as applicable.

LW Violation Initial Determination has the meaning specified in Section 8.30(k)(i)(2).

LW Violation Notice has the meaning specified in Section 8.30(k)(i).

LW Violation Threshold means \$100,000 multiplied by 1.03^n , where “n” is the number of full years that have elapsed since January 1, 2015.

Owed Interest means the interest accruing on Owed Monies, which interest shall accrue from the relevant date(s) of underpayment to the date that the Owed Monies are paid, at a rate equal to the interest rate then in effect as prescribed by the superintendent of banks pursuant to Section 14-a of the New York State Banking Law, but in any event at a rate no less than six percent per year.

Owed Monies means, as the context shall require, either (a) the total deficiency of LW required to be paid by Institution or a Site Affiliate in accordance with this Section 8.30 to Institution’s or its Site Affiliate’s (as applicable) direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the “living wage rate” component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the “health benefits supplement rate” component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis; or (b) if Institution or its Site Affiliate failed to obtain a LW Agreement from a Covered Counterparty as required under Section 8.30(f) below, the total deficiency of LW that would have been required to be paid under such Covered Counterparty’s LW Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the “living wage rate” component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the “health benefits supplement rate” component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis, during the period commencing on the LW Agreement Delivery Date applicable to such Covered Counterparty and ending immediately prior to the execution and delivery by such Covered Counterparty of its LW Agreement (if applicable).

Prevailing Wage Law means Section 6-130 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

Qualified Workforce Program means a training or workforce development program that serves youth, disadvantaged populations or traditionally hard-to-employ populations and that has been determined to be a Qualified Workforce Program by the Director of the Mayor’s Office of Workforce Development.

Site Affiliates means, collectively, all Affiliates of Institution that lease, occupy, operate or perform work at the Facility Realty and that have one or more direct Site Employees.

Site Employee means, with respect to any Covered Employer, any natural person who works at the Facility Realty and who is employed by, or contracted or subcontracted to work for, such Covered Employer, including all employees, independent contractors, contingent workers or contracted workers (including persons made available to work through the services of a temporary services, staffing or employment agency or similar entity) that are performing work on a full-time, part-time, temporary or seasonal basis; provided that the term “Site Employee” shall not include any natural person who works less than seventeen and a half (17.5) hours in any consecutive seven day period at the Facility Realty unless the primary work location or home base of such person is at the Facility Realty (for the avoidance of doubt, a natural person who works at least seventeen and a half (17.5) hours in any consecutive seven day period at the Facility Realty shall thereafter constitute a Site Employee).

Small Business Cap means three million dollars; provided that, beginning in 2015 and each year thereafter, the Small Business Cap shall be adjusted contemporaneously with the adjustment to the “living wage rate” component of the LW using the methodology set forth in Section 6-134(b)(9) of the New York City Administrative Code.

Specified Contract means, with respect to any Person, the principal written contract that makes such Person a Covered Employer hereunder.

(c) During the LW Term, if and for so long as Institution is a Covered Employer, Institution shall pay each of its direct Site Employees no less than an LW. During the LW Term, Institution shall cause each of its Site Affiliates that is a Covered Employer to pay their respective Site Employees no less than an LW.

(d) During the LW Term, if and for so long as Institution is a Covered Employer (or if and so long as a Site Affiliate is a Covered Employer, as applicable), Institution shall (or shall cause the applicable Site Affiliate to, as applicable), on or prior to the day on which each direct Site Employee of Institution or of a Site Affiliate begins work at the Facility Realty, (i) post a written notice detailing the wages and benefits required to be paid to Site Employees under this Section 8.30 in a conspicuous place at the Facility Realty that is readily observable by such direct Site Employee and (ii) provide such direct Site Employee with a written notice detailing the wages and benefits required to be paid to Site Employees under this Section 8.30. Such written notice shall also provide a statement advising Site Employees that if they have been paid less than the LW they may notify the Comptroller and request an investigation. Such written notice shall be in English and Spanish.

(e) During the LW Term, if and for so long as Institution is a Covered Employer (or if and for so long as a Site Affiliate is a Covered Employer, as applicable), Institution shall not

(or the applicable Site Affiliate shall not, as applicable) take any adverse employment action against any Site Employee for reporting or asserting a violation of this Section 8.30.

(f) During the LW Term, regardless of whether Institution is a Covered Employer, Institution shall cause each Covered Counterparty to execute an LW Agreement on or prior to the LW Agreement Delivery Date applicable to such Covered Counterparty. Institution shall deliver a copy of each Covered Counterparty's LW Agreement to the Issuer, the DCA and the Comptroller at the notice address specified in Section 12.5 promptly upon written request. Institution shall retain copies of each Covered Counterparty's LW Agreement until six (6) years after the expiration or earlier termination of such Covered Counterparty's Specified Contract.

(g) During the LW Term, in the event that an individual with managerial authority at Institution or at a Site Affiliate receives a written complaint from any Site Employee (or such individual otherwise obtains actual knowledge) that any Site Employee has been paid less than an LW, Institution shall deliver written notice to the Issuer, the DCA and the Comptroller within 30 days thereof.

(h) Institution hereby acknowledges and agrees that the City, the DCA and the Comptroller are each intended to be third party beneficiaries of the terms and provisions of this Section 8.30. Institution hereby acknowledges and agrees that the DCA, the Comptroller and the Issuer shall each have the authority and power to enforce any and all provisions and remedies under this Section 8.30 in accordance with paragraph (k) below. Institution hereby agrees that the DCA, the Comptroller and the Issuer may bring an action for damages (but not in excess of the amounts set forth in paragraph (k) below), injunctive relief or specific performance or any other non-monetary action at law or in equity, in each case subject to the provisions of paragraph (k) below, as may be necessary or desirable to enforce the performance or observance of any obligations, agreements or covenants of Institution (or of any Site Affiliate) under this Section 8.30. Notwithstanding anything herein to the contrary, no default or Event of Default under this Agreement shall occur by reason of Institution's failure to perform or observe any obligation, covenant or agreement contained in this Section 8.30 unless and until an LW Event of Default shall have occurred. The agreements and acknowledgements of Institution set forth in this Section 8.30 may not be amended, modified or rescinded by Institution without the prior written consent of the Issuer or the DCA.

(i) No later than 30 days after Institution's receipt of a written request from the Issuer, the DCA and/or the Comptroller, Institution shall provide to the Issuer, the DCA and the Comptroller (i) a certification stating that all of the direct Site Employees of Institution and its Site Affiliates are paid no less than an LW (if such obligation is applicable hereunder) and stating that Institution and its Site Affiliates are in compliance with this Section 8.30 in all material respects, (ii) a written list of all Covered Counterparties, together with the LW Agreements of such Covered Counterparties, (iii) certified payroll records in respect of the direct Site Employees of Institution or of any Site Affiliate (if applicable), and/or (iv) any other documents or information reasonably related to the determination of whether Institution or any Site Affiliate is in compliance with their obligations under this Section 8.30.

(j) Annually, by August 1 of each year during the LW Term, Institution shall (i) submit to the Issuer a written report in respect of employment, jobs and wages at the Facility

Realty as of June 30 of such year, in a form provided by the Issuer to all projects generally, and (ii) submit to the Issuer and the Comptroller the annual certification required under Section 6-134(f) of the LW Law (if applicable).

(k) Violations and Remedies.

(i) If a violation of this Section 8.30 shall have been alleged by the Issuer, the DCA and/or the Comptroller, then written notice will be provided to Institution for such alleged violation (an "LW Violation Notice"), specifying the nature of the alleged violation in such reasonable detail as is known to the Issuer, the DCA and the Comptroller (the "Asserted LW Violation") and specifying the remedy required under Section 8.30(k)(ii), (iii), (iv), (v) and/or (vi) (as applicable) to cure the Asserted LW Violation (the "Asserted Cure"). Upon Institution's receipt of the LW Violation Notice, Institution may either:

(1) Perform the Asserted Cure no later than 30 days after its receipt of the LW Violation Notice (in which case a "LW Violation Final Determination" shall be deemed to exist), or

(2) Provide written notice to the Issuer, the DCA and the Comptroller indicating that it is electing to contest the Asserted LW Violation and/or the Asserted Cure, which notice shall be delivered no later than 30 days after its receipt of the LW Violation Notice. Institution shall bear the burdens of proof and persuasion and shall provide evidence to the DCA no later than 45 days after its receipt of the LW Violation Notice. The DCA shall then, on behalf of the City, the Issuer and the Comptroller, make a good faith determination of whether the Asserted LW Violation exists based on the evidence provided by Institution and deliver to Institution a written statement of such determination in reasonable detail, which shall include a confirmation or modification of the Asserted LW Violation and Asserted Cure (such statement, a "LW Violation Initial Determination"). Upon Institution's receipt of the LW Violation Initial Determination, Institution may either:

(B) Accept the LW Violation Initial Determination and shall perform the Asserted Cure specified in the LW Violation Initial Determination no later than 30 days after its receipt of the LW Violation Initial Determination (after such 30 day period has lapsed, but subject to clause (B) below, the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination"), or

(C) Contest the LW Violation Initial Determination by filing in a court of competent jurisdiction or for an administrative hearing no later than 30 days after its receipt of the LW Violation Initial Determination, in which case, Institution's obligation to perform the Asserted Cure shall be stayed pending resolution of the action. If no filing in a court of competent jurisdiction or for an administrative hearing is made to contest the LW Violation Initial Determination within 30 days after Institution's receipt thereof, then the LW Violation Initial

Determination shall be deemed to be a “LW Violation Final Determination”. If such a filing is made, then a “LW Violation Final Determination” will be deemed to exist when the matter has been finally adjudicated. Institution shall perform the Asserted Cure (subject to the judicial decision) no later than 30 days after the LW Violation Final Determination.

(ii) For the first LW Violation Final Determination imposed on Institution or any Site Affiliate in respect of any direct Site Employees of Institution or of a Site Affiliate, at the direction of the Issuer or the DCA (but not both), (A) Institution shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Institution or of a Site Affiliate to such direct Site Employees; and/or (B) in the case of a violation that does not result in monetary damages owed by Institution, Institution shall cure, or cause the cure of, such non-monetary violation.

(iii) For the second and any subsequent LW Violation Final Determinations imposed on Institution or any Site Affiliate in respect of any direct Site Employees of Institution or of a Site Affiliate, at the direction of the Issuer or the DCA (but not both), (A) Institution shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Institution or of a Site Affiliate to such direct Site Employees, and Institution shall pay fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee; and/or (B) in the case of a violation that does not result in monetary damages owed by Institution, Institution shall cure, or cause the cure of, such non-monetary violation.

(iv) For the second and any subsequent LW Violation Final Determinations imposed on Institution or any Site Affiliate in respect of any direct Site Employees of Institution or of a Site Affiliate, if the aggregate amount of Owed Monies and Owed Interest paid or payable by Institution in respect of the direct Site Employees of Institution or of a Site Affiliate is in excess of the LW Violation Threshold for all past and present LW Violation Final Determinations imposed on Institution or any Site Affiliate, then in lieu of the remedies specified in subparagraph (iii) above and at the direction of the Issuer or the DCA (but not both), Institution shall pay (A) two hundred percent (200%) of the Owed Monies and Owed Interest in respect of the present LW Violation Final Determination to the affected direct Site Employees of Institution or of a Site Affiliate, and (B) fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee.

(v) If Institution fails to obtain an LW Agreement from its Covered Counterparty in violation of paragraph (f) above, then at the discretion of the Issuer or the DCA (but not both), Institution shall be responsible for payment of the Owed Monies, Owed Interest and other payments described in subparagraphs (ii), (iii) and (iv) above (as applicable) as if the direct Site Employees of such Covered Counterparty were the direct Site Employees of Institution.

(vi) Institution shall not renew the Specified Contract of any specific Covered Counterparty or enter into a new Specified Contract with any specific Covered Counterparty if both (A) the aggregate amount of Owed Monies and Owed Interest paid or

payable by such Covered Counterparty in respect of its direct Site Employees for all past and present LW Violation Final Determinations (or that would have been payable had such Covered Counterparty entered into an LW Agreement) is in excess of the LW Violation Threshold and (B) two or more LW Violation Final Determinations against such Covered Counterparty (or in respect of the direct Site Employees of such Covered Counterparty) occurred within the last 6 years of the term of the applicable Specified Contract (or if the term thereof is less than 6 years, then during the term thereof); provided that the foregoing shall not preclude Institution from extending or renewing a Specified Contract pursuant to any renewal or extension options granted to the Covered Counterparty in the Specified Contract as in effect as of the LW Agreement Delivery Date applicable to such Covered Counterparty.

(vii) It is acknowledged and agreed that (A) other than as set forth in Section 8.2, the sole monetary damages that Institution may be subject to for a violation of this Section 8.30 are as set forth in this paragraph (k), and (B) in no event will the Specified Contract between Institution and a given Covered Counterparty be permitted to be terminated or rescinded by the Issuer, the DCA or the Comptroller by virtue of violations by Institution or another Covered Counterparty.

(l) The terms and conditions set forth in this Section 8.30 shall survive the expiration or earlier termination of this Agreement.

Section 8.31 M/WBE Program.

(a) Institution has submitted to Issuer an M/WBE Participation Plan which states Institution's proposed plans for participation by minority-owned business enterprises ("MBEs") and women-owned business enterprises ("WBEs", together with "MBEs" collectively referred to as "M/WBEs") in the Project Work until the Completion Deadline, and includes the M/WBE Participation Goal, defined as the target percentage of the Project Improvements Investment that will be paid to Certified Firms (as defined in Exhibit O-2). The M/WBE Participation Plan is attached hereto as Exhibit K-1. No later than the Closing Date, Institution will submit to Issuer, for Issuer's review and approval, an M/WBE Participation Plan in the form attached hereto as Exhibit K-1.

(b) The Institution agrees that from the Indemnification Commencement Date until the Completion Deadline, Institution and its successors and assigns shall use good faith efforts to comply with the terms and conditions and reach the M/WBE Participation Goal set forth in Exhibit K-1, and to comply with the M/WBE Program Requirements set forth in Exhibit K-2. The Institution agrees to be bound by each of the provisions in the M/WBE Participation Proposal, M/WBE Participation Plan and the M/WBE Program Requirements, including without limitation, the provision of all Compliance Reports (as defined therein) and the payment of any liquidated damages set forth therein. Notwithstanding any other provision of this Loan Agreement to the contrary, the remedies available to the Issuer or NYCEDC for a violation of the provisions of this Section 8.31 or Exhibits K-1 and K-2, which are incorporated herein by reference, shall be limited to the remedies specified in Exhibit K-2.

Section 8.32 Repair and Replacement Fund.

(a) The Institution shall, or shall cause the Organization to, have a consultant complete a capital needs assessment projecting the capital needs for each Facility and the total cost thereof for the five (5) year period commencing on the immediately following July 5 (each a “**Capital Needs Assessment**”) no later than June 30, 2031, and every fifth anniversary thereafter as long as the Bonds are Outstanding. The total cost set forth in a Capital Needs Assessment less the amount then on deposit in the Repair and Replacement Funds, divided by 30, shall be the “**Repair and Replacement Fund Requirement**” for such five (5) year period.

(b) Commencing July 5, 2025, the Institution shall, or shall cause the Organization to deposit with the Trustee an amount equal to 1/30th of the Repair and Replacement Fund Requirement bi-monthly. The Institution shall replenish any draws made on the Repair and Replacement Fund by paying or causing to be paid to the Trustee for deposit in the Repair and Replacement Fund in thirty (30) equal bi-monthly amounts as required by the Indenture and this Agreement until the Repair and Replacement Fund Requirement is met; provided, however, if amounts on deposit in the Repair and Replacement Fund are in excess of the Repair and Replacement Fund Requirement, the Institution shall not be required to replenish draws on the Repair and Replacement Fund; and, provided, further, however, nothing contained herein, shall prohibit the Institution from depositing amounts into the Repair and Replacement Fund in excess of the Repair and Replacement Fund Requirement. Provided, however, nothing contained herein, shall prohibit the Institution from depositing amounts into the Repair and Replacement Fund in excess of the Repair and Replacement Fund Requirement.

ARTICLE IX

REMEDIES AND EVENTS OF DEFAULT

Section 9.1 Events of Default. Any one or more of the following events shall constitute an “Event of Default” hereunder:

(a) Failure of the Institution to pay any loan payment that has become due and payable by the terms of Section 4.3(a) or (e) which results in an Event of Default under the Indenture;

(b) Failure of the Institution to pay any amount (except as set forth in Section 9.1(a)) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under Sections 5.1, 8.1, 8.2, 8.3, 8.9, 8.11, 8.13, 8.17, 8.18, 8.20, 8.21, 8.22, 8.26, 9.7, 11.2 or 11.3 or Article VI and continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Institution specifying the nature of such failure by the Issuer or the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding;

(c) Failure of the Institution to observe and perform any covenant, condition or agreement hereunder on its part to be performed (except as set forth in Section 9.1(a) or (b)) and (i) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Institution specifying the nature of same by the Issuer or the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, or (ii) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Institution fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice;

(d) The Institution shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner or acquiesce in writing to, any petition filed against itself in an involuntary case under the Federal Bankruptcy Code, (vii) take any action for the purpose of effecting any of the foregoing, or (viii) be adjudicated a bankrupt or insolvent by any court;

(e) A proceeding or case shall be commenced, without the application or consent of the Institution, in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Institution or of all or any substantial part of its assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case

shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or any order for relief against the Institution shall be entered in an involuntary case under such Bankruptcy Code; the terms “dissolution” or “liquidation” of the Institution as used above shall not be construed to prohibit any action otherwise permitted by Section 8.20;

(f) Any representation or warranty made by the Institution (i) in the application and related materials submitted to the Issuer or the 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 dated the Closing Date and delivered to the Issuer, the Trustee and the initial purchaser(s) of the Initial Bonds, or (iv) in the Tax Regulatory Agreement, or (v) by or on behalf of the Institution or any other Person in any Required Disclosure Statement, or (vi) in any report, certificate, financial statement or other instrument furnished pursuant hereto or any of the foregoing, shall in any case prove to be false, misleading or incorrect in any material respect as of the date made;

(g) The commencement of proceedings to appoint a receiver or to foreclose any mortgage lien on or security interest in the Facilities including the Mortgage;

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

(i) The occurrence of an LW Event of Default.

(j) Failure of the Institution to pay the amount required of it under Section 4.3(a)(vi) when required thereunder.

(k) Termination of the Lease Agreement.

(l) Revocation, loss or nonrenewal of the Charter of the Organization.

Section 9.2 Remedies on Default. (a) Whenever any Event of Default referred to in Section 9.1 shall have occurred and be continuing, the Issuer, or the Trustee where so provided, may, take any one or more of the following remedial steps:

(i) The Trustee, as and to the extent provided in Article VIII of the Indenture, may cause all principal installments of loan payments payable under Section 4.3(a) until the Bonds are no longer Outstanding to be immediately due and payable, whereupon the same, together with the accrued interest thereon, shall become immediately due and payable; provided, however, that upon the occurrence of an Event of Default under Section 9.1(d) or (e), all principal installments of loan payments payable under Section 4.3(a) until the Bonds are no longer Outstanding, together with the accrued interest thereon, shall immediately become due and payable without any declaration, notice or other action of the Issuer, the Trustee, the Holders of the Bonds or any other Person being a condition to such acceleration;

(ii) The Issuer or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the loan payments then due and

thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Institution under this Agreement; and

(iii) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder.

(b) Upon the occurrence of a default with respect to any of the Issuer's Reserved Rights, the Issuer, without the consent of the Trustee or any other Person, may proceed to enforce the Issuer's Reserved Rights by

(i) bringing an action for damages, injunction or specific performance, and/or

(ii) taking whatever action at law or in equity as may appear necessary or desirable to collect payment of amounts due by the Institution under the Issuer's Reserved Rights or to enforce the performance or observance of any obligations, covenants or agreements of the Institution under the Issuer's Reserved Rights.

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

Section 9.3 Bankruptcy Proceedings. In case proceedings shall be pending for the bankruptcy or for the reorganization of the Institution under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee (other than the Trustee under the Indenture) shall have been appointed for the property of the Institution or in the case of any other similar judicial proceedings relative to the Institution or the creditors or property of the Institution, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Agreement and the Promissory Note, irrespective of whether the principal of the Bonds (and the loan payments payable pursuant to the Promissory Note and Section 4.3(a)) shall have been accelerated by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand for payment hereunder or thereunder, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Institution, the creditors or property of the Institution, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 9.4 Remedies Cumulative. The rights and remedies of the Issuer or the Trustee under this Agreement shall be cumulative and shall not exclude any other rights and remedies of the Issuer or the Trustee allowed by law with respect to any default under this Agreement. Failure by the Issuer or the Trustee to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon default by the Institution

hereunder shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy the strict compliance by the Institution with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such default by the Institution be continued or repeated.

Section 9.5 No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Issuer and/or the Trustee and the Institution or any delay or omission on the part of the Issuer and/or the Trustee in exercising any rights hereunder or under the Indenture or under any other Security Document shall operate as a waiver. To the extent permitted by applicable law, the Institution hereby waives the benefit and advantage of, and covenants not to assert against the Issuer or the Trustee, any valuation, inquisition, stay, appraisalment, extension or redemption laws now existing or which may hereafter exist.

Section 9.6 Effect on Discontinuance of Proceedings. In case any proceeding taken by the Issuer or the Trustee under the Indenture or this Agreement or under any other Security Document on account of any Event of Default hereunder or thereunder shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Issuer or the Trustee, then, and in every such case, the Issuer, the Trustee and the Holders of the Bonds shall be restored, respectively, to their former positions and rights hereunder and thereunder, and all rights, remedies, powers and duties of the Issuer and the Trustee shall continue as in effect prior to the commencement of such proceedings.

Section 9.7 Agreement to Pay Fees and Expenses of Attorneys and Other Consultants. In the event the Institution should default under any of the provisions of this Agreement, and the Issuer or the Trustee should employ outside attorneys or other consultants or incur other expenses for the collection of loan payments or other amounts payable hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Institution herein contained or contained in any other Security Document, the Institution agrees that it will on demand therefor pay to the Issuer or the Trustee, as the case may be, the reasonable fees and disbursements of such attorneys or other consultants and such other expenses so incurred.

Section 9.8 Certain Continuing Representations. If at any time during the term of this Agreement, any Conduct Representation made by the Institution would, if made on any date while Bonds are Outstanding and deemed made as of such date, be false, misleading or incorrect in any material respect, then, the Institution shall be deemed to be in default under this Agreement unless the Issuer shall, upon written request by the Institution, either waive such default in writing or consent in writing to an exception to such representation or warranty so that such representation or warranty shall no longer be false, misleading or incorrect in a material respect. Upon the occurrence of any such default, the Issuer shall have the right to require the redemption of the Bonds in accordance with Section 11.3(a).

Section 9.9 Late Delivery Fees.

- (a) In the event the Institution shall fail:
- (i) to pay the Annual Administrative Fee on the date required under Section 8.3,
 - (ii) to file and/or deliver any of the documents required of the Institution under Section 8.14 or Section 8.16 by the date therein stated (collectively, the “**Fixed Date Deliverables**”), or
 - (iii) to deliver to the Issuer any of the documents as shall have been requested by the Issuer of the Institution under Section 8.15 within five (5) Business Days of the date so requested (collectively, the “**Requested Document Deliverables**”),

then the Issuer may charge the Institution on a daily calendar basis commencing with the day immediately following the date on which the payment, filing or delivery was due (the “**Due Date**”), the Per Diem Late Fee.

(b) If the Issuer shall deliver written notice (a “**Notification of Failure to Deliver**”) to the Institution of such failure to deliver on the Due Date the Annual Administrative Fee, a Fixed Date Deliverable and/or a Requested Document Deliverable, and such payment or document shall not be delivered to the Issuer within ten (10) Business Days following delivery by the Issuer to the Institution of the Notification of Failure to Deliver, then, commencing from and including the eleventh (11th) Business Day following the delivery by the Issuer to the Institution of the Notification of Failure to Deliver, the Issuer may charge the Institution on a daily calendar basis the Per Diem Supplemental Late Fee in respect of each noticed failure which shall be in addition to, and be imposed concurrently with, the applicable Per Diem Late Fee.

(c) The Per Diem Late Fee and the Per Diem Supplemental Late Fee shall each, if charged by the Issuer, (i) accrue until the Institution delivers to the Issuer the Annual Administrative Fee, the Fixed Date Deliverable(s) and/or the Requested Document Deliverable(s), as the case may be, and (ii) be incurred on a daily basis for each such Annual Administrative Fee, Fixed Date Deliverable and/or Requested Document Deliverable as shall not have been delivered to the Issuer on the Due Date.

(d) No default on the part of the Institution under Section 8.3, 8.14, 8.15 or 8.16 of this Agreement to deliver to the Issuer an Annual Administrative Fee, a Fixed Date Deliverable or a Requested Document Deliverable shall be deemed cured unless the Institution shall have delivered same to the Issuer and paid to the Issuer all accrued and unpaid Per Diem Fees in connection with the default.

Section 9.10 Issuer Approval of Certain Nonforeclosure Remedies. Notwithstanding any provision hereof or of under any other Security Document, upon the occurrence of an Event of Default, no such 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 the Mortgage upon any restructuring of the underlying indebtedness secured by the Mortgage (a “**Mortgage Restructuring**”), (y) amending or terminating any Security Document (other than through a forbearance) to which the Issuer is a party (a “**Security Document Action**”) or (z) substituting for the Institution and/or the Organization, as applicable, a

new Entity to either be a counterparty to the Issuer under this Agreement or as a user or lessee all or a portion of the Facilities (a “**Substitute Entity**”), unless, in either case, a reasonable description of such Mortgage Restructuring, Security Document Action and/or Substitute Entity shall have been set forth in a writing delivered to the Issuer together with a request for approval and (i) the Mortgage Restructuring, Security Document Action and/or Substitute Entity shall be approved in writing by the Issuer, such approval not to be unreasonably withheld or delayed (and which approval may, in the sole discretion of the Issuer, be subject to action by the Issuer’s Board of Directors), and (ii) there shall be delivered to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such Mortgage Restructuring, Security Document Action and/or Substitute Entity shall not cause the interest on any Outstanding Bonds to become subject to federal income taxation by reason of either such Mortgage Restructuring, Security Document Action and/or Substitute Entity. For the avoidance of doubt, no Issuer consent is required hereby for the entry into a forbearance agreement by the Trustee, the commencement of a foreclosure action under the Mortgage or the appointment of a receiver over the Institution or Organization or any collateral for the Bonds. In connection with the retirement or surrender for cancellation of all of the Outstanding Bonds (other than as a result of the payment in full of all Outstanding Bonds), the Trustee hereby agrees to provide written notice to the Issuer of such retirement or cancellation no later than fourteen (14) Business Days after the occurrence of the earlier of: (A) the Trustee’s receipt of direction to effectuate such retirement or cancellation, and (B) the Trustee’s receipt of surrendered Bonds for cancellation.

ARTICLE X

TERMINATION OF THIS AGREEMENT

Section 10.1 Termination of this Agreement.

(a) The Institution shall have the option to cause the redemption or defeasance in whole of all Outstanding Bonds in accordance with the terms set forth in the Indenture.

(b) After full payment of the Bonds or provision for the payment in full thereof having been made in accordance with Article X of the Indenture, but not later than the receipt by the Institution of ten (10) days prior written notice from the Issuer directing termination of this Agreement, the Institution shall terminate this Agreement by giving the Issuer notice in writing of such termination and thereupon such termination shall forthwith become effective, subject, however, to (x) the delivery of those documents referred to in Section 10.2, and (y) the survival of those obligations of the Institution set forth in Section 10.3.

Section 10.2 Actions on Termination. As a condition precedent to the termination of this Agreement, the Institution shall:

(i) pay to the Trustee

(A) the expenses of redemption, the fees and expenses of the Trustee, the Bond Registrar and the Paying Agents and all other amounts due and payable under this Agreement and the other Security Documents, and

(B) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement; and

(ii) pay to the Issuer

(A) the fees and expenses of the Issuer, and

(B) all other amounts due and payable under this Agreement and the other Security Documents,

(iii) perform all accrued obligations hereunder or under any other Project Document,

(iv) deliver or cause to be delivered to the Issuer with respect to any mortgage exempt from the payment of mortgage recording tax by reason of the Issuer being a party thereto, an executed satisfaction of such mortgage in recordable form, executed by the mortgagee, and

(v) effect at its own cost and expense the proper recording and filing of all instruments terminating, satisfying and discharging the Security Documents.

(b) Upon the termination of this Agreement in accordance with Section 10.1, the Issuer will deliver or cause to be delivered, at the sole cost and expense of the Institution, to the Institution (i) a termination of this Agreement, and (ii) all necessary documents releasing all of the Issuer's rights and interests in and to any rights of action under this Agreement (other than as against the Institution or any insurer of the insurance policies under Section 8.1), or any insurance proceeds (other than liability insurance proceeds for the benefit of the Issuer) or condemnation awards, with respect to the Facilities or any portion thereof. Concurrently with the delivery of such instruments, there shall be delivered by the Issuer (at the sole cost and expense of the Institution) to the Trustee any instructions or other instruments required by Article X of the Indenture to defease and pay the Outstanding Bonds, together with a direction to the Trustee that the Trustee deliver to the Issuer and the Institution a release, satisfaction or termination of the Indenture and of the mortgage lien and security interest of the Mortgage on the Mortgaged Property.

Section 10.3 Survival of Institution Obligations. Upon compliance with Section 10.2, this Agreement and all obligations of the Institution hereunder shall be terminated except the obligations of the Institution under Sections 5.1, 8.2, 8.24, 8.30, 9.2, 9.3, 9.7, 9.9, 11.6, 12.4, 12.5, 12.6, 12.11, 12.13 and 12.14 shall survive such termination.

ARTICLE XI

CERTAIN PROVISIONS RELATING TO THE BONDS

Section 11.1 Issuance of Additional Bonds. If a Series of Additional Bonds are to be issued pursuant to the Indenture, the Issuer and the Institution shall enter into an amendment to this Agreement, and the Institution shall execute and deliver a new Promissory Note, in each case providing, among other things, for the payment by the Institution of such additional loan payments as are necessary in order to amortize in full the principal of and interest on such Series of Additional Bonds and any other costs in connection therewith.

Any such completion, repair, relocation, replacement, rebuilding, restoration, additions, extensions or improvements shall become a part of the Facilities and shall be included under this Agreement to the same extent as if originally included hereunder.

Section 11.2 Determination of Taxability. (a) If any Holder of Bonds receives from the Internal Revenue Service a notice of assessment and demand for payment with respect to interest on any Tax-Exempt Bond, an appeal may be taken by such Holder at the option of either such Holder or the Institution. If such appeal is taken at the option of the Institution (exercised in accordance with the procedures set forth in the definition of “**Determination of Taxability**”), all expenses of the appeal including reasonable counsel fees shall be paid by the Institution, and the Institution shall control the procedures and terms relating to such appeal, and such Holder and the Institution shall cooperate and consult with each other in all matters pertaining to any such appeal which the Institution has elected to take, except that no Holder of Bonds shall be required to disclose or furnish any non-publicly disclosed information, including without limitation, financial information and tax returns. Before the taking of any appeal which the Institution has elected to take, however, the Bondholder shall have the right to require the Institution to pay the tax assessed and conduct the appeal as a contest for reimbursement.

(b) The obligations of the Institution to make the payments provided for in this Section shall be absolute and unconditional, and the failure of the Issuer, the Trustee or any other Person to execute or deliver or cause to be delivered any documents or to take any action required under this Agreement or otherwise shall not relieve the Institution of its obligation under this Section.

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

Section 11.3 Mandatory Redemption of Bonds as Directed by the Issuer. (a) Upon the determination by the Issuer that (i) the Institution is operating the Facilities or any portion

thereof, or is allowing the Facilities or any portion thereof to be operated, not for the Approved Project Operations in accordance with this Agreement and the failure of the Institution within thirty (30) days of the receipt by the Institution of written notice of such noncompliance from the Issuer to cure such noncompliance together with a copy of such resolution (a copy of which notice shall be sent to the Trustee), (ii) the Institution, any Principal of the Institution or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Institution has committed a material violation of a material Legal Requirement and the failure of the Institution within thirty (30) days of the receipt by the Institution of written notice of such determination from the Issuer to cure such material violation (which cure, in the case of a Principal who shall have committed the material violation of a material Legal Requirement, may be effected by the removal of such Principal), (iii) as set forth in Section 9.8, any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (iv) a Required Disclosure Statement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its sole discretion, the Institution covenants and agrees that it shall, no later than ten (10) days following the termination of such thirty (30) day period, pay to the Trustee advance loan payments in immediately available funds in an amount sufficient to redeem the Bonds Outstanding in whole at the Redemption Price of 100% of the aggregate principal amount of the Outstanding Bonds together with interest accrued thereon to the redemption date. The Issuer shall give prior written notice of the meeting at which the Board of Directors of the Issuer are to consider such resolution to the Institution and the Trustee, which notice shall be no less than fifteen (15) days prior to such meeting.

(b) In the event the Institution fails to obtain or maintain the liability insurance with respect to the Facilities required under Section 8.1, and the Institution shall fail to cure such circumstance within ten (10) days of the receipt by the Institution of written notice of such noncompliance from the Issuer and a demand by the Issuer on the Institution to cure such noncompliance, upon notice or waiver of notice as provided in the Indenture, the Institution shall pay to the Trustee advance loan payments in immediately available funds in an amount sufficient to redeem the Bonds Outstanding in whole at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Bonds, together with interest accrued thereon to the date of redemption.

Section 11.4 Mandatory Redemption As a Result of Project Gifts or Grants. (a) If, prior to completion of the construction of a component of the Project, the Institution receives any gift or grant required by the terms thereof to be used to pay any item which is a cost of such component of the Project, the Institution shall apply such gift or grant to completion of the construction of such component of the Project. In the event that the amount of such gift or grant is in excess of the amount necessary to complete such component of the Project, and if proceeds of the Bonds (i) have been expended on such component of the Project more than eighteen (18) months prior to the receipt of such gift or grant, or (ii) (A) have been expended on such component of the Project not more than eighteen (18) months prior to the receipt of such gift or grant and (B) the aggregate amount of Project Costs not otherwise provided for is less than the amount of Bond proceeds expended on such component of the Project, the Institution shall cause the Trustee to effect a redemption of Bonds in a principal amount equal to such excess only to the extent to which proceeds of the Bonds were expended for such component.

(b) If, after completion of the construction of a component of the Project, the Institution receives any gift or grant which prior to such completion it reasonably expected to receive and which is required by the terms thereof to be used to pay any item which is a cost of such component of the Project, and if proceeds of the 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 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 Bond proceeds were expended thereon or the placed in service date of such component and (B) the aggregate amount of Project Costs not otherwise provided for is less than the amount of Bond proceeds expended on such component of the Project, the Institution shall, to the extent not inconsistent with the terms of such gift or grant, deposit an amount equal to such gift or grant with the Trustee for deposit into the Redemption Account of the Bond Fund and cause the Trustee to effect a redemption of the Bonds in a principal amount equal to such gift or grant, but only to the extent to which proceeds of Bonds were expended for such component.

(c) The Institution shall, prior to directing the redemption of any Bonds in accordance with this Section 11.4, consult with Nationally Recognized Bond Counsel for advice as to a manner of selection of Bonds for redemption that will not affect the exclusion of interest on any Bonds then Outstanding from gross income for federal income tax purposes.

Section 11.5 Right to Cure Issuer Defaults. The Issuer hereby grants the Institution full authority for account of the Issuer to perform any covenant or obligation the non-performance of which is alleged to constitute a default in any notice received by the Institution, in the name and stead of the Issuer, with full power of substitution.

Section 11.6 Prohibition on the Purchase of Bonds. Except as provided in this Section, neither the Institution nor any Related Person (as defined in the Tax Regulatory Agreement) to the Institution shall purchase Bonds in an amount related to the amount of the Loan. The Institution shall have the option, at any time during the term of this Agreement, to purchase Bonds for its own account, whether by direct negotiation, through a broker or dealer, or by making a tender offer to the Holders thereof. The Bonds so purchased by the Institution or by any Affiliate of the Institution pursuant to this Section shall be delivered to the Trustee for cancellation within fifteen (15) days of the date of purchase unless the Institution shall deliver to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that the failure to surrender such Bonds by such date will not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income tax purposes.

Section 11.7 Investment of Funds. Any moneys held as part of the Rebate Fund, the Project Fund, the Bond Fund, the Debt Service Reserve Fund or the Renewal Fund or in any special fund provided for in this Agreement or in the Indenture to be invested in the same manner as in any said Fund shall, at the written request of an Authorized Representative of the Institution, be invested and reinvested by the Trustee as provided in the Indenture (but subject to the provisions of the Tax Regulatory Agreement). Neither the Issuer nor the Trustee nor any of their members, directors, officers, agents, servants or employees shall be liable for any depreciation in the value of any such investments or for any loss arising therefrom.

Interest and profit derived from such investments shall be credited and applied as provided in the Indenture, and any loss resulting from such investments shall be similarly charged.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Force Majeure. In case by reason of *force majeure* either party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then except as otherwise expressly provided in this Agreement, if such party shall give notice and full particulars of such *force majeure* in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice (other than (i) the obligations of the Institution to make the loan payments or other payments required under the terms hereof, or (ii) the obligations of the Institution to comply with Section 5.3, 8.1 or 8.2), so far as they are affected by such *force majeure*, shall be suspended during the continuance of the inability then claimed, which shall include a reasonable time for the removal of the effect thereof, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term “*force majeure*” shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or of the State or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrest, restraining of government and people, war, terrorism, civil disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other act or event so long as such act or event is not reasonably foreseeable and is not reasonably within the control of the party claiming such inability. Notwithstanding anything to the contrary herein, in no event shall the Institution’s financial condition or inability to obtain financing constitute a *force majeure*. It is understood and agreed that the requirements that any *force majeure* shall be reasonably beyond the control of the party and shall be remedied with all reasonable dispatch shall be deemed to be satisfied in the event of a strike or other industrial disturbance even though existing or impending strikes or other industrial disturbances could have been settled by the party claiming a *force majeure* hereunder by acceding to the demands of the opposing person or persons.

The Institution shall promptly notify the Issuer and the Trustee upon the occurrence of each *force majeure*, describing such *force majeure* and its effects in reasonable detail. The Institution shall also promptly notify the Issuer and the Trustee upon the termination of each such *force majeure*. The information set forth in any such notice shall not be binding upon the Issuer or the Trustee, and the Issuer or the Trustee shall be entitled to dispute the existence of any *force majeure* and any of the contentions contained in any such notice received from the Institution.

Section 12.2 Assignment of Mortgage and Pledge under Indenture. Pursuant to (i) the Mortgage, the Institution will mortgage its fee interest in the Mortgaged Property to the Issuer and the Trustee as security for the Bonds and the obligations of the Institution under the Security Documents, (ii) the Assignment of Mortgage, the Issuer will assign all of its right, title and interest in the Mortgage to the Trustee, and (iii) the Indenture, the Issuer will pledge and assign the Promissory Note and the loan payments and certain other moneys receivable under this Agreement to the Trustee as security for payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on the Bonds. The Institution hereby consents to the Issuer’s pledge and assignment to the Trustee of all its right, title and interest in the Mortgage, the Promissory Note and this Agreement (except for the Issuer’s Reserved Rights).

Section 12.3 Amendments. This Agreement may be amended only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture and only by a written instrument executed by the parties hereto.

Section 12.4 Service of Process. The Institution represents that it is subject to service of process in the State and covenants that it will remain so subject until all obligations, covenants and agreements of the Institution under this Agreement shall be satisfied and met. If for any reason the Institution should cease to be so subject to service of process in the State, the Institution hereby irrevocably consents to the service of all process, pleadings, notices or other papers in any judicial proceeding or action by designating and appointing the Chairperson of the Board of Directors of the Institution at 2 Teleport Drive, Suite 200, Staten Island, New York 10311, as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Institution as a result of any of its obligations under this Agreement. If such appointed agent shall cease to act or otherwise cease to be subject to service of process in the State, the Institution hereby irrevocably designates and appoints the Secretary of State of the State of New York as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Institution as a result of any of its obligations under this Agreement; provided, however, that the service of such process, pleadings, notices or other papers shall not constitute a condition to the Institution's obligations hereunder.

For such time as any of the obligations, covenants and agreements of the Institution under this Agreement remain unsatisfied, the Institution's agent(s) designated in this Section 12.4 shall accept and acknowledge on the Institution's behalf each service of process in any such suit, action or proceeding brought in any such court. The Institution agrees and consents that each such service of process upon such agents and written notice of such service to the Institution in the manner set forth in Section 12.5 shall be taken and held to be valid personal service upon the Institution whether or not the Institution shall then be doing, or at any time shall have done, business within the State and that each such service of process shall be of the same force and validity as if service were made upon the Institution according to the laws governing the validity and requirements of such service in the State, and waives all claim of error by reason of any such service.

Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Institution or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Institution.

Section 12.5 Notices. Any notice, demand, direction, certificate, Opinion of Counsel, request, instrument or other communication authorized or required by this Agreement to be given to or filed with the Issuer, the Institution, the Trustee, the DCA or the Comptroller shall be sufficient if sent (i) by return receipt requested or registered or certified United States mail, postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

(A) if to the Issuer, to

Build NYC Resource Corporation
1 Liberty Plaza
New York, New York 10006
Attention: General Counsel

with a copy to

Build NYC Resource Corporation
1 Liberty Plaza
New York, New York 10006
Attention: Executive Director

(B) if to the Institution, to

The ICS Foundation, Inc.
2 Teleport Drive, Suite 200
Staten Island, New York 10311
Attention: Board Chair

with a copy to

Law Office of Mark Grunblatt
167 Green Street
Kingston, New York 12401
Attention: Mark Grunblatt, Esq., and

(C) if to the Trustee, to

U.S. Bank National Association
100 Wall Street, Suite 600
New York, New York 10005
Attention: Corporate Trust Administration

(D) if to the DCA, to

Department of Consumer Affairs of The City of New York
42 Broadway
New York, New York 10004
Attention: Living Wage Division

(E) if to the Comptroller, to

Office of the Comptroller of The City of New York
One Centre Street
New York, New York 10007
Attention: Chief, Bureau of Labor Law

The Issuer, the Institution, the Trustee, the DCA and the Comptroller may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

Section 12.6 Consent to Jurisdiction. The Institution irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of this Agreement or any other Project Document, the Facilities, the Project, the relationship between the Issuer and the Institution, the Institution's ownership, use or occupancy of the Facilities and/or any claim for injury or damages may be brought in the courts of record of the State in New York County or the United States District Court for the Southern District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (A) to move to dismiss on grounds of *forum non conveniens*, (B) to remove to any federal court other than the United States District Court for the Southern District of New York, and (C) to move for a change of venue to a New York State Court outside New York County.

If the Institution commences any action against the Issuer or the Trustee in a court located other than the courts of record of the State in New York County or the United States District Court for the Southern District of New York, the Institution shall, upon request from the Issuer or the Trustee, either consent to a transfer of the action or proceeding to a court of record of the State in New York County or the United States District Court for the Southern District of New York, or, if the court where the action or proceeding is initially brought will not or cannot transfer the action, the Institution shall consent to dismiss such action without prejudice and may thereafter reinstitute the action in a court of record of the State in New York County or the United States District Court for the Southern District of New York.

Section 12.7 Prior Agreements Superseded. This Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Issuer and the Institution relating to the Facilities, other than any other Project Document.

Section 12.8 Severability. If any one or more of the provisions of this Agreement shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 12.9 Effective Date; Counterparts. The date of this Agreement shall be for reference purposes only and shall not be construed to imply that this Agreement was executed on the date first above written. This Agreement was delivered on the Closing Date. This Agreement shall become effective upon its delivery on the Closing Date. It may be simultaneously executed

in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.10 Binding Effect. This Agreement shall inure to the benefit of the Issuer, the Trustee, the Bond Registrar, the Paying Agents, the Indemnified Parties and the Holders of the Bonds, and shall be binding upon the Issuer and the Institution and their respective successors and assigns.

Section 12.11 Third Party Beneficiaries. (a) The Issuer and the Institution agree that this Agreement is executed in part to induce the purchase by others of the Bonds and for the further securing of the Bonds, and accordingly all covenants and agreements on the part of the Issuer and the Institution as set forth in this Agreement are hereby declared to be for the benefit of the Holders from time to time of the Bonds and may be enforced as provided in Article VIII of the Indenture on behalf of the Bondholders by the Trustee.

(b) Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Trustee, the Bond Registrar, the Institution, the Paying Agents and the Holders of the Bonds any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Bond Registrar, the Institution, the Paying Agents and the Holders of the Bonds.

Section 12.12 Law Governing. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

Section 12.13 Waiver of Trial by Jury. The Institution does hereby expressly waive all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Agreement or any matters whatsoever arising out of or in any way connected with this Agreement, the Institution's obligations hereunder, the Facilities, the Project, the relationship between the Issuer and the Institution, the Institution's ownership, use or occupancy of the Facilities and/or any claim for injury or damages.

The provision of this Agreement relating to waiver of a jury trial shall survive the termination or expiration of this Agreement.

Section 12.14 Recourse Under This Agreement. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer, and not of any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer in such person's individual capacity, and no recourse shall be had for any reason whatsoever hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer. No recourse shall be had for the payment of the principal of, redemption premium, if any, Sinking Fund Installments for, Purchase Price or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Issuer or any natural

person executing the Bonds. In addition, in the performance of the agreements of the Issuer herein contained, any obligation the Issuer may incur for the payment of money shall not subject the Issuer to any pecuniary or other liability or create a debt of the State or the City, and neither the State nor the City shall be liable on any obligation so incurred and any such obligation shall be payable solely out of amounts payable to the Issuer by the Institution hereunder and under the Promissory Note.

Section 12.15 Legal Counsel; Mutual Drafting. Each party acknowledges that this Agreement is a legally binding contract and that it was represented by legal counsel in connection with the drafting, negotiation and preparation of this Agreement. Each party acknowledges that it and its legal counsel has cooperated in the drafting, negotiation and preparation of this Agreement and agrees that this Agreement and any provision hereof shall be construed, interpreted and enforced without regard to any presumptions against the drafting party. Each party hereby agrees to waive any rule, doctrine or canon of law, including without limitation, the *contra preferentum* doctrine, that would require interpretation of any ambiguities in this Agreement against the party that has drafted it.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Issuer has caused its corporate name to be subscribed unto this Loan Agreement by its duly authorized Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and the Institution has caused its name to be hereunto subscribed by its duly Authorized Representative, all being done as of the year and day first above written.

BUILD NYC RESOURCE CORPORATION

By: _____
Emily Marcus
Deputy Executive Director

THE ICS FOUNDATION, INC.

By: _____
Name: Michael Caridi
Title: Board Chair

[Signature Page to Loan Agreement]

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On the ____ day of September, in the year two thousand twenty-one, before me, the undersigned, personally appeared **Emily Marcus**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public/Commissioner of Deeds

STATE OF NEW YORK)
 : ss.:
COUNTY OF _____)

On the ____ day of September, in the year two thousand twenty-one, before me, the undersigned, personally appeared **Michael Caridi**, personally known to me or proved to me on the basis of satisfactory evidence to me the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

APPENDICES

EXHIBIT A

DESCRIPTION OF THE LAND

EXHIBIT B

DESCRIPTION OF THE FACILITY PERSONALTY

The acquisition of fixtures and other equipment for incorporation or use at the building located at 2245 Richmond Avenue, Staten Island, New York financed with the proceeds of the Build NYC Resource Corporation Revenue Bonds (Richmond Preparatory Charter School Project), Series 2021 (Social Impact Project), together with all repairs, replacements, improvements, substitutions and renewals thereof or therefore, and all parts, additions and accessories incorporated therein or affixed thereto and shall include all property substituted for or replacing items and exclude all items so substituted for or replaced, and further exclude all items removed as provided in the Indenture and the Loan Agreement.

EXHIBIT C

AUTHORIZED REPRESENTATIVE

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Michael Caridi	Board Chair	_____
Matthew Kiefer	Board Secretary	_____

PRINCIPALS OF THE INSTITUTION

Name

Title

Michael Caridi

Board Chair

Matthew Kiefer

Board Secretary

EXHIBIT E

PROJECT COST BUDGET

	<u>Bond Proceeds</u>	<u>Funds of Institution</u>	<u>Total</u>
Land and Building Acquisition	\$14,376,639	\$ -	\$14,376,639
Project Improvements Investment	\$18,412,496	-	\$18,412,496
Investment	\$	-	\$
Equipment	\$ 300,000	-	\$ 300,000
Fees/Other Soft Costs	\$ 3,760,865	-	\$ 3,760,865
Total	\$ 36,850,000	\$ -	\$ 36,850,000

FORM OF REQUIRED DISCLOSURE STATEMENT

The undersigned, an authorized representative of THE ICS FOUNDATION, INC., a not-for-profit corporation organized and existing under the laws of the State of New York, DOES HEREBY CERTIFY, REPRESENT AND WARRANT to Build NYC Resource Corporation (the “Issuer”) pursuant to [Section 8.20] [Section 8.9] of that certain Loan Agreement, dated as of September 1, 2021, between the Issuer and The ICS Foundation, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York (the “Loan Agreement”) THAT:

[if being delivered pursuant to 8.20 of the Loan Agreement] None of the surviving, resulting or transferee Entity, any of the Principals of such Entity, or any Person that directly or indirectly Controls, is Controlled by, or is under common Control with such Entity:

[if being delivered pursuant to 8.9 of the Loan Agreement] None of the assignee, transferee or lessee Entity, any of the Principals of such Entity, or any Person that directly or indirectly Controls, is Controlled by, or is under common Control with such Entity:

(1) is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Issuer, the NYCIDA, the NYCEDC or the City, unless such default or breach has been waived in writing by the Issuer, the NYCIDA, the NYCEDC or the City, as the case may be;

(2) has been convicted of a misdemeanor related to truthfulness and/or business conduct in the past five (5) years;

(3) has been convicted of a felony in the past ten (10) years;

(4) has received formal written notice from a federal, state or local governmental agency or body that such Person is currently under investigation for a felony criminal offense; or

(5) has received written notice of default in the payment to the City of any taxes, sewer rents or water charges, which have not been paid, unless such default is currently being contested with due diligence in proceedings in court or other appropriate forum.

As used herein, the following capitalized terms shall have the respective meanings set forth below:

“City” shall mean The City of New York.

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

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

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

“NYCEDC” shall mean New York City Economic Development Corporation, a New York not-for-profit corporation, and any successor thereof.

“NYCIDA” shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

“Person” shall mean an individual or any Entity.

“Principal(s)” shall mean, with respect to any Entity, the most senior three officers of such Entity, any Person with a ten percent (10%) or greater ownership interest in such Entity, and any Person as shall have the power to Control such Entity, and “principal” shall mean any of such Persons.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this ____ day of _____, 20__.

[NAME OF CERTIFYING ENTITY]

By: _____
Name:
Title:

**FORM OF
PROJECT COMPLETION CERTIFICATE OF INSTITUTION
AS REQUIRED BY SECTIONS 3.2(f) AND 8.14(g)
OF THE LOAN AGREEMENT**

The undersigned, an Authorized Representative (as defined in the Loan Agreement referred to below) of THE ICS FOUNDATION, INC., a not-for-profit corporation organized and existing under the laws of the State of New York (the “Institution”), HEREBY CERTIFIES that this Certificate is being delivered in accordance with the provisions of Section 3.2(f) and 8.14(g) of that certain Loan Agreement, dated as of September 1, 2021 (the “Loan Agreement”), between Build NYC Resource Corporation (the “Issuer”) and the Institution, and FURTHER CERTIFIES THAT (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Loan Agreement):

(i) the Project Work is finished and has been completed substantially in accordance with the plans and specifications therefor;

(ii) the Project Improvements Investment (as defined in the Loan Agreement) made by the Institution in connection with the Project is not less than \$18,412,496, consistent with the Institution’s representation in Section 2.2(n) of the Loan Agreement;

(iii) attached hereto is a copy of one of the following (check only one and attach a copy of the indicated document):

- certificate of occupancy, or
- temporary certificate of occupancy, or
- amended certificate of occupancy, or
- letter of no objection;

(iv) there is no certificate, license, permit, written approval or consent or other document required to permit the occupancy, operation and use of the Facility as the Approved Facility that has not already been obtained or received, except for such certificates, licenses, permits, authorizations, written approvals and consents that will be obtained in the ordinary course of business and the issuance of which are ministerial in nature;

(v) the Facility is ready for occupancy, use and operation for the Approved Project Operations in accordance with all applicable laws, regulations, ordinances and guidelines;

(vi) check as applicable:

- all costs for Project Work have been paid, or

- all costs for Project Work have been paid except for
 - amounts not yet due and payable (attach itemized list) and/or
 - amounts the payments for which are being contested in good faith (attach itemized list with explanations); and

(vii) releases of mechanics' liens have been obtained from the general contractor and from all contractors and materialmen who supplied work, labor, services, machinery, equipment, materials or supplies in connection with the Project Work, except for releases-of-liens pertinent to (y) amounts not yet due and payable, or (z) any amount the payment of which is being contested in good faith; copies of all such releases of mechanics' liens are attached hereto.

[ATTACH to this Certificate copies of all such releases of liens.]

Notwithstanding anything herein or elsewhere that may be inferred to the contrary, the undersigned hereby understands and agrees on behalf of the Institution as follows: (a) the Issuer does not waive its right to require delivery of releases-of-liens in connection with the costs of Project Work; (b) the Issuer does not waive its right under the Loan Agreement to demand the discharge of mechanics' and materialmens' liens encumbering the Facility Realty, whether by bond or otherwise; and (c) the Certificate shall be deemed incomplete if, in the Issuer's sole discretion, the Issuer has unreasonably failed to bond or otherwise discharge any liens in respect of the costs of Project Work when payment for the same is due.

This Certificate is given without prejudice to any rights of the Institution against third parties existing on the date hereof or which may subsequently come into being and no Person other than the Issuer may benefit from this Certificate.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this _____ day of _____, ____.

THE ICS FOUNDATION, INC.

By: _____
 Name:
 Title:

FORM OF PROMISSORY NOTE

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS PROMISSORY NOTE, THIS PROMISSORY NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH OF WHICH ARE REFERRED TO HEREIN.

[\$36,135,000] [715,000]

September 23, 2021

SERIES 2021 [A][B] PROMISSORY NOTE

FOR VALUE RECEIVED, THE ICS FOUNDATION, INC., a not-for-profit corporation organized and existing under the laws of the State of New York (the “**Borrower**”), by this promissory note hereby promises to pay to the order of BUILD NYC RESOURCE CORPORATION (the “**Issuer**”), the principal sum of [Thirty-Six Million One Hundred Thirty-Five Thousand Dollars (\$36,135,000)][Seven Hundred Fifteen Thousand Dollars (\$715,000)], together with interest on the unpaid principal amount hereof, from the date of the issuance and delivery of the Series 2021[A][B] Bonds (as such term is hereinafter defined) until paid in full, at a rate per annum equal to the respective rates of interest borne from time to time by the Series 2021[A][B] Bonds, together with all Sinking Fund Installments and Redemption Price payments as and when due. All capitalized terms used but not defined in this Series 2021[A][B] Promissory Note shall have the respective meanings assigned such terms by the Indenture (as hereinafter defined) or by the Loan Agreement (as hereinafter defined). All such payments shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America and shall be paid at the designated corporate trust office of the Trustee or its successor under the Indenture.

The principal amount, interest, Sinking Fund Installments and Redemption Price shall be payable on the dates and in the amounts that principal of, interest, Sinking Fund Installments and Redemption Price on the Initial Bonds are payable under the Loan Agreement (as defined below), subject to prepayments and credits to the extent provided in the Indenture and the Loan Agreement.

This promissory note is the “Series 2021[A][B] Promissory Note” referred to in the Loan Agreement, dated as of September 1, 2021 (as the same may be amended or supplemented, the “**Loan Agreement**”), between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference.

This Series 2021[A][B] Promissory Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of September 1, 2021 (as the same may be amended or supplemented, the “**Indenture**”), by and between the Issuer and the Trustee, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of the Issuer’s

[\$36,135,000][715,000] in aggregate principal amount of [Taxable] Revenue Bonds (Richmond Preparatory Charter School Project), Series 2021[A][B] (Social Impact Project) (the “**Series 2021[A][B] Bonds**”), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture, the Loan Agreement and the Series 2021[A][B] Bonds are hereby incorporated as a part of this Series 2021[A][B] Promissory Note.

The Borrower may at its option, and may under certain circumstances be required to, prepay together with accrued interest, all or any part of the amounts due under this Series 2021[A][B] Promissory Note, as provided in the Loan Agreement and the Indenture.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Borrower.

The Borrower hereby promises to pay costs of collection and attorneys’ fees in case of default on this Series 2021[A][B] Promissory Note.

This Series 2021[A][B] Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York without regard to conflicts of law principles thereof.

THE ICS FOUNDATION, INC.

By: _____

Name:

Title:

ENDORSEMENT

Pay to the order of U.S. Bank National Association, without recourse, as Trustee under the Indenture referred to in the within mentioned Loan Agreement, as security for the Series 2021[A][B] Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Series 2021[A][B] Promissory Note.

BUILD NYC RESOURCE CORPORATION

By: _____

Emily Marcus
Deputy Executive Director

Dated: September [23], 2021

EXHIBIT I

HireNYC

The Institution must collaborate with the New York City Department of Small Business Services or such other a New York City agency as may be designated by NYCEDC in a notice to the Institution (“**Designated City Agency**”). The Designated City Agency will assist the Institution in implementing the HireNYC Program including the screening of candidates from the target population (“**Target Population**”), defined as persons who have an income that is below two hundred percent (200%) of the poverty level as determined by the New York City Center for Economic Opportunity (a description of the income level meeting this threshold for each household size is available at http://www.nyc.gov/html/ceo/downloads/pdf/ceo_poverty_measure_2005_2013.pdf). The HireNYC Program will be in effect for a period of eight (8) years from the Operations Commencement Date (“**HireNYC Program Term**”).

The HireNYC Program will apply to the Institution, its successors and assigns, and to all tenants (which term also includes subtenants) at the Facility during the HireNYC Program Term.

I. Goals. The HireNYC Program includes, at a minimum, the following hiring and workforce development goals (collectively, the “**Goals**”):

- Hiring Goal: Fifty percent (50%) of all new permanent jobs created in connection with the Facility (including jobs created by tenants, but excluding jobs relocated from other sites) will be filled by members of the Target Population referred by the Designated City Agency for a period beginning, for each employer, at commencement of business operations and continuing through the end of the HireNYC Program Term. Notwithstanding the foregoing, the Hiring Goal shall only apply to hiring on occasions when the Institution (or a tenant) is hiring for five (5) or more permanent jobs.
- Retention Goal: Forty percent (40%) of all employees whose hiring satisfied the Hiring Goal will be retained for at least nine (9) months from date of hire.
- Advancement Goal: Thirty percent (30%) of all employees whose hiring satisfied the Hiring Goal will be promoted to a higher paid position within one (1) year of date of hire.
- Training Goal: Cooperation with NYCEDC and the Designated City Agency to provide skills-training or higher education opportunities to members of the Target Population.

II. Program Requirements. HireNYC Program includes all of the following requirements:

1. Designation of a workforce development liaison by the Institution to interact with NYCEDC and the Designated City Agency during the course of the HireNYC Program.

2. Commitment by the Institution to do the following:
 - a. use good faith efforts to achieve the Goals;
 - b. notify NYCEDC six (6) weeks prior to commencing business operations;
 - c. with respect to initial hiring for any new permanent jobs associated with the commencement of business at the Facility (but only if initial hiring is for five (5) or more permanent jobs):
 - (i) provide NYCEDC and the Designated City Agency with the approximate number and type of jobs that will become available, and for each job type a description of the basic job qualifications, at least three (3) months before commencing hiring; and
 - (ii) consider only applicants referred by the Designated City Agency for the first ten (10) business days, until the Hiring Goal is achieved or until all open positions are filled, whichever occurs first;
 - d. with respect to ongoing hiring on occasions when hiring for five (5) or more permanent jobs:
 - (i) provide NYCEDC and the Designated City Agency with the approximate number and type of jobs that will become available, and for each job type a description of the basic job qualifications, at least one (1) month before commencing hiring or as soon as information is available, but in all cases not later than one (1) week before commencing hiring; and
 - (ii) consider only applicants referred by the Designated City Agency for the first five business days, until the Hiring Goal is achieved or until all open positions are filled, whichever occurs first;
 - e. notify NYCEDC thirty (30) days prior to execution of any tenant lease at the Facility;
 - f. provide NYCEDC with one (1) electronic copy of all tenant leases at the project location within fifteen (15) days of execution;
 - g. submit to NYCEDC an annual HireNYC Employment Report in the form provided by NYCEDC (or quarterly reports at the discretion of NYCEDC);
 - h. cooperate with annual site visits and, if requested by NYCEDC, employee satisfaction surveys relating to employee experience with the Institution's HireNYC Program;
 - i. provide information related to the HireNYC Program and the hiring process to NYCEDC upon request; and

- j. allow information collected by NYCEDC and the Designated City Agency to be included in public communications, including press releases and other media events.

III. General Requirements. The following are general requirements of the HireNYC Program

1. The Institution is required to incorporate the terms of its HireNYC Program into all tenant leases obligating tenants to comply with the Goals and other requirements in the Institution's HireNYC Program to the same extent as the Institution is required to comply with such Goals and other requirements.
2. Enforcement. In the event NYCEDC determines that the Institution or any of its tenants has violated any of the HireNYC Program requirements, including, without limitation, a determination that the Institution or any of its tenants, has failed to use good faith efforts to fulfill the Goals, NYCEDC shall notify the Issuer of the violation and the Issuer may (1) assess liquidated damages set forth immediately below; and/or (2) assert any other right or remedy it has under the Agreement.
3. Liquidated Damages. If the Institution or any of its tenants, does any of the following:
 - (i) fail to comply with its obligations set forth in Section II(2) clauses (a)(with respect to the Hiring Goal), (c), and/or (d), and as a result the Designated City Agency was unable to refer applicants or participate in the hiring process as required by the program; or
 - (ii) fail to comply with its obligations set forth in Section II(2) clauses, (f), (g), (h), (i), and/or (j) and such failure shall continue for a period of thirty (30) days after receipt of notice from NYCEDC,

then, in the case of clause (i), the Issuer may assess liquidated damages in the amount of \$2,500 for each position for which the Designated City Agency was unable to refer applicants or otherwise participate in hiring as required by the program; and in the case of clause (ii), the Issuer may assess damages for breach of each requirement in the amount of \$1,000. In view of the difficulty of accurately ascertaining the loss which the Issuer will suffer by reason of the Institution's failure to comply with Program requirements, the foregoing amounts are hereby fixed and agreed as the liquidated damages that the Issuer will suffer by reason of such failure, and not as a penalty. The Institution shall be liable for and shall pay to the Issuer all damages assessed against the Institution or any of its tenants at the project upon receipt of demand from the Issuer.

EXHIBIT J
FORM OF LW AGREEMENT

LIVING WAGE AGREEMENT

This LIVING WAGE AGREEMENT (this “Agreement”) is made as of [____], by [____] (“Obligor”) in favor of Institution, the Issuer, the City, the DCA and the Comptroller (each as defined below) (each, an “Obligee”). In consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Obligor hereby covenants and agrees as follows:

1. Definitions. As used herein the following capitalized terms shall have the respective meanings specified below.

“Affiliate” means, with respect to a given Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such given Person.

“Asserted Cure” has the meaning specified in paragraph 10(a).

“Asserted LW Violation” has the meaning specified in paragraph 10(a).

“City” means The City of New York.

“Comptroller” means the Comptroller of The City of New York or his or her designee.

“Concessionaire” means a Person that has been granted the right by Institution, an Affiliate of Institution or any tenant, subtenant, leaseholder or subleaseholder of Institution or of an Affiliate of Institution to operate at the Facility for the primary purpose of selling goods or services to natural persons at the Facility.

“Control” or “Controls”, including the related terms “Controlled by” and “under common Control with”, means the power to direct the management and policies of a Person (a) through the ownership, directly or indirectly, of not less than a majority of its voting equity, (b) through the right to designate or elect not less than a majority of the members of its board of directors, board of managers, board of trustees or other governing body, or (c) by contract or otherwise.

“Covered Counterparty” means a Covered Employer whose Specified Contract is directly with Obligor or an Affiliate of Obligor to lease, occupy, operate or perform work at the Obligor Facility.

“Covered Employer” means any of the following Persons: (a) Obligor, (b) a tenant, subtenant, leaseholder or subleaseholder of Obligor that leases any portion of the Obligor Facility (or an Affiliate of any such tenant, subtenant, leaseholder or subleaseholder if such Affiliate has one or more direct Site Employees), (c) a Concessionaire that operates on any portion of the Obligor Facility, and (d) a Person that contracts or subcontracts with any

Covered Employer described in clauses (a), (b) or (c) above to perform work for a period of more than ninety days on any portion of the Obligor Facility, including temporary services or staffing agencies, food service contractors, and other on-site service contractors; provided, however, that the term “Covered Employer” shall not include (i) a Person of the type described in Section 6-134(d)(2), (3), (4) or (5) of the New York City Administrative Code, (ii) a Person that has annual consolidated gross revenues that are less than the Small Business Cap unless the revenues of the Person are included in the consolidated gross revenues of a Person having annual consolidated gross revenues that are more than the Small Business Cap, in each case calculated based on the fiscal year preceding the fiscal year in which the determination is being made, and in each case calculated in accordance with generally accepted accounting principles, (iii) any otherwise covered Person operating on any portion of the Obligor Facility if residential units comprise more than 75% of the total Facility area and all of the residential units are subject to rent regulation, (iv) any otherwise covered Person that the Issuer has determined (in its sole and absolute discretion) in writing to be exempt on the basis that it works significantly with a Qualified Workforce Program, (v) a Person whose Site Employees all are paid wages determined pursuant to a collective bargaining or labor agreement, (vi) if Institution is a “covered developer” under and as defined in the Prevailing Wage Law, a Person that is a “building services contractor” (as defined in the LW Law) so long as such Person is paying its “building service employees” (as defined in the Prevailing Wage Law) no less than the applicable “prevailing wage” (as defined in the Prevailing Wage Law), or (vii) a Person exempted by a Deputy Mayor of The City of New York in accordance with the Mayor’s Executive Order No. 7 dated September 30, 2014.

“DCA” means the Department of Consumer Affairs of The City of New York, acting as the designee of the Mayor of The City of New York, or such other agency or designee that the Mayor of The City of New York may designate from time to time.

“Facility” means the land and real property improvements located in Staten Island, New York at Block 2380, Lot 86 in Richmond County Clerk’s office generally known by the address of 2245 Richmond Avenue, Staten Island, New York.

“Institution” means The ICS Foundation, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York, having its principal office at 2 Teleport Drive, Suite 200, Staten Island, New York 10311, or its permitted successors or assigns as Institution under the Project Agreement.

“Issuer” means Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 1 Liberty Plaza, New York, New York 10006.

“LW” has the same meaning as the term “living wage” as defined in Section 6-134 of the New York City Administrative Code and shall be adjusted annually in accordance therewith, except that as of April 1, 2015, the “living wage rate” component of the LW shall be eleven dollars and sixty-five cents per hour (\$11.65/hour) and the “health benefits supplement rate” component of the LW shall be one dollar and sixty-five cents per hour

(\$1.65/hour). The annual adjustments to the “living wage rate” and “health benefits supplement rate” will be announced on or around January 1 of each year by the DCA and will go into effect on April 1 of such year.

“LW Agreement” means, with respect to any Covered Counterparty, an enforceable agreement in the form attached hereto as Attachment 1 (except only with such changes as are necessary to make such Covered Counterparty the obligor thereunder).

“LW Agreement Delivery Date” means, with respect to any Covered Counterparty, the latest of (a) the effective date of such Covered Counterparty’s Specified Contract, (b) the date that such Covered Counterparty becomes a Covered Employer at the Obligor Facility and (c) the date of this Agreement.

“LW Law” means the Fair Wages for New Yorkers Act, constituting Section 6-134 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

“LW Term” means the period commencing on the date of this Agreement and ending on the date that is the earlier to occur of: (a) the later to occur of (i) the date on which Institution is no longer receiving financial assistance under the Project Agreement or (ii) the date that is ten years after the Facility commences operations, or (b) the end of the term of Obligor’s Specified Contract (including any renewal or option terms pursuant to any exercised options), whether by early termination or otherwise.

“LW Violation Final Determination” has the meaning specified in paragraph 10(a)(i), paragraph 10(a)(ii)(1) or paragraph 10(a)(ii)(2), as applicable.

“LW Violation Initial Determination” has the meaning specified in paragraph 10(a)(ii).

“LW Violation Notice” has the meaning specified in paragraph 10(a).

“LW Violation Threshold” means \$100,000 multiplied by 1.03^n , where “n” is the number of full years that have elapsed since January 1, 2015.

“Obligor Facility” means the applicable portion of the Facility covered by the Specified Contract of Obligor.

“Operational Date” means the date that Obligor commences occupancy, operations or work at the Obligor Facility.

“Owed Interest” means the interest accruing on Owed Monies, which interest shall accrue from the relevant date(s) of underpayment to the date that the Owed Monies are paid, at a rate equal to the interest rate then in effect as prescribed by the superintendent of banks pursuant to Section 14-a of the New York State Banking Law, but in any event at a rate no less than six percent per year.

“Owed Monies” means, as the context shall require, either (a) the total deficiency of LW required to be paid by Obligor in accordance with this Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the “living wage rate” component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the “health benefits supplement rate” component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis; or (b) if Obligor failed to obtain a LW Agreement from a Covered Counterparty as required under paragraph 5 below, the total deficiency of LW that would have been required to be paid under such Covered Counterparty’s LW Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the “living wage rate” component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the “health benefits supplement rate” component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis, during the period commencing on the LW Agreement Delivery Date applicable to such Covered Counterparty and ending immediately prior to the execution and delivery by such Covered Counterparty of its LW Agreement (if applicable).

“Person” means any natural person, sole proprietorship, partnership, association, joint venture, limited liability company, corporation, governmental authority, governmental agency, governmental instrumentality or any form of doing business.

“Pre-Existing Covered Counterparty” has the meaning specified in paragraph 5.

“Pre-Existing Specified Contract” has the meaning specified in paragraph 5.

“Prevailing Wage Law” means Section 6-130 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

“Project Agreement” means that certain Loan Agreement, dated as of September 1, 2021, between the Issuer and the Institution (as amended, restated, supplemented or otherwise modified from time to time), pursuant to which Institution has or will receive financial assistance from the Issuer.

“Qualified Workforce Program” means a training or workforce development program that serves youth, disadvantaged populations or traditionally hard-to-employ populations and that has been determined to be a Qualified Workforce Program by the Director of the Mayor’s Office of Workforce Development.

“Site Employee” means, with respect to any Covered Employer, any natural person who works at the Obligor Facility and who is employed by, or contracted or subcontracted to work for, such Covered Employer, including all employees, independent contractors, contingent workers or contracted workers (including persons made available to work through the services of a temporary services, staffing or employment agency or similar entity) that are performing work on a full-time, part-time, temporary or seasonal basis; provided that the term “Site Employee” shall not include any natural person who works less than seventeen and a half (17.5) hours in any consecutive seven day period at the

Obligor Facility unless the primary work location or home base of such person is at the Obligor Facility (for the avoidance of doubt, a natural person who works at least seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility shall thereafter constitute a Site Employee).

“Small Business Cap” means three million dollars; provided that, beginning in 2015 and each year thereafter, the Small Business Cap shall be adjusted contemporaneously with the adjustment to the “living wage rate” component of the LW using the methodology set forth in Section 6-134(b)(9) of the New York City Administrative Code.

“Specified Contract” means (a) in the case of Obligor, the [____], dated as of [____], by and between Obligor and [____], or (b) in the case of any other Person, the principal written contract that makes such Person a Covered Employer hereunder.

2. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall pay each of its direct Site Employees no less than an LW.
3. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall, on or prior to the day on which each direct Site Employee of Obligor begins work at the Obligor Facility, (a) post a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement in a conspicuous place at the Obligor Facility that is readily observable by such direct Site Employee and (b) provide such direct Site Employee with a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement. Such written notice shall also provide a statement advising Site Employees that if they have been paid less than the LW they may notify the Comptroller and request an investigation. Such written notice shall be in English and Spanish.
4. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall not take any adverse employment action against any Site Employee for reporting or asserting a violation of this Agreement.
5. During the LW Term, Obligor shall cause each Covered Counterparty to execute an LW Agreement on or prior to the LW Agreement Delivery Date applicable to such Covered Counterparty; provided that Obligor shall only be required to use commercially reasonable efforts (without any obligation to commence any action or proceedings) to obtain an LW Agreement from a Covered Counterparty whose Specified Contract with Obligor was entered into prior to the date hereof (a “Pre-Existing Covered Counterparty” and a “Pre-Existing Specified Contract”). Prior to the renewal or extension of any Pre-Existing Specified Contract (or prior to entering into a new Specified Contract with a Pre-Existing Covered Counterparty), Obligor shall cause or otherwise require the Pre-Existing Covered Counterparty to execute an LW Agreement, provided that the foregoing shall not preclude Obligor from renewing or extending a Pre-Existing Specified Contract pursuant to any renewal or extension options granted to the Pre-Existing Covered Counterparty in the Pre-Existing Specified Contract as such option exists as of the date hereof. Obligor shall deliver a copy of each Covered

Counterparty's LW Agreement to the Issuer, the DCA and the Comptroller at the notice address specified in paragraph 12 below promptly upon written request. Obligor shall retain copies of each Covered Counterparty's LW Agreement until six (6) years after the expiration or earlier termination of such Covered Counterparty's Specified Contract.

6. Commencing on the Operational Date and thereafter during the remainder of the LW Term, in the event that an individual with managerial authority at Obligor receives a written complaint from any Site Employee (or such individual otherwise obtains actual knowledge) that any Site Employee has been paid less than an LW, Obligor shall deliver written notice to the Issuer, the DCA and the Comptroller within 30 days thereof.
7. Obligor hereby acknowledges and agrees that the Issuer, the City, the DCA and the Comptroller are each intended to be direct beneficiaries of the terms and provisions of this Agreement. Obligor hereby acknowledges and agrees that the DCA, the Comptroller and the Issuer shall each have the authority and power to enforce any and all provisions and remedies under this Agreement in accordance with paragraph 10 below. Obligor hereby agrees that the DCA, the Comptroller and the Issuer may, as their sole and exclusive remedy for any violation of Obligor's obligations under this Agreement, bring an action for damages (but not in excess of the amounts set forth in paragraph 10 below), injunctive relief or specific performance or any other non-monetary action at law or in equity, in each case subject to the provisions of paragraph 10 below, as may be necessary or desirable to enforce the performance or observance of any obligations, agreements or covenants of Obligor under this Agreement. The agreements and acknowledgements of Obligor set forth in this Agreement may not be amended, modified or rescinded by Obligor without the prior written consent of the Issuer or the DCA.
8. No later than 30 days after Obligor's receipt of a written request from the Issuer, the DCA and/or the Comptroller, Obligor shall provide to the Issuer, the DCA and the Comptroller (a) a written list of all Covered Counterparties, together with the LW Agreements of such Covered Counterparties. From and after the Operational Date, no later than 30 days after Obligor's receipt of a written request from the Issuer, the DCA and/or the Comptroller, Obligor shall provide to the Issuer, the DCA and the Comptroller (b) a certification stating that all of the direct Site Employees of Obligor are paid no less than an LW and stating that Obligor is in compliance with this Agreement in all material respects, (c) certified payroll records in respect of the direct Site Employees of Obligor, and/or (d) any other documents or information reasonably related to the determination of whether Obligor is in compliance with its obligations under this Agreement.
9. From and after the Operational Date, Obligor shall, annually by August 1 of each year during the LW Term, submit to Institution such data in respect of employment, jobs and wages at the Obligor Facility as of June 30 of such year that is needed by Institution for it to comply with its reporting obligations under the Project Agreement.
10. Violations and Remedies.
 - (a) If a violation of this Agreement shall have been alleged by the Issuer, the DCA and/or the Comptroller, then written notice will be provided to Obligor for such

alleged violation (an “LW Violation Notice”), specifying the nature of the alleged violation in such reasonable detail as is known to the Issuer, the DCA and the Comptroller (the “Asserted LW Violation”) and specifying the remedy required under paragraph 10(b), (c), (d), (e) and/or (f) (as applicable) to cure the Asserted LW Violation (the “Asserted Cure”). Upon Obligor’s receipt of the LW Violation Notice, Obligor may either:

(i) Perform the Asserted Cure no later than 30 days after its receipt of the LW Violation Notice (in which case a “LW Violation Final Determination” shall be deemed to exist), or

(ii) Provide written notice to the Issuer, the DCA and the Comptroller indicating that it is electing to contest the Asserted LW Violation and/or the Asserted Cure, which notice shall be delivered no later than 30 days after its receipt of the LW Violation Notice. Obligor shall bear the burdens of proof and persuasion and shall provide evidence to the DCA no later than 45 days after its receipt of the LW Violation Notice. The DCA shall then, on behalf of the City, the Issuer and the Comptroller, make a good faith determination of whether the Asserted LW Violation exists based on the evidence provided by Obligor and deliver to Obligor a written statement of such determination in reasonable detail, which shall include a confirmation or modification of the Asserted LW Violation and Asserted Cure (such statement, a “LW Violation Initial Determination”). Upon Obligor’s receipt of the LW Violation Initial Determination, Obligor may either:

(1) Accept the LW Violation Initial Determination and shall perform the Asserted Cure specified in the LW Violation Initial Determination no later than 30 days after its receipt of the LW Violation Initial Determination (after such 30 day period has lapsed, but subject to clause (2) below, the LW Violation Initial Determination shall be deemed to be a “LW Violation Final Determination”), or

(2) Contest the LW Violation Initial Determination by filing in a court of competent jurisdiction or for an administrative hearing no later than 30 days after its receipt of the LW Violation Initial Determination, in which case, Obligor’s obligation to perform the Asserted Cure shall be stayed pending resolution of the action. If no filing in a court of competent jurisdiction or for an administrative hearing is made to contest the LW Violation Initial Determination within 30 days after Obligor’s receipt thereof, then the LW Violation Initial Determination shall be deemed to be a “LW Violation Final Determination”. If such a filing is made, then a “LW Violation Final Determination” will be deemed to exist when the matter has been finally adjudicated. Obligor shall perform the Asserted Cure (subject to the judicial decision) no later than 30 days after the LW Violation Final Determination.

- (b) For the first LW Violation Final Determination imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees; and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.
- (c) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees, and Obligor shall pay fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee; and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.
- (d) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, if the aggregate amount of Owed Monies and Owed Interest paid or payable by Obligor in respect of its direct Site Employees is in excess of the LW Violation Threshold for all past and present LW Violation Final Determinations imposed on Obligor, then in lieu of the remedies specified in subparagraph (c) above and at the direction of the Issuer or the DCA (but not both), Obligor shall pay (i) two hundred percent (200%) of the Owed Monies and Owed Interest in respect of the present LW Violation Final Determination to the affected direct Site Employees of Obligor, and (ii) fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee.
- (e) If Obligor fails to obtain an LW Agreement from its Covered Counterparty in violation of paragraph 5 above, then at the discretion of the Issuer or the DCA (but not both), Obligor shall be responsible for payment of the Owed Monies, Owed Interest and other payments described in subparagraphs (b), (c) and (d) above (as applicable) as if the direct Site Employees of such Covered Counterparty were the direct Site Employees of Obligor.
- (f) Obligor shall not renew the Specified Contract of any specific Covered Counterparty or enter into a new Specified Contract with any specific Covered Counterparty if both (i) the aggregate amount of Owed Monies and Owed Interest paid or payable by such Covered Counterparty in respect of its direct Site Employees for all past and present LW Violation Final Determinations (or that would have been payable had such Covered Counterparty entered into an LW Agreement) is in excess of the LW Violation Threshold and (ii) two or more LW Violation Final Determinations against such Covered Counterparty (or in respect of the direct Site Employees of such Covered Counterparty) occurred within the last 6 years of the term of the applicable Specified Contract (or if the term thereof is less than 6 years, then during the term thereof); provided that the foregoing shall not preclude Obligor from extending or renewing a Specified Contract pursuant to

any renewal or extension options granted to the Covered Counterparty in the Specified Contract as in effect as of the LW Agreement Delivery Date applicable to such Covered Counterparty.

- (g) It is acknowledged and agreed that (i) the sole monetary damages that Obligor may be subject to for a violation of this Agreement are as set forth in this paragraph 10, and (ii) in no event will the Specified Contract between Obligor and a given Covered Counterparty be permitted to be terminated or rescinded by the Issuer, the DCA or the Comptroller by virtue of violations by Obligor or a Covered Counterparty.

11. Obligor acknowledges that the terms and conditions of this Agreement are intended to implement the Mayor's Executive Order No. 7 dated September 30, 2014.

12. All notices under this Agreement shall be in writing and shall be delivered by (a) return receipt requested or registered or certified United States mail, postage prepaid, (b) a nationally recognized overnight delivery service for overnight delivery, charges prepaid, or (c) hand delivery, addressed as follows:

- (a) If to Obligor, to [Obligor's Name], [Street Address], [City], [State], [Zip Code], Attention: [Contact Person].

- (b) If to the Issuer, to Build NYC Resource Corporation, 1 Liberty Plaza, New York, NY, 10006, Attention: General Counsel, with a copy to Build NYC Resource Corporation, 1 Liberty Plaza, New York, NY, 10006, Attention: Executive Director.

- (c) If to the DCA, to Department of Consumer Affairs of The City of New York, 42 Broadway, New York, NY, 10004, Attention: Living Wage Division.

- (d) If to the Comptroller, to Office of the Comptroller of The City of New York, One Centre Street, New York, NY 10007, Attention: Chief, Bureau of Labor Law.

13. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York.

14. Obligor hereby irrevocably and unconditionally (a) agrees that any suit, action or other legal proceeding arising out of this Agreement may be brought in the courts of record of the State of New York in New York County or the United States District Court for the Southern District of New York; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; (c) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (d) waives and relinquishes any rights it might otherwise have (i) to move to dismiss on grounds of forum non conveniens, (ii) to remove to any federal court other than the United States District Court for the Southern District of New York, and (iii) to move for a change of venue to a New York State Court outside New York County.

15. Notwithstanding any other provision of this Agreement, in no event shall the partners, members, counsel, directors, shareholders or employees of Obligor have any personal

obligation or liability for any of the terms, covenants, agreements, undertakings, representations or warranties of Obligor contained in this Agreement.

IN WITNESS WHEREOF, Obligor has executed and delivered this Agreement as of the date first written above.

[_____]

By: _____
Name:
Title:

**ATTACHMENT 1 to EXHIBIT J
FORM OF LW AGREEMENT**

LIVING WAGE AGREEMENT

This LIVING WAGE AGREEMENT (this “Agreement”) is made as of [____], by [____] (“Obligor”) in favor of Institution, the Issuer, the City, the DCA and the Comptroller (each as defined below) (each, an “Obligee”). In consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Obligor hereby covenants and agrees as follows:

1. Definitions. As used herein the following capitalized terms shall have the respective meanings specified below.

“Asserted Cure” has the meaning specified in paragraph 9(a).

“Asserted LW Violation” has the meaning specified in paragraph 9(a).

“City” means The City of New York.

“Comptroller” means the Comptroller of The City of New York or his or her designee.

“Covered Employer” means Obligor; provided, however, that the term “Covered Employer” shall not include (i) a Person of the type described in Section 6-134(d)(2), (3), (4) or (5) of the New York City Administrative Code, (ii) a Person that has annual consolidated gross revenues that are less than the Small Business Cap unless the revenues of the Person are included in the consolidated gross revenues of a Person having annual consolidated gross revenues that are more than the Small Business Cap, in each case calculated based on the fiscal year preceding the fiscal year in which the determination is being made, and in each calculated in accordance with generally accepted accounting principles, (iii) any otherwise covered Person operating on any portion of the Obligor Facility if residential units comprise more than 75% of the total Facility area and all of the residential units are subject to rent regulation, (iv) any otherwise covered Person that the Issuer has determined (in its sole and absolute discretion) in writing to be exempt on the basis that it works significantly with a Qualified Workforce Program, (v) a Person whose Site Employees all are paid wages determined pursuant to a collective bargaining or labor agreement, (vi) if Institution is a “covered developer” under and as defined in the Prevailing Wage Law, a Person that is a “building services contractor” (as defined in the LW Law) so long as such Person is paying its “building service employees” (as defined in the Prevailing Wage Law) no less than the applicable “prevailing wage” (as defined in the Prevailing Wage Law), or (vii) a Person exempted by a Deputy Mayor of The City of New York in accordance with the Mayor’s Executive Order No. 7 dated September 30, 2014.

“DCA” means the Department of Consumer Affairs of The City of New York, acting as the designee of the Mayor of The City of New York, or such other agency or designee that the Mayor of The City of New York may designate from time to time.

“Facility” means the land and real property improvements located in Staten Island, New York at Block 2380, Lot 86 in Richmond County Clerk’s office generally known by the address of 2245 Richmond Avenue, Staten Island, New York.

“Institution” means The ICS Foundation, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York, having its principal office at 2 Teleport Drive, Suite 200, Staten Island, New York 10311, or its permitted successors or assigns as Institution under the Project Agreement.

“Issuer” means Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 1 Liberty Plaza, New York, New York 10006.

“LW” has the same meaning as the term “living wage” as defined in Section 6-134 of the New York City Administrative Code and shall be adjusted annually in accordance therewith, except that as of April 1, 2015, the “living wage rate” component of the LW shall be eleven dollars and sixty-five cents per hour (\$11.65/hour) and the “health benefits supplement rate” component of the LW shall be one dollar and sixty-five cents per hour (\$1.65/hour). The annual adjustments to the “living wage rate” and “health benefits supplement rate” will be announced on or around January 1 of each year by the DCA and will go into effect on April 1 of such year.

“LW Law” means the Fair Wages for New Yorkers Act, constituting Section 6-134 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

“LW Term” means the period commencing on the date of this Agreement and ending on the date that is the earlier to occur of: (a) the later to occur of (i) the date on which Institution is no longer receiving financial assistance under the Project Agreement or (ii) the date that is ten years after the Facility commences operations, or (b) the end of the term of Obligor’s Specified Contract (including any renewal or option terms pursuant to any exercised options), whether by early termination or otherwise.

“LW Violation Final Determination” has the meaning specified in paragraph 9(a)(i), paragraph 9(a)(ii)(1) or paragraph 9(a)(ii)(2), as applicable.

“LW Violation Initial Determination” has the meaning specified in paragraph 9(a)(ii).

“LW Violation Notice” has the meaning specified in paragraph 9(a).

“LW Violation Threshold” means \$100,000 multiplied by 1.03ⁿ, where “n” is the number of full years that have elapsed since January 1, 2015.

“Obligor Facility” means the applicable portion of the Facility covered by the Specified Contract of Obligor.

“Operational Date” means the date that Obligor commences occupancy, operations or work at the Obligor Facility.

“Owed Interest” means the interest accruing on Owed Monies, which interest shall accrue from the relevant date(s) of underpayment to the date that the Owed Monies are paid, at a rate equal to the interest rate then in effect as prescribed by the superintendent of banks pursuant to Section 14-a of the New York State Banking Law, but in any event at a rate no less than six percent per year.

“Owed Monies” means the total deficiency of LW required to be paid by Obligor in accordance with this Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the “living wage rate” component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the “health benefits supplement rate” component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis.

“Person” means any natural person, sole proprietorship, partnership, association, joint venture, limited liability company, corporation, governmental authority, governmental agency, governmental instrumentality or any form of doing business.

“Prevailing Wage Law” means Section 6-130 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

“Project Agreement” means that certain Loan Agreement, dated as of September 1, 2021, between the Issuer and the Institution (as amended, restated, supplemented or otherwise modified from time to time), pursuant to which Institution has or will receive financial assistance from the Issuer.

“Qualified Workforce Program” means a training or workforce development program that serves youth, disadvantaged populations or traditionally hard-to-employ populations and that has been determined to be a Qualified Workforce Program by the Director of the Mayor’s Office of Workforce Development.

“Site Employee” means any natural person who works at the Obligor Facility and who is employed by, or contracted or subcontracted to work for, Obligor, including all employees, independent contractors, contingent workers or contracted workers (including persons made available to work through the services of a temporary services, staffing or employment agency or similar entity) that are performing work on a full-time, part-time, temporary or seasonal basis; provided that the term “Site Employee” shall not include any natural person who works less than seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility unless the primary work location or home base of such person is at the Obligor Facility (for the avoidance of doubt, a natural person who works at least seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility shall thereafter constitute a Site Employee).

“Small Business Cap” means three million dollars; provided that, beginning in 2015 and each year thereafter, the Small Business Cap shall be adjusted contemporaneously with

the adjustment to the “living wage rate” component of the LW using the methodology set forth in Section 6-134(b)(9) of the New York City Administrative Code.

“Specified Contract” means (a) in the case of Obligor, the [____], dated as of [____], by and between Obligor and [____], or (b) in the case of any other Person, the principal written contract that makes such Person a Covered Employer hereunder.

2. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall pay each of its direct Site Employees no less than an LW.
3. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall, on or prior to the day on which each direct Site Employee of Obligor begins work at the Obligor Facility, (a) post a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement in a conspicuous place at the Obligor Facility that is readily observable by such direct Site Employee and (b) provide such direct Site Employee with a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement. Such written notice shall also provide a statement advising Site Employees that if they have been paid less than the LW they may notify the Comptroller and request an investigation. Such written notice shall be in English and Spanish.
4. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall not take any adverse employment action against any Site Employee for reporting or asserting a violation of this Agreement.
5. Commencing on the Operational Date and thereafter during the remainder of the LW Term, in the event that an individual with managerial authority at Obligor receives a written complaint from any Site Employee (or such individual otherwise obtains actual knowledge) that any Site Employee has been paid less than an LW, Obligor shall deliver written notice to the Issuer, the DCA and the Comptroller within 30 days thereof.
6. Obligor hereby acknowledges and agrees that the Issuer, the City, the DCA and the Comptroller are each intended to be direct beneficiaries of the terms and provisions of this Agreement. Obligor hereby acknowledges and agrees that the DCA, the Comptroller and the Issuer shall each have the authority and power to enforce any and all provisions and remedies under this Agreement in accordance with paragraph 9 below. Obligor hereby agrees that the DCA, the Comptroller and the Issuer may, as their sole and exclusive remedy for any violation of Obligor’s obligations under this Agreement, bring an action for damages (but not in excess of the amounts set forth in paragraph 9 below), injunctive relief or specific performance or any other non-monetary action at law or in equity, in each case subject to the provisions of paragraph 9 below, as may be necessary or desirable to enforce the performance or observance of any obligations, agreements or covenants of Obligor under this Agreement. The agreements and acknowledgements of Obligor set forth in this Agreement may not be amended, modified or rescinded by Obligor without the prior written consent of the Issuer or the DCA.

7. From and after the Operational Date, no later than 30 days after Obligor's receipt of a written request from the Issuer, the DCA and/or the Comptroller, Obligor shall provide to the Issuer, the DCA and the Comptroller (a) a certification stating that all of the direct Site Employees of Obligor are paid no less than an LW and stating that Obligor is in compliance with this Agreement in all material respects, (b) certified payroll records in respect of the direct Site Employees of Obligor, and/or (c) any other documents or information reasonably related to the determination of whether Obligor is in compliance with its obligations under this Agreement.
8. From and after the Operational Date, Obligor shall, annually by August 1 of each year during the LW Term, submit to its counterparty to its Specified Contract such data in respect of employment, jobs and wages at the Obligor Facility as of June 30 of such year that is needed by Institution for it to comply with its reporting obligations under the Project Agreement.
9. Violations and Remedies.
 - (a) If a violation of this Agreement shall have been alleged by the Issuer, the DCA and/or the Comptroller, then written notice will be provided to Obligor for such alleged violation (an "LW Violation Notice"), specifying the nature of the alleged violation in such reasonable detail as is known to the Issuer, the DCA and the Comptroller (the "Asserted LW Violation") and specifying the remedy required under paragraph 9(b), (c) and/or (d) (as applicable) to cure the Asserted LW Violation (the "Asserted Cure"). Upon Obligor's receipt of the LW Violation Notice, Obligor may either:
 - (i) Perform the Asserted Cure no later than 30 days after its receipt of the LW Violation Notice (in which case a "LW Violation Final Determination" shall be deemed to exist), or
 - (ii) Provide written notice to the Issuer, the DCA and the Comptroller indicating that it is electing to contest the Asserted LW Violation and/or the Asserted Cure, which notice shall be delivered no later than 30 days after its receipt of the LW Violation Notice. Obligor shall bear the burdens of proof and persuasion and shall provide evidence to the DCA no later than 45 days after its receipt of the LW Violation Notice. The DCA shall then, on behalf of the City, the Issuer and the Comptroller, make a good faith determination of whether the Asserted LW Violation exists based on the evidence provided by Obligor and deliver to Obligor a written statement of such determination in reasonable detail, which shall include a confirmation or modification of the Asserted LW Violation and Asserted Cure (such statement, a "LW Violation Initial Determination"). Upon Obligor's receipt of the LW Violation Initial Determination, Obligor may either:
 - (1) Accept the LW Violation Initial Determination and shall perform the Asserted Cure specified in the LW Violation Initial Determination no later than 30 days after its receipt of the LW Violation Initial Determination (after such 30 day period has lapsed, but subject to clause (2) below, the LW Violation Initial

Determination shall be deemed to be a “LW Violation Final Determination”), or

- (2) Contest the LW Violation Initial Determination by filing in a court of competent jurisdiction or for an administrative hearing no later than 30 days after its receipt of the LW Violation Initial Determination, in which case, Obligor’s obligation to perform the Asserted Cure shall be stayed pending resolution of the action. If no filing in a court of competent jurisdiction or for an administrative hearing is made to contest the LW Violation Initial Determination within 30 days after Obligor’s receipt thereof, then the LW Violation Initial Determination shall be deemed to be a “LW Violation Final Determination”. If such a filing is made, then a “LW Violation Final Determination” will be deemed to exist when the matter has been finally adjudicated. Obligor shall perform the Asserted Cure (subject to the judicial decision) no later than 30 days after the LW Violation Final Determination.
- (b) For the first LW Violation Final Determination imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees; and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.
 - (c) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees, and Obligor shall pay fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee, and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.
 - (d) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, if the aggregate amount of Owed Monies and Owed Interest paid or payable by Obligor in respect of its direct Site Employees is in excess of the LW Violation Threshold for all past and present LW Violation Final Determinations imposed on Obligor, then in lieu of the remedies specified in subparagraph (c) above and at the direction of the Issuer or the DCA (but not both), Obligor shall pay (i) two hundred percent (200%) of the Owed Monies and Owed Interest in respect of the present LW Violation Final Determination to the affected direct Site Employees of Obligor, and (ii) fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee.

- (e) It is acknowledged and agreed that the sole monetary damages that Obligor may be subject to for a violation of this Agreement are as set forth in this paragraph 9.
10. Obligor acknowledges that the terms and conditions of this Agreement are intended to implement the Mayor's Executive Order No. 7 dated September 30, 2014.
11. All notices under this Agreement shall be in writing and shall be delivered by (a) return receipt requested or registered or certified United States mail, postage prepaid, (b) a nationally recognized overnight delivery service for overnight delivery, charges prepaid, or (c) hand delivery, addressed as follows:
- (a) If to Obligor, to [Obligor's Name], [Street Address], [City], [State], [Zip Code], Attention: [Contact Person].
 - (b) If to the Issuer, to Build NYC Resource Corporation, 1 Liberty Plaza, New York, NY, 10006, Attention: General Counsel, with a copy to Build NYC Resource Corporation, 1 Liberty Plaza, New York, NY, 10006, Attention: Executive Director.
 - (c) If to the DCA, to Department of Consumer Affairs of The City of New York, 42 Broadway, New York, NY, 10004, Attention: Living Wage Division.
 - (d) If to the Comptroller, to Office of the Comptroller of The City of New York, One Centre Street, New York, NY 10007, Attention: Chief, Bureau of Labor Law.
12. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York.
13. Obligor hereby irrevocably and unconditionally (a) agrees that any suit, action or other legal proceeding arising out of this Agreement may be brought in the courts of record of the State of New York in New York County or the United States District Court for the Southern District of New York; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; (c) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (d) waives and relinquishes any rights it might otherwise have (i) to move to dismiss on grounds of forum non conveniens, (ii) to remove to any federal court other than the United States District Court for the Southern District of New York, and (iii) to move for a change of venue to a New York State Court outside New York County.
14. Notwithstanding any other provision of this Agreement, in no event shall the partners, members, counsel, directors, shareholders or employees of Obligor have any personal obligation or liability for any of the terms, covenants, agreements, undertakings, representations or warranties of Obligor contained in this Agreement.

IN WITNESS WHEREOF, Obligor has executed and delivered this Agreement as of the date first written above.

[_____]

By: _____
Name:
Title:

M/WBE PARTICIPATION [PROPOSAL/PLAN]

[Institution's M/WBE Participation Proposal or Plan, as the case may be, is to be attached here.]

It should be negotiated and agreed to between EDC's M/WBE team and Institution after Application and prior to Agreement execution.

Ideally a full M/WBE Participation Plan is included as this exhibit at signing. If the M/WBE Participation Plan cannot be finalized because construction details are not identified, an M/WBE Participation Proposal can be attached here instead, with a set deadline for submission of the full M/WBE Participation Plan set forth in Section 8.31. If an M/WBE Participation Plan is included, all references to the M/WBE Participation Proposal can be deleted in Section 8.31. **Please note that the form of M/WBE Participation Plan attached below is only a form to be shared with Institution, and should be replaced with the Institution's customized and completed version prior to execution.**

[FORM PARTICIPATION PLAN]

Begins on next page.

MWBE/DBE Participation Plan

2/7/2020

The purpose of this form is to ensure that appropriate planning and consideration go into the consultant and contractor utilization process, and to serve as documentation of your commitment to attain the level of MWBE/DBE Participation set forth in this plan. The solicitation materials indicate whether MWBE or DBE goals apply for this contract and this form should be filled out accordingly. Please complete the forms and return (1) an Excel copy of the form and (2) an executed PDF to opportunity@nycedc.com. Any questions should also be directed to this email address.

I affirm that the following statements are true and accurate:

- The M/WBE Participation Goal is **[X]%**.
- I will make and thoroughly document every good faith effort to meet the MWBE/DBE Participation Goal set forth herein.
- This MWBE/DBE Participation Plan lists all consultants and contractors that are expected to work on this project as of the date above, whether MWBE/DBE or not.
- I have verified that firms listed as MWBE/DBE below are certified by the appropriate entity.
- I have included an **Intent to Perform as Subcontractor Form** for each firm listed below as part of this submission.

Signature of Authorized Representative/Preparer _____ Name & Title _____ Date _____

Signature of NYCEDC Opportunity M/W/DBE Representative _____ Name & Title _____ Date _____

Cells in orange are filled in automatically

Project Information		Project Calculations	
		MWBE/DBE Goal Commitment	
Contract #		Project Value/Project Award Amount	
Project Name			
Business Name		Total Amount to Count toward MWBE/DBE Goal	\$0.00
Email			
Phone		Projected MWBE/DBE Goal Attainment	0.00%
		MWBE/DBE Goal Shortfall	0.00%

Contractor/Consultant Award Information						
Contractor/Consultant	MWBE/DBE? ("Y" or "N")	Award Amount	Services to be Provided	Contracting Party <small>Please indicate the name of the party subcontracting for the services</small>	Is Contracting Party MWBE/DBE? ("Y" or "N")	Amount to Count
						\$0
						\$0

Opportunity M/WBE Program

1. Background. Section 6-129 of the Administrative Code of the City of New York (hereinafter the “**Code**”) establishes a program for participation in City procurement by Minority-owned Business Enterprises (“**MBEs**”) and Women-owned Business Enterprises (“**WBEs**,” and collectively, “**M/WBEs**”), certified in accordance with Section 1304 of the City Charter by the New York City Department of Small Business Services (“**DSBS**”). NYCEDC has adopted the M/WBE program to further participation by MBEs and WBEs in NYCEDC’s related projects, including Issuer projects, and administers the M/WBE Program on behalf of the Issuer. Participants in the M/WBE Program shall comply with all requirements of the M/WBE Program set forth herein. NYCEDC shall be a third-party beneficiary of the Loan Agreement for purposes of enforcing the provisions of Exhibit K-1 and K-2.

2. Minority and Women-Owned Business Enterprises. M/WBE firms must be certified by DSBS or Empire State Development Corporation to credit such firms’ participation toward attainment of the M/WBE Participation Goal (“**Certified Firms**”). Such certification must occur prior to the firms’ commencement of work. A list of M/WBE firms may be obtained from the DSBS website at www.nyc.gov/buycertified, by emailing DSBS at buyer@sbs.nyc.gov, by calling (212) 513-6356, or by visiting or writing DSBS at One Liberty Plaza, New York, New York, 10006, 11th Floor. Eligible firms that have not yet been certified may contact DSBS in order to seek certification by visiting www.nyc.gov/getcertified, emailing M/WBE@sbs.nyc.gov, or calling the DSBS certification helpline at (212) 513-6311. No credit shall be given for participation by a graduate M/WBE, as defined in Section 6-129(c)(20) of the Code.

3. M/WBE Participation Goal. The Institution commits to the M/WBE Participation Goal set forth in the M/WBE Participation Plan attached hereto as Exhibit K-1. The M/WBE Participation Goal may be calculated as follows:

i. Contractors: The total dollar amount that Institution has paid or is obligated to pay to contractors that are Certified Firms for the Project Improvements Investment shall be credited toward fulfilment of the M/WBE Participation Goal, provided that the value of such a contractor’s participation shall be determined by subtracting from this total dollar amount any amounts that the contractor has paid or is obligated to pay to direct subcontractors or suppliers upon completion of such subcontractors or suppliers work or services.

ii. Direct Subcontractors: The total dollar amount that a contractor has paid or is obligated to pay to subcontractors that are Certified Firms for the Project Improvements Investment shall be credited toward fulfilment of the M/WBE Participation Goal, provided that the value of such a direct subcontractor’s participation shall be determined by subtracting from this total dollar value any amounts that the direct subcontractor has paid or is obligated to pay to indirect subcontractors or suppliers upon completion of such indirect subcontractors or suppliers work or services.

iii. Indirect Subcontractors: The total dollar amount that a subcontractor has paid or is obligated to pay to its subcontractors that are Certified Firms for the Project Improvements Investment shall be credited toward fulfillment of the M/WBE Participation Goal.

iv. Suppliers: 60% of the dollar amount spent on materials or supplies as a part of the Project Improvements Investment, when such materials or supplies are purchased by the Institution, contractors or direct subcontractors from suppliers that are Certified Firms, shall be credited toward fulfillment of the M/WBE Participation Goal.

v. Joint Ventures: A contractor, direct subcontractor or indirect subcontractor that is a qualified joint venture, as defined in Section 6-129(c)(24) of the Code, shall be permitted to count a percentage of its own participation toward fulfillment of the M/WBE Participation Goal. The value of such a contractor, direct subcontractor or indirect subcontractor's participation shall be determined by subtracting from this total dollar amount any amounts that the contractor, direct subcontractor or indirect subcontractor pays to subcontractors or suppliers, and then multiplying the remainder by the percentage to be applied to total profit to determine the amount to which an M/WBE partner is entitled pursuant to the joint venture agreement. If a contractor, direct subcontractor or indirect subcontractor claims credit for participation as a qualified joint venture, then upon NYCEDC's request, Institution must promptly provide a copy of the joint venture agreement for review and confirmation of the M/WBE partner's profit share as used in calculating credit toward fulfillment of the M/WBE Participation Goal.

Participation Goal Calculation Example (for illustrative purposes only):

Project Improvements Investment:	\$100 million		
Participation Goal:	25%	Actual Participation Amount:	27.4%
Dollar Value of Participation Goal:	\$25 million	Dollar Value of Participation Amount:	\$27.4 million
Phase	Payment	Dollar Value of M/WBE Participation	Credit toward Participation Goal:
Design Phase: \$10 million is paid to an architecture firm as contractor for pre-construction work, firm is a joint venture with an M/WBE JV partner and profits are shared 50/50 pursuant to the JV Agreement	\$10 million	\$10 million (no amounts subcontracted out and no supplies needed) multiplied by the 50% JV Interest = \$5 million	5%
Construction Management/GC Level: \$90 million is paid to Contractor to serve as Construction Manager, CM is NOT an M/WBE Firm.	\$90 million	\$0	0%
Direct Subcontractor Level: CM pays \$80 million to multiple direct subcontractors. Two direct subcontractors are M/WBE firms and \$50 million of the \$80 million is paid to these two firms.	\$50 million	\$50 million minus amounts spent by these two M/WBE direct subcontractor firms on indirect subcontractors (\$30 million) and supplies (\$10 million, <i>see below</i>) = \$10 million	10%

Indirect Subcontractor Level: \$30 million is paid by Direct Subcontractors to multiple indirect subcontractors, \$10 million of the \$30 million is paid to Indirect Subcontractors that are M/WBE Firms	\$10 million	\$10 million	10%
Supplier Inclusion: \$10 million is spent by Direct Subcontractors on supplies. Of that, \$4 million is spent on supplies purchased from M/WBE suppliers.	\$4 million	60% of the \$4 million purchased from M/WBE suppliers = \$2.4 million	2.40%
		TOTAL:	27.4%

4. Institution’s Participation Plan.

The Institution shall notify NYCEDC and request NYCEDC’s approval of any proposed modifications to the contents of its M/WBE Participation Plan, including the dollar amount of the Project Improvements Investment, after initial submission (except for the M/WBE Participation Goal). Good faith efforts to meet the M/WBE Participation Goal shall be documented by Institution and such documentation shall be provided to NYCEDC upon NYCEDC’s request. In determining whether the Institution has made good faith efforts to meet the M/WBE Participation Goal, NYCEDC will consider, along with any other relevant factors, evidence submitted by the Institution showing that the Institution or Institution’s contractors or subcontractors, as appropriate, have, without limitation, conducted the following:

i. Direct Outreach. The Institution, or Institution’s contractors or subcontractors, as appropriate, (i) reached out to M/WBEs identified on the “Interested Subcontractor” list maintained by EDC on a website related to the Project, and provided timely notice to those identified M/WBEs and (ii) provided notice directly to M/WBEs or to business organizations made up of M/WBEs of specific opportunities to participate in the Project Work;

ii. NYCEDC Assistance. The Institution submitted timely requests for assistance to NYCEDC’s M/WBE liaison officer and provided NYCEDC with a description of how NYCEDC’s recommendations were acted upon and an explanation of how action upon such recommendations did not lead to the desired level of participation of M/WBEs;

iii. Advertised Opportunities. The Institution, or Institution’s contractors or subcontractors, as appropriate, advertised opportunities to participate in the Project Work in general circulation media, trade and professional association publications, small business media and publications of M/WBE organizations;

iv. Follow Up with M/WBEs. The Institution, or Institution’s contractors or subcontractors, as appropriate, as appropriate, sent timely written notices to advise M/WBEs that their interest in the Project Work was solicited and to follow up after an initial solicitation to determine whether such M/WBEs were interested in Project Work;

v. Substitution of Work. The Institution, or Institution’s contractors or subcontractors, as appropriate, made efforts to identify portions of the Project Work that could be substituted for portions originally designated for the participation by M/WBEs in

the M/WBE Participation Plan and for which the Institution claims an inability to retain M/WBEs;

vi. M/WBE Suppliers. The Institution, or Institution's contractors or subcontractors, as appropriate, made efforts to identify materials or supplies that could be purchased from suppliers that are Certified Firms;

vii. Meeting with M/WBEs. The Institution, or Institution's contractors or subcontractors, as appropriate, held meetings with M/WBEs prior to the date their proposals were due, for the purpose of explaining in detail the scope and requirements of the work for which their proposals were solicited;

viii. Negotiated with M/WBEs. The Institution, or Institution's contractors or subcontractors, as appropriate, made efforts to negotiate with M/WBEs to perform specific subcontracts or act as suppliers or service providers; and

ix. Held Subcontractors Accountable. The Institution ensured subcontractor commitment to achieving the M/WBE Participation Goal by passing goals on through relevant subcontract agreements.

NYCEDC's M/WBE Director or Senior Vice President for Contracts will provide written notice to the Institution of the determination on whether the Institution has made all good faith efforts to meet the M/WBE Participation Goal.

5. M/WBE Compliance Reports.

The Institution, or a designee on behalf of the Institution, shall provide NYCEDC with written statements in the form attached hereto as Attachment 1, or such other form as shall be provided by NYCEDC ("**M/WBE Compliance Reports**"), certified under penalty of perjury, reporting the status of the Institution's compliance with its M/WBE Participation Plan and M/WBE Participation Goal for the period covered by the report. The Institution shall submit an M/WBE Compliance Report to NYCEDC quarterly.

In addition to the foregoing, the Institution shall submit a final, cumulative M/WBE Compliance Report to NYCEDC within thirty (30) days of the Project Completion Deadline. The Institution shall set forth in such final report the information required in prior M/WBE Compliance Reports, including information for all M/WBE contractors, subcontractors and suppliers who were paid for Project Improvement Investments.

6. Compliance Audits. The M/WBE Compliance Report may be audited by NYCEDC to determine the Institution's compliance with the requirements of the Institution's M/WBE Participation Proposal and M/WBE Participation Plan.

7. Enforcement. In the event NYCEDC or Issuer determines that the Institution, its contractors or subcontractors have violated the M/WBE Program requirements set forth herein or the M/WBE Participation Plan including, without limitation, a determination that the Institution has failed to use good faith efforts to fulfill its M/WBE Participation Goal, NYCEDC or the Issuer may (i) assess liquidated damages set forth in Section 8, below; and/or (ii) bring an action for such

liquidated damages, and/or injunctive relief or specific performance or any other non-monetary action at law or in equity, as may be necessary or desirable to enforce the performance or observance of any obligations, agreements or covenants of Institution hereunder.

8. Liquidated Damages. If the Institution fails to use good faith efforts to fulfill its M/WBE Participation Goal, NYCEDC or the Issuer may assess liquidated damages in the amount of ten percent (10%) of the difference between the dollar amount of Project Improvements Investment required to be awarded to Certified Firms to meet the M/WBE Participation Goal and the dollar amount the Institution actually awarded and paid to such Certified Firms. In view of the difficulty of accurately ascertaining the loss which NYCEDC and/or Issuer will suffer by reason of the Institution's failure to meet the M/WBE Participation Goal, the foregoing amount is hereby fixed and agreed as the liquidated damages that NYCEDC and/or Issuer will suffer by reason of such failure, and not as a penalty.

9. Evaluations. The Institution's record in implementing its M/WBE Participation Plan shall be a factor in the evaluation of its performance. If Institution's compliance with its M/WBE Participation Plan and/or the M/WBE Program requirements is found to be unsatisfactory, including but not limited to, Institution's failure to use good faith efforts to fulfill its M/WBE Participation Goal, NYCEDC may, after consultation with the Director of the Mayor's Office for Contracts, file an evaluation of the Institution's performance in the City's Procurement and Sourcing Solutions Portal (PASSport) (formerly known as VENDEX).

[THIS PAGE INTENTIONALLY LEFT BLANK]

BUILD NYC RESOURCE CORPORATION,
a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at One Liberty Plaza, New York, New York 10006, as “Issuer”,

TO

U.S. BANK NATIONAL ASSOCIATION,
a national banking association organized and existing under the laws of the United States of America, having a corporate trust office at 100 Wall Street, Suite 600, New York, New York 10005, together with any successor trustee at the time serving as such under this Indenture of Trust, as “Trustee”

INDENTURE OF TRUST

Dated as of September 1, 2021

\$36,135,000
Build NYC Resource Corporation
Revenue Bonds
(Richmond Preparatory Charter School Project), Series 2021A
(Social Impact Project)

and

\$715,000
Build NYC Resource Corporation
Taxable Revenue Bonds
(Richmond Preparatory Charter School Project), Series 2021B
(Social Impact Project)

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	5
Section 1.01. Definitions.....	5
Section 1.02. Construction.....	24
ARTICLE II AUTHORIZATION AND ISSUANCE OF BONDS	25
Section 2.01. Authorized Amount of Bonds; Pledge Effected by this Indenture	25
Section 2.02. Issuance and Terms of the Initial Bonds.....	26
Section 2.03. Redemption of Initial Bonds.....	28
Section 2.04. Delivery of Initial Bonds	34
Section 2.05. Execution of Bonds.....	35
Section 2.06. Authentication.....	35
Section 2.07. Additional Bonds	35
Section 2.08. CUSIP Numbers.....	38
Section 2.09. Book Entry Bonds.....	38
ARTICLE III GENERAL TERMS AND PROVISIONS OF BONDS	40
Section 3.01. Date of Bonds	40
Section 3.02. Form and Denominations.....	41
Section 3.03. Legends	41
Section 3.04. Medium of Payment.....	41
Section 3.05. Bond Details.....	41
Section 3.06. Interchangeability, Transfer and Registry.....	42
Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost.....	43
Section 3.08. Cancellation and Destruction of Bonds	43
Section 3.09. Requirements With Respect to Transfers	43
Section 3.10. Bond Registrar	44
Section 3.11. Payments Due on Saturdays, Sundays and Holidays.....	44
ARTICLE IV APPLICATION OF BOND PROCEEDS	44
Section 4.01. Application of Proceeds of Initial Bonds.....	44
ARTICLE V CUSTODY AND INVESTMENT OF FUNDS	45
Section 5.01. Creation of Funds and Accounts.....	45
Section 5.02. Payments into the Revenue Fund.....	46
Section 5.03. Application of Revenue Fund Moneys	46
Section 5.04. Project Fund.....	47
Section 5.05. Payments into Renewal Fund; Application of Renewal Fund.....	49
Section 5.06. Payments into Bond Fund.....	51
Section 5.07. Application of Bond Fund Moneys.....	52
Section 5.08. Payments into Earnings Fund; Application of Earnings Fund.....	54
Section 5.09. Payments into Rebate Fund; Application of Rebate Fund.....	54
Section 5.10. Transfer to Rebate Fund.....	54

Section 5.11.	Investment of Funds and Accounts.....	55
Section 5.12.	Application of Moneys in Certain Funds for Retirement of Bonds..	56
Section 5.13.	Repayment to the Institution from the Funds	57
Section 5.14.	Non-presentment of Bonds	57
Section 5.15.	Debt Service Reserve Fund.....	57
Section 5.16.	Repair and Replacement Fund	58
ARTICLE VI REDEMPTION OF BONDS		59
Section 6.01.	Privilege of Redemption and Redemption Price.....	59
Section 6.02.	Selection of Bonds to be Redeemed	59
Section 6.03.	Notice of Redemption	60
Section 6.04.	Payment of Redeemed Bonds	61
Section 6.05.	Cancellation of Redeemed Bonds	61
Section 6.06.	No Partial Redemption After Default	62
ARTICLE VII PARTICULAR COVENANTS		62
Section 7.01.	Payment of Principal and Interest	62
Section 7.02.	Performance of Covenants; Authority	62
Section 7.03.	Books and Records; Certificate as to Defaults	62
Section 7.04.	Loan Agreement.....	63
Section 7.05.	Creation of Liens; Indebtedness.....	63
Section 7.06.	Ownership; Instruments of Further Assurance	63
Section 7.07.	Security Agreement; Filing.....	63
Section 7.08.	Issuer Tax Covenant	66
ARTICLE VIII EVENTS OF DEFAULT; REMEDIES OF BONDHOLDERS		66
Section 8.01.	Events of Default; Acceleration of Due Date	66
Section 8.02.	Enforcement of Remedies.....	67
Section 8.03.	Application of Revenues and Other Moneys After Default.....	68
Section 8.04.	Actions by Trustee	70
Section 8.05.	Majority Holders Control Proceedings	70
Section 8.06.	Individual Bondholder Action Restricted	70
Section 8.07.	Effect of Discontinuance of Proceedings.....	71
Section 8.08.	Remedies Not Exclusive	71
Section 8.09.	Delay or Omission	71
Section 8.10.	Notice of Default.....	71
Section 8.11.	Waivers of Default.....	71
ARTICLE IX TRUSTEE, BOND REGISTRAR AND PAYING AGENTS		72
Section 9.01.	Appointment and Acceptance of Duties of Trustee	72
Section 9.02.	Indemnity of Trustee.....	72
Section 9.03.	Responsibilities of Trustee.....	73
Section 9.04.	Compensation of Trustee, Bond Registrar and Paying Agents.....	74
Section 9.05.	Evidence on Which Trustee May Act.....	74
Section 9.06.	Trustee and Paying Agents May Deal in Bonds	75
Section 9.07.	Resignation or Removal of Trustee	75

Section 9.08.	Successor Trustee.....	76
Section 9.09.	Paying Agents	77
Section 9.10.	Appointment of Co-Trustee	78
Section 9.11.	Patriot Act	78
ARTICLE X DISCHARGE OF INDENTURE; DEFEASANCE		79
Section 10.01.	Defeasance	79
Section 10.02.	Defeasance Opinion and Verification.....	80
Section 10.03.	No Limitation of Rights of Holders	80
ARTICLE XI AMENDMENTS OF INDENTURE.....		80
Section 11.01.	Limitation on Modifications	80
Section 11.02.	Supplemental Indentures Without Bondholders’ Consent.....	80
Section 11.03.	Supplemental Indentures With Bondholders’ Consent.....	81
Section 11.04.	Supplemental Indenture Part of this Indenture	82
ARTICLE XII AMENDMENTS OF RELATED SECURITY DOCUMENTS		82
Section 12.01.	Rights of Institution	82
Section 12.02.	Amendments of Related Security Documents Not Requiring Consent of Bondholders.....	83
Section 12.03.	Amendments of Related Security Documents Requiring Consent of Bondholders	83
ARTICLE XIII MISCELLANEOUS		84
Section 13.01.	Evidence of Signature of Bondholders and Ownership of Bonds	84
Section 13.02.	Notices	84
Section 13.03.	Parties Interested Herein	85
Section 13.04.	Partial Invalidity.....	85
Section 13.05.	Effective Date; Counterparts.....	86
Section 13.06.	Laws Governing Indenture	86
Section 13.07.	No Pecuniary Liability of Issuer or Members; No Debt of the State or the City	86
Section 13.08.	Priority of Indenture Over Liens.....	86
Section 13.09.	Consent to Jurisdiction.....	87
Section 13.10.	Waiver of Trial by Jury.....	87
Section 13.11.	Legal Counsel; Mutual Drafting	87
EXHIBITS		
Exhibit A - Description of the Land		A-1
Exhibit B - Description of the Facility Personalty		B-1
Exhibit C-1 - Form of Tax-Exempt Bond.....		C-1
Exhibit C-2 - Form of Taxable Bond.....		C-2
Exhibit D - Form of Requisition from the Project Fund.....		D-1

INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated as of the date set forth on the cover page hereof (as the same may be amended and supplemented in accordance with its terms, this “**Indenture**”), by and between **BUILD NYC RESOURCE CORPORATION**, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at One Liberty Plaza, New York, New York 10006, party of the first part, to **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, together with any successor trustee at the time serving as such under this Indenture of Trust, having a corporate trust office at 100 Wall Street, Suite 600, New York, New York 10005, party of the second part (capitalized terms used herein shall have the respective meanings assigned to such terms throughout this Indenture),

WITNESSETH:

WHEREAS, the Issuer is authorized pursuant to Section 1411(a) of the Not-for-Profit Corporation Law of the State of New York, as amended, and its Certificate of Incorporation and By-Laws (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of The City of New York (the “City”) by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their eligible projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other eligible projects that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to the City or by encouraging the development of or retention of an industry in the City, and lessening the burdens of government and acting in the public interest; and

WHEREAS, the Certificate of Incorporation of the Issuer further provides that the lessening of the burdens of government and the exercise of the powers conferred on the Issuer are the performance of an essential governmental function, which activities will assist the City in reducing unemployment and promoting additional job growth and economic development; and

WHEREAS, the Institution has entered into negotiations with officials of the Issuer for the Issuer’s assistance with a tax-exempt and taxable bond transaction, the proceeds of which, together with other funds of the Institution, will be used by the Institution for the acquisition, construction, renovation, equipping and furnishing of the Improvements as part of the Project; and

WHEREAS, the Issuer has determined that the providing of financial assistance to the Institution for the Project will promote and is authorized by and will be in furtherance of the corporate purposes of the Issuer; and

WHEREAS, as a result of such negotiations, the Institution has requested the Issuer to issue its bonds to finance a portion of the costs of the Project; and

WHEREAS, the Issuer adopted the Bond Resolution authorizing the Project and authorizing the issuance of its revenue bonds to finance a portion of the costs of the Project; and

WHEREAS, to facilitate the Project and the issuance by the Issuer of its revenue bonds to finance a portion of the costs of the Project, the Issuer and the Institution have entered into negotiations pursuant to which (i) the Issuer will make the Loan of the proceeds of the Initial Bonds, in the original aggregate principal amount of the Initial Bonds, to the Institution pursuant to the Loan Agreement, and (ii) the Institution will execute the Promissory Note in favor of the Issuer to evidence the Institution's obligation under the Loan Agreement to repay the Loan, and the Issuer will endorse the Promissory Note to the Trustee; and

WHEREAS, to provide funds for a portion of the costs of the Project and for incidental and related costs and to provide funds to pay the costs and expenses of the issuance of the Initial Bonds, the Issuer has authorized the issuance of the Initial Bonds in the Authorized Principal Amount pursuant to the Bond Resolution and this Indenture; and

WHEREAS, concurrently with the execution hereof, in order to further secure the Initial Bonds, (i) the Institution will grant a lien and security interest in the Pledged Collateral pursuant to the Pledge and Security Agreement in favor of the Trustee, subject only to the lien of the Mortgage; and (ii) the Institution will grant a mortgage lien on and security interest in its fee interest in the Mortgaged Property to the Issuer and the Trustee pursuant to the Mortgage, and the Issuer will assign its right, title and interest under the Mortgage to the Trustee pursuant to the Assignment of Mortgage; and

WHEREAS, in connection with the issuance of the Initial Bonds, U.S. Bank National Association, as depositary bank (the "**Depositary Bank**"), the Trustee and the Institution will execute and deliver an account control agreement dated as of September 15, 2021 (the "**Account Control Agreement**"). Pursuant to the Account Control Agreement, the Institution will grant a security interest in the Institution's operating account to the Trustee and also authorize the Trustee to transfer the amounts required under this Indenture and the Loan Agreement to the Revenue Fund; and

WHEREAS, additional moneys may be necessary to finance the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facilities in the event of damage, destruction or taking by eminent domain, or providing extensions, additions or improvements to the Facilities or refunding outstanding Bonds and provision should therefore be made for the issuance from time to time of additional bonds; and

WHEREAS, the Initial Bonds and the Trustee's Certificate to be endorsed thereon are all to be in substantially the form set forth in Exhibit C, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, all things necessary to make the Bonds when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal special limited revenue obligations of the Issuer according to the import thereof, and to constitute this Indenture

a valid pledge and assignment of the loan payments, revenues and receipts herein made to the payment of the principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS INDENTURE WITNESSETH:

That the Issuer in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Holders and owners thereof, and of the sum of One Dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal, Purchase Price or Redemption Price of, and Sinking Fund Installments for, the Bonds and the indebtedness represented thereby and the interest on the Bonds according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, convey, transfer, grant a security interest in, pledge and assign unto the Trustee, and unto its respective successors in trust, and to their respective assigns, for the benefit of the Bondholders, forever for the securing of the performance of the obligations of the Issuer hereinafter set forth, the following:

GRANTING CLAUSES

I

All right, title and interest of the Issuer in and to the Loan Agreement, including all loan payments, revenues and receipts payable or receivable thereunder, excluding, however, the Issuer's Reserved Rights, which Issuer's Reserved Rights may be enforced by the Issuer and the Trustee, jointly or severally.

II

All right, title and interest of the Issuer in and to the Promissory Note.

III

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

IV

Any and all other property of every kind and nature from time to time which was heretofore or hereafter is by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the Issuer or by any other Person, with or without the consent of the Issuer, to the Trustee which is hereby authorized to receive any and all such property at any time and at all times to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said Trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Holders and owners of the Bonds issued under and secured by this Indenture, without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any of the others of the Bonds, except as otherwise expressly provided in this Indenture, provided, however, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal and any applicable redemption premium, of the Bonds and the interest due or to become due thereon, at the times and in the manner provided in the Bonds according to the true intent and meaning thereof and shall make the payments into the Bond Fund as required under this Indenture or shall provide, as permitted hereby, for the payment thereof by depositing or causing to be deposited with the Trustee sufficient amounts, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared that, all the Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said loan payments, revenues and receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective Holders and owners, from time to time of the Bonds or any part thereof, as follows, that is to say:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless otherwise herein defined, the following capitalized terms shall have the respective meanings specified in this Section 1.01 for purposes of this Indenture.

Account Control Agreement shall mean the Account Control Agreement, dated September 15, 2021, among the Institution, the Trustee and the Depositary Bank, as the same may

be amended or supplemented from time to time or any successor Account Control Agreement entered into by a successor Depository Bank, the Trustee, and the Institution.

Accounts shall mean the accounts of the special trust funds so designated, established pursuant to Section 5.01

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

An **Affiliate** of a Person shall mean a Person that directly or indirectly through one or more intermediaries Controls, or is under common Control with, or is Controlled by, such Person.

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

Approved Project Operations shall mean the facility located at 2245 Richmond Avenue, Staten Island, New York, for use by the Organization in the providing of education services to students in grades 6 through 12.

Assignment of Lease shall mean that certain Assignment of Lease, dated September 23, 2021, relating to the Facilities, from the Institution to the Trustee.

Assignment of Mortgage shall mean collectively, (i) the Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), (ii) the Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan), and (iii) the Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), relating to the Facilities, each dated as of even date herewith, and each from the Issuer to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture.

Authorized Denomination (i) in the case of the Initial Bonds, \$100,000 or any integral multiple of \$5,000 in excess thereof, and (ii) in the case of any Additional Bonds, such denominations as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Additional Bonds.

Authorized Principal Amount shall mean, (i) in the case of the Series 2021A Bonds, \$36,135,000, (ii) in the case of the Series 2021B Bonds, \$715,000, and (iii) in the case of any Additional Bonds, such authorized principal amount as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Additional Bonds.

Authorized Representative shall mean, (i) in the case of the Issuer, the Chairperson, Vice Chairperson, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, or any other officer or employee of the Issuer who is authorized to perform specific acts or to discharge specific duties,

and (ii) in the case of the Institution, a person named in Exhibit C - “Authorized Representative” to the Loan Agreement or any other officer or employee of the Institution who is authorized to perform specific duties under the Loan Agreement or under any other Project Document and of whom another Authorized Representative of the Institution has given written notice to the Issuer and the Trustee; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of the Loan Agreement or any other Project Document, such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

Beneficial Owner shall mean, whenever used with respect to an Initial Bond, the Person in whose name such Initial Bond is recorded as the Beneficial Owner of such Initial Bond by the respective systems of DTC and each of the Participants of DTC. If at any time the Initial Bonds are not held in the Book-Entry System, Beneficial Owner shall mean “Holder” for purposes of the Security Documents.

Bond Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

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

Bond Purchase Agreement shall mean the Bond Purchase Agreement, dated September 15, 2021, among the Institution, the Issuer, the Organization and the Underwriter.

Bond Registrar shall mean the Trustee acting as registrar as provided in Section 3.10.

Bond Resolution shall mean the resolution of the Issuer adopted on March 9, 2021, authorizing 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 even date herewith, among the Issuer, the Institution and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Business Day shall mean any day that shall not be:

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

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

Closing Date shall mean September 23, 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.

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

Computation Period shall have the meaning assigned to that term in the Tax Regulatory Agreement.

Conduct Representation shall mean any representation by the Institution under Section 2.2(t) of the Loan Agreement, or by any other Person in any Required Disclosure Statement delivered to the Issuer.

Continuing Disclosure Agreement shall mean the Continuing Disclosure Agreement, dated as of September 23, 2021, between the Institution, the Organization and the Trustee.

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.

Covenant Agreement shall mean the Covenant Agreement, dated September 23, 2021, between the Organization and the Trustee.

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 fee; counsel fees (including bond counsel, counsel to the Underwriter, Trustee’s counsel, Issuer’s counsel, Institution’s counsel, Organization’s counsel, as well as any other specialized counsel fees incurred in connection with the borrowing); financial advisor fees of any financial advisor to the Issuer, the Institution or the Organization 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 of the preliminary and final offering documents relating to the Initial Bonds); public approval and process costs; fees and expenses of the Issuer incurred in connection with the issuance of the Initial Bonds; Blue Sky fees and expenses; and similar costs.

Debt Service Reserve Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of this Indenture.

Debt Service Reserve Fund Requirement shall mean, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) equal to the lesser of:

(a) with respect to the Series 2021A Bonds, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) equal to the lesser of:

(i) ten percent (10%) of the Stated Principal Amount (as defined in the Tax Regulatory Agreement) of the Outstanding Series 2021A Bonds;

(ii) 100% of the greatest amount required in the then current or any future calendar year to pay the sum of the scheduled principal and interest payable on Outstanding Series 2021A Bonds; or

(iii) 125% of the average annual amount required in the then current or any future calendar year to pay the sum of scheduled principal and interest on Outstanding Series 2021A Bonds.

(b) with respect to any Series of Additional Bonds, such amount as shall be set forth in the Supplemental Indenture entered into in connection with the issuance of such Additional Bonds.

Debt Service Reserve Fund Valuation Date shall mean November 15th and May 15th of each year, commencing on November 15, 2021.

Default Rate shall mean three percent (3%) in excess of the interest rate borne by the Initial Bonds.

Defaulted Interest shall have the meaning specified in Section 2.02(g).

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

Depositary Agreement shall mean the Depositary Agreement, dated September 15, 2021, between the Institution and the Depositary Bank.

Depositary Bank shall mean U.S. Bank National Association, its successors and/or assigns.

Determination of Taxability shall mean:

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

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

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

(D) the admission in writing by the Institution or the Organization;

in any case, to the effect that the interest payable on the Tax-Exempt Bond of a Holder or a former Holder thereof is includable in gross income for federal income tax purposes; or

(ii) the receipt by the Trustee of a written opinion of Nationally Recognized Bond Counsel to the effect that the interest payable on the Tax-Exempt Bonds is includable in gross income for federal income tax purposes or the refusal of any such counsel to render a written opinion that the interest on the Tax-Exempt Bonds is not so includable when required pursuant to a request by a Bondholder in accordance with the procedures set forth in this Indenture;

provided, however, that no such Determination of Taxability described in clauses (i)(B) or (i)(C) hereof shall be considered to exist unless (1) the Holder or former Holder of the Tax-Exempt Bond involved in such proceeding (a) gives the Institution and the Trustee prompt notice of the commencement thereof and (b) (if the Institution agrees to pay all expenses in connection therewith) offers the Institution the opportunity to control the defense thereof and (2) either (a) the Institution does not agree within thirty (30) days of receipt of such offer to pay such expenses and to control such defense or (b) the Institution shall exhaust or choose not to exhaust all available proceedings for the contest, review, appeal or rehearing of such decree, judgment or action which the Institution determines to be appropriate. A Bondholder shall have the right to request the Trustee to obtain a written opinion of Nationally Recognized Bond Counsel pursuant to clause (ii) above, at the expense of the Institution, upon delivery by the Bondholder to the Institution of a letter from the Bondholder's accountant stating that, in his or her reasonable opinion, interest on the Tax-Exempt Bonds is includable in the gross income of such Bondholder for federal income tax purposes and stating the reasons for such determination. No Determination of Taxability described above will result from the inclusion of interest on any Tax-Exempt Bond in the computation of minimum or indirect taxes.

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

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

Event of Default shall have the meaning specified in Section 8.01(a).

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

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

Facility Personalty shall mean those items of machinery, equipment and other items of personalty the acquisition and/or the installation of which is to be financed in whole or in part with the proceeds of the Bonds for installation or use at the Facility Realty as part of the Project pursuant to Section 3.2 of the Loan Agreement and described in Exhibit B - "Description of the Facility Personalty", together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Personalty shall, in accordance with the provisions of Sections 3.5 and 6.4 of the Loan Agreement, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so substituted for or replaced, and further exclude all items of Facility Personalty removed as provided in Section 3.5 of the Loan Agreement.

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

Fiscal Year shall mean a year of 365 or 366 days, as the case may be, commencing on July 1 and ending on June 30 of the next calendar year, or such other fiscal year of similar length used by the Institution for accounting purposes as to which the Institution shall have given prior written notice thereof to the Issuer and the Trustee at least ninety (90) days prior to the commencement thereof.

Fitch shall mean Fitch, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

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

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

Government Obligations shall mean the following:

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

(b) 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

(c) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in clauses (a) or (b) above.

Improvements shall mean:

(a) 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;

(b) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land (including any improvements or demolitions made as part of the Project Work pursuant to Section 3.2 of the Loan Agreement); and

(c) all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

Indenture shall mean this Indenture of Trust, dated as of September 1, 2021, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XI.

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

Initial Bonds shall mean collectively, the Series 2021A Bonds and the Series 2021B Bonds authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Institution shall mean The ICS Foundation, Inc., a New York not-for-profit corporation, exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the Institution under Section 8.9 or 8.20 of the Loan Agreement.

Institution Documents shall mean the Bond Purchase Agreement, the Loan Agreement, each Promissory Note, each Mortgage, the Building Loan Agreement, the Tax Regulatory Agreement, the Account Control Agreement, the Continuing Disclosure Agreement, the Lease Agreement, the Assignment of Lease, the Depository Agreement, and the Pledge and Security Agreement.

Interest Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Interest Payment Date shall mean, with respect to the Initial Bonds, June 1 and December 1 of each year, commencing December 1, 2021, 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,

(a) 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;

(b) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under the Loan Agreement;

(c) the right of the Issuer to enforce in its own behalf the obligation of the Institution under the Loan Agreement to complete the Project;

(d) the right of the Issuer to enforce or otherwise exercise in its own behalf all agreements of the Institution under the Loan Agreement with respect to ensuring that the Facilities shall always constitute the Approved Facility;

(e) the right of the Issuer to amend with the Institution the provisions of Section 5.1 of the Loan Agreement without the consent of the Trustee or any Bondholder;

(f) the right of the Issuer in its own behalf (or on behalf of the appropriate taxing authorities) to enforce, receive amounts payable under or otherwise exercise its rights under the following Articles and Sections of the Loan Agreement: Article III (except for Section 3.1), Sections 4.4, 4.5 and 4.6, Article V, Article VI, Article VIII (except for Section 8.26), Article IX, Article X and Sections 11.1, 11.3 and 11.5, and Article XII (except Section 12.2); and

(g) the right of the Issuer in its own behalf to declare a default with respect to any of the Issuer's Reserved Rights and exercise the remedies set forth in Section 9.2(b) of the Loan Agreement.

Land shall mean that certain lot, piece or parcel of land in the county of Richmond, Block 2380 and Lot 86, generally known by the street address of 2245 Richmond Avenue, Staten Island, New York, all as more particularly described in Exhibit A — “Description of the Land”, together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 8.10(c) of the Loan Agreement.

Lease Agreement shall mean that certain Lease Agreement, dated September 23, 2021, between the Institution and the Organization.

Legal Requirements shall mean the Constitutions of the United States and the State of New York and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, certificates of occupancy, directions and requirements (including zoning, land use, planning, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wage, living wage, prevailing wage, sick leave, healthcare, benefits and employment practices) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, including those of the City, foreseen or unforeseen, ordinary or extraordinary, that are applicable now or may be applicable at any time hereafter to (i) the Institution, (ii) the Facilities or any part thereof, or (iii) any use or condition of the Facilities or any part thereof.

Limited Offering Memorandum shall mean the Limited Offering Memorandum dated September 15, 2021 relating to the Initial Bonds.

Loan shall mean the loan made by the Issuer to the Institution pursuant to the Loan Agreement as described in Section 4.1 thereof.

Loan Agreement shall mean the Loan Agreement, dated as of even date herewith, between the Issuer and the Institution, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture.

Loan Payment Date shall mean each January 5, March 5, May 5, July 5, September 5 and November 5 of each year.

Loss Event shall have the meaning specified in Section 6.1 of the Loan Agreement.

Majority Holders shall mean the Beneficial Owners of at least a majority in aggregate principal amount of the Bonds Outstanding, or, if the Bonds shall cease to be in book-entry form, the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding.

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, (i) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), (ii) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan) and (iii) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), relating to the Facilities, each dated as of even date herewith, and each from the Institution to the Issuer and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture

Mortgaged Property shall have the meaning specified in the Mortgage.

Nationally Recognized Bond Counsel shall mean Nixon Peabody LLP or other counsel acceptable to the Issuer and the Trustee and experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions.

Net Proceeds shall mean, when used with respect to any insurance proceeds or condemnation award, compensation or damages, the gross amount of any such proceeds, award, compensation or damages less all expenses (including reasonable attorneys' fees and any extraordinary expenses of the Issuer or the Trustee) incurred in the collection thereof.

New Facility shall mean financing the construction, furnishing and equipping of an expansion to the Original Facility consisting of 25,000 square feet to serve as the site of a new school to be known as the Richmond Preparatory Charter School (providing educational services to students in Grade 6 through 12 including those with special needs).

Original Facility shall mean the acquisition, renovation, furnishing, and equipping of a 28,500 square foot building located on a 60,700 square foot parcel of land located at 2245 Richmond Avenue, Staten Island, New York, to serve as the site of a new school to be known as the Richmond Preparatory Charter School (providing educational services to students in Grade 6 through 12 including those with special needs).

Notice Parties shall mean the Issuer, the Institution, the Organization, the Bond Registrar, the Paying Agents and the Trustee.

Opinion of Counsel shall mean a written opinion of counsel for the Institution or any other Person (which counsel shall be reasonably acceptable to the Issuer and the Trustee) with respect to such matters as required under any Project Document or as the Issuer or the Trustee may otherwise reasonably require, and which shall be in form and substance reasonably acceptable to the Issuer and the Trustee.

Organization shall mean Integration Charter Schools, a New York not-for-profit education corporation, exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

Organization Documents shall mean, collectively, the Bond Purchase Agreement, the Use Agreement, the Tax Regulatory Agreement, the Covenant Agreement, the Continuing Disclosure Agreement, and the Lease Agreement.

Organizational Documents shall mean, (i) in the case of an Entity constituting a limited liability company, the articles of organization or certificate of formation, and the operating agreement of such Entity, (ii) in the case of an Entity constituting a corporation, the charter, articles of incorporation or certificate of incorporation, and the bylaws of such Entity, and (iii) in the case of an Entity constituting a general or limited partnership, the partnership agreement of such Entity.

Outstanding, when used with reference to a Bond or Bonds, as of any particular date, shall mean all Bonds which have been issued, executed, authenticated and delivered under this Indenture, except:

(a) Bonds cancelled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee under this Indenture for cancellation;

(b) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with Article X, there has been separately set aside and held in the Redemption Account of the Bond Fund either:

(i) moneys, and/or

(ii) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys, in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or redemption date, which payment or redemption date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in this Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article III,

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any other Security Document, Bonds owned by the Institution or any Affiliate of the Institution shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded. Bonds which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Institution or any Affiliate of the Institution.

Participants shall mean those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

Paying Agent shall mean any paying agent for the Bonds appointed pursuant to this Indenture (and may include the Trustee) and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to this Indenture.

Permitted Encumbrances shall mean:

(a) the Mortgage (as assigned by the Assignment of Mortgage), the Building Loan Agreement, the Lease Agreement and any other Project Document;

(b) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not yet due and payable;

(c) 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 Facilities or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to Section 8.11(b) of the Loan Agreement;

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

(e) 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 Facilities as do not, as set forth in a certificate of an Authorized Representative of the Institution delivered to the Issuer and the Trustee, either singly or in the aggregate, render title to the Facilities 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;

(f) those exceptions to title to the Mortgaged Property enumerated in the title insurance policy delivered pursuant to Section 3.7 of the Loan Agreement insuring the Trustee's mortgagee interest in the Mortgaged Property, a copy of which is on file at the offices of the Issuer and at the designated corporate trust office of the Trustee;

(g) liens arising by reason of good faith deposits with the Institution in connection with the tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Institution to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(h) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Institution to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, old age

pensions or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(i) any judgment lien against the Institution, so long as the finality of such judgment is being contested in good faith and execution thereon is stayed;

(j) any purchase money security interest in movable personal property, including equipment leases and financing;

(k) liens on property due to rights of governmental entities or third party payors for recoupment of excess reimbursement paid;

(l) a lien, restrictive declaration or performance mortgage with respect to the operation of the Facilities arising by reason of a grant or other funding received by the Institution from the City, the State or any governmental agency or instrumentality;

(m) 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.

Pledge and Security Agreement shall mean the Pledge and Security Agreement, dated as of even date herewith, from the Institution to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture.

Pledged Collateral shall have the meaning specified in Section 3.1 of the Pledge and Security Agreement.

Principal Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Project shall mean (a) the acquisition, renovation, furnishing, and equipping of a 28,500 square foot building located on a 60,700 square foot parcel of land located at 2245 Richmond Avenue, Staten Island, New York, which is expected to serve as the site of a new school (the “**Original Facility**”), to be known as the Richmond Preparatory Charter School (providing educational services to students in Grade 6 through 12 including those with special needs), (b) financing the construction, furnishing and equipping of an expansion to the Original Facility consisting of 25,000 square feet (the “**New Facility**”); (c) funding a capitalized interest and debt service reserve fund; and (d) paying for certain costs and expenses associated with the issuance of the Bonds.

Project Costs shall mean:

(a) all costs of engineering and architectural services with respect to the Project, including the cost of test borings, surveys, estimates, permits, plans and specifications and for supervising demolition, construction and renovation, as well as for the performance of all other

duties required by or consequent upon the proper construction of, and the making of alterations, renovations, additions and improvements in connection with, the completion of the Project;

(b) 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;

(c) the interest on the Bonds during the construction and renovation of the Project;

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

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

(f) all costs of title insurance as provided in Section 3.7 of the Loan Agreement;

(g) the payment of the Costs of Issuance with respect to the Initial Bonds;

(h) the payment of the fees and expenses of the Trustee during the period of construction and renovation of the Project;

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

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

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

Project Documents shall mean, collectively, the Institution Documents, the Organization Documents and the Security Documents.

Project Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

Project Work shall mean (i) the design, construction and/or renovation of the Improvements, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install the same.

Promissory Note shall mean, (i) with respect to the Initial Bonds, those certain Promissory Notes in substantially the form of Exhibit H to the Loan Agreement, (ii) with respect to any Series of Additional Bonds, that certain Promissory Note in substantially the form of any related Exhibit to an amendment to the Loan Agreement, and (iii) with respect to the Bonds,

collectively, those certain Promissory Notes described in clauses (i) and (ii) above, and shall include in each case any and all amendments thereof and supplements thereto made in conformity with the Loan Agreement and this Indenture.

Purchase Price shall mean an amount equal to the Redemption Price that would be applicable to the Initial Bonds being purchased pursuant to Section 2.03(g) if such Initial Bonds were being optionally redeemed pursuant to Section 2.03(a) on the date such Initial Bonds are being so purchased, plus accrued interest thereon to the date of purchase.

Qualified Investments shall mean, to the extent permitted by applicable law, the following:

- (a) Government Obligations
- (b) commercial paper having, at the time of investment or contractual commitment to invest therein, a rating from S&P and Moody's, of A1 and P1, respectively;
- (c) repurchase and reverse repurchase agreements collateralized with Government Obligations, including those of the Trustee or any of its affiliates;
- (d) investments in money market mutual funds having a rating at time of investment in the highest investment category granted thereby from S&P or Moody's, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;
- (e) demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and certificates of deposit or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, rated in the AA long-term ratings category or higher by S&P or Moody's or which are fully FDIC-insured;
- (f) direct and general long-term obligations of any state of the United States on which the full faith and credit of the state is pledged and which are rated in either of the two highest rating categories by Moody's or S&P;
- (g) direct and general short-term obligations of any state of the United States on which the full faith and credit of the state is pledged and which are rated in the highest rating category by Moody's and S&P; and
- (h) other obligations, interest on which is excludable from gross income for purposes of federal income taxation, which are rated in the two highest rating categories by S&P and Moody's.

Rating Agency shall mean any of S&P, Moody's or Fitch and such other nationally recognized securities rating agency as shall have awarded a rating to the Initial Bonds.

Rating Category shall mean one of the generic rating categories of a Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Rebate Amount shall have the meaning assigned to that term in the Tax Regulatory Agreement.

Rebate Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

Record Date shall mean, with respect to any Interest Payment Date for the Initial Bonds, the close of business on the fifteenth (15th) day of the month next preceding such Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day.

Redemption Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Redemption Date shall mean the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of this Indenture.

Redemption Price shall mean, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Indenture.

Refunding Bonds shall have the meaning assigned to that term in Section 2.07(c).

Reimbursement Resolution shall mean the resolution adopted by the Issuer on March 9, 2021 with respect to the Project and the debt financing thereof.

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

Renewal Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

Repair and Replacement Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of this Indenture.

Repair and Replacement Requirement shall mean a total amount equal to \$200,000, payable in five equal annual installments of \$40,000 beginning July 5, 2025 and continuing annually for five (5) consecutive years.

Representations Letter shall mean the Blanket Issuer Letter of Representations from the Issuer to DTC with respect to the Initial Bonds.

Responsible Officer shall mean, with respect to the Trustee, any officer within the corporate trust office of the Trustee, including any vice-president, any assistant vice-president, any secretary, any assistant secretary, the treasurer, any assistant treasurer or other officer of the corporate trust office of the Trustee customarily performing functions similar to those performed by any of the above designated officers, who has direct responsibility for the administration of the trust granted in this Indenture, and shall also mean, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

S&P shall mean Standard & Poor's Financial Services LLC, a Delaware limited liability company which is a subsidiary of McGraw Hill Financial, Inc., a corporation organized and existing under the laws of the State, its successors and assigns, and if such limited liability company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Securities Depository shall mean any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book-entry interests in the Bonds, and to effect transfers of book-entry interests in the Bonds in book-entry form, and includes and means initially DTC.

Security Documents shall mean, collectively, the Loan Agreement, the Promissory Note, the Pledge and Security Agreement, this Indenture, the Account Control Agreement, the Depository Agreement, the Lease Agreement, the Assignment of Lease, the Tax Regulatory Agreement, the Building Loan Agreement, the Mortgage and the Assignment of Mortgage.

Series shall mean all of the Bonds designated as being of the same series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to this Indenture.

Series 2021 Bonds shall mean collectively, the Series 2021A Bonds and the 2021B Bonds.

Series 2021A Bonds shall mean the Issuer's \$36,135,000 Revenue Bonds (Richmond Preparatory Charter School Project), Series 2021A (Social Impact Project), authorized, issued, executed, authenticated and delivered on the Closing Date under this Indenture.

Series 2021A Bonds Capitalized Interest Account shall mean the special trust account of the Project Fund so designated, established pursuant to Section 5.01.

Series 2021A Bonds Interest Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2021A Bonds Principal Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2021A Bonds Redemption Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2021A Bonds Sinking Fund Installment Account shall mean the special trust account of the Bond Fund so designated, which is established pursuant to Section 5.01.

Series 2021B Bonds shall mean the Issuer's \$715,000 Taxable Revenue Bonds (Richmond Preparatory Charter School Project), Series 2021B (Social Impact Bonds), authorized, issued, executed, authenticated and delivered on the Closing Date under this Indenture.

Series 2021B Bonds Interest Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2021B Bonds Principal Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2021B Bonds Redemption Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Series 2021B Bonds Sinking Fund Installment Account shall mean the special trust account of the Bond Fund so designated, which is established pursuant to Section 5.01.

Sinking Fund Installment shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds pursuant to this Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to this Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

Sinking Fund Installment Account shall mean the special trust account of the Bond Fund so designated, which is established pursuant to Section 5.01.

Special Record Date shall have the meaning specified in Section 2.02(f).

State shall mean the State of New York.

Supplemental Indenture shall mean any indenture supplemental to or amendatory of this Indenture, executed and delivered by the Issuer and the Trustee in accordance with Article XI.

Taxable Bonds shall mean the Series 2021B Bonds and any other such Additional Bonds that shall be issued as taxable bonds under this Indenture.

Tax-Exempt Bonds shall mean the Series 2021A Bonds and any other such Additional Bonds that shall be issued as tax-exempt bonds under this Indenture.

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

Trustee shall mean U.S. Bank National Association, New York, New York, in its capacity as trustee under this Indenture, and its successors in such capacity and their assigns hereafter appointed in the manner provided in this Indenture.

Trust Estate shall mean all property, interests, revenues, funds, contracts, rights and other security granted to the Trustee under the Security Documents.

Underwriter shall mean D. A. Davidson & Co.

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

Section 1.02. Construction.

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Indenture, refer to this Indenture, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the Closing Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Indenture, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

(e) Unless the context indicates otherwise, references to designated “Exhibits”, “Articles”, “Sections”, “Subsections”, “clauses” and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Indenture.

(f) The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”.

(g) The word “will” shall be construed to have the same meaning and effect as the word “shall”.

(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as

from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein or herein).

(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person's successors and assigns or such Person's successors in such capacity, as the case may be.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.01. Authorized Amount of Bonds; Pledge Effected by this Indenture. (a) No Bond may be authenticated and delivered under the provisions of this Indenture except in accordance with this Article. Except as provided in Sections 2.07 and 3.07, the total aggregate principal amount of Bonds that may be authenticated and delivered hereunder is limited to the Authorized Principal Amount.

(b) The proceeds of the Bonds deposited in the Project Fund and certain of the loan payments, receipts and revenues payable under the Loan Agreement, including moneys which are required to be set apart, transferred and pledged to the Revenue Fund, to the Bond Fund, to the Debt Service Reserve Fund, to the Renewal Fund, to the Repair and Replacement Fund, or to certain special funds, including the investments, if any, thereof (subject to disbursements from such Funds in accordance with the provisions of this Indenture) are pledged by this Indenture for the payment of the principal, Purchase Price or Redemption Price (if any) of, Sinking Fund Installments for, and interest on, the Bonds. All such Funds shall be held by the Trustee in trust for the benefit of the Bondholders, and while held by the Trustee constitute part of the Trust Estate and be subject to the lien hereof. The Rebate Fund (including amounts on deposit therein) shall not be subject to any assignment, pledge, lien or security interest in favor of the Trustee or any Bondholder or any other Person. The Bonds shall be the special limited revenue obligations of the Issuer and shall be payable by the Issuer as to the principal, Purchase Price or Redemption Price (if any) of the Bonds, Sinking Fund Installments for the Bonds, and interest on the Bonds only from the Funds, special funds and loan payments, revenues and receipts pledged therefor. The Bonds are additionally secured by a pledge and assignment of the Promissory Note and substantially all of the Issuer's right, title and interest in and to the Loan Agreement (excluding the Issuer's Reserved Rights). Pursuant to the terms of the Lease Agreement, the Institution has directed the Organization to make the Rent payments (as defined in the Lease Agreement) directly to Institution's bank account that is subject to the Account Control Agreement. Pursuant to the terms of an Account Control Agreement, the Institution will grant a security interest in the Institution's operating account to the Trustee. Further, the Institution has granted a lien and security interest in the Pledged Collateral to the Trustee pursuant to the Pledge and Security Agreement. In addition, the Institution has granted a mortgage lien on and security interest in its fee interest in the Mortgaged Property to the Issuer and the Trustee pursuant to the Mortgage, and the Issuer has assigned its right, title and interest in the Mortgage to the Trustee pursuant to the Assignment of Mortgage.

In no event shall any obligations of the Issuer under this Indenture or the Bonds or under the Loan Agreement or under any other Security Document or related document for the

payment of money create a debt of the State or the City and neither the State nor the City shall be liable on any obligation so incurred, but any such obligation shall be a special limited revenue obligation of the Issuer secured and payable solely as provided in this Indenture.

Section 2.02. Issuance and Terms of the Initial Bonds. (a) The Initial Bonds in the Authorized Principal Amount shall be issued under and secured by this Indenture. The Initial Bonds shall be issuable in fully registered form without coupons substantially in the form set forth in Exhibit C and shall be dated as provided in Section 3.01.

(b) The Initial Bonds shall mature on the dates and in the principal amounts and bear interest at the annual rates, as set forth below:

	<u>Maturity Dates</u>	<u>Principal Amount</u>
Series 2021A Bonds	June 1, 2031	\$3,845,000
Series 2021A Bonds	June 1, 2036	\$3,740,000
Series 2021A Bonds	June 1, 2041	\$4,770,000
Series 2021A Bonds	June 1, 2051	\$13,860,000
Series 2021A Bonds	June 1, 2056	\$9,920,000
Series 2021B Bonds	June 1, 2025	\$715,000

(c) Interest shall be payable on each Interest Payment Date and shall be computed on the basis of a 360-day year of twelve 30-day months. Notwithstanding anything herein to the contrary, the interest rate borne by the Initial Bonds shall not exceed the maximum permitted by, or enforceable under, applicable law.

(d) If there shall occur, and for so long as there shall continue to exist, an Event of Default (other than by reason of a failure to redeem the Initial Bonds in whole if there shall occur a Determination of Taxability), the rate of interest on the Initial Bonds shall be the Default Rate commencing with the date of the occurrence of the Event of Default and any additional interest thereby due with respect to a period of time for which interest has already been paid shall be payable on the Interest Payment Date next following the Event of Default. Any former Bondholder who was a Bondholder commencing on or after the date of the occurrence of the Event of Default, but who subsequent to such date sold or otherwise disposed of its Initial Bonds or whose Initial Bonds were redeemed or matured, shall be entitled to receive from the Institution under the Loan Agreement the following, in an amount allocable to such period during which it held the Initial Bonds subsequent to the Event of Default and the date upon the Initial Bonds were sold, or otherwise disposed of, or redeemed or matured: the difference between the rate of interest borne by the Initial Bonds prior to the Event of Default and the rate borne by the Initial Bonds on and subsequent to such date.

(e) If there shall occur a Determination of Taxability, the rate of interest on the Tax-Exempt Bonds shall be the Default Rate commencing with the date of the Event of Taxability and any additional interest thereby due with respect to a period of time for which interest has

already been paid shall be payable on the Interest Payment Date next following the Determination of Taxability. Any former Bondholder who was a Bondholder commencing on or after the date of the occurrence of an Event of Taxability, but who subsequent to such date sold or otherwise disposed of its Tax-Exempt Bonds or whose Tax-Exempt Bonds were redeemed or matured, shall be entitled to receive from the Institution under the Loan Agreement the following, in an amount allocable to such period during which it held the Tax-Exempt Bonds subsequent to the Event of Taxability and the date upon which the Tax-Exempt Bonds were sold, or otherwise disposed of, or redeemed or matured: the difference between the rate of interest borne by the Tax-Exempt Bonds prior to the Event of Taxability and the rate borne by the Tax-Exempt Bonds on and subsequent to such date.

(f) The Series 2021A Bonds shall be numbered from AR-1 upward in consecutive numerical order and the Series 2021B Bonds shall be numbered from BR-1 upward in consecutive numerical order. Each Initial Bond issued upon any exchange or transfer hereunder shall be numbered in such manner as the Trustee in its discretion shall determine.

(g) The principal, Purchase Price or Redemption Price of, and Sinking Fund Installments for, all Initial Bonds shall be payable by check or draft or wire transfer of immediately available funds at maturity or upon earlier redemption to the Persons in whose names such Initial Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, provided, however, that the payment in full of any Initial Bond either at final maturity or upon redemption in whole shall only be payable upon presentation and surrender of such Initial Bonds at the designated corporate trust office of the Trustee or of any Paying Agent.

The interest payable on each Initial Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Initial Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Regular Record Date for such interest, (1) by check or draft mailed to such registered owner at his or her address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Initial Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Initial Bonds in the aggregate principal amount of at least \$1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Regular Record Date for any interest payment.

Interest on any Initial Bond that is due and payable but not paid on the date due (“**Defaulted Interest**”) shall cease to be payable to the owner of such Initial Bond on the relevant Regular Record Date and shall be payable to the owner in whose name such Initial Bond is registered at the close of business on a special record date (the “**Special Record Date**”) for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. It is provided in the Loan Agreement that the Institution shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall

make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment. Money deposited with the Trustee on account of Defaulted Interest shall be held in trust for the benefit of the owners of the Initial Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt of such funds by the Trustee. The Trustee shall promptly notify the Institution of such Special Record Date and, in the name and at the expense of the Institution, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each owner of an Initial Bond entitled to such notice at the address of such owner as it appears on the bond registration books not less than ten (10) days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Initial Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Initial Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Initial Bond and each such Initial Bond shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

(h) The Initial Bonds are issuable in the form of fully registered bonds in the Authorized Denominations.

(i) Anything in the Initial Bonds or in this Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Initial Bonds shall be subject to the limitation that payments of interest or other amounts on the Initial Bonds shall not be required to the extent that receipt of any such payment by a Holder of an Initial Bond would be contrary to the provisions of law applicable to such Holder which would limit the maximum rate of interest which may be charged or collected by such Holder of an Initial Bond.

Section 2.03. Redemption of Initial Bonds.

(a) General Optional Redemption.

(i) The Series 2021A Bonds shall be subject to redemption, on or after June 1, 2029 in whole or in part at any time (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000) at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement pursuant to Section 4.3(c) thereof), at the Redemption Price of one hundred percent (100%) of the principal amount of the Series 2021A Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption.

(ii) The Series 2021B Bonds are not subject to optional redemption.

(b) Extraordinary Redemption. The Initial Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Institution (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement pursuant to Section 4.3(c) thereof), as a whole on

any date, upon notice or waiver of notice as provided in this Indenture, at a Redemption Price of one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the date of redemption, if one or more of the following events shall have occurred:

(i) The Facilities 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 Facilities cannot be reasonably restored within a period of eighteen (18) months from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the Institution or the Organization is thereby prevented or likely to be prevented from carrying on its normal operation at the Facilities for a period of eighteen (18) months from the date of such damage or destruction, or (C) the restoration cost of the Facilities 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 Facilities shall have been taken or condemned by a competent authority which taking or condemnation results, or is likely to result, in the Institution being thereby prevented or likely to be prevented from carrying on its normal operation at the Facilities for a period of one year from the date of such taking or condemnation, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee; or

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

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

(c) Mandatory Sinking Fund Installment Redemption. (i) The Series 2021A Bonds maturing on June 1, 2031 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.07(d) and (f):

Sinking Fund Installment Payment Date (June 1)	Sinking Fund Installment
2025	\$300,000
2026	535,000

Sinking Fund Installment Payment Date (June 1)	Sinking Fund Installment
2027	555,000
2028	580,000
2029	600,000
2030	625,000
2031 ¹	650,000

¹ Final maturity.

(ii) The Series 2021A Bonds maturing on June 1, 2036 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.07(d) and (f):

Sinking Fund Installment Payment Date (June 1)	Sinking Fund Installment
2032	\$675,000
2033	710,000
2034	745,000
2035	785,000
2036 ¹	825,000

¹ Final maturity.

(iii) The Series 2021A Bonds maturing on June 1, 2041 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.07(d) and (f):

Sinking Fund Installment Payment Date (June 1)	Sinking Fund Installment
2037	\$ 865,000
2038	905,000
2039	950,000
2040	1,000,000
2041 ¹	1,050,000

¹ Final maturity.

(iv) The Series 2021A Bonds maturing on June 1, 2051 are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.07(d) and (f)::

Sinking Fund Installment Payment Date (June 1)	Sinking Fund Installment
2042	\$1,100,000
2043	1,160,000
2044	1,215,000
2045	1,275,000
2046	1,340,000
2047	1,405,000
2048	1,475,000
2049	1,550,000
2050	1,630,000
2051 ¹	1,710,000

¹ Final maturity.

(v) The Series 2021A Bonds maturing on June 1, 2056 are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.07(d) and (f)::

Sinking Fund Installment Payment Date (June 1)	Sinking Fund Installment
2052	\$1,795,000
2053	1,885,000
2054	1,980,000
2055	2,080,000
2056 ¹	2,180,000

¹ Final maturity.

(vi) The Series 2021B Bonds maturing on June 1, 2025 are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates

and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.07(d) and (f):

Sinking Fund Installment Payment Date (June 1)	Sinking Fund Installment
2024	\$500,000
2025 ¹	215,000

¹ Final maturity.

(d) Mandatory Redemption from Excess Proceeds and Certain Other Amounts. The Initial Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent:

(i) excess Series 2021A Bond proceeds shall remain after the completion of the Project,

(ii) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and this Indenture,

(iii) excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personalty, or

(iv) certain funds received by the Institution pursuant to any capital campaign which are earmarked for specific Project Costs shall remain with the Institution and shall not be required for completion of the Project or related Project Costs,

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

(e) Mandatory Redemption Upon Failure to Operate the Facility for the Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Initial Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (w) the Institution is operating the Facilities or any portion thereof, or is allowing the Facilities or any portion thereof to be operated, not for the Approved Project Operations, (x) the Institution, any Principal of the Institution or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Institution has committed a material violation of a material Legal Requirement, (y) any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (z) a Required Disclosure Statement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its sole discretion, or (ii) the Institution shall fail to obtain or maintain the liability insurance with respect to the Facilities required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Institution shall fail to cure any such default or failure

within the applicable time periods set forth in the Loan Agreement following the receipt by the Institution of written notice of such default or failure from the Issuer and a demand by the Issuer on the Institution to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in this Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Initial Bonds, together with interest accrued thereon to the date of redemption.

(f) Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the Bonds shall be redeemed prior to maturity on any date within one hundred twenty (120) days following such Determination of Taxability, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest at the Default Rate from the occurrence of the Event of Taxability to the date of redemption. The 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 such Tax-Exempt Bonds. 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.

(g) Purchase in Lieu of Optional Redemption. In lieu of calling the Tax-Exempt Bonds for optional redemption and subject to Section 11.6 of the Loan Agreement, the Tax-Exempt Bonds shall be subject to mandatory tender for purchase at the direction of the Issuer, upon the direction of the Institution, in whole or in part (and, if in part, in such manner as determined by the Institution) on any date on or after June 1, 2029, at a Purchase Price equal to the applicable Redemption Price for any optional redemption of such Tax-Exempt Bonds as provided in Section 2.03(a), plus accrued interest to the purchase date. Purchases of tendered Tax-Exempt Bonds may be made without regard to any provision of this Indenture relating to the selection of Tax-Exempt Bonds in a partial optional redemption. The Tax-Exempt Bonds purchased pursuant to any mandatory tender(s) are not required to be cancelled, and if not so cancelled (subject to Section 11.6 of the Loan Agreement), shall, prior to any resale by or on behalf of the Institution, not be deemed Outstanding in connection with any subsequent partial optional redemption solely for purposes of those provisions of this Indenture relating to the selection of the Tax-Exempt Bonds in a partial redemption.

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

(h) Redemption of the Tax-Exempt Bonds permitted or required by this Article II shall be made as follows, and the Trustee shall give the notice of redemption required by Section 6.03 in respect of each such redemption:

(i) Redemption shall be made pursuant to the general optional redemption provisions of Section 2.03(a) or (b) at such times as are permitted under such Section and, in the case of Section 2.03(a), in such principal amounts, as the Institution shall request in a written notice to the Trustee in accordance with Section 4.3(c) of the Loan Agreement.

(ii) Redemption shall be made pursuant to the mandatory Sinking Fund Installment redemption provisions of Section 2.03(c) as and when required by this Section without the necessity of any request by, or notification from the Issuer or from the Institution, but subject to the provisions of Section 5.07(d) and (f).

(iii) Redemption shall be made pursuant to the mandatory redemption provisions of Section 2.03(d) at the earliest possible date following the deposit of the excess proceeds or other amounts in the Redemption Account of the Bond Fund, without the necessity of any instructions or further act of the Issuer or the Institution.

(iv) Redemption shall be made pursuant to the mandatory redemption provisions of Section 2.03(e) on the date specified therein in the event redemption is required under such circumstances, without the necessity of any instructions or further act of the Institution.

(v) Redemption shall be made pursuant to the mandatory taxability redemption provisions of Section 2.03(f) at the earliest possible date, but no later than one hundred twenty (120) days following the Determination of Taxability, without the necessity of any instructions or further act of the Issuer or the Institution.

Section 2.04. Delivery of Initial Bonds. The Initial Bonds shall be executed in the form and manner set forth in this Indenture and shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of the Initial Bonds including the interest, if any, accrued on the Initial Bonds to the Closing Date, the Initial Bonds shall be delivered by the Trustee on behalf of the Issuer to or upon the order of the purchaser(s) thereof, but only upon receipt by the Trustee of:

(a) a copy, duly certified by the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, of the Bond Resolution;

(b) an original executed counterpart of all Security Documents;

(c) a written opinion by Nationally Recognized Bond Counsel to the effect that the issuance of the Initial Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled; and

(d) the written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and deliver the Initial Bonds to the purchaser(s) therein identified upon payment to the Trustee for the account of the Issuer of the purchase price therein specified, plus accrued interest, if any.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel of the Issuer, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the manual or facsimile signature of the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel of the Issuer. Any facsimile signatures shall have the same force and effect as if the appropriate officers had personally signed each of said Bonds. In case one or any of the officers who shall have signed or attested the Bonds or whose reproduced facsimile signature appears thereon shall cease to be such officer or officers before the Bonds so signed and attested shall have been actually issued and delivered, the Bonds may be issued and delivered as though the person who signed or attested or whose reproduced facsimile signature appears on the Bonds had not ceased to be such officer. Neither the members, directors, officers or agents of the Issuer nor any person executing the Bonds shall be liable personally or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 2.06. Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication, in substantially the form set forth in the Form of Initial Bond in Exhibit C, duly executed by the Trustee, shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until such certificate of authentication on such Bond shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture. The Trustee shall note, with respect to each Bond to be authenticated under this Indenture in the space provided in the certificate of authentication for such Bond, the date of the authentication and delivery of such Bond. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds.

Section 2.07. Additional Bonds. (a) So long as the Promissory Note, the Loan Agreement and the other Security Documents are each in effect, and either (a) receipt by the Trustee of a certificate from the Organization showing satisfaction of the requirements of Section 5(I)(a) of the Covenant Agreement, or (b) 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, 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 Facilities in the event of damage, destruction or taking by eminent domain, (iii) providing extensions, additions or improvements to the Facilities, 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 Facilities including such extensions, additions and improvements thereto. Prior to the issuance of a Series of Additional Bonds and the execution of a Supplemental Indenture in connection therewith, the Issuer and the Institution shall enter into an amendment to the Loan Agreement, and the Institution shall execute a new Promissory Note, which shall provide, among other things, that the loan payments payable by the Institution under the Loan Agreement and the aggregate amount to be paid under all Promissory Notes shall be increased and computed so as to amortize in full the principal of and interest on such Additional Bonds and any other costs in

connection therewith. In addition, the Institution and the Issuer shall enter into an amendment to each Security Document with the Trustee which shall provide that the amounts guaranteed or otherwise secured thereunder be increased accordingly.

(b) Each such Series of Additional Bonds shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of such Series of Additional Bonds, they shall be made available by the Trustee for pick-up by the order of the purchaser or purchasers thereof, but only upon receipt by the Trustee of:

(i) 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;

(ii) original executed counterparts of the Supplemental Indenture and an amendment of or supplement to the Loan Agreement expressly providing that, to the extent applicable, for all purposes of the Supplemental Indenture, the Promissory Note, the Loan Agreement and the Mortgage, the Facilities 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;

(iii) 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 Bonds Outstanding to become includable in gross income for federal income tax purposes;

(iv) except in the case of a Series of Refunding Bonds (defined below) refunding all Outstanding Bonds, a certificate of an Authorized Representative of the Institution to the effect that each Security Document to which it is a party continues in full force and effect and that there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default;

(v) evidence that the requirements of Section 5(I)(a) of the Covenant Agreement are satisfied;

(vi) 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;

(vii) an original, executed counterpart of the new Promissory Note and the amendment to each Security Document; and

(viii) a written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and make available for pick-up the Series of Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price therein specified, plus accrued interest, if any.

(c) (i) Upon the request of the Institution, one or more Series of Additional Bonds may be authenticated and made available for pick-up upon original issuance to refund (“**Refunding Bonds**”) all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds. Bonds of a Series of Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of this Indenture and of the resolution authorizing said Series of Refunding Bonds. In the case of the refunding under this Section 2.07 of less than all Bonds Outstanding of any Series or of any maturity within such Series, the Trustee shall proceed to select such Bonds in accordance with Section 6.02.

(ii) A Series of Refunding Bonds may be authenticated and made available for pick-up only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 2.07(b), as may be applicable) of:

(A) Irrevocable instructions from the Issuer to the Trustee, satisfactory to it, to give due notice of redemption pursuant to Section 6.03 to the Holders of all the Outstanding Bonds to be refunded prior to maturity on the redemption date specified in such instructions; and

(B) Either:

(1) 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

(2) Defeasance Obligations in such principal amounts, having such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of Article X, and any moneys required pursuant to said Section (with respect to all Outstanding Bonds or any part of one or more Series of Outstanding Bonds being refunded), which Defeasance Obligations and moneys shall be held in trust and used only as provided in Article X.

(iii) The Institution shall furnish to the Trustee and the Issuer at the time of delivery of the Series of Refunding Bonds a certificate of an independent certified public accountant stating that the Trustee and/or the Paying Agent (and/or any escrow agent as

shall be appointed in connection therewith) hold in trust the moneys or such Defeasance Obligations and moneys required to effect such payment at maturity or earlier redemption.

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

(e) No Series of Additional Bonds shall be issued unless the Promissory Note, the Loan Agreement, the Mortgage and the other Security Documents are in effect and, at the time of issuance, there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default.

Section 2.08. CUSIP Numbers. The Issuer in issuing the Bonds may use CUSIP numbers (if then generally in use), and, if so, the Trustee shall use such CUSIP numbers in notices of redemption as a convenience to registered owners; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee of any change in the CUSIP numbers of which it has actual knowledge.

Section 2.09. Book Entry Bonds. (a) Except as provided in Section 2.09(c), the Holder of all of the Initial Bonds shall be DTC (the “**Securities Depository**”) and the Initial Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest for any Initial Bond registered in the name of Cede & Co. shall be made by wire transfer of New York Clearing House or equivalent same day funds to the account of Cede & Co. on the Interest Payment Date for the Initial Bonds at the address indicated for Cede & Co. in the registration books of the Issuer kept by the Trustee. It is anticipated that during the term of the Initial Bonds, the Securities Depository will make book entry transfers among its Participants and receive and transmit payment of principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds to the Participants until and unless the Trustee authenticates and delivers replacement bonds to the Beneficial Owners as described in Section 2.09(c).

(b) The Initial Bonds shall be initially issued in the form of a separate single authenticated fully registered certificate for each maturity thereof. Upon initial issuance, the ownership of such Initial Bonds shall be registered in the registration books of the Issuer kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee, the Bond Registrar, the Paying Agent and the Issuer shall treat DTC (or its nominee) as the sole and exclusive Holder of the Initial Bonds registered in its name for the purposes of payment of the principal, Sinking Fund Installments, Redemption Price of or interest on the Initial Bonds, selecting the Initial Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Indenture, registering the transfer of Initial Bonds, obtaining any consent or other action to be taken by Holders of the Initial Bonds and for all other purposes whatsoever; and neither the Trustee, the Bond Registrar, the Paying Agent, the Institution nor the Issuer shall be affected by any notice to the contrary. All notices with respect to such Initial Bond shall be made and given, respectively, to DTC as provided in the Representations Letter. Neither the

Trustee, the Bond Registrar, the Paying Agent nor the Issuer shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Initial Bonds under or through DTC or any Participant, or any other Person that is not shown on the registration books of the Trustee as being a Holder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment of DTC or any Participant of any amount in respect of the principal, Sinking Fund Installments, Redemption Price of or interest on the Initial Bonds; any notice that is permitted or required to be given to Bondholders under this Indenture or any other Security Documents; the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the Initial Bonds; or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay all principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds only to or “upon the order of” (as that term is used in the Uniform Commercial Code as adopted in the State) DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer’s obligations with respect to the principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds to the extent of the sum or sums so paid. Except as otherwise provided in Section 2.09(c), no Person other than DTC shall receive an authenticated Initial Bond certificate evidencing the obligation of the Issuer to make payments of principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Initial Bonds pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Indenture with respect to transfers of Bonds, the word “Cede & Co.” in this Indenture shall refer to such new nominee of DTC.

(c) In the event the Issuer determines that it is in the best interest of the Beneficial Owners that they be able to obtain Initial Bond certificates, the Issuer may notify DTC and the Trustee, whereupon DTC will notify the Participants, of the availability through DTC of Initial Bond certificates. In such event, the Trustee shall issue, transfer and exchange Initial Bond certificates as requested by DTC in appropriate amounts within the guidelines set forth in this Indenture. DTC may determine to discontinue providing its services with respect to the Initial Bonds at any time by giving written notice to the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Issuer and the Trustee shall be obligated to deliver Initial Bond certificates as described in this Indenture. In the event Initial Bond certificates are issued, the provisions of this Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on such certificates. Whenever DTC requests the Issuer and the Trustee to do so, the Issuer will direct the Trustee (at the sole cost and expense of the Institution) to cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Initial Bonds to any DTC Participant having Initial Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Initial Bonds.

(d) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture or any other Security Document by the Issuer or the Trustee with respect to any consent or other action to be taken by Bondholders, the Issuer or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC

notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Such notice to DTC shall be given only when DTC is the sole Bondholder.

(e) NEITHER THE ISSUER, THE INSTITUTION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, SINKING FUND INSTALLMENTS, REDEMPTION PRICE OF OR INTEREST ON THE INITIAL BONDS; (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS INDENTURE TO BE GIVEN TO BONDHOLDERS; OR (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE INITIAL BONDS.

(f) SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE INITIAL BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE INITIAL BONDHOLDERS OR REGISTERED HOLDERS OF THE INITIAL BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE INITIAL BONDS.

(g) For so long as the Holder of all of the Initial Bonds shall be DTC, and all Initial Bonds shall be registered in the name of Cede & Co. as nominee for DTC, (i) only DTC may tender Initial Bonds upon redemption or retirement in whole and (ii) unless all Initial Bonds are being redeemed or retired in whole, Initial Bonds shall not be required to be presented to the Trustee for payment of principal, Sinking Fund Installments or Redemption Price except upon final maturity or redemption in whole.

(h) In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository that is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee upon its receipt of an Initial Bond or Bonds for cancellation shall cause the delivery of an Initial Bond or Bonds to the successor Securities Depository in appropriate Authorized Denominations and form as provided herein.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.01. Date of Bonds. The Initial Bonds shall be dated their date of original issuance (subject to the provisions set forth below with respect to transfers and exchanges)

and will bear interest from their date at the applicable rate or rates until the entire principal amount of the Initial Bonds has been paid. Bonds authenticated prior to the first Interest Payment Date shall bear interest from their date of original issuance. Bonds issued in exchange for or upon the registration of transfer of Bonds on or after the first Interest Payment Date thereon shall bear interest from and including the Interest Payment Date next preceding the date of the authentication thereof, unless the date of such authentication shall be an Interest Payment Date to which interest on the Bonds has been paid in full or duly provided for, in which case they shall bear interest from and including such Interest Payment Date; provided that if, as shown by the records of the Trustee, interest on the Bonds shall be in default, Bonds issued in exchange for or upon the registration of transfer of Bonds shall bear interest from the date to which interest has been paid in full on the Bonds, or if no interest has been paid on the Bonds, the date of the first delivery of fully executed and authenticated Bonds hereunder.

Section 3.02. Form and Denominations. Bonds shall be issued in fully registered form, without coupons, in any Authorized Denomination not exceeding the aggregate principal amount of Bonds of the same series, maturity and interest rate as the Bond for which the denomination is to be specified. Subject to the provisions of Section 3.03, the Initial Bonds shall be in substantially the form set forth in Exhibit C-1 and Exhibit C-2, with such variations, omissions and insertions as are permitted or required by this Indenture.

Section 3.03. Legends. Each Bond shall contain on the face thereof a statement to the effect that “THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR. THIS BOND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO AN “ACCREDITED INVESTOR” AS SUCH TERM IS DEFINED IN RULE 501 OF REGULATION D OF THE SECURITIES ACT OF 1933 OR A “QUALIFIED INSTITUTIONAL BUYER” AS THAT TERM IS DEFINED UNDER RULE 144A OF THE SECURITIES EXCHANGE COMMISSION.” The Bonds may in addition contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom or otherwise as may be determined by the Issuer prior to the delivery thereof.

Section 3.04. Medium of Payment. The principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Such payment may be made as provided in Section 2.02.

Section 3.05. Bond Details. Subject to the provisions hereof, the Bonds shall be dated, shall mature in such years and such amounts, shall bear interest at such rate or rates per annum, shall be subject to redemption on such terms and conditions and shall be payable as to principal or Redemption Price, if any, Sinking Fund Installments, and interest at such place or places as shall be specified in this Indenture.

Section 3.06. Interchangeability, Transfer and Registry. (a) Each Bond shall be transferable only upon compliance with the restrictions on transfer set forth on such Bond and only upon the books of the Issuer, which shall be kept for the purpose at the designated corporate trust office of the Trustee, by the registered owner thereof in person or by his or her duly authorized attorney-in-fact, upon surrender of such Bond together with a written instrument of transfer in the form appearing on such Bond duly executed by the registered owner or his or her duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15. Upon the transfer of any Bond the Trustee shall prepare and issue in the name of the transferee one or more new Bonds of the same aggregate principal amount, related Series, maturity and interest rate as the surrendered Bond.

(b) Each Holder of a Bond, by the purchase and acceptance of such Bond, is deemed to have represented and agreed as follows: (i) it is either a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act of 1933, as amended (the “**Securities Act**”)) or an “accredited investor” (as defined in Regulation D under the Securities Act), and it has acquired such Bond for its own account or for the account of a qualified institutional buyer or an accredited investor, and (ii) it understands and acknowledges that such Bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer such Bond, such Bond may be offered, resold, pledged or transferred only in accordance with the above transfer restrictions set forth in Section 3.06(a) and only to a Person meeting the requirements set forth in the preceding clause (i).

(c) Any Bond, upon surrender thereof at the designated corporate trust office of the Trustee in the City with a written instrument of transfer in the form appearing on such Bond, duly executed by the registered owner or his or her duly authorized attorney-in-fact, with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, may, at the option of the owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and interest rate of any other Authorized Denominations. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

(d) The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name any Bond shall be registered as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of, Sinking Fund Installments for, and interest on such Bond and for all other purposes, and all payments made to any such registered owner or upon his or her order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Institution, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

(e) In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Institution but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series, maturity, unpaid principal amount and interest rate as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and in substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence reasonably satisfactory to it that such Bond has been destroyed, stolen or lost, and upon furnishing the Issuer and the Trustee with indemnity (an undertaking from an insurance company acceptable to the Trustee and the Issuer) satisfactory to the Trustee and to the Issuer and complying with such other reasonable regulations as the Trustee may prescribe and paying such expenses as the Issuer and the Trustee may incur. All Bonds so surrendered to the Trustee shall be cancelled by it. Every new Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is destroyed, lost or stolen, shall, with respect to such Bond, constitute an additional contractual obligation of the Issuer whether or not the destroyed, lost or stolen Bond shall be found and shall be enforceable at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder. In the event any such destroyed, stolen or lost Bond shall have matured, or be about to mature, the Issuer may, instead of issuing a new Bond, cause the Trustee to pay the same without surrender thereof upon compliance with the condition in the first sentence of this Section out of moneys held by the Trustee and available for such purpose. All Bonds shall be held and owned upon the express condition (to the extent lawful) that the foregoing provisions are exclusive with respect to the replacement or payment of any mutilated, destroyed or lost or stolen Bond and shall preclude any and all other rights and remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 3.08. Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled shall be destroyed by the Trustee.

Section 3.09. Requirements With Respect to Transfers. In all cases in which the privilege of transferring Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such transfer shall forthwith be cancelled by the Trustee. For every such transfer of Bonds, the Issuer or the Trustee may, as a condition precedent to the privilege of making such transfer, make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such transfer, which sum or sums shall be paid by the Person requesting such transfer.

Section 3.10. Bond Registrar. The Trustee shall also be Bond Registrar for the Bonds, and shall maintain a register showing the names of all registered Holders of Bonds, Bond numbers and amounts, and other information appropriate to the discharge of its duties hereunder. The Trustee shall make available to the Institution for its inspection during normal business hours the registration books for the Bonds, as may be requested by the Institution in connection with any purchase or tender offer by it with respect to the Bonds.

Section 3.11. Payments Due on Saturdays, Sundays and Holidays. In any case where any payment date of principal, Sinking Fund Installment and/or interest on the Bonds, or the date fixed for redemption of any Bonds, shall be a day other than a Business Day, then payment of such principal, 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 date fixed for redemption, as the case may be, except that interest shall continue to accrue on any unpaid principal.

ARTICLE IV

APPLICATION OF BOND PROCEEDS

Section 4.01. Application of Proceeds of Initial Bonds.

(a) Upon the receipt by the Trustee of the original proceeds of the sale and delivery of the Series 2021A Bonds, including the amount received as accrued interest, if any, thereon, the Trustee shall apply such proceeds as follows:

(i) \$3,542,210.60, shall be deposited in the Series 2021A Bonds Capitalized Interest Account of the Project Fund;

(ii) \$2,294,000.00, being an amount equal to the Debt Service Reserve Fund Requirement with respect to the Series 2021A Bonds, shall be deposited in the Debt Service Reserve Fund;

(iii) \$272,345.65, shall be deposited in the Costs of Issuance Account of the Project Fund and applied to Costs of Issuance; and

(iv) \$34,067,951.30, being the balance of the proceeds of the Series 2021A Bonds, shall be deposited in the Project Fund and applied to Costs of the Project.

(b) Upon the receipt by the Trustee of the original proceeds of the sale and delivery of the Series 2021B Bonds, including the amount received as accrued interest, if any, thereon, the Trustee shall apply such proceeds as follows:

(i) \$70,089.40, shall be deposited in the Series 2021B Bonds Capitalized Interest Account of the Project Fund;

(ii) \$447,019.35, shall be deposited in the Costs of Issuance Account of the Project Fund and applied to Costs of Issuance; and

(iii) \$187,166.25, being the balance of the proceeds of the Series 2021B Bonds, shall be deposited in the Project Fund and applied to Costs of the Project.

ARTICLE V

CUSTODY AND INVESTMENT OF FUNDS

Section 5.01. Creation of Funds and Accounts. (a) The Issuer hereby establishes and creates the following special trust Funds and Accounts comprising such Funds:

(i) Revenue Fund;

(ii) Project Fund;

(A) a Costs of Issuance Account, a Series 2021A Bonds Capitalized Interest Account and a Series 2021B Bonds Capitalized Interest Account;

(B) Series 2021A Project Account;

(C) Series 2021B Project Account;

(iii) Bond Fund;

(A) a Principal Account, and within such Principal Account, a Series 2021A subaccount and a Series 2021B subaccount;

(B) an Interest Account, and within such Interest Account, a Series 2021A subaccount and a Series 2021B subaccount;

(C) a Sinking Fund Installment Account, and within such Sinking Fund Installment Account, a Series 2021A subaccount and a Series 2021B subaccount;

(D) a Redemption Account, and within such Redemption Account, a Series 2021A subaccount and a Series 2021B subaccount;

(iv) Renewal Fund;

(v) Rebate Fund;

(vi) Debt Service Reserve Fund; and

(vii) Repair and Replacement Fund.

(b) All of the Funds and Accounts created hereunder shall be held by the Trustee. All moneys required to be deposited with or paid to the Trustee for the credit of any Fund or Account under any provision of this Indenture and all investments made therewith shall be held by the Trustee in trust and applied only in accordance with the provisions of this Indenture, and

while held by the Trustee shall constitute part of the Trust Estate (subject to the granting clauses of this Indenture), other than the Rebate Fund, and be subject to the lien hereof.

Section 5.02. Payments into the Revenue Fund. Unless otherwise provided herein, the Trustee shall promptly deposit all amounts received from the Institution or the Organization on behalf of the Institution, or transferred pursuant to Sections 5.01(b), the Account Control Agreement, the Lease Agreements or the Loan Agreement into the Revenue Fund.

Section 5.03. Application of Revenue Fund Moneys.

(a) Amounts in the Revenue Fund shall be transferred by the Trustee on each Loan Payment Date commencing on the November 5, 2021 Loan Payment Date, to the following Funds and Accounts in the following manner and in the order of priority indicated, provided that in the event funds in on any Loan Payment Date are insufficient to make any one or more of such transfers, any and all of such deficiencies will be remedied prior to making any transfers to any subordinated funds (based on the following order of priority) on any future Loan Payment Date:

(i) First, to the Bond Fund:

(A) For deposit into the Interest Account of the Bond Fund, an amount equal (i) to one-third (1/3) (or such other pro-rated amount, adjusted as necessary) of the amount of interest that will become due on the Bonds on the next Interest Payment Date, including default interest (after taking into account any amounts on deposit in the Interest Account of the Bond Fund, and as shall be available to pay interest on the Bonds on such next succeeding Interest Payment Date); and

(B) commencing on that Loan Payment Date as shall precede the first principal payment date (including such principal as shall become due as a mandatory Sinking Fund Installment payment) by six (6) Loan Payment Dates, for deposit into the Principal Account of the Bond Fund, an amount equal to at least one-sixth (1/6) (or such other pro-rated amount, adjusted as necessary) of the amount of the principal payment or Sinking Fund Installment of the Bonds Outstanding becoming due;

(ii) Second, an amount equal to replenish any deficiencies in the Debt Service Reserve Fund, if any;

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

(iv) Fourth, to the Repair and Replacement Reserve Fund beginning on July 5, 2025, an amount required to fund the annual amount of the Repair and Replacement Fund Requirement (or such other pro-rated amount, adjusted as necessary) of the amount equal to the Repair and Replacement Fund Requirement; and

(v) Fifth, all remaining funds shall be paid to the Institution and used for any authorized purpose.

Section 5.04. Project Fund. (a) There shall be deposited in the Project Fund any and all amounts required to be deposited therein pursuant to Sections 4.01, 5.08 and 5.09 or otherwise required to be deposited therein pursuant to the Loan Agreement, or this Indenture.

The Trustee shall apply the amounts on deposit in the Project Fund to the payment, or reimbursement to the extent the same have been paid by or on behalf of the Institution or the Issuer, of Project Costs (including interest on the Bonds during the period of Project construction and renovation) to the extent requisitioned under subsection (b) hereto. The Trustee shall automatically transfer (i) amounts on deposit in the Series 2021A Bonds Capitalized Interest Account of the Project Fund to the Series 2021A subaccount of the Interest Account of the Bond Fund in an amount up to the amount of interest due and payable on the Series 2021A Bonds on the next succeeding Interest Payment Date on or prior to such Interest Payment Date, and (ii) amounts on deposit in the Series 2021B Bonds Capitalized Interest Account of the Project Fund to the Series 2021B subaccount of the Interest Account of the Bond Fund in an amount up to the amount of interest due and payable on the Series 2021B Bonds on the next succeeding Interest Payment Date on or prior to such Interest Payment Date.

(b) The Trustee is hereby authorized to disburse from the Project Fund amounts required to pay (in whole or in part) the Project Costs and is directed to issue its checks (or, at the direction of the Institution, make wire transfers) for each disbursement from the Project Fund for the Project Costs, upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Institution; provided, however, that the Trustee shall retain in the Project Fund an amount equal to the greater of (a) \$60,000 or (b) the lesser of (i) one percent (1%) of the original principal amount of the Series 2021A Bonds or (ii) \$500,000, until an Authorized Representative of the Institution shall have delivered the completion certificate and other documents required by Section 3.2(f) of the Loan Agreement.

Except with respect to the purchase of the Original Facility by the Institution on the Closing Date and the disbursement of a portion of the proceeds of the Series 2021 Bonds on such date, the requisition from the Project Fund shall be accompanied by bills or invoices (stamped “paid” by the Person to whom payment was due or with other evidence of payment if reimbursement is to be made to the Institution), including evidence that the bill, invoice or other evidence was not incurred on a date prior to sixty (60) days prior to the date of adoption by the Issuer or the Institution of the Reimbursement Resolution for the Project. Such requisition shall be as set forth in Exhibit D — “Form of Requisition from the Project Fund” and shall be submitted to the Trustee. The Trustee shall disburse amounts from the Project Fund not later than five (5) Business Days following the receipt of the executed requisition and accompanying bills or invoices, except that any such requisition and accompanying bills or invoices submitted on the Closing Date shall have disbursements made by the Trustee on such Closing Date. The Trustee shall be entitled to conclusively rely on the correctness and accuracy of such requisition as well as the propriety of the signature thereon.

In addition to the foregoing, any requisition submitted to the Trustee for costs of construction, improving and/or renovating the Facility Realty shall be accompanied by a notice of title continuation or an endorsement to the title insurance policies theretofore delivered pursuant to Section 3.7 of the Loan Agreement, indicating that since the last preceding disbursement of any amounts held in the Project Fund, there has been no change in the state of title and no exceptions

not theretofore approved by the Issuer and the Trustee (which approvals shall not be unreasonably withheld), which notice or endorsement shall contain no exception for inchoate mechanic's liens (and such affirmative insurance relating thereto as the Issuer and/or the Trustee shall reasonably require) and shall have the effect of redating such policies to the date of the disbursement then being made and increasing the coverage of the policies by an amount equal to the disbursement then being made if the policies do not by their terms provide for such an increase.

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

(d) The Trustee shall on written request furnish to the Issuer and the Institution within a reasonable time period a written statement of disbursements from the Project Fund, enumerating, among other things, item, cost, amount disbursed, date of disbursement and the person to whom payment was made, together with copies of all bills, invoices or other evidences submitted to the Trustee for such disbursement.

(e) The completion of the Project shall be evidenced as set forth in Section 3.2(f) of the Loan Agreement including the filing of the certificate of an Authorized Representative of the Institution referred to therein. Upon the filing of such certificate, the balance in the Project Fund in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the costs of the Project, shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.09, be deposited by the Trustee in the Redemption Account of the Bond Fund for the Tax-Exempt Bonds. Upon payment of all the costs and expenses incident to the completion of the Project, any balance of such remaining amount in the Project Fund, shall, after making any such transfer to the Rebate Fund, and after depositing in the Debt Service Reserve Fund an amount equal to any deficiency therein, be deposited in the Redemption Account of the Bond Fund to be applied to the redemption of Tax-Exempt Bonds, at the earliest practicable date. The Trustee shall promptly notify the Institution of any amounts so deposited in the Redemption Account of the Bond Fund pursuant to this Section 5.04(e).

(f) In the event the Institution shall be required to or shall elect to cause the Bonds to be redeemed in whole pursuant to the Loan Agreement, the balance in the Project Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Regulatory Agreement and Section 5.09) and in the Debt Service Reserve Fund shall be deposited in the Redemption Account of the Bond Fund for each Series of Bonds. In the event the unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default hereunder, the balance in the Project Fund (in excess of any amount the Trustee is directed to transfer to the Rebate Fund pursuant to the Tax Regulatory Agreement and Section 5.09) and in the Debt Service Reserve Fund shall be deposited in the Bond Fund as provided in Section 8.03.

(g) All earnings on amounts held in the Project Fund (i) prior to the Project Completion Date, shall remain in the Project Fund, and (ii) after the Project Completion Date, shall be transferred by the Trustee and deposited in the Series 2021A Interest Subaccount of the Interest Account of the Bond Fund.

Section 5.05. Payments into Renewal Fund; Application of Renewal Fund.

(a) The Net Proceeds resulting from any Loss Event with respect to the Facilities, together with any other amounts so required to be deposited therein under the Loan Agreement or the Mortgage, shall be deposited in the Renewal Fund (except as otherwise provided in Section 3.11 of the Mortgage).

(b) In the event the Bonds shall be subject to redemption in whole (either by reason of such Loss Event or otherwise) pursuant to the terms thereof or this Indenture, and the Institution shall have so directed the Trustee in writing within ninety (90) days of the occurrence of such Loss Event, the Trustee shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.09, transfer the amounts deposited in the Renewal Fund to the Redemption Account of the Bond Fund.

If, on the other hand,

(i) the Bonds shall not be subject to optional redemption in whole (whether by reason of such Loss Event or otherwise), or

(ii) the Bonds shall be subject to optional redemption in whole (whether by reason of such Loss Event or otherwise) and the Institution shall have failed to take action to effect such redemption, or

(iii) the Institution shall have notified the Trustee of its intent to rebuild, replace, repair and restore the Facilities,

the Trustee shall apply the amounts on deposit in the Renewal Fund, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.09, to such rebuilding, replacement, repair and restoration.

(c) If an Event of Default shall exist at the time of the receipt by the Trustee of the Net Proceeds in the Renewal Fund, the Trustee shall promptly request the written direction of the Majority Holders and shall thereupon apply such Net Proceeds, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.09, to the rebuilding, replacement, repair and restoration of the Facilities, or for deposit, in the Redemption Account of the Bond Fund, as directed by the Majority Holders (or if no such direction shall be received within ninety (90) days after request therefor by the Trustee shall have been made, for deposit, in the Redemption Account of the Bond Fund).

(d) The Trustee is hereby authorized to apply the amounts in the Renewal Fund to the payment (or reimbursement to the extent the same have been paid by or on behalf of the Institution or the Issuer) of the costs required for the rebuilding, replacement, repair and restoration of the Facilities upon written instructions from the Institution. The Trustee is further authorized and directed to issue its checks for each disbursement from the Renewal Fund upon a requisition submitted to the Trustee and signed by an Authorized Representative of the Institution. Each such requisition shall be accompanied by bills, invoices or other evidences or documentation (including, without limitation, a title continuation or other evidence that no mechanics or other liens have been filed) satisfactory to the Trustee. The Trustee shall be entitled to rely on such requisition. The

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

(e) The date of completion of the restoration of the Facilities shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Institution stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment, reasonably satisfactory to the Trustee, has been made, (iii) that the Facilities have 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 Facilities 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 Facilities are ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Institution against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of this Section and Section 6.4 of the Loan Agreement, and (z) that no Person other than the Issuer or the Trustee may benefit therefrom. Such certificate shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if is a temporary certificate of occupancy, the Institution will proceed with due diligence to obtain a permanent certificate of occupancy), if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facilities for the purposes contemplated by the Loan Agreement; (ii) a certificate of an Authorized Representative of the Institution that all costs of rebuilding, repair, restoration and reconstruction of the Facilities 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 Facilities (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence to the Trustee that such costs have been appropriately bonded or that the Institution shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company, or other evidence satisfactory to the Trustee, indicating that there has not been filed with respect to the Facilities any mechanic's, materialmen's or any other lien in connection with the rebuilding, replacement, repair and restoration of the Facilities and that there exist no encumbrances other than those encumbrances consented to by the Issuer and the Trustee.

(f) All earnings on amounts on deposit in the Renewal Fund shall be transferred by the Trustee and deposited in Series 2021A Interest Subaccount of the Interest Account of the Bond Fund.

(g) Any surplus remaining in the Renewal Fund after the completion of the rebuilding, replacement, repair and restoration of the Facilities shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.09, and after depositing in the Debt Service Reserve Fund an amount equal to any deficiency therein, be

transferred, on a pro rata basis, by the Trustee to the subaccounts of the Redemption Account of the Bond Fund.

Section 5.06. Payments into Bond Fund. The Trustee shall promptly deposit the following receipts into the Bond Fund:

(a) The interest accruing on any Series of Bonds from the date of original issuance thereof to the date of delivery, which shall be credited to the respective Interest Account of the Bond Fund and applied to the payment of interest on such Series of Bonds.

(b) Amounts disbursed from the Project Fund for the payment of interest on the Bonds during the period of Project Work, which shall be credited to the Series 2021A Bonds Subaccount and the Series 2021B Bonds Subaccount of the Interest Account of the Bond Fund and applied to the payment of interest on the Initial Bonds;

(c) Excess or remaining amounts in the Project Fund required to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and Section 5.09, or to the Debt Service Reserve Fund to the extent of any deficiency therein) (i) in the Redemption Account of the Bond Fund pursuant to Section 5.04(e) or the first sentence of Section 5.04(f), which shall be kept segregated from any other moneys within such Account, or (ii) in the accounts of the Bond Fund pursuant to the second sentence of Section 5.04(f).

(d) Loan payments received by the Trustee pursuant to Section 4.3(a)(i), (ii), (iii), (iv) or (v), or Section 4.3(i), of the Loan Agreement, or transfers from the Revenue Fund, which shall be deposited in and credited, to the extent necessary pro rata, first to the subaccounts of the Interest Account, second to the subaccounts of the Principal Account, and third to the subaccounts of the Sinking Fund Installment Account of the Bond Fund.

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

(f) Any amounts transferred from the Project Fund pursuant to Section 5.06(c), which shall be deposited in and credited pro rata to the applicable subaccounts of the Interest Account of the Bond Fund.

(g) The excess amounts referred to in Section 5.07(d), which shall be deposited in and credited to the Interest Account of the Bond Fund.

(h) Any amounts transferred from the Redemption Account pursuant to Section 5.05(h), which shall be deposited to the applicable subaccounts of the Interest Account, the Principal Account and the Sinking Fund Installment Account of the Bond Fund, as the case may be and in such order of priority, and applied solely to such purposes.

(i) Amounts in the Renewal Fund required by Section 5.05 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 Section 5.09 or to the Debt

Service Reserve Fund to the extent of any deficiency therein) to the applicable subaccounts of the Redemption Account of the Bond Fund pursuant to Section 5.05(g).

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

(k) Any amounts transferred from the Debt Service Reserve Fund pursuant to Section 5.15, which shall be deposited in and credited to the respective subaccounts of the Interest Account, the Principal Account, the Sinking Fund Installment Account or the Redemption Account, as the case may be, of the Bond Fund.

Section 5.07. Application of Bond Fund Moneys. (a) The Trustee shall (i) on each Interest Payment Date pay or cause to be paid out of the applicable subaccount of the Interest Account in the Bond Fund the interest due on the Bonds, and (ii) further pay out of the applicable subaccounts of the Interest Account of the Bond Fund any amounts required for the payment of accrued interest upon any purchase or redemption (including any mandatory Sinking Fund Installment redemption) of Bonds.

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

(c) There shall be paid from the applicable subaccounts of the Sinking Fund Installment Account of the Bond Fund to the Paying Agents on each Sinking Fund Installment payment date in immediately available funds the amounts required for the Sinking Fund Installment due and payable with respect to Bonds which are to be redeemed from Sinking Fund Installments on such date (accrued interest on such Bonds being payable from the applicable subaccounts of the Interest Account of the Bond Fund). Such amounts shall be applied by the Paying Agents to the payment of such Sinking Fund Installment when due. The Trustee shall call for redemption, in the manner provided in Article VI, Bonds for which Sinking Fund Installments are applicable in a principal amount equal to the Sinking Fund Installment then due with respect to such Bonds. Such call for redemption shall be made even though at the time of mailing of the notice of such redemption sufficient moneys therefor shall not have been deposited in the Bond Fund.

(d) Amounts in the subaccounts of the Redemption Account of the Bond Fund shall be applied, at the written direction of the Institution, as promptly as practicable, to the purchase of Bonds at prices not exceeding the Redemption Price thereof applicable on the earliest date upon which the Bonds are next subject to optional redemption, plus accrued interest to the date of redemption. Any amount in the subaccounts of the Redemption Account not so applied to the purchase of Bonds by forty-five (45) days prior to the next date on which the Bonds are so redeemable shall be applied to the redemption of Bonds on such redemption date. Any amounts deposited in the subaccounts of the Redemption Account and not applied within twelve (12) months of their date of deposit to the purchase or redemption of Bonds (except if held in

accordance with Article X) shall be transferred to the applicable subaccount of Interest Account. Upon the purchase of any Bonds out of advance loan payments as provided in this subsection, or upon the redemption of any Bonds, an amount equal to the principal of such Bonds so purchased or redeemed shall be credited against the next ensuing and future Sinking Fund Installments for such Bonds in chronological order of the due dates of such Sinking Fund Installments until the full principal amount of such Bonds so purchased or redeemed shall have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such Sinking Fund Installment for the purposes of any calculation thereof under this Indenture. The Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in Section 6.02. Amounts in the subaccounts of the Redemption Account to be applied to the redemption of Bonds shall be paid to the respective Paying Agents on or before the redemption date and applied by them on such redemption date to the payment of the Redemption Price of the Bonds being redeemed plus interest on such Bonds accrued to the redemption date.

(e) In connection with purchases of Bonds out of the Bond Fund as provided in this Section, the Institution shall arrange and the Trustee shall execute such purchases (through brokers or otherwise, and with or without receiving tenders) at the written direction of the Institution. The payment of the purchase price shall be made out of the moneys deposited in the related subaccount of the Redemption Account of the Bond Fund and the payment of accrued interest shall be made out of moneys deposited in the related subaccount of the Interest Account of the Bond Fund.

(f) The Issuer shall receive a credit in respect of Sinking Fund Installments for any Bonds which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Issuer or the Institution to the Trustee on or before the forty-fifth (45th) day next preceding any Sinking Fund Installment payment date and for any Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installment Account) and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment (whether pursuant to Section 5.07(d) or otherwise). Each Bond so delivered, cancelled or previously purchased or redeemed shall be credited by the Trustee at one hundred per cent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date with respect to Bonds of such Series and maturity and the principal amount of such Bonds to be redeemed by operation of the subaccounts of the Sinking Fund Installment Account on the due date of such Sinking Fund Installment shall be reduced accordingly, and any excess over such principal amount shall be credited on future Sinking Fund Installments in direct chronological order, and the principal amount of Bonds to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

(g) The Institution shall on or before the forty-fifth (45th) day next preceding each Sinking Fund Installment payment date furnish the Trustee with the certificate of an Authorized Representative of the Institution indicating whether or not and to what extent the provisions of this Section are to be availed of with respect to such Sinking Fund Installment payment, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment will be paid on or prior to the next succeeding Sinking Fund Installment payment date.

(h) Moneys in the Redemption Account of the Bond Fund which are not set aside or deposited for the redemption or purchase of Bonds shall be transferred by the Trustee to the Interest Account, to the Principal Account or to the Sinking Fund Installment Account of the Bond Fund.

Section 5.08. Reserved.

Section 5.09. Payments into Rebate Fund; Application of Rebate Fund.

(a) The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee, any Bondholder or any other Person.

(b) The Trustee, upon the receipt of a certification of the Rebate Amount (as defined in the Tax Regulatory Agreement) from an Authorized Representative of the Institution, shall deposit in the Rebate Fund within sixty (60) days following each Computation Date (as defined in the Tax Regulatory Agreement), an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of such Computation Date. If there has been delivered to the Trustee a certification of the Rebate Amount in conjunction with the completion of the Project pursuant to Section 3.2(f) of the Loan Agreement or the restoration of the Facilities pursuant to Section 5.05, 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 Facilities as aforesaid. The amount deposited in the Rebate Fund pursuant to the previous sentences shall be withdrawn from the Project Fund or the Renewal Fund, as applicable. If the amount on deposit in the Rebate Fund following such deposit is less than the Rebate Amount, the Trustee shall promptly deliver a notice stating the amount of such deficiency to the Institution. It is provided in the Loan Agreement that promptly upon receipt of such notice, the Institution shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.

(c) If within sixty (60) days following any Computation Date, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, shall withdraw such excess amount and deposit it in the Project Fund until the completion of the Project as provided in Section 3.2(f) of the Loan Agreement, or, after the completion of the Project, deposit it in Series 2021A Subaccount of the Interest Account of the Bond Fund.

(d) The Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each five (5) years after the Closing Date, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to 90% of the Rebate Amount with respect to the Tax-Exempt Bonds as of the date of such payment and (ii) notwithstanding the provisions of Article X, not later than thirty (30) days after the date on which all Tax-Exempt Bonds have been paid in full, 100% of the Rebate Amount as of the date of payment.

Section 5.10. Transfer to Rebate Fund. The Trustee shall have no obligation under this Indenture to transfer any amounts to the Rebate Fund unless the Trustee shall have

received specific written instructions from an Authorized Representative of the Institution to make such transfer.

Section 5.11. Investment of Funds and Accounts. (a) Amounts in any Fund or Account established under this Indenture may, if and to the extent then permitted by law, be invested only in Qualified Investments provided that any Qualified Investment shall not have a maturity date greater than five (5) years from the date of the making of such investment unless such Qualified Investment may be put at par at any time at the option of the owner thereof, and provided, further, that any investment of amounts held in the Debt Service Reserve Fund 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. Except as may be provided in the Tax Regulatory Agreement, unexpended Tax-Exempt Bond proceeds transferred from the Project Fund to the Redemption Account of the Bond Fund pursuant to Section 5.04(e) may not be invested at a Yield (as defined in the Tax Regulatory Agreement) which is greater than the Yield on the applicable Tax-Exempt Bonds. Such investments shall be made by the Trustee only at the written request of an Authorized Representative of the Institution; and if such investment is to be in one or more certificates of deposit, investment agreements or guaranteed investment contracts, then such written request shall include written assurance to the effect that such investment complies with the Tax Regulatory Agreement. Any investment hereunder shall be made in accordance with the Tax Regulatory Agreement, and the Institution shall so certify to the Trustee with each such investment direction as referred to below. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make payments from the applicable Fund. Net income or gain received and collected from such investments shall be credited and losses charged to (i) the Rebate Fund with respect to the investment of amounts held in the Rebate Fund, (ii) the Bond Fund with respect to the investment of amounts held in the Bond Fund, (iii) the Repair and Replacement Fund with respect to the investment of amounts held in the Repair and Replacement Fund, and (iv) as set forth in Section 5.05(f) with respect to the Renewal Fund, (v) to the Debt Service Reserve Fund with respect to the investment of amounts held in the Debt Service Reserve Fund and (vi) to the Interest Account of the Bond Fund with respect to the investment of amounts held in any other Fund.

(b) At the written request of an Authorized Representative of the Institution no sooner than ten (10) days prior to each Loan Payment Date under the Loan Agreement, the Trustee shall notify the Institution of the amount of such net investment income or gain received and collected subsequent to the last such loan payment and the amount then available in the various Accounts of the Bond Fund.

(c) Upon the written direction of an Authorized Representative of the Institution, the Trustee shall sell at the best price reasonably obtainable, or present for redemption or exchange, any obligations in which moneys shall have been invested to the extent necessary to provide cash in the respective Funds or Accounts, to make any payments required to be made therefrom, or to facilitate the transfers of moneys or securities between various Funds and Accounts as may be required from time to time pursuant to the provisions of this Article. The Trustee shall not be liable for losses incurred as a result of actions taken in good faith in accordance

with this Section 5.11(c). As soon as practicable after any such sale, redemption or exchange, the Trustee shall give notice thereof to the Issuer and the Institution.

(d) Neither the Trustee nor the Issuer shall be liable for any loss arising from, or any depreciation in the value of any obligations in which moneys of the Funds and Accounts shall be invested in accordance with this Indenture. The investments authorized by this Section 5.11 shall at all times be subject to the provisions of applicable law, as amended from time to time.

(e) In computing the amount in any Fund or Account, obligations purchased as an investment of moneys therein shall be valued at fair market value as determined by the Trustee one month prior to each Interest Payment Date.

The fair market value of Qualified Investments shall be determined as follows:

(i) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*), the average bid and asked prices for such investments so published on or most recently prior to such time of determination;

(ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*, the average bid price at such nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or as quoted in the Interactive Data Service; and

(iii) as to certificates of deposit and bankers acceptances and other investments, the face amount thereof, plus accrued interest.

If more than one provision of this definition of “fair market value” shall apply at any time to any particular investment, the fair market value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment.

(f) In the case of the Debt Service Reserve Fund, a “surplus” means the amount by which the amount on deposit therein is in excess of the Debt Service Reserve Fund Requirement. On each Debt Service Reserve Fund Valuation Date, and upon any withdrawal from the Debt Service Reserve Fund, the Trustee shall determine the amount on deposit in the Debt Service Reserve Fund. If on any such date a deficiency exists, the Trustee shall notify the Issuer and the Institution of such deficiency and that such deficiency must be replenished by the Institution as required by Section 4.3(a)(vi) of the Loan Agreement. If a surplus exists, the Trustee shall notify the Issuer and the Institution thereof and, subject to the requirements of the Tax Regulatory Agreement, shall upon written instructions of the Institution transfer an amount equal to such surplus to the Project Fund until the completion of the Project as provided in Section 3.2(f) of the Loan Agreement and thereafter shall transfer such amount to the Interest Account of the Bond Fund.

Section 5.12. Application of Moneys in Certain Funds for Retirement of Bonds. Notwithstanding any other provisions of this Indenture, if on any Interest Payment Date

or redemption date the amounts held in the Funds established under this Indenture (other than the Rebate Fund) are sufficient to pay one hundred percent (100%) of the principal or Redemption Price, as the case may be, of all Outstanding Bonds and the interest accruing on such Bonds to the next date on which such Bonds are redeemable or payable, as the case may be, whichever is earlier, the Trustee shall so notify the Issuer and the Institution. Upon receipt of written instructions from an Authorized Representative of the Institution directing such redemption, the Trustee shall proceed to redeem all such Outstanding Bonds in the manner provided for redemption of such Bonds by this Indenture.

Section 5.13. Repayment to the Institution from the Funds. After payment in full of the Bonds (in accordance with Article X) and the payment of all fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents and all other amounts required to be paid hereunder and under each of the Security Documents, and the payment of any amounts which the Trustee is directed to rebate to the federal government pursuant to this Indenture and the Tax Regulatory Agreement, all amounts remaining in any Fund shall be paid to the Institution upon the expiration or sooner termination of the term of the Loan Agreement as provided in Section 4.3(g) of the Loan Agreement.

Section 5.14. Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, and funds sufficient to pay any such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, together with interest to the date on which principal is due, all liability of the Issuer to the Holder thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to pay such funds to the Person entitled thereto or if the Person is not known to the Trustee, to hold such funds, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his or her part under this Indenture or on, or with respect to, such Bond. Such amounts so held shall, pending payment to the Holder of such Bond, (y) be subject to any rebate requirement as set forth in the Tax Regulatory Agreement or this Indenture, and (z) shall be uninvested, or, if invested, invested or re-invested only in Government Obligations maturing within thirty (30) days. Funds remaining with the Trustee as above and unclaimed for the earlier of two (2) years or one month less than the applicable statutory escheat period shall be paid to the Institution. After the payment of such unclaimed moneys to the Institution, the Holder of such Bond shall thereafter look only to the Institution for the payment thereof, and all obligations of the Trustee or such Paying Agent with respect to such moneys shall thereupon cease.

Section 5.15. Debt Service Reserve Fund. (a) If on any Interest Payment Date or redemption date on the Bonds the amount in the Interest Account of the Bond Fund (after taking into account amounts available to be transferred to the Interest Account from the Project Fund) shall be less than the amount of interest then due and payable on the Tax-Exempt Bonds, or if on any principal payment date on the Tax-Exempt Bonds the amount in the Principal Account shall be less than the amount of principal of the Tax-Exempt Bonds then due and payable, or if on any Sinking Fund Installment payment date for the Tax-Exempt Bonds the amount in the Sinking Fund Installment Account of the Bond Fund shall be less than the amount of the Sinking Fund Installment then due and payable on the Tax-Exempt Bonds, in each case, after giving effect to all payments received by the Trustee in immediately available funds by 10:00 a.m. (New York City

time) on such date from or on behalf of the Institution or the Issuer on account of such interest, principal or Sinking Fund Installment, the Trustee forthwith shall transfer moneys from the Debt Service Reserve Fund, first, to such Interest Account, second to such Principal Account, and third, to such Sinking Fund Installment Account, all to the extent necessary to make good any such deficiency.

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

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

Section 5.16. Repair and Replacement Fund.

(a) There shall be deposited into the Repair and Replacement Fund as and when received (a) all payments by the Institution pursuant to Sections 4.3(a)(iii) and 8.31 of the Loan Agreement and all transfers received pursuant to Section 5.03, (b) all other moneys deposited into the Repair and Replacement Fund pursuant to the Loan Agreement or this Indenture, and (c) all other moneys received by the Trustee when accompanied by directions not inconsistent with the Loan Agreement or this Indenture that such moneys are to be paid into the Repair and Replacement Fund. There shall also be retained in the Repair and Replacement Fund, interest and other income received on investment of moneys in the Repair and Replacement Fund to the extent provided in this Section 5.16.

(b) The Repair and Replacement Fund shall be in the custody of the Trustee, and, absent an Event of Default hereunder, the Trustee is hereby authorized and directed to make each disbursement authorized or required by the provisions of this Section 5.16 and to issue its checks therefor. The Trustee shall keep and maintain adequate records pertaining to the Repair and Replacement Fund and all disbursements therefrom and shall annually file an accounting thereof with the Issuer and the Institution.

(c) Payments shall be made from the Repair and Replacement Fund upon receipt by the Trustee of a written requisition from an Authorized Representative of the Institution setting forth the amount and the payee for the purpose of paying the cost of maintenance and replacements which may be required to keep each Facility in sound condition, including but not limited to repair or replacement of equipment, repair or replacement of any roof or other structural component, painting, carpeting, flooring, and the repair or replacement of heating, air conditioning, plumbing and electrical equipment.

(d) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Repair and Replacement Fund shall be credited to the Repair and Replacement Fund.

(e) Notwithstanding any provision hereof to the contrary, during the occurrence and continuance of an Event of Default, the Trustee may use any moneys on deposit in the Repair and Replacement Fund for payment of its fees and expenses as provided in Section 9.04 of this Indenture.

ARTICLE VI

REDEMPTION OF BONDS

Section 6.01. Privilege of Redemption and Redemption Price. Bonds or portions thereof subject to redemption prior to maturity shall be redeemable, upon mailed notice as provided in this Article, at the times, at the Redemption Prices and upon such terms in addition to and consistent with the terms contained in this Article as shall be specified in this Indenture and in said Bonds.

Section 6.02. Selection of Bonds to be Redeemed. In the event of redemption of less than all the Outstanding Bonds of the same Series and maturity, the particular Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair, except that (i) Bonds of a Series to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the Trustee shall select Bonds of a Series for redemption such that no Bond of such Series shall be of a denomination of less than the Authorized Denomination for such Series of Bonds. In the event of redemption of less than all the Outstanding Bonds of the same Series stated to mature on different dates, the principal amount of such Series of Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series of Bonds to be redeemed and by lot within a maturity. The portion of Bonds of any Series to be redeemed in part shall be in the principal amount of the minimum Authorized Denomination thereof or some integral multiple thereof and, in selecting Bonds of a particular Series for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of such Series which is obtained by dividing the principal amount of such registered Bond by the minimum Authorized Denomination thereof (referred to below as a “unit”) then issuable rounded down to the integral multiple of such minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Bond shall forthwith surrender such Bond to the Trustee for (a) payment to such Holder of the Redemption Price of the unit or units of principal amount called for redemption and (b) delivery to such Holder of a new Bond or Bonds of such Series in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds of the same Series and maturity representing the unredeemed balance of the principal amount of such Bond shall be issued to the registered Holder thereof, without charge therefor. If the Holder of any such Bond of a denomination greater than a unit shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only).

Section 6.03. Notice of Redemption. When redemption of any Bonds is requested or required pursuant to this Indenture, the Trustee shall give notice of such redemption in the name of the Issuer, specifying the name of the Series, CUSIP number, Bond numbers, the date of original issue of such Series, the date of mailing of the notice of redemption, maturities, interest rates and principal amounts of the Bonds or portions thereof to be redeemed, the redemption date, the Redemption Price, and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at the Trustee) and specifying the principal amounts of the Bonds or portions thereof to be payable and, if less than all of the Bonds of any maturity are to be redeemed, the numbers of such Bonds or portions thereof to be so redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond or portion thereof to be redeemed the Redemption Price thereof together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice may set forth any additional information relating to such redemption. The Trustee, in the name and on behalf of the Issuer, (i) shall mail a copy of such notice by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption, to the registered owners of any Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of such Series of Bonds with respect to which proper mailing was effected; and (ii) cause notice of such redemption to be sent to the national information service that disseminates redemption notices. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. In the event of a postal strike, the Trustee shall give notice by other appropriate means selected by the Trustee in its discretion. If any Bond shall not be presented for payment of the Redemption Price within sixty (60) days of the redemption date, the Trustee shall mail a second notice of redemption to such Holder by first class mail, postage prepaid. Any amounts held by the Trustee due to non-presentment of Bonds for payments on or after any redemption date shall be retained by the Trustee for a period of at least one year after the final maturity date of such Bonds. Further, if any Holders of Bonds shall constitute registered depositories, the notice of redemption described in the first sentence of this Section 6.03 shall be mailed to such Holders at least two (2) days prior to the mailing of such notice to all Holders.

If notice of redemption shall have been given as aforesaid, the Bonds of such Series called for redemption shall become due and payable on the redemption date, provided, however, that with respect to any optional redemption of the Bonds of a Series, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds of such Series to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem the Bonds of such Series. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of the Bonds of such Series so called for redemption at the place or places of payment, such Series of Bonds shall be redeemed.

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

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

Section 6.04. Payment of Redeemed Bonds. (a) Notice having been given in the manner provided in Section 6.03, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption dates so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, (i) interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (ii) the Bonds or portions thereof so called for redemption shall cease to be entitled to any lien, benefit or security under this Indenture, and (iii) the Holders of the Bonds or portions thereof so called for redemption shall have no rights in respect thereof, except to receive payment of the Redemption Price together with interest accrued to the redemption date. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(b) Payment of the Redemption Price plus interest accrued to the redemption date shall be made to or upon the order of the registered owner only upon presentation of such Bonds for cancellation and exchange as provided in Section 6.05; provided, however, that any Holder of at least \$1,000,000 in original aggregate principal amount of the Initial Bonds may, by written request to the Trustee no later than five (5) days prior to the date of redemption, direct that payments of Redemption Price and accrued interest to the date of redemption be made by wire transfer as soon as practicable after tender of the Bonds in federal funds at such wire transfer address as the owner shall specify to the Trustee in such written request.

Section 6.05. Cancellation of Redeemed Bonds. (a) All Bonds redeemed in full under the provisions of this Article, shall forthwith be cancelled and returned to the Issuer and no Bonds shall be executed, authenticated or issued hereunder in exchange or substitution therefor, or for or in respect of any paid portion of a Bond.

(b) If there shall be drawn for redemption less than all of a Bond, as described in Section 6.02, the Issuer shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, a Bond or Bonds of like Series and maturity in any of the authorized denominations.

Section 6.06. No Partial Redemption After Default. Anything in this Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default hereunder, there shall be no redemption of less than all of the Bonds Outstanding.

ARTICLE VII

PARTICULAR COVENANTS

Section 7.01. Payment of Principal and Interest. The Issuer covenants that it will from the sources herein contemplated promptly pay or cause to be paid the principal, Purchase Price or Redemption Price of, and Sinking Fund Installments for, the Bonds, together with interest accrued thereon, at the place, on the dates and in the manner provided in this Indenture and in the Bonds according to the true intent and meaning thereof.

Section 7.02. Performance of Covenants; Authority. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State, including particularly its Organizational Documents, to issue the Bonds authorized hereby and to execute this Indenture, to make the Loan to the Institution pursuant to the Loan Agreement and the Promissory Note, to assign the Loan Agreement and the Promissory Note, to execute and deliver the Assignment of Mortgage, and to pledge the loan payments, revenues and receipts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the hands of the Holders thereof are and will be the valid and enforceable special limited revenue obligations of the Issuer according to the import thereof.

Section 7.03. Books and Records; Certificate as to Defaults. The Issuer and the Trustee each covenant and agree that, so long as any of the Bonds shall remain Outstanding, proper books of record and account will be kept showing complete and correct entries of all transactions relating to the Project and the Facilities, and that the Bondholders shall have the right at all reasonable times to inspect all records, accounts and data relating thereto. In this regard, so long as the Loan Agreement is in full force and effect, records furnished by the Issuer and the Institution to, or kept by, the Trustee in connection with its duties as such shall be deemed to be in compliance with the Issuer's obligations under this Section 7.03. Within thirty (30) days after receiving the certificate from the Institution as provided in Section 8.26(b) of the Loan Agreement, the Trustee shall render to the Issuer a statement that moneys received by the Trustee pursuant to the Loan Agreement and the Promissory Note were applied by it to the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds, at the place, on the dates and in the manner provided in this Indenture and that the Trustee has no knowledge of any defaults under this Indenture, the Promissory Note or the Loan Agreement or any other Security Document or specifying the particulars of such defaults which may exist.

Upon reasonable written request, the Trustee shall make available to the Institution for its inspection during normal business hours, its records with respect to the Project and the Facilities.

The Trustee agrees that, upon the written request of the Institution or the Issuer, it will, not more than twice in each calendar year, provide a statement to the requesting party setting forth the principal amount of Bonds Outstanding as of the date of such statement.

Section 7.04. Loan Agreement. An executed copy of the Loan Agreement will be on file in the office of the Issuer and in the designated corporate trust office of the Trustee. Reference is hereby made to the Loan Agreement for a detailed statement of the terms and conditions thereof and for a statement of the rights and obligations of the parties thereunder. All covenants and obligations of the Institution under the Loan Agreement shall be enforceable either by the Issuer or by the Trustee, to whom, in its own name or in the name of the Issuer, is hereby granted the right, to the extent provided therefor in this Section 7.04 and subject to the provisions of Section 9.02, to enforce all rights of the Issuer and all obligations of the Institution under the Loan Agreement, whether or not the Issuer is enforcing such rights and obligations. The Trustee shall take such action in respect of any matter as is provided to be taken by it in the Loan Agreement (including, without limitation, Sections 3.5, 6.3 and 8.10 thereof) upon compliance or noncompliance by the Institution and the Issuer with the provisions of the Loan Agreement relating to the same.

Section 7.05. Creation of Liens; Indebtedness. It is the intention of the Issuer and the Trustee that the Mortgage is and will continue to be a mortgage lien upon the Mortgaged Property. The Issuer shall not create or suffer to be created, or incur or issue any evidences of indebtedness secured by, any lien or charge upon or pledge of the Trust Estate, except the lien, charge and pledge created by this Indenture and the other Security Documents.

Section 7.06. Ownership; Instruments of Further Assurance. The Trustee on behalf of the Institution, subject to Section 7.04 and only upon the written direction of any Bondholder, shall defend the interest of the Institution in the Facilities and the Pledged Collateral and every part thereof for the benefit of the Holders of the Bonds, to the extent permitted by law, against the claims and demands of all Persons whomsoever. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the property described herein and in the remainder of the Trust Estate, subject to the liens, pledge and security interests of this Indenture and of the other Security Documents and the loan payments, revenues and receipts pledged hereby to the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien, pledge and security interest hereof (other than the Institution's Property as defined in the Loan Agreement) and of the other Security Documents shall ipso facto, and without any further conveyance, assignment or act on the part of the Issuer or the Trustee, become and be subject to the lien, pledge and security interest of this Indenture and the Mortgage as fully and completely as though specifically described herein and therein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Issuer heretofore made by this Section 7.06.

Section 7.07. Security Agreement; Filing. (a) This Indenture constitutes a "security agreement" within the meaning of Article 9 (Secured Transactions) of the New York

State Uniform Commercial Code. The security interest of the Trustee, as created by this Indenture, in the rights and other intangible interests described herein, shall be perfected by the filing of a financing statement by the Institution, at the direction of the Issuer, in the office of the Secretary of State of the State in the City of Albany, New York, which financing statement shall be in accordance with the New York State Uniform Commercial Code-Secured Transactions. Subsequent to the foregoing filings, this Indenture shall be re-indexed, and financing and continuation statements shall be filed and re-filed, by the Trustee whenever in the Opinion of Counsel to the Institution (which opinion shall be reasonably acceptable to and addressed to the Trustee) such action is necessary to preserve the lien and security interest hereof. Any such filings or re-filings shall be prepared and filed by the Institution and delivered to the Trustee (if electronic filing is not elected by the Issuer) on a timely basis accompanied by any fees or requisite charges and the Opinion of Counsel referred to above. The Trustee will thereupon effect any such filings and re-filings of financing and continuation statements in said office of the Secretary of State, and promptly notify the Institution of any such filings.

(b) The Issuer and the Trustee acknowledge that, as of the Closing Date,

(i) Section 9-515 of the New York State Uniform Commercial Code provides that an initial financing statement filed in connection with a “public-finance transaction” is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public-finance transaction,

(ii) Section 9-102(67) of the New York State Uniform Commercial Code defines a “public-finance transaction” as a secured transaction in connection with which (x) debt securities are issued, (y) all or a portion of the debt securities issued have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a security interest is a state or a governmental unit of a state, and

(iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.

(c) The parties hereto acknowledge and agree that, because the foregoing financing statements evidence collateral for the Initial Bonds, and because the Initial Bonds are municipal debt securities with a term that is at least twenty (20) years in duration, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the liens and security interests that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

Subsequent to the initial filings, if it is necessary to re-file financing statements and/or file continuation statements and/or take any other actions to preserve the lien and security interest of this Indenture (individually or collectively, the “**Continuation Action(s)**”), then the Institution in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Trustee all necessary instruments and filing papers, together with remittances equal to the cost of required filing fees and other charges, so that the Trustee may perform the Continuation Actions, or

(ii) electronically perform the Continuation Actions and deliver to the Trustee written certification (upon which the Trustee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause “(i)” and the others in the manner described in clause “(ii)”; and (B) if requested by the Trustee (acting at the direction of the Majority Holders) or the Issuer, deliver or cause to be delivered to the Issuer and the Trustee the Opinion of Counsel to the Institution as described below. The Trustee may conclusively rely upon (y) when applicable, the certification referred to in clause “(A)(ii),” and (z) in all instances, the Opinion of Counsel to the Institution. In the event the Institution chooses to have the Trustee perform all or some of the Continuation Actions, as provided in clause “(A)(i)”, the Trustee shall reasonably promptly perform such Continuation Actions at the Institution’s sole expense. The Institution shall perform the obligations described hereinabove in clauses “(A)” (in every case) and “(B)” (if so requested) no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause “(i)”) on which a Continuation Action is to be taken to preserve the lien and security interest of this Indenture.

If an Opinion of Counsel to the Institution is requested pursuant to clause “(B)”, then the Opinion of Counsel to the Institution shall be addressed to the Institution, the Issuer and the Trustee. If so requested, the Institution shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year anniversary thereafter through the term of the Initial Bonds, and/or (ii) the date of any required Continuation Action not covered by clause “(i),” in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Institution, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Trustee with instruments and papers prepared by the Institution, or (ii) the Institution through electronic filing, or (iii) the Trustee as to some Continuation Actions, and the Institution as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Institution, the Issuer and the Trustee then requisite to the maintenance of the perfection of the security interest of the Trustee in and to all property and interests which by the terms of this Indenture are to be subjected to the lien and security interest of this Indenture.

(d) Any filings with respect to Uniform Commercial Code financing statements may be made electronically, and the Issuer shall have the right to designate a company (which shall be reasonably acceptable to the Trustee) to facilitate the filing of Uniform Commercial Code financing statements.

(e) The Trustee acknowledges and agrees (on behalf of itself and the Bondholders) that neither the Issuer, nor any of its directors, members, officers, employees, servants, agents, persons under its control or supervision, or attorneys (including Nationally Recognized Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests, or the recording or rerecording of any document, or the failure to effect any act referred to in this

Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

(f) All costs (including reasonable attorneys' fees and expenses) incurred in connection with the effecting of the requirements specified in this Section shall be paid by the Institution.

Section 7.08. Issuer Tax Covenant. The Issuer covenants that it shall not take any action within its control, nor refrain from taking any action reasonably requested by the Institution or the Trustee, that would cause the interest on the Bonds to become includable in gross income for federal income tax purposes; provided, however, the breach of this covenant shall not result in any pecuniary liability of the Issuer and the only remedy to which the Issuer shall be subject shall be specific performance.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES OF BONDHOLDERS

Section 8.01. Events of Default; Acceleration of Due Date. (a) Each of the following events is hereby defined as and shall constitute an "Event of Default":

(i) Failure in the payment of the interest on any Bond when the same shall become due and payable;

(ii) Failure in the payment of the principal or redemption premium, if any, of, or Sinking Fund Installment for, any Bonds, when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon to the date of redemption after notice of redemption therefor or otherwise;

(iii) Failure of the Issuer to observe or perform any covenant, condition or agreement in the Bonds or hereunder on its part to be performed (except as set forth in Section 8.01(a)(1) or (2)) and (A) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Issuer and the Institution specifying the nature of same from the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, or (B) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Issuer or the Institution fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice; or

(iv) The occurrence of an "Event of Default" under the Loan Agreement or any other Security Document.

(b) Upon the happening and continuance of any Event of Default, unless the principal of all the Bonds shall have already become due and payable, either the Trustee (by notice in writing to the Issuer and the Institution) or the Holders of over twenty-five percent (25%) in

aggregate principal amount of the Bonds Outstanding (by notice in writing to the Issuer, the Institution and the Trustee) may declare the principal or Redemption Price, if any, of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything in this Indenture or in any of the Bonds contained to the contrary notwithstanding.

(c) If there shall occur an Event of Default under Section 9.1(d) or (e) of the Loan Agreement, the unpaid principal of all the Bonds (and all principal installments of loan payments under the Loan Agreement) and the interest accrued thereon shall be due and payable immediately without the necessity of any declaration or other action by the Trustee or any other Person.

(d) The right of the Trustee or of the 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 Facilities shall not have been sold or otherwise encumbered, and all defaults have been otherwise remedied as provided in this Article VIII, then and in every such case any such default and its consequences shall ipso facto be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

(e) Pursuant to the Loan Agreement, the Issuer has granted to the Institution full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged in any notice received by the Institution to constitute a default hereunder, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts with power of substitution. The Trustee agrees to accept such performance by the Institution as performance by the Issuer.

(f) Pursuant to the Account Control Agreement, upon the happening and continuance of any Event of Default, the Trustee, as Secured Party under the Account Control Agreement, shall withdraw any funds on deposit in the Accounts (as defined in the Account Control Agreement, but subject to the limitations in Section 8.02(d)) which are required to pay, and such funds shall be applied to pay, principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds.

Section 8.02. Enforcement of Remedies. (a) Upon the occurrence and continuance of any Event of Default, then and in every case the Trustee may proceed, and upon the written request of the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Bonds, the Loan Agreement, this Indenture and under any other Security Document forthwith by such suits, actions or special proceedings in equity or at law, or by

proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in this Indenture or in any other Security Document or in aid of the execution of any power granted in this Indenture or in any other Security Document or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under this Indenture or under any other Security Document. In addition to any rights or remedies available to the Trustee hereunder or elsewhere, upon the occurrence and continuance of an Event of Default the Trustee may take such action, without notice or demand, as it deems advisable.

(b) In the enforcement of any right or remedy under this Indenture or under any other Security Document, the Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due from the Issuer, for principal, interest, Sinking Fund Installments, Redemption Price, or otherwise, under any of the provisions of this Indenture, of any other Security Document or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under this Indenture, under any such other Security Document and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Issuer, but solely as provided in this Indenture and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the moneys in the Bond Fund and other moneys available therefor to the extent provided in this Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable. The Trustee shall file proof of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the Institution or the Issuer or their creditors or property.

(c) Regardless of the occurrence of an Event of Default, the Trustee, if requested in writing by the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Indenture or under any other Security Document by any acts which may be unlawful or in violation of this Indenture or of such other Security Document or of any resolution authorizing any Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; provided, that such request shall not be otherwise than in accordance with the provisions of law and of this Indenture and shall not be unduly prejudicial to the interests of the Holders of the Bonds not making such request.

Section 8.03. Application of Revenues and Other Moneys After Default.

(a) All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article or under any other Security Document shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited and available for payment of the Bonds shall be applied, subject to Section 9.04, as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First - To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price, if any, of any of the Bonds or principal installments which shall have become due (other than Bonds or principal installments called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds or principal installments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

(ii) If the principal of all the Bonds shall have become or have been declared due and payable, to the payment to the Bondholders of the principal and interest (at the rate or rates expressed in the Bonds) then due and unpaid upon the Bonds and if applicable to the Redemption Price of the Bonds without preference or priority of principal over interest or of interest over principal, Sinking Fund Installments, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

(iii) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article VIII, then, subject to the provisions of Section 8.03(a)(B) which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the moneys shall be applied in accordance with the provisions of Section 8.03(a)(i).

(b) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; provided, however, that if the principal or Redemption Price of the Bonds Outstanding, together with accrued interest thereon, shall have been declared to be due and payable pursuant to Section

8.01, such date of declaration shall be the date from which interest shall cease to accrue. The Trustee shall give such written notice to all Bondholders as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 8.04. Actions by Trustee. All rights of actions under this Indenture, under any other Security Document or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall, subject to the provisions of Section 8.03, be for the equal benefit of the Holders of the Outstanding Bonds.

Section 8.05. Majority Holders Control Proceedings. Anything in this Indenture to the contrary notwithstanding, the Majority Holders shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 8.06. Individual Bondholder Action Restricted. (a) No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity (ii) with respect to the Bonds, this Indenture or any other Security Document, (iii) for the enforcement of any provisions of the Bonds, this Indenture or of any other Security Document, (iv) for the execution of any trust under this Indenture or (v) for any remedy under the Bonds, this Indenture or under any other Security Document, unless such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default as provided in this Article, and the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in the Bonds, this Indenture or in such other Security Document or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his, her, its or their action to affect, disturb or prejudice the pledge created by this Indenture, or to enforce any right under this Indenture except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of the Bonds or this Indenture shall be instituted, had and maintained in the manner provided in this Indenture and, subject to the provisions of Section 8.03, be for the equal benefit of all Holders of the Outstanding Bonds.

(b) Nothing in this Indenture, in any other Security Document or in the Bonds contained shall affect or impair the right of any Bondholder to payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on any Bond at

and after the maturity thereof, or the obligation of the Issuer to pay the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on each of the Bonds to the respective Holders thereof at the time, place, from the source and in the manner herein and in said Bonds expressed.

Section 8.07. Effect of Discontinuance of Proceedings. In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case, the Institution, the Issuer, the Trustee and the Bondholders shall be restored, respectively, to their former positions and rights hereunder, and all rights, remedies, powers and duties of the Trustee shall continue as in effect prior to the commencement of such proceedings.

Section 8.08. Remedies Not Exclusive. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Indenture or now or hereafter existing at law or in equity or by statute.

Section 8.09. Delay or Omission. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon any default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

Section 8.10. Notice of Default. The Trustee shall promptly mail to the Issuer, to registered Holders of Bonds and to the Institution by first class mail, postage prepaid, written notice of the occurrence of any Event of Default. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required by this Section.

Section 8.11. Waivers of Default. The Trustee shall waive any default hereunder and its consequences and rescind any declaration of acceleration only upon the written request of the Majority Holders; provided, however, that there shall not be waived without the consent of the Holders of all the Bonds Outstanding (a) any default in the payment of the principal of any Outstanding Bonds at the date specified therein or (b) any default in the payment when due of the interest on any such Bonds, unless, prior to such waiver, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, and all arrears of payment of principal when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Institution, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 8.12. Issuer Approval of Certain Nonforeclosure Remedies. Notwithstanding any provision hereof or of under any other Security Document, upon the

occurrence of an Event of Default, no such 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 the Mortgage upon any restructuring of the underlying indebtedness secured by the Mortgage (a “**Mortgage Restructuring**”), (y) amending or terminating any Security Document (other than through a forbearance) to which the Issuer is a party (a “**Security Document Action**”) or (z) substituting for the Institution and/or the Organization, as applicable, a new Entity to either be a counterparty to the Issuer under the Loan Agreement or as a user or lessee all or a portion of the Facilities (a “**Substitute Entity**”), unless, in either case, a reasonable description of such Mortgage Restructuring, Security Document Action and/or Substitute Entity shall have been set forth in a writing delivered to the Issuer together with a request for approval and (i) the Mortgage Restructuring, Security Document Action and/or Substitute Entity shall be approved in writing by the Issuer, such approval not to be unreasonably withheld or delayed (and which approval may, in the sole discretion of the Issuer, be subject to action by the Issuer’s Board of Directors), and (ii) there shall be delivered to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such Mortgage Restructuring, Security Document Action and/or Substitute Entity shall not cause the interest on any Outstanding Bonds to become subject to federal income taxation by reason of either such Mortgage Restructuring, Security Document Action and/or Substitute Entity. For the avoidance of doubt, no Issuer consent is required hereby for the entry into a forbearance agreement by the Trustee, the commencement of a foreclosure action under the Mortgage or the appointment of a receiver over the Institution or any collateral for the Bonds. In connection with the retirement or surrender for cancellation of all of the Outstanding Bonds (other than as a result of the payment in full of all Outstanding Bonds), the Trustee hereby agrees to provide written notice to the Issuer of such retirement or cancellation no later than fourteen (14) Business Days after the occurrence of the earlier of: (A) the Trustee’s receipt of direction to effectuate such retirement or cancellation, and (B) the Trustee’s receipt of surrendered Bonds for cancellation.

ARTICLE IX

TRUSTEE, BOND REGISTRAR AND PAYING AGENTS

Section 9.01. Appointment and Acceptance of Duties of Trustee. The entity identified as the Trustee on the cover page hereof is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations of the Trustee hereunder and under each Security Document by executing this Indenture and agrees to perform said trusts as a corporate trustee ordinarily would under a corporate mortgage subject to the express terms and conditions herein. All provisions of this Article IX shall be construed as extending to and including all the rights, duties and obligations imposed upon the Trustee under the Loan Agreement and under any other Security Document to which it shall be a party as fully for all intents and purposes as if this Article IX were contained in the Loan Agreement and each such other Security Document.

Section 9.02. Indemnity of Trustee. The Trustee shall be under no obligation to institute any suit, or to take any remedial or legal action under this Indenture or under or pursuant to any other Security Document or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers or fulfillment of any extraordinary duties under this Indenture, or under any other Security Document, until it shall be indemnified to its

satisfaction against any and all reasonable compensation for services, costs and expenses, outlays, and counsel fees and other disbursements, and against all liability not due to its willful misconduct or gross negligence.

Section 9.03. Responsibilities of Trustee. (a) The Trustee shall have no responsibility in respect of the validity or sufficiency of this Indenture or of any other Security Document or the security provided hereunder or thereunder or the due execution of this Indenture by the Issuer, or the due execution of any other Security Document by any party (other than the Trustee) thereto, or in respect of the title or the value of the Facilities, or in respect of the validity of the Bonds authenticated and delivered by the Trustee in accordance with this Indenture or to see to the recording or filing of any document or instrument whatsoever except as otherwise provided in Section 7.07. The recitals, statements and representations contained in this Indenture and in the Bonds shall be taken and be construed as made by and on the part of the Issuer and not by the Trustee, and the Trustee does not assume any responsibility for the correctness of the same; provided, however, that the Trustee shall be responsible for its representation contained in its certificate on the Bonds and for its responsibility as to filing or re-filing as contained in Section 7.07.

(b) The Trustee shall not be liable or responsible because of the failure of the Issuer to perform any act required of it by this Indenture or by any other Security Document or because of the loss of any moneys arising through the insolvency or the act or default or omission of any depository other than itself in which such moneys shall have been deposited under this Indenture or the Tax Regulatory Agreement. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred in accordance with this Indenture or the Tax Regulatory Agreement or for any loss resulting from any such investment. The Trustee shall not be liable in connection with the performance of its duties under the Loan Agreement, under this Indenture or under any other Security Document except for its own willful misconduct or gross negligence. The immunities and exemptions from liability of the Trustee shall extend to its directors, officers, employees, agents and servants and persons under the Trustee's control or supervision.

(c) The Trustee, prior to the occurrence of an Event of Default and after curing of all Events of Default which may have occurred, if any, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent man would exercise under the circumstances in the conduct of his or her own affairs. The Trustee shall not be charged with knowledge of the occurrence of an Event of Default unless, (i) the Trustee has not received any certificate, financial statement, insurance notice or other document regularly required to be delivered to the Trustee under the Loan Agreement or any other Security Document, (ii) the Trustee has not received payment of any amount required to be remitted to the Trustee under the Loan Agreement or any other Security Document, (iii) a Responsible Officer of the Trustee has actual knowledge thereof, or (iv) the Trustee has received written notice thereof from the Institution, the Issuer or any Bondholder. The Trustee shall not be charged with the knowledge of a Determination of Taxability unless the Trustee has received written notice thereof from the Internal Revenue Service, the Institution, the Issuer or any Bondholder or former Bondholder.

(d) The Trustee shall not be liable or responsible for the failure of the Institution to effect or maintain insurance on the Facilities as provided in the Loan Agreement or the Mortgage nor shall it be responsible for any loss by reason of want or insufficiency in insurance or by reason of the failure of any insurer in which the insurance is carried to pay the full amount of any loss against which it may have insured the Issuer, the Institution, the Trustee or any other Person.

(e) The Trustee shall execute and cause to be filed those continuation statements, any additional financing statements and all other instruments required by it by Section 7.07 at the expense of the Institution.

(f) The Trustee shall on the same date as it shall render the statement required of it by Section 7.03, make annual reports to the Issuer and the Institution of all moneys received and expended during the preceding year by it under this Indenture and of any Event of Default known to it under the Loan Agreement or this Indenture or under any other Security Document.

(g) With respect to the Tax 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 Institution 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 Institution.

(h) The permissive right of the Trustee to do things enumerated in this Indenture or the other Security Documents shall not be construed as a duty, and in doing or not doing so the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

Section 9.04. Compensation of Trustee, Bond Registrar and Paying Agents.

The Trustee, the Bond Registrar and Paying Agents shall be entitled to receive and collect from the Institution as provided in the Loan Agreement payment or reimbursement for reasonable fees for services rendered hereunder and under each other Security Document and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee, the Bond Registrar or Paying Agents in connection therewith. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first right of payment prior to payment on account of the principal of or interest on any Bonds, upon the revenues (but not including any amounts held by the Trustee under Section 5.14, 6.04 or Article X) for the foregoing advances, fees, costs and expenses incurred.

Section 9.05. Evidence on Which Trustee May Act.

(a) In case at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action, or doing or not doing anything, as such Trustee, and in any case in which this Indenture provides for permitting or taking any action, it may rely upon any certificate required or permitted to be filed with it under the provisions of this Indenture, and

any such certificate shall be evidence of such fact to protect it in any action that it may or may not take, or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact.

(b) The Trustee may conclusively rely and shall be fully protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person, or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or, at the sole cost and expense of the Institution, and when determined necessary in the reasonable discretion of the Trustee, upon the written opinion of any attorney (who may be an attorney for the Issuer or an employee of the Institution), engineer, appraiser, architect or accountant believed by the Trustee to be qualified in relation to the subject matter.

Section 9.06. Trustee and Paying Agents May Deal in Bonds. Any national banking association, bank or trust company acting as a Trustee or Paying Agent, and its respective directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in any action which any Bondholder may be entitled to take with like effect as if such association, bank or trust company were not such Trustee or Paying Agent.

Section 9.07. Resignation or Removal of Trustee. The Trustee may resign and thereby become discharged from the trusts created under this Indenture for any reason by giving written notice by first class mail, postage prepaid, to the Issuer, to the Institution and to the Holders of all Bonds not less than sixty (60) days before such resignation is to take effect, but such resignation shall not take effect until the appointment and acceptance thereof of a successor Trustee pursuant to Section 9.08.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing filed with the Trustee and signed by the Issuer or the Majority Holders or their attorneys-in-fact duly authorized. Such removal shall become effective either upon the appointment and acceptance of such appointment by a successor Trustee or at the date specified in the instrument of removal. The Trustee shall promptly give notice of such filing to the Issuer and the Institution. No removal shall take effect until the appointment and acceptance thereof of a successor Trustee pursuant to Section 9.08.

If the Trustee shall resign or shall be removed, such Trustee must transfer and assign to the successor Trustee, not later than the date of this acceptance by the successor Trustee of its appointment as such, or thirty (30) days from the date specified in the instrument of removal or resignation, if any, whichever shall last occur, (i) all amounts (including all investments thereof) held in any Fund or Account under this Indenture, together with a full accounting thereof, (ii) all records, files, correspondence, registration books, Bond inventory, all information relating to this Indenture and to Bond payment status (i.e., outstanding principal balances, principal payment and interest payment schedules, Sinking Fund Installment schedules, pending notices of redemption, payments made and to whom, delinquent payments, default or delinquency notices, deficiencies in any Fund or Account balance, etc.) and all such other information (in whatever form) relating

to all Funds and Accounts in the possession of the Trustee being removed or resigning, and (iii) all Security Documents and other documents or agreements, including, without limitation, all Uniform Commercial Code Financing Statements, all insurance policies or certificates, letters of credit or other instruments provided to the Trustee being removed or resigning (clauses (i), (ii) and (iii), together with the Trust Estate, being collectively referred to as the “**Trust Corpus**”).

Section 9.08. Successor Trustee. (a) If at any time the Trustee shall be dissolved or otherwise become incapable of acting or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator thereof, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason or if the Trustee shall resign, the Institution shall cooperate with the Issuer and the Issuer shall appoint a successor Trustee and shall use its best efforts to obtain acceptance of such trust by the successor Trustee within sixty (60) days from such vacancy or notice of resignation. Within twenty (20) days after such appointment and acceptance, the Issuer shall notify in writing the Institution and the Holders of all Bonds.

(b) In the event of any such vacancy or resignation and if a successor Trustee shall not have been appointed within sixty (60) days of such vacancy or notice of resignation, the Majority Holders, by an instrument or concurrent instruments in writing, signed by such Bondholders or their attorneys-in-fact thereunto duly authorized and filed with the Issuer, may appoint a successor Trustee which shall, immediately upon its acceptance of such trusts, and without further act, supersede the predecessor Trustee. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 9.08, within ninety (90) days of such vacancy or notice of resignation, the Holder of any Bond then Outstanding, the Issuer or any retiring Trustee or the Institution may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

(c) Any Trustee appointed under this Section shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States authorized to exercise corporate trust powers under the laws of the State and authorized by law and its charter to perform all the duties imposed upon it by this Indenture and each other Security Document. At the time of its appointment, any successor Trustee shall (x) have a capital stock and surplus aggregating not less than \$100,000,000 and (y) have an investment grade rating of at least “Baa3” or “P-3”.

(d) Any predecessor Trustee shall transfer to any successor Trustee appointed under this Section as a result of a vacancy in the position the Trust Corpus by a date not later than thirty (30) days from the date of the acceptance by the successor Trustee of its appointment as such. Where no vacancy in the position of the Trustee has occurred, the transfer of the Trust Corpus shall take effect in accordance with the provisions of Section 9.07.

(e) Every successor Trustee shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, an instrument in writing accepting such appointment, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers and trusts, and subject to

all the duties and obligations, of its predecessor, with like effect as if originally named as such Trustee; but such predecessor shall, nevertheless, on the written request of its successor or of the Issuer, and upon payment of the compensation, expenses, charges and other disbursements of such predecessor which are due and payable pursuant to Section 9.04, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, immunities, powers and trusts of such predecessor and the Trust Corpus; and every predecessor Trustee shall deliver all property and moneys, together with a full accounting thereof, held by it under this Indenture to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such Trustee the estate, properties, rights, immunities, powers and trusts vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall, on request, be executed, acknowledged and delivered by the Issuer. Any successor Trustee shall promptly notify the Issuer and the Paying Agent of its appointment as Trustee.

(f) Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States and shall be authorized by law and its charter to perform all the duties imposed upon it by this Indenture and each other Security Document shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

Section 9.09. Paying Agents. (a) The Trustee is hereby appointed as Paying Agent for the Bonds. The Issuer may also from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 9.09(b) for the appointment of a successor Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Issuer, and in the case of all Paying Agents other than the Trustee, to the Trustee a written acceptance thereof. The principal offices of the Paying Agents are designated as the respective offices or agencies of the Issuer for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds. Each Paying Agent shall not be liable in connection with the performance of its duties hereunder except for its own willful misconduct or gross negligence.

(b) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days prior written notice to the Issuer and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Issuer. Any successor Paying Agent shall be appointed by the Issuer, with the approval of the Trustee, and shall be a commercial bank or trust company duly organized under the laws of any state of the United States or a national banking association, having a capital stock and surplus aggregating at least \$40,000,000, having an investment grade rating of at least “Baa3” or “P-3”, and willing and able to accept the office on reasonable and customary terms and authorized by law and its charter to perform all the duties imposed upon it by this Indenture.

(c) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor,

or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

Section 9.10. Appointment of Co-Trustee. (a) It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or under any other Security Document, and in particular in case of the enforcement of any powers, rights or remedies on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional institution as a separate trustee or co-trustee. The following provisions of this Section are adapted to these ends.

(b) In the event that the Trustee appoints an additional institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them. Such co-trustee may be removed by the Trustee at any time, with or without cause.

(c) Should any instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed or removed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

(d) No trustee shall be liable for the acts or omissions of any other trustee hereunder.

Section 9.11. Patriot Act. The Trustee hereby acknowledges that in accordance with Section 326 of the U.S.A. Patriot Act (being the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, as amended, and signed into law October 26, 2001), each depository bank, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with a depository bank. The Trustee hereby acknowledges that it shall obtain such information from the other Notice Parties as may be required in order for it to satisfy the requirements of the U.S.A. Patriot Act.

ARTICLE X

DISCHARGE OF INDENTURE; DEFEASANCE

Section 10.01. Defeasance. (a) If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, interest and all other amounts due or to become due thereon or in respect thereof, at the times and in the manner stipulated therein and in this Indenture, and all fees and expenses and other amounts due and payable under this Indenture and the Loan Agreement, and any other amounts required to be rebated to the federal government pursuant to the Tax Regulatory Agreement or this Indenture, shall be paid in full, then the pledge of any loan payments, revenues or receipts from or in connection with the Security Documents or the Facilities under this Indenture and the estate and rights hereby granted, and all covenants, agreements and other obligations of the Issuer to the Bondholders hereunder shall thereupon cease, terminate and become void and be discharged and satisfied and the Bonds shall thereupon cease to be entitled to any lien, benefit or security hereunder, except as to moneys or securities held by the Trustee or the Paying Agents as provided below in this subsection. At the time of such cessation, termination, discharge and satisfaction, (1) the Trustee shall cancel and discharge the lien of this Indenture and of the Mortgage and execute and deliver to the Institution all such instruments as may be appropriate to satisfy such liens and to evidence such discharge and satisfaction, and (2) the Trustee and the Paying Agents shall pay over or deliver to the Institution or on its order all moneys or securities held by them pursuant to this Indenture which are not required (i) for the payment of the principal or Redemption Price, if applicable, Sinking Fund Installments for, or interest on Bonds not theretofore surrendered for such payment or redemption, (ii) for the payment of all such other amounts due or to become due under the Security Documents, or (iii) for the payment of any amounts the Trustee has been directed to pay to the federal government under the Tax Regulatory Agreement or this Indenture.

(b) Bonds or interest installments for the payment or redemption of which moneys (or Defeasance Obligations which shall not be subject to call or redemption or prepayment prior to maturity and the full and timely payment of the principal of and interest on which when due, together with the moneys, if any, set aside at the same time, will provide funds sufficient for such payment or redemption) shall then be set aside and held in trust by the Trustee or Paying Agents, whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section, if (i) in case any such Bonds are to be redeemed prior to the maturity thereof, all action necessary to redeem such Bonds shall have been taken and notice of such redemption shall have been duly given or provision satisfactory under the requirements of this Indenture to the Trustee shall have been made for the giving of such notice, and (ii) if the maturity or redemption date of any such Bond shall not then have arrived, (y) provision shall have been made by deposit with the Trustee or other methods satisfactory to the Trustee for the payment to the Holders of any such Bonds of the full amount to which they would be entitled by way of principal or Redemption Price, Sinking Fund Installments, and interest and all other amounts then due under the Security Documents to the date of such maturity or redemption, and (z) provision satisfactory to the Trustee shall have been made for the mailing of a notice to the Holders of such Bonds that such moneys are so available for such payment on such maturity or redemption date.

Section 10.02. Defeasance Opinion and Verification. Prior to any defeasance becoming effective as provided in Section 10.01(b), there shall have been delivered to the Issuer and to the Trustee (A) an opinion of Nationally Recognized Bond Counsel to the effect that interest on any Bonds being discharged by such defeasance will not become subject to federal income taxation by reason of such defeasance, and (B) a verification from an independent certified public accountant or firm of independent certified public accountants (in each case reasonably satisfactory to the Issuer and the Trustee) to the effect that the moneys and/or Defeasance Obligations are sufficient, without reinvestment, to pay the principal of, Sinking Fund Installments for, interest on, and redemption premium, if any, of the Bonds to be defeased.

Section 10.03. No Limitation of Rights of Holders. No provision of this Article X, including any defeasance of Bonds, shall limit the rights of the Holder of any Bonds under Section 3.06, 3.07 or 3.09 until such Bonds shall have been paid in full.

ARTICLE XI

AMENDMENTS OF INDENTURE

Section 11.01. Limitation on Modifications. This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article.

Section 11.02. Supplemental Indentures Without Bondholders' Consent.
(a) The Issuer and the Trustee may, from time to time and at any time, enter into Supplemental Indentures without the consent of the Bondholders for any of the following purposes:

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

(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 lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as theretofore in effect.

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

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

(v) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture, of the properties of the Facilities, or revenues or other income from or in connection with the Facilities or of any other moneys, securities or funds, or to subject to the lien or pledge of this Indenture additional revenues, properties or collateral.

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

(vii) 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.

(viii) To modify, amend or supplement this Indenture or any Supplemental Indenture in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to this Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

(b) Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to this Section, there shall have been filed with the Trustee an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms.

Section 11.03. Supplemental Indentures With Bondholders' Consent.

(a) Subject to the terms and provisions contained in this Article, the Majority Holders shall have the right from time to time, to consent to and approve the entering into by the Issuer and the Trustee of any Supplemental Indenture as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein. Nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of, Sinking Fund Installments for, redemption premium, if any, or interest on any Outstanding Bonds, a change in the terms of redemption or maturity of the principal of or the interest on any Outstanding Bonds, or a reduction in the principal amount of or the Redemption Price of any Outstanding Bond or the rate of interest thereon, or any extension of the time of payment thereof, without the consent of the Holder of such Bond, (ii) the creation of a lien upon or pledge of the Trust Estate other than the liens or pledge created by this Indenture and the other Security Documents, except as provided in this Indenture with respect to Additional Bonds, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, or (v) a modification, amendment or deletion with respect to any of the terms set forth in this Section 11.03(a), without, in the case of items (ii) through and including (v) of this Section 11.03(a), the written consent of one hundred percent (100%) of the Holders of the Outstanding Bonds.

(b) If at any time the Issuer shall determine to enter into any Supplemental Indenture for any of the purposes of this Section, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders.

(c) Within one year after the date of such notice, the Issuer and the Trustee may enter into such Supplemental Indenture in substantially the form described in such notice only if there shall have first been filed with the Trustee (i) the written consents of the Majority Holders or the Holders of not less than 100%, as the case may be, in aggregate principal amount of the Bonds then Outstanding and (ii) an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture (A) is authorized or permitted by this Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms and (B) will not cause the interest on any Series of Bonds to become includable in gross income for federal income tax purposes. Each valid consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient in accordance with this Indenture shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee prior to the execution of such Supplemental Indenture.

(d) If the Holders of not less than the percentage of Bonds required by this Section shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

(e) Upon the execution of any Supplemental Indenture pursuant to the provisions of this Section, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under this Indenture, subject in all respects to such modifications and amendments.

Section 11.04. Supplemental Indenture Part of this Indenture. Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all the terms and conditions contained in any such Supplemental Indenture as to any provisions authorized to be contained therein shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. The Trustee shall execute any Supplemental Indenture entered into in accordance with the provisions of Section 11.02 or 11.03.

ARTICLE XII

AMENDMENTS OF RELATED SECURITY DOCUMENTS

Section 12.01. Rights of Institution. Anything herein to the contrary notwithstanding, any Supplemental Indenture entered into pursuant to Article XI which materially and adversely affects any rights, powers and authority of the Institution under the Loan Agreement

or requires a revision of the Loan Agreement shall not become effective unless and until the Institution shall have given its written consent to such Supplemental Indenture signed by an Authorized Representative of the Institution.

Section 12.02. Amendments of Related Security Documents Not Requiring Consent of Bondholders. The Issuer and the Trustee may, without the consent of or notice to the Bondholders, consent (if required) to any amendment, change or modification of any of the Related Security Documents for any of the following purposes: (i) to cure any ambiguity, inconsistency, formal defect or omission therein; (ii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may be lawfully granted or conferred; (iii) to subject thereto additional revenues, properties or collateral; (iv) to evidence the succession of a successor Trustee or to evidence the appointment of a separate or co-Trustee or the succession of a successor separate or co-Trustee; (v) to make any change required in connection with a permitted amendment to a Related Security Document or a permitted Supplemental Indenture; and (vi) to make any other change that, in the judgment of the Trustee (which, in exercising such judgment, may conclusively rely, and shall be protected in relying, in good faith, upon an Opinion of Counsel or an opinion or report of engineers, accountants or other experts) does not materially adversely affect the Bondholders. The Trustee shall have no liability to any Bondholder or any other Person for any action taken by it in good faith pursuant to this Section. Before the Issuer or the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

Section 12.03. Amendments of Related Security Documents Requiring Consent of Bondholders. Except as provided in Section 12.02, the Issuer and the Trustee shall not consent to any amendment, change or modification of any of the Related Security Documents or the Covenant Agreement, without mailing of notice and the written approval or consent of the Majority Holders given and procured as in Section 11.03 set forth; provided, however, there shall be no amendment, change or modification to (i) the obligation of the Institution to make loan payments with respect to the Bonds under the Loan Agreement or the Promissory Note or (ii) the Tax Regulatory Agreement, without the delivery of an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change, modification, reduction or postponement will not cause the interest on any Series of Bonds to become includable in gross income for federal income tax purposes. If at any time the Institution shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change or modification to be mailed in the same manner as is provided in Article XI with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders. The Trustee may, but shall not be obligated to, enter into any such amendment, change or modification to a Related Security Document which affects the Trustee's own rights, duties or immunities under such Related Security Document or otherwise. Before the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on

any of the Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Evidence of Signature of Bondholders and Ownership of Bonds.

(a) Any request, consent, revocation of consent, approval, objection or other instrument which this Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by any Bondholder in person or by his or her duly authorized attorney appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of this Indenture (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable: the fact and date of the execution by any Bondholder or his or her attorney of such instruments may be proved by a guarantee of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. For the purposes of the transfer or exchange of any Bond, the fact and date of the execution of the Bondholder or his or her attorney of the instrument of transfer shall be proved by a guarantee of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his or her authority.

(b) The ownership of Bonds and the amount, numbers and other identification shall be proved by the registry books.

(c) Except as otherwise provided in Section 11.03 with respect to revocation of a consent, any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer or the Trustee or any Paying Agent in accordance therewith.

Section 13.02. Notices. Any notice, demand, direction, certificate, Opinion of Counsel, request, instrument or other communication authorized or required by this Indenture to be given to or filed with the Issuer, the Institution or the Trustee shall be sufficient if sent (i) by return receipt requested or registered or certified United States mail, postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

(1) if to the Issuer, to

Build NYC Resource Corporation
One Liberty Plaza
New York, New York 10006
Attention: Attention: General Counsel (with a copy to the
Executive Director of the Issuer at the
same address)

(2) if to the Institution, to

The ICS Foundation, Inc.
2 Teleport Drive, Suite 200
Staten Island, New York 10311
Attention: Board Chair

with a copy to

Law Office of Mark Grunblatt
167 Green Street
Kingston, New York 12401
Attention: Mark Grunblatt, Esq., and

(3) if to the Trustee, to

U.S. Bank National Association
100 Wall Street, Suite 600
New York, New York 10005
Attention: Corporate Trust Administration

The Issuer, the Institution and the Trustee may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

Section 13.03. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Institution, the Trustee, the Bond Registrar, the Paying Agents and the Holders of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof. All covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Institution, the Trustee, the Bond Registrar, the Paying Agents and the Holders of the Bonds.

Section 13.04. Partial Invalidity. If any one or more of the provisions of this Indenture or of the Bonds shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions

hereof or of the Bonds, but this Indenture and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 13.05. Effective Date; Counterparts. The date of this Indenture shall be for reference purposes only and shall not be construed to imply that this Indenture was executed on the date first above written. This Indenture was delivered on the Closing Date. This Indenture shall become effective upon its delivery on the Closing Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.06. Laws Governing Indenture. This Indenture shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

Section 13.07. No Pecuniary Liability of Issuer or Members; No Debt of the State or the City. Every agreement, covenant and obligation of the Issuer under this Indenture is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall not create a debt of the State or the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor but shall be a limited revenue obligation of the Issuer payable by the Issuer solely from the loan payments, revenues and receipts pledged to the payment thereof in the manner and to the extent in this Indenture specified and nothing in the Bonds, in the Loan Agreement, in this Indenture or in any other Security Document shall be considered as pledging any other funds or assets of the Issuer. The Issuer shall not be required under this Indenture or the Loan Agreement or any other Security Document to expend any of its funds other than (i) the proceeds of the Bonds, (ii) the loan payments, revenues and receipts and other moneys pledged to the payment of the Bonds, (iii) any income or gains therefrom, and (iv) the Net Proceeds with respect to the Facilities. No provision, covenant or agreement contained in this Indenture or in the Bonds or any obligations herein or therein imposed upon the Issuer or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit.

All covenants, stipulations, promises, agreements and obligations of the Issuer contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, director, officer, employee or agent of the Issuer in his or her individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. Neither the Bonds, the interest thereon, the Sinking Fund Installments therefor, nor the Redemption Price thereof shall ever constitute a debt of the State or of the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor.

Section 13.08. Priority of Indenture Over Liens. This Indenture and the Mortgage are given in order to secure funds to pay for the Project and by reason thereof, it is intended that this Indenture and the Mortgage shall be superior to any laborers', mechanics' or

materialmen's liens which may be placed upon the Facilities subsequent to the recordation of the Mortgage. In compliance with Section 13 of the Lien Law, the Issuer will receive the advances secured by this Indenture and the Mortgage and will hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of improvements and that the Issuer will apply the same first to the payment of the costs of improvements before using any part of the total of the same for any other purpose.

Section 13.09. Consent to Jurisdiction. Each party hereto irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of or related to this Indenture may be brought in the courts of record of the State in New York County or the United States District Court for the Southern District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (x) to move to dismiss on grounds of forum non conveniens, (y) to remove to any federal court other than the United States District Court for the Southern District of New York, and (z) to move for a change of venue to a New York State Court outside New York County.

Section 13.10. Waiver of Trial by Jury. Each party hereto hereby expressly waives all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Indenture or any matters whatsoever arising out of or in any way connected with this Indenture. The provisions of this Indenture relating to waiver of trial by jury shall survive the termination or expiration of this Indenture.

Section 13.11. Legal Counsel; Mutual Drafting. Each party acknowledges that this Indenture is a legally binding contract and that it was represented by legal counsel in connection with the drafting, negotiation and preparation of this Indenture. Each party acknowledges that it and its legal counsel has cooperated in the drafting, negotiation and preparation of this Indenture and agrees that this Indenture and any provision hereof shall be construed, interpreted and enforced without regard to any presumptions against the drafting party. Each party hereby agrees to waive any rule, doctrine or canon of law, including without limitation, the *contra preferentum* doctrine, that would require interpretation of any ambiguities in this Indenture against the party that has drafted it.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Build NYC Resource Corporation, New York, New York, has caused these presents to be executed in its name and behalf by its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and, to evidence its acceptance of the trust hereby created, the Trustee has caused these presents to be signed in its name and behalf by an authorized representative and its corporate seal to be hereunto affixed, all as of the day and year first above written.

BUILD NYC RESOURCE CORPORATION

By: _____
Emily Marcus
Deputy Executive Director

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Michelle Mena-Rosado
Vice President

[Signature Page to Indenture of Trust]

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On the ___ day of September, of the year 2021, before me, the undersigned, personally appeared **Emily Marcus** known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that her executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon the behalf of whom the individual acted, executed the instrument.

Notary Public/Commissioner of Deeds

STATE OF NEW YORK)
 : ss.:
COUNTY OF WESTCHESTER)

On the ____ day of September, in the year 2021, before me, the undersigned, personally appeared **Michelle Mena-Rosado** personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon the behalf of whom the individual acted, executed the instrument.

Notary Public

APPENDICES

EXHIBIT A
DESCRIPTION OF THE LAND

EXHIBIT B

DESCRIPTION OF THE FACILITY PERSONALTY

The acquisition of fixtures and other equipment for incorporation or use at the building located at 2245 Richmond Avenue, Staten Island, New York financed with the proceeds of the Build NYC Resource Corporation Revenue Bonds (Richmond Preparatory Charter School Project), Series 2021 (Social Impact Project), together with all repairs, replacements, improvements, substitutions and renewals thereof or therefore, and all parts, additions and accessories incorporated therein or affixed thereto and shall include all property substituted for or replacing items and exclude all items so substituted for or replaced, and further exclude all items removed as provided in the Indenture and the Loan Agreement.

EXHIBIT C-1

FORM OF FULLY REGISTERED TAX-EXEMPT BOND

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR. THIS BOND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO AN “ACCREDITED INVESTOR” AS SUCH TERM IS DEFINED IN RULE 501 OF REGULATION D OF THE SECURITIES ACT OF 1933 OR A “QUALIFIED INSTITUTIONAL BUYER” AS THAT TERM IS DEFINED UNDER RULE 144A OF THE SECURITIES EXCHANGE COMMISSION.

BUILD NYC RESOURCE CORPORATION
REVENUE BONDS
(RICHMOND PREPARATORY CHARTER SCHOOL PROJECT), SERIES 2021A
(SOCIAL IMPACT PROJECT)

Bond Date: September [23], 2021

Maturity Date: June 1 [2031][2036][2041][2051][2056]

Registered Owner: Cede & Co.

Principal Amount: \$[3,845,000][3,740,000][4,770,000][13,860,000]9,920,000]

Interest Rate: [4.00%][5.00%][5.00%][5.00%][5.00%]

Bond Number: AR-[1][2][3][4][5]

CUSIP: [12008E][RY4][RZ1][SA5][SB3][SC1]

Promise to Pay. Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York (herein called the “**Issuer**”), for value received, hereby promises to pay as hereinafter provided, solely from the loan payments, revenues and receipts as provided in the Indenture of Trust hereinafter referred to, to the Registered Holder identified above or registered assigns, upon presentation and surrender hereof, on the Maturity Date set forth above, the Principal Amount set forth above, and in like manner to pay interest at the Interest Rate set forth above on the unpaid principal balance hereof from the Bond Date set forth above until the Issuer’s obligation with respect to the payment of such Principal Amount

shall be discharged. Payment of interest shall be made on June 1 and December 1 in each year, commencing December 1, 2021 (or, if such day is not a Business Day, the immediately succeeding Business Day). Such interest shall be computed on the basis of a 360-day year of twelve 30-day months. In no event shall the interest rate payable hereon exceed the maximum permitted by, or enforceable under, applicable law. Payment shall be made in any coin or currency of the United States of America which, on the respective dates of payment, is legal tender for the payment of public and private debts. Capitalized terms used but not defined in this bond shall have the respective meanings assigned to such terms in the Indenture hereinafter referred to.

This bond shall bear interest from the Bond Date indicated above, if authenticated prior to the first Interest Payment Date. If authenticated on or after the first Interest Payment Date, in exchange for or upon the registration of transfer of Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

If there shall occur, and for so long as there shall continue to exist, an Event of Default (other than by reason of a failure to redeem the Bonds in whole if there shall have occurred a Determination of Taxability), the annual rate of interest on the Bonds shall be the Default Rate commencing with the date of the occurrence of the Event of Default and any additional interest thereby due with respect to a period of time for which interest has already been paid shall be payable on the Interest Payment Date next following the Event of Default. Any former Bondholder who was a Bondholder commencing on or after the date of the occurrence of the Event of Default, but who subsequent to such date sold or otherwise disposed of its Bonds or whose Bonds were redeemed or matured, shall be entitled to receive from the Institution under the Loan Agreement (as such terms are hereinafter defined) the following, in an amount allocable to such period during which it held the Bonds subsequent to the Event of Default and the date upon which the Bonds were sold, or otherwise disposed of, or redeemed or matured: the difference between the rate of interest borne by the Bonds prior to the Event of Default and the rate borne by the Bonds on and subsequent to such date.

If there shall occur a Determination of Taxability, the annual rate of interest on the Tax-Exempt Bonds shall be the Default Rate commencing with the date of the Event of Taxability and any additional interest thereby due with respect to a period of time for which interest has already been paid shall be payable on the Interest Payment Date next following the Determination of Taxability. Any former Bondholder who was a Bondholder commencing on or after the date of the occurrence of an Event of Taxability, but who subsequent to such date sold or otherwise disposed of its Tax-Exempt Bonds or whose Tax-Exempt Bonds were redeemed or matured, shall be entitled to receive from the Institution under the Loan Agreement the following, in an amount allocable to such period during which it held the Tax-Exempt Bonds subsequent to the Event of Taxability and the date upon which the Tax-Exempt Bonds were sold, or otherwise disposed of, or redeemed or matured: the difference between the rate of interest borne by the Tax-Exempt Bonds prior to the Event of Taxability and the rate borne by the Tax-Exempt Bonds on and subsequent to such date.

Method of Currency. The principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Payments. The principal of, Sinking Fund Installments for, and the Redemption Price, if applicable, on all Bonds shall be payable by check or draft or wire transfer of immediately available funds at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, provided, however, that the payment in full of any Bond either at final maturity or upon redemption in whole shall only be payable upon the presentation and surrender of such Bonds at the designated corporate trust office of U.S. Bank National Association in New York, New York, as trustee and paying agent (the “**Paying Agent**”), or at the corporate trust office of any successor Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Regular Record Date for such interest, (1) by check or draft mailed to such registered owner at his or her address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least \$1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Regular Record Date for any interest payment.

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

Authorization and Purpose. This bond is one of an authorized issue of bonds designated as “Build NYC Resource Corporation Revenue Bonds (Richmond Preparatory Charter School Project), Series 2021A (Social Impact Project) (the “**Series 2021A Bonds**”) issued in the aggregate principal amount of \$36,135,000, and the Build NYC Resource Corporation Taxable Revenue Bonds (Richmond Preparatory Charter School Project), Series 2021A (Social Impact Project) (the “**Series 2021B Bonds**”) issued in the aggregate principal amount of \$715,000 (collectively, the “**Initial Bonds**” or “**Bonds**”).” The Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and under and pursuant to a resolution adopted by the members of the Issuer on March 9, 2021, authorizing the issuance of the Bonds and under and pursuant to an Indenture of Trust, dated as of September 1, 2021 (as the same may be amended or supplemented, the “**Indenture**”), made and entered into by and between the Issuer and U.S. Bank National Association, as trustee (said bank and any successor thereto under the Indenture being referred to herein as the “**Trustee**”), for the purpose of financing the costs of (a)

the acquisition, renovation, furnishing, and equipping of a 28,500 square foot building located on a 60,700 square foot parcel of land located at 2245 Richmond Avenue, Staten Island, New York, which is expected to serve as the site of a new school (the “**Original Facility**”), to be known as the Richmond Preparatory Charter School (providing educational services to students in Grade 6 through 12 including those with special needs), (b) financing the construction, furnishing and equipping of an expansion to the Original Facility consisting of 25,000 square feet (the “**New Facility**”); (c) funding a capitalized interest and debt service reserve fund; and (d) paying for certain costs and expenses associated with the issuance of the Bonds (collectively (a) through (d), the “**Project**”) on behalf The ICS Foundation, Inc., a New York not-for-profit corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and its successors and assigns (hereinafter together with any assignee of the Loan Agreement hereafter referred to, called the “**Institution**”). In order to finance a portion of the costs of the Project, the Issuer has made a loan to the Institution in the original principal amount of the Bonds from the proceeds of the Bonds pursuant to a certain Loan Agreement, dated as of September 1, 2021, between the Issuer and the Institution (as the same may be amended or supplemented, the “**Loan Agreement**”), and the Institution has executed certain Promissory Notes each dated the date of original issuance of the Initial Bonds in favor of the Issuer (collectively, as the same may be amended or supplemented, the “**Promissory Note**”) to evidence the Institution’s obligation under the Loan Agreement to repay such loan. Each of the Loan Agreement and the Promissory Note requires the payment by the Institution of loan payments sufficient to provide for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds as the same become due. Copies of the Indenture, the Loan Agreement, the Promissory Note, the Pledge and Security Agreement hereinafter referred to, and the Mortgage hereinafter referred to are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, and the rights, duties and obligations of the Issuer, the Institution and the Trustee.

Pledge and Security. Pursuant to the Indenture, the Issuer has assigned to the Trustee all of its right, title and interest in and to the Promissory Note and substantially all of its right, title and interest in and to the Loan Agreement, including all rights to receive loan payments sufficient to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest and all other amounts due on the Bonds as the same become due, to be made by the Institution pursuant to the Loan Agreement and the Promissory Note. The Bonds are further secured by a lien and security interest in the Pledged Collateral pursuant to a certain Pledge and Security Agreement, dated as of September 1, 2021, from the Institution to the Trustee (as the same may be amended or supplemented, the “**Pledge and Security Agreement**”). The Bonds are also secured by mortgage liens on and security interests in the Institution’s fee title interest in the Facilities pursuant to (i) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), (ii) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan), and (iii) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), relating to the Facilities, each dated as of even date herewith, and each from the Institution to the Issuer and the Trustee (as each of the same may hereafter be amended or supplemented, collectively the “**Mortgage**”). Pursuant to an Assignment of Mortgage (as defined in the Indenture), the Issuer has assigned to the Trustee all of the Issuer’s right, title and interest in and to the Mortgage.

THE BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER AND SHALL NEVER CONSTITUTE A DEBT OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE THEREON, NOR SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR.

Reference is hereby made to the Indenture for the definition of any capitalized word or term used but not defined herein and for a description of the property pledged, assigned and otherwise available for the payment of the Bonds, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Bonds, and the terms upon which the Bonds are issued and secured.

Additional Bonds. As provided in the Indenture, upon satisfying certain conditions including obtaining certain prescribed Bondholder consents, a Series of Additional Bonds may be issued from time to time in one or more series for the purpose of financing the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facilities in the event of damage, destruction or taking by eminent domain, providing extensions, additions or improvements to the Facilities, or refunding outstanding Bonds (to the extent that such Bonds shall be subject to earlier redemption). All bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

General Interest Rate Limitation. Anything herein or in the Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Indenture shall be subject to the limitation that payments of interest or other amounts hereon shall not be required to the extent that receipt of any such payment by a holder of this bond would be contrary to the provisions of law applicable to such holder of this bond which would limit the maximum rate of interest which may be charged or collected by such holder of this bond.

Redemption of Bonds. (A) General Optional Redemption. The Series 2021A Bonds shall be subject to redemption, on or after June 1, 2029 in whole or in part at any time (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000) at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement pursuant to Section 4.3(c) thereof), at the Redemption Price of one hundred percent (100%) of the principal amount of the Series 2021A Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption.

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

(i) The Facilities 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 Facilities cannot be reasonably restored within a period of eighteen (18) months from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the Institution or the Organization is thereby prevented or likely to be prevented from carrying on its normal operation at the Facilities for a period of eighteen (18) months from the date of such damage or destruction, or (C) the restoration cost of the Facilities 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 Facilities shall have been taken or condemned by a competent authority which taking or condemnation results, or is likely to result, in the Institution being thereby prevented or likely to be prevented from carrying on its normal operation at the Facilities 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 of New York or of legislative or executive action of said State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by the Institution, the Loan Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or unreasonable burdens or excessive liabilities are imposed upon the Institution by reason of the operation of the Facilities.

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

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

Sinking Fund Installment Payment Date (June 1)	Sinking Fund Installment
2025	\$300,000
2026	535,000
2027	555,000
2028	580,000
2029	600,000
2030	625,000

Sinking Fund Installment Payment Date (June 1)	Sinking Fund Installment
2031 ¹	650,000

¹ Final maturity.

(ii) The Series 2021A Bonds maturing on June 1, 2036, shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date (June 1)	Sinking Fund Installment
2032	\$675,000
2033	710,000
2034	745,000
2035	785,000
2036 ¹	825,000

¹ Final maturity.

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

Sinking Fund Installment Payment Date (June 1)	Sinking Fund Installment
2037	\$ 865,000
2038	905,000
2039	950,000
2040	1,000,000
2041 ¹	1,050,000

¹ Final maturity.

(iv) The Series 2021A Bonds maturing on June 1, 2051, shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal

amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date (June 1)	Sinking Fund Installment
2042	\$1,100,000
2043	1,160,000
2044	1,215,000
2045	1,275,000
2046	1,340,000
2047	1,405,000
2048	1,475,000
2049	1,550,000
2050	1,630,000
2051 ¹	1,710,000

¹ Final maturity.

(v) The Series 2021A Bonds maturing on June 1, 2056, shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date (June 1)	Sinking Fund Installment
2052	\$1,795,000
2053	1,885,000
2054	1,980,000
2055	2,080,000
2056 ¹	2,180,000

¹ Final maturity.

(D) Mandatory Redemption from Excess Proceeds and Certain Other Amounts.
The Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent:

- (i) excess Bond proceeds shall remain after the completion of the Project,
- (ii) excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and the Indenture,

(iii) excess proceeds shall remain after the release or substitution of Facility Realty or Facility Personalty, or

(iv) certain funds received by the Institution pursuant to any capital campaign which are earmarked for specific Project Costs shall remain with the Institution and shall not be required for completion of the Project or related Project Costs,

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

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

(F) Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the Bonds shall be redeemed prior to maturity on any date within one hundred twenty (120) days following such Determination of Taxability, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest at the Default Rate from the occurrence of the Event of Taxability to the date of redemption. The 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 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.

(G) Purchase in Lieu of Optional Redemption. In lieu of calling the Tax-Exempt Bonds for optional redemption and subject to Section 11.6 of the Loan Agreement, the Tax-Exempt Bonds shall be subject to mandatory tender for purchase at the direction of the Issuer, upon the direction of the Institution, in whole or in part (and, if in part, in such manner as

determined by the Institution) on any date on or after June 1, 2029, at a Purchase Price equal to a Redemption Price for any optional redemption of such Tax-Exempt Bonds as provided in Section 2.03(a), plus accrued interest to the purchase date. Purchases of tendered Tax-Exempt Bonds may be made without regard to any provision of this Indenture relating to the selection of Tax-Exempt Bonds in a partial optional redemption. The Tax-Exempt Bonds purchased pursuant to any mandatory tender(s) are not required to be cancelled, and if not so cancelled (subject to Section 11.6 of the Loan Agreement), shall, prior to any resale by or on behalf of the Institution, not be deemed Outstanding in connection with any subsequent partial optional redemption solely for purposes of those provisions of this Indenture relating to the selection of the Tax-Exempt Bonds in a partial redemption.

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

Redemption Procedures. If any of the Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed at least thirty (30) days prior to such redemption date to the registered owner of each Bond to be redeemed at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest after the date fixed for redemption if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Bonds called for redemption shall become due and payable on the redemption date, provided, however, that with respect to any optional redemption of the Bonds as provided in this bond, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

Amendment of Indenture. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Bonds at any time by the Issuer with the consent of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding thereunder. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

Denominations. The Bonds are issuable in the form of fully registered bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof.

Exchange of Bonds. The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

Transfer of Bonds. This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his or her duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered owner or his or her duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered owner or upon his or her order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Institution, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Institution but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

Special Agreement by Holder. Each holder of this bond, by the purchase and acceptance of this bond, is deemed to have represented and agreed as follows: (i) it is either a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act of 1933, as amended (the “**Securities Act**”)) or an “accredited investor” (as defined in Regulation D under the Securities Act), and it has acquired this bond for its own account or for the account of a qualified institutional buyer or an accredited investor, and (ii) it understands and acknowledges that this bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer this bond, this bond may be offered, resold, pledged or transferred only in accordance with the transfer restrictions set forth in this bond and in the legend

appearing hereon and only to a Person meeting the requirements set forth in the preceding clause (i).

Book Entry System. The Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Bonds by the Securities Depository's Participants, beneficial ownership of the Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Beneficial Owners of the Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Acceleration of Bonds. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds and Additional Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

Limitation on Bondholder Enforcement Rights. The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Special Obligation of the Issuer. This bond and the issue of which it forms a part are special limited revenue obligations of the Issuer, payable by the Issuer solely out of the loan payments, revenues or other receipts, funds or moneys of the Issuer pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds.

Estoppel Clause. It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and

that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

No Personal Liability. Neither the members, directors, officers or agents of the Issuer nor any person executing this bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

Authentication by Trustee. This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Build NYC Resource Corporation has caused this bond to be executed in its name by the manual or facsimile signature of its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and its official seal or a facsimile thereof to be hereunto impressed or imprinted hereon and attested by the manual or facsimile signature of its Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, all as of the Bond Date indicated above.

BUILD NYC RESOURCE CORPORATION

By: _____
Authorized Signatory

(SEAL)

ATTEST:

Authorized Signatory

(FORM OF CERTIFICATE OF AUTHENTICATION)

This bond is one of the Bonds of the issue described in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION
as Trustee

By: _____
Authorized Signatory

Date of Authentication: September [23], 2021

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevocably constitute and appoint _____
Attorney to transfer such bond on the books kept for the registration thereof, with full power of
substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment
must correspond with the name as it
appears on the face of the within bond in
every particular, without alteration or
enlargement or any change whatever.

**SIGNATURE GUARANTEED
MEDALLION GUARANTEED**

Authorized Signature
(Signature Guarantee Program Name)

[Signature Guarantee must be by a
member of the Stock Exchange
Medallion Program or the New York
Stock Exchange, Inc. Signature Program
in accordance with Securities and
Exchange Commission Rule 17Ad-15]

[END OF FORM OF TAX-EXEMPT BONDS]

EXHIBIT C-2

FORM OF FULLY REGISTERED TAXABLE BOND

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR. THIS BOND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO AN “ACCREDITED INVESTOR” AS SUCH TERM IS DEFINED IN RULE 501 OF REGULATION D OF THE SECURITIES ACT OF 1933 OR A “QUALIFIED INSTITUTIONAL BUYER” AS THAT TERM IS DEFINED UNDER RULE 144A OF THE SECURITIES EXCHANGE COMMISSION.

BUILD NYC RESOURCE CORPORATION
TAXABLE REVENUE BONDS
(RICHMOND PREPARATORY CHARTER SCHOOL PROJECT), SERIES 2021B
(SOCIAL IMPACT PROJECT)

Bond Date: September [23], 2021
Maturity Date: June 1, [2025]
Registered Owner: Cede & Co.
Principal Amount: \$[715,000]
Interest Rate: [4.00]%
Bond Number: BR-[1]
CUSIP: [12008E SD9]

Promise to Pay. Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York (herein called the “**Issuer**”), for value received, hereby promises to pay as hereinafter provided, solely from the loan payments, revenues and receipts as provided in the Indenture of Trust hereinafter referred to, to the Registered Holder identified above or registered assigns, upon presentation and surrender hereof, on the Maturity Date set forth above, the Principal Amount set forth above, and in like manner to pay interest at the Interest Rate set forth above on the unpaid principal balance hereof from the Bond Date set forth above until the Issuer’s obligation with respect to the payment of such Principal Amount

shall be discharged. Payment of interest shall be made on June 1 and December 1 in each year, commencing December 1, 2021 (or, if such day is not a Business Day, the immediately succeeding Business Day). Such interest shall be computed on the basis of a 360-day year of twelve 30-day months. In no event shall the interest rate payable hereon exceed the maximum permitted by, or enforceable under, applicable law. Payment shall be made in any coin or currency of the United States of America which, on the respective dates of payment, is legal tender for the payment of public and private debts. Capitalized terms used but not defined in this bond shall have the respective meanings assigned to such terms in the Indenture hereinafter referred to.

This bond shall bear interest from the Bond Date indicated above, if authenticated prior to the first Interest Payment Date. If authenticated on or after the first Interest Payment Date, in exchange for or upon the registration of transfer of Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

If there shall occur, and for so long as there shall continue to exist, an Event of Default (other than by reason of a failure to redeem the Bonds in whole if there shall have occurred a Determination of Taxability), the annual rate of interest on the Bonds shall be the Default Rate commencing with the date of the occurrence of the Event of Default and any additional interest thereby due with respect to a period of time for which interest has already been paid shall be payable on the Interest Payment Date next following the Event of Default. Any former Bondholder who was a Bondholder commencing on or after the date of the occurrence of the Event of Default, but who subsequent to such date sold or otherwise disposed of its Bonds or whose Bonds were redeemed or matured, shall be entitled to receive from the Institution under the Loan Agreement (as such terms are hereinafter defined) the following, in an amount allocable to such period during which it held the Bonds subsequent to the Event of Default and the date upon which the Bonds were sold, or otherwise disposed of, or redeemed or matured: the difference between the rate of interest borne by the Bonds prior to the Event of Default and the rate borne by the Bonds on and subsequent to such date.

Method of Currency. The principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Payments. The principal of, Sinking Fund Installments for, and the Redemption Price, if applicable, on all Bonds shall be payable by check or draft or wire transfer of immediately available funds at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, provided, however, that the payment in full of any Bond either at final maturity or upon redemption in whole shall only be payable upon the presentation and surrender of such Bonds at the designated corporate trust office of U.S. Bank National Association in New York, New York, as trustee and paying agent (the “**Paying Agent**”), or at the corporate trust office of any successor Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Regular Record Date for such interest, (1) by check or draft mailed to such registered owner at his or her address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least \$1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Regular Record Date for any interest payment.

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

Authorization and Purpose. This bond is one of an authorized issue of bonds designated as “Build NYC Resource Corporation Revenue Bonds (Richmond Preparatory Charter School Project), Series 2021A (Social Impact Project) (the “**Series 2021A Bonds**”) issued in the aggregate principal amount of \$36,135,000, and the Build NYC Resource Corporation Taxable Revenue Bonds (Richmond Preparatory Charter School Project), Series 2021B (Social Impact Project) (the “**Series 2021B Bonds**”) issued in the aggregate principal amount of \$715,000 (collectively, the “**Initial Bonds**” or “**Bonds**”).” The Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and under and pursuant to a resolution adopted by the members of the Issuer on March 9, 2021, authorizing the issuance of the Bonds and under and pursuant to an Indenture of Trust, dated as of September 1, 2021 (as the same may be amended or supplemented, the “**Indenture**”), made and entered into by and between the Issuer and U.S. Bank National Association, as trustee (said bank and any successor thereto under the Indenture being referred to herein as the “**Trustee**”), for the purpose of financing the costs of (a) the acquisition, renovation, furnishing, and equipping of a 28,500 square foot building located on a 60,700 square foot parcel of land located at 2245 Richmond Avenue, Staten Island, New York, which is expected to serve as the site of a new school (the “**Original Facility**”), to be known as the Richmond Preparatory Charter School (providing educational services to students in Grade 6 through 12 including those with special needs), (b) financing the construction, furnishing and equipping of an expansion to the Original Facility consisting of 25,000 square feet (the “**New Facility**”); (c) funding a capitalized interest and debt service reserve fund; and (d) paying for certain costs and expenses associated with the issuance of the Bonds (collectively (a) through (d), the “**Project**”) on behalf The ICS Foundation, Inc., a New York not-for-profit corporation exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and its successors and assigns (hereinafter together with any assignee of the Loan Agreement hereafter referred to, called the “**Institution**”). In order to finance a portion of the costs of the Project, the Issuer has made a loan to the Institution in the original principal amount of the Bonds from the proceeds of the Bonds pursuant to a certain Loan Agreement, dated as of September 1, 2021, between the Issuer and the Institution (as the same may be amended or

supplemented, the “**Loan Agreement**”), and the Institution has executed certain Promissory Notes each dated the date of original issuance of the Initial Bonds in favor of the Issuer (collectively, as the same may be amended or supplemented, the “**Promissory Note**”) to evidence the Institution’s obligation under the Loan Agreement to repay such loan. Each of the Loan Agreement and the Promissory Note requires the payment by the Institution of loan payments sufficient to provide for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds as the same become due. Copies of the Indenture, the Loan Agreement, the Promissory Note, the Pledge and Security Agreement hereinafter referred to, and the Mortgage hereinafter referred to are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, and the rights, duties and obligations of the Issuer, the Institution and the Trustee

Pledge and Security. Pursuant to the Indenture, the Issuer has assigned to the Trustee all of its right, title and interest in and to the Promissory Note and substantially all of its right, title and interest in and to the Loan Agreement, including all rights to receive loan payments sufficient to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest and all other amounts due on the Bonds as the same become due, to be made by the Institution pursuant to the Loan Agreement and the Promissory Note. The Bonds are further secured by a lien and security interest in the Pledged Collateral pursuant to a certain Pledge and Security Agreement, dated as of September 1, 2021, from the Institution to the Trustee (as the same may be amended or supplemented, the “**Pledge and Security Agreement**”). The Bonds are also secured by mortgage liens on and security interests in the Institution’s fee title interest in the Facilities pursuant to (i) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), (ii) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan), and (iii) the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), relating to the Facilities, each dated as of even date herewith, and each from the Institution to the Issuer and the Trustee (as each of the same may hereafter be amended or supplemented, collectively the “**Mortgage**”). Pursuant to an Assignment of Mortgage (as defined in the Indenture), the Issuer has assigned to the Trustee all of the Issuer’s right, title and interest in and to the Mortgage.

THE BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER AND SHALL NEVER CONSTITUTE A DEBT OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE THEREON, NOR SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR.

Reference is hereby made to the Indenture for the definition of any capitalized word or term used but not defined herein and for a description of the property pledged, assigned and otherwise available for the payment of the Bonds, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Bonds, and the terms upon which the Bonds are issued and secured.

Additional Bonds. As provided in the Indenture, upon satisfying certain conditions including obtaining certain prescribed Bondholder consents, a Series of Additional Bonds may be

issued from time to time in one or more series for the purpose of financing the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facilities in the event of damage, destruction or taking by eminent domain, providing extensions, additions or improvements to the Facilities, or refunding outstanding Bonds (to the extent that such Bonds shall be subject to earlier redemption). All bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

General Interest Rate Limitation. Anything herein or in the Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Indenture shall be subject to the limitation that payments of interest or other amounts hereon shall not be required to the extent that receipt of any such payment by a holder of this bond would be contrary to the provisions of law applicable to such holder of this bond which would limit the maximum rate of interest which may be charged or collected by such holder of this bond.

Redemption of Bonds. (A) General Optional Redemption. The Series 2021B Bonds are not subject to optional redemption.

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

(i) The Facilities 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 Facilities cannot be reasonably restored within a period of eighteen (18) months from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the Institution or the Organization is thereby prevented or likely to be prevented from carrying on its normal operation at the Facilities for a period of eighteen (18) months from the date of such damage or destruction, or (C) the restoration cost of the Facilities 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 Facilities shall have been taken or condemned by a competent authority which taking or condemnation results, or is likely to result, in the Institution being thereby prevented or likely to be prevented from carrying on its normal operation at the Facilities 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 of New York or of legislative or executive action of said State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by the Institution, the Loan Agreement

becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or unreasonable burdens or excessive liabilities are imposed upon the Institution by reason of the operation of the Facilities.

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

(C) Mandatory Sinking Fund Installment Redemption. The Series 2021B Bonds maturing on June 1, 2025 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date (June 1)	Sinking Fund Installment
2024	\$500,000
2025 ¹	215,000

¹ Final maturity.

(D) Mandatory Redemption from Excess Proceeds and Certain Other Amounts. The Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent:

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

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

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

(F) Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the Bonds shall be redeemed prior to maturity on any date within one hundred twenty (120) days following such Determination of Taxability, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest at the Default Rate from the occurrence of the Event of Taxability to the date of redemption. The 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 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.

(G) Reserved.

Redemption Procedures. If any of the Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed at least thirty (30) days prior to such redemption date to the registered owner of each Bond to be redeemed at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest after the date fixed for redemption if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Bonds called for redemption shall become due and payable on the redemption date, provided, however, that with respect to any optional redemption of the Bonds as provided in this bond, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem

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

Amendment of Indenture. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Bonds at any time by the Issuer with the consent of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding thereunder. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

Denominations. The Bonds are issuable in the form of fully registered bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof.

Exchange of Bonds. The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

Transfer of Bonds. This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his or her duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered owner or his or her duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered owner or upon his or her order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Institution, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Institution but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

Special Agreement by Holder. Each holder of this bond, by the purchase and acceptance of this bond, is deemed to have represented and agreed as follows: (i) it is either a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act of 1933, as amended (the “**Securities Act**”)) or an “accredited investor” (as defined in Regulation D under the Securities Act), and it has acquired this bond for its own account or for the account of a qualified institutional buyer or an accredited investor, and (ii) it understands and acknowledges that this bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer this bond, this bond may be offered, resold, pledged or transferred only in accordance with the transfer restrictions set forth in this bond and in the legend appearing hereon and only to a Person meeting the requirements set forth in the preceding clause (i).

Book Entry System. The Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Bonds by the Securities Depository’s Participants, beneficial ownership of the Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Beneficial Owners of the Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Acceleration of Bonds. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds and Additional Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

Limitation on Bondholder Enforcement Rights. The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Special Obligation of the Issuer. This bond and the issue of which it forms a part are special limited revenue obligations of the Issuer, payable by the Issuer solely out of the loan payments, revenues or other receipts, funds or moneys of the Issuer pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds.

Estoppel Clause. It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

No Personal Liability. Neither the members, directors, officers or agents of the Issuer nor any person executing this bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

Authentication by Trustee. This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Build NYC Resource Corporation has caused this bond to be executed in its name by the manual or facsimile signature of its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and its official seal or a facsimile thereof to be hereunto impressed or imprinted hereon and attested by the manual or facsimile signature of its Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, all as of the Bond Date indicated above.

BUILD NYC RESOURCE CORPORATION

By: _____
Authorized Signatory

(SEAL)

ATTEST:

Authorized Signatory

(FORM OF CERTIFICATE OF AUTHENTICATION)

This bond is one of the Bonds of the issue described in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION
as Trustee

By: _____
Authorized Signatory

Date of Authentication: September [23], 2021

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevocably constitute and appoint _____
Attorney to transfer such bond on the books kept for the registration thereof, with full power of
substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment
must correspond with the name as it
appears on the face of the within bond in
every particular, without alteration or
enlargement or any change whatever.

**SIGNATURE GUARANTEED
MEDALLION GUARANTEED**

Authorized Signature
(Signature Guarantee Program Name)

[Signature Guarantee must be by a
member of the Stock Exchange
Medallion Program or the New York
Stock Exchange, Inc. Signature Program
in accordance with Securities and
Exchange Commission Rule 17Ad-15]

[END OF FORM OF TAXABLE BONDS]

EXHIBIT D

Form of Requisition from the Project Fund

REQUISITION NO.

TO: U.S. Bank National Association, as Trustee

FROM: The ICS Foundation, Inc.

Ladies and Gentlemen:

You are requested to draw from the Project Fund, established by Section 5.01 of the Indenture of Trust, dated as of September 1, 2021 (the “**Indenture**”), between Build NYC Resource Corporation (the “**Issuer**”) and yourself, a check or checks or wire transfer, as applicable, in the amounts, payable to the order of those persons and for the purpose of paying those costs set forth on Schedule A attached hereto. All capitalized terms used in this Requisition not otherwise defined herein shall have the meanings given such terms by the Indenture or by the Loan Agreement referred to in the Indenture.

I hereby certify that

- (i) I am an Authorized Representative of The ICS Foundation, Inc. (the “Institution”);
- (vi) the number of this Requisition is ____;
- (vii) the items of cost set forth on Schedule A attached hereto are correct and proper under Section 5.02 of the Indenture and under Section 3.2 of the Loan Agreement and each such item has been properly paid or incurred as an item of Project Cost;
- (viii) none of the items for which this Requisition is made has formed the basis for any disbursement heretofore made from the Project Fund;
- (ix) the payees and amounts stated in Schedule A attached hereto are true and correct and each item of cost so stated is due and owing;
- (x) each such item stated in Schedule A attached hereto is a proper charge against the Project Fund;
- (xi) each such item in Schedule A attached hereto represents the value of work actually furnished, or labor or services actually rendered and no item relates to materials, that are not incorporated into the improvement or deposits toward same;
- (xii) each item of cost set forth in Schedule A attached hereto is consistent in all material respects with the Tax Regulatory Agreement;

(xiii) if the payment herein requested is a reimbursement to the Institution for costs or expenses of the Institution incurred by reason of work performed or supervised by officers or employees of the Institution or any Affiliate, such officers or employees were specifically employed for such purpose and the amount to be paid does not exceed the actual cost thereof to the Institution and such costs or expenses will be treated by the Institution on its books as a capital expenditure in conformity with generally accepted accounting principles applied on a consistent basis;

(xiv) no portion of the proceeds of the Bond will be applied to reimburse the Institution for Project Costs paid more than sixty (60) days prior to March 9, 2021, the date the Issuer adopted its reimbursement resolution for the Project, except for amounts which do not exceed twenty percent (20%) of the Project Costs financed with the proceeds of the Bonds which were applied to finance certain preliminary expenses with respect to the Project. Preliminary expenses, for purposes of this exception, include architectural, engineering, surveying, soil testing and similar costs incurred prior to the commencement of construction or rehabilitation of the Project, but do not include land acquisition, site preparation and similar costs incident to the commencement of construction or rehabilitation of the Project. No portion of the proceeds of the Bonds will be applied to reimburse the Institution for a cost (other than preliminary expenditures) paid more than eighteen (18) months prior to the date of this requisition or the date the Facilities to which the cost relates was placed in service, whichever is later. In no event shall the proceeds of the Bonds be applied to reimburse the Institution for a Project Cost paid more than three (3) years prior to the date of issuance of the Bonds, unless such cost is attributable to a preliminary expenditure, as described above;

(xv) no Determination of Taxability has occurred, and no Event of Default exists and is continuing under the Indenture or the Loan Agreement or any other Security Document nor any condition, event or act which, with notice or lapse of time or both, would constitute such an Event of Default;

(xvi) I have no knowledge of any vendor's lien, mechanic's lien or security interest which should be satisfied or discharged before the payment herein requested is made or which will not be discharged by such payment or, to the extent that any such costs shall be the subject of a bona fide dispute, for which such costs have not been appropriately bonded or for which a surety or security has not been posted which is at least equal to the amount of such costs;

(xvii) each item which payment under this requisition is to be made when added to all other payments previously made from the Project Fund, will not result in less than 95% of the proceeds of the Bonds (exclusive of costs of issuance of the Bonds or any reasonably required reserve) (including any earnings thereon) being used for the acquisition, construction, reconstruction or improvement of land or property that is subject to the allowance for depreciation provided in section 167 of the Code;

(xviii) such item of cost for which payment is herein requested is chargeable to the capital account of the Facilities for federal income tax purposes, or would

be so chargeable either with an election by the Institution or but for the election of the Institution to deduct the amount of such item; and

(xix) the representations and warranties made by the Institution in the Security Documents are correct on and as of the date of such disbursement as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date.

Attached to this Requisition is a schedule of or a copy of bills, invoices or other documents evidencing and supporting this Requisition.

Dated: _____

THE ICS FOUNDATION, INC.

By: _____
Authorized Representative

SCHEDULE A TO REQUISITION NO. ___

Amount

Payee (with address or wire information)

Purpose

Receipt is hereby acknowledged of a payment in the amount of \$ _____ in connection with the submission of the attached Requisition.

THE ICS FOUNDATION, INC.

By: _____
Authorized Representative

Date: _____

[THIS PAGE INTENTIONALLY LEFT BLANK]

COVENANT AGREEMENT

between

**INTEGRATION CHARTER SCHOOLS,
as Tenant (the “Organization”)**

and

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

Dated as of September 1, 2021

Relating to:

**BUILD NYC RESOURCE CORPORATION
REVENUE BONDS
(RICHMOND PREPARATORY CHARTER SCHOOL PROJECT)
(SOCIAL IMPACT PROJECT)**

CONSISTING OF

**\$36,135,000
TAX-EXEMPT REVENUE BONDS
(RICHMOND PREPARATORY CHARTER
SCHOOL PROJECT),
SERIES 2021A
(SOCIAL IMPACT PROJECT)**

**\$715,000
TAXABLE REVENUE BONDS
(RICHMOND PREPARATORY CHARTER
SCHOOL PROJECT),
SERIES 2021B
(SOCIAL IMPACT PROJECT)**

TABLE OF CONTENTS

	Page
Section 1. Defined Terms	2
Section 2. Term of Agreement; Compliance with the Lease; Compliance with Tax Regulatory Agreement	11
Section 3. Representations and Warranties.....	12
Section 4. Maintenance, Taxes and Insurance.....	16
Section 5. Additional Covenants	18
Section 6. Environmental Indemnity and Covenants.....	28
Section 7. Events of Default	32
Section 8. Remedies on Default.....	34
Section 9. Termination.....	37
Section 10. Severability	37
Section 11. Governing Law	38
Section 12. Third Party Beneficiaries	38
Section 13. Prior Agreements Superseded.....	38
Section 14. Organization Statements, Representations and Warranties	38
Section 15. Headings	38
Section 16. Execution and Counterparts.....	38
Section 17. No Waiver; Cumulative Remedies	38
Section 18. Waivers, Amendments.....	38
Section 19. Notices	39
Section 20. Electronic Signatures	39

COVENANT AGREEMENT

This COVENANT AGREEMENT, dated as of September 1, 2021 (this “**Covenant Agreement**”) is made by INTEGRATION CHARTER SCHOOLS, a New York not-for-profit education corporation and 501(c)(3) organization (the “**Organization**”), for the benefit of U.S. BANK NATIONAL ASSOCIATION, a national banking organization (the “**Trustee**”), not in its individual or corporate capacity but solely as trustee under that certain Indenture of Trust, dated as of September 1, 2021 (the “**Indenture**”), between the Trustee and the Issuer, as hereinafter defined.

WHEREAS, Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York (the “**State**”) at the direction of the Mayor of The City of New York (the “**Issuer**”), has agreed to issue its (a) Tax-Exempt Revenue Bonds (Richmond Preparatory Charter School Project) Series 2021A (Social Impact Project) (the “**Series 2021A Bonds**”), in the aggregate principal amount of \$36,135,000; and (b) Taxable Revenue Bonds (Richmond Preparatory Charter School Project) Series 2021B (Social Impact Project) (the “**Series 2021B Bonds**” and together with the Series 2021A Bonds, the “**Initial Bonds**”), in the aggregate principal amount of \$715,000; and

WHEREAS, the Initial Bonds and any Additional Bonds are collectively referred to herein as the “**Bonds**”; and

WHEREAS, the Initial Bonds will be issued by the Issuer pursuant to the terms of (i) the resolution of the governing body of the Issuer (the “**Resolution**”) and (ii) the Indenture; and

WHEREAS, the proceeds of the Initial Bonds will be loaned by the Issuer to The ICS Foundation, Inc., a New York not-for-profit corporation (the “**Institution**”) pursuant to a Loan Agreement, dated as of September 1, 2021 (the “**Loan Agreement**”); and

WHEREAS, proceeds of the Initial Bonds will be used by the Institution for the purposes of: (a)(i) financing the acquisition, renovation, furnishing and equipping of a 28,500 square foot building located on a 60,700 square foot parcel of land located at 2245 Richmond Avenue, Staten Island, New York (the “**Facilities**”), to serve as a new educational facility thereon to be used by the Organization as the school building for its Richmond Preparatory Charter School (“**Richmond Prep**”) for students in grades 6 through grade 12, including without limitation students with special needs, and (ii) financing the construction, furnishing and equipping of an expansion to the Facilities consisting of a 25,000 square foot addition; (b) funding a debt service reserve fund for the benefit of the Series 2021A Bonds; (c) funding capitalized interest on the Series 2021A Bonds; and (d) paying for certain costs related to the issuance of the Initial Bonds (collectively, the “**Project**”); and

WHEREAS, the Facilities will be owned by the Institution and leased by the Institution to the Organization for use by the Organization for Richmond Prep pursuant to a Lease Agreement, with an effective date of September 1, 2021 (the “**Lease**”); and

WHEREAS, in connection with the issuance of the Initial Bonds, the Organization will also enter into (i) the Lease, (ii) this Covenant Agreement; (iv) the Tax Regulatory Agreement; and (v) the Continuing Disclosure Agreement (collectively, the “**Organization Documents**”); and

WHEREAS, the Initial Bonds were issued pursuant to the Indenture; and

WHEREAS, in consideration of the issuance of the Initial Bonds by the Issuer and the entry into the Indenture by the Trustee, the Organization is required to deliver this Covenant Agreement to the Trustee and the Organization has agreed to fulfill certain covenants and agreements set forth in this Covenant Agreement in order to provide additional security for the timely payments of amounts due by the Organization under the Lease;

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Capitalized terms shall have the meanings defined herein. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Lease, the Loan Agreement, or the Indenture.

“**Accountant**” means initially, Schall & Ashenfarb Certified Public Accountants, LLC, or thereafter any other Independent certified public accounting firm licensed to practice in the State (which may be the firm of accountants that regularly audits the books and accounts of the Organization) from time to time selected by the Organization.

“**Accountant’s Certificate**” means a report, certificate or opinion by the Accountant.

“**Additional Bonds**” means any additional bonds issued and secured in accordance with the Indenture on a parity with the Outstanding Initial Bonds.

“**Annual Debt Service Requirements**” of any specified Person means, for any Fiscal Year, the principal of (and premium, if any) and interest and other debt service charges (which include for purposes hereof, any fees or premiums for any letter of credit, surety bond, policy of insurance, bond purchase agreement, or any similar credit or liquidity support secured in connection therewith payable in such Fiscal Year) on all Indebtedness of such Person coming due during such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply:

(1) In the case of Balloon Debt that bears interest at a variable rate, then for the purpose of calculating what future annual debt service requirements will be, the weighted average rate of interest borne by such variable rate Balloon Debt during the ninety (90) day period ending on the date prior to the date of calculation shall be presumed to apply for all future dates and, any installment of principal of (and premium, if any) and interest and other debt service charges on such Balloon Debt shall be evenly allocated over the life of the Balloon Debt with equal principal payments plus the calculated rate of interest deemed due each year;

(2) Principal of (and premium, if any) and interest and other debt service charges on Indebtedness, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal, premium, interest, or other debt service charges are payable from funds irrevocably deposited or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest, amounts held in a reserve fund, and

accrued interest so deposited or set aside in trust or escrowed with the Trustee, or any Independent Person approved by the Trustee);

(3) As to any Indebtedness other than Balloon Debt that bears interest at a variable interest rate, then for the purpose of calculating what future annual debt service requirements will be, an interest rate equal to the weighted average rate of interest born by such Indebtedness during the preceding ninety (90) day period ending on the date prior to the date of calculation shall be presumed to apply for all future dates and the principal shall be amortized based upon the established payment schedule for such variable rate Indebtedness; and

(4) In the case of any guarantees or other Indebtedness described in clause (c) of the definition of Indebtedness, the principal of (and premium, if any) and interest and other debt service charges on such Indebtedness for any Fiscal Year shall be deemed to be 25% of the principal of (and premium, if any) and interest and other debt service charges on the Indebtedness guaranteed due in such Fiscal Year; provided, however, that if the Organization is actually required to make any payment in respect of such Indebtedness, the total amount payable by the Organization in respect of such guarantee or other obligation in such Fiscal Year shall be included in any computation of the Annual Debt Service Requirements of the Organization for such year and the amount payable by the Organization in respect of such guarantee or other obligation in any future Fiscal Year shall be included in any computation of the estimated Annual Debt Service Requirements for such Fiscal Year.

“**Authorized Representative**” in the case of the Institution has the meaning assigned to it in the Loan Agreement.

“**Authorized Representative of the Organization**” means a person named in Exhibit 1(A) — “Authorized Representative”, or any other officer or employee of the Organization who is authorized to perform specific duties hereunder or under any other Organization Documents and of whom another Authorized Representative of the Organization has given written notice to the Trustee; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of this Covenant Agreement, 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.

“**Authorizer**” means the Board of Regents of the State of New York on behalf of the New York State Education Department, or any successor thereto.

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

“**Board**” means the Board of Trustees of the Organization.

“**Bond Buyer Revenue Bond Index**” shall mean the daily index of municipal bond prices created by the Chicago Board of Trade and published by The Bond Buyer, based on the prices of 40 recently issued and actively traded long-term municipal bonds.

“**Bond Counsel**” means Nixon Peabody 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.

“**Bonds**” means the Initial Bonds and any Additional Bonds.

“**Capital Improvements**” means the acquisition of land, easements, facilities, and equipment (other than ordinary repairs and replacements), and the construction or reconstruction of improvements, betterments, and extensions which, under Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board, are properly chargeable as capital items.

“**Cash on Hand**” means the sum of unrestricted cash, unrestricted cash equivalents, unrestricted liquid investments and unrestricted marketable securities (valued at the lower of cost or market) of the Organization. Cash on Hand shall not include any Trustee-held funds or proceeds of Indebtedness.

“**Charter Contract**” means the charter agreement between Organization and the Authorizer, as revised and accepted by the Authorizer, together with any subsequent applications to modify or renew the Charter Contract.

“**Charter Schools Act**” means Article 56 of the New York Education Law, as amended.

“**City**” means New York City.

“**Code**” means the Internal Revenue Code of 1986, as amended; each reference to the Code is deemed to include (i) any successor internal revenue law and (ii) the applicable regulations whether final, temporary or proposed under the Code or such successor law. Any reference to a particular provision of the Code is deemed to include any successor provision of any successor internal revenue law and applicable regulations, whether final, temporary or proposed, under such provision or successor provision.

“**Construction Monitor**” means Anser Advisory, LLC, or any other Independent, individual, licensed architect or engineer or independent, licensed engineering or architectural firm (which may be an individual or an engineering or architectural firm retained by the Organization for other purposes) selected by the Organization as evidenced to the Trustee by a written certificate containing the specimen signature of the authorized signatory for the Construction Monitor’s firm.

“**Construction Monitoring Agreement**” means the Construction Disbursement and Monitoring Agreement, dated as of September 1, 2021, by and among the Institution, the Organization, and the Construction Monitor.

“Construction Monitor’s Certificate” means a written opinion or report signed by the Construction Monitor.

“Construction Window” means the period between the Closing Date and ending on the earlier of (i) the date on which the Institution receives a temporary certificate of occupancy for the entirety of the Facilities or (ii) September 1, 2024.

“Continuing Disclosure Agreement” means as to the Initial Bonds, the Continuing Disclosure Agreement dated as of September 1, 2021, entered into by the Organization, the Institution, and the Dissemination Agent, and as to any Series of Additional Bonds, the continuing disclosure undertaking or agreement entered into by the Organization and the Institution in connection with such Series of Additional Bonds.

“Dissemination Agent” means U.S. Bank National Association, and its successors and assigns or any successor Dissemination Agent appointed by the Organization pursuant to the provisions of the Continuing Disclosure Agreement.

“EMMA” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“Environmental Damages” means all claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability), encumbrances, Liens, privileges, costs, and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement or judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys’ fees and expert consultants’ fees and disbursements, any of which are incurred at any time as a result of the existence of Regulated Chemicals upon, about, beneath or migrating, or threatening to migrate, onto or from the Facilities, or the existence of a violation of Environmental Requirements pertaining to the Facilities, regardless of whether or not such Environmental Damages were caused by or within the control of the Organization.

“Environmental Law” means the Comprehensive Environmental Response, Compensation and Liability Act of 1976, 42 U.S.C. §§ 6901 et seq., Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by SARA, 42 U.S.C. §§ 1820 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1810 et seq., the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §§ 6901, et seq., the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251, et seq., the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. §§ 11001, et seq., the Clean Water Act, 33 U.S.C. §§ 1251 et seq., the National Environmental Policy Act of 1975, 42 U.S.C. § 4321 et seq., the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651, et seq., and the Clean Air Act, 42 U.S.C. §§ 7412 et seq., and any other applicable federal or state laws pertaining to the protection of the environment, as any such laws may be amended, modified or supplemented and any regulations promulgated pursuant to any of the foregoing.

“Environmental Report” means any Environmental Assessment Tests (each as defined in Section 6 hereof), or other environmental report or audit conducted at the Facilities for any reason.

“Environmental Requirements” means all applicable federal, State, regional or local laws, statutes, rules, regulations or ordinances, concerning public health, safety or the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601, et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §§ 6901, et seq., the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251, et seq., the Toxic Substances Control Act of 1976, 15 U.S.C. §§ 2601, et seq., the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. §§ 11001, et seq., the Clean Air Act of 1966, as amended, 42 U.S.C. §§ 7401, et seq., the National Environmental Policy Act of 1975, as amended, 42 U.S.C. § 4321, et seq., the Rivers and Harbors Act of 1899, 33 U.S.C. §§ 401 et seq., the Endangered Species Act of 1973, as amended 16 U.S.C. §§ 1531, et seq., the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651, et seq., the Safe Drinking Water Act of 1974, as amended 42 U.S.C. §§ 300(f), et seq., and all rules, regulations, policies and guidance documents promulgated or published thereunder, and any State, regional or local statute, law, rule, regulation or ordinance relating to public health, safety or the environment, including, without limitation those relating to:

- (a) releases, discharges, emissions or disposals to air, water, land or groundwater;
- (b) the withdrawal or use of groundwater;
- (c) the use, handling, or disposal of polychlorinated biphenyls (“PCBs”), asbestos or urea formaldehyde;
- (d) the transportation, treatment, storage, discharge, disposal, release or management of hazardous substances or materials (including, without limitation, petroleum, its derivatives, by-products or other hydrocarbons), and any other solid, liquid, or gaseous substance, exposure to which is prohibited, limited or regulated, or may or could pose a hazard to the health and safety of the occupants of the Facilities or any property adjacent to or surrounding the Facilities;
- (e) the exposure of persons to toxic, hazardous, or other controlled, prohibited or regulated substances; and
- (f) any Regulated Chemical.

“Event of Default” means those events of default specified in Section 7 hereof.

“Facilities” means the same as defined in the recitals of this Covenant Agreement.

“Facilities Consultant” means an Independent firm of professional property inspection consultants qualified to conduct a physical needs assessment of charter school facilities and assess the good repair, working order and condition of real property and having a favorable reputation for skill and experience in the field of property inspection consultation and which may include a firm with whom the Organization transacts business.

“Financial Product Agreement” means any type of financial management instrument or contract, which shall include, but not be limited to, (a) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract; (b) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (c) any contract to exchange cash flows or payments or a series of payments; (d) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk forward supply agreements; and (e) any other type of contract or arrangement that the governing body of the Organization determines is to be used, or is intended to be used, to manage or reduce the cost of debt (including but not limited to a bond insurance policy), to convert any element of debt from one form to another, to maximize or increase investment return, to minimize investment return risk or to protect against any type of financial risk or uncertainty.

“Fiscal Year” shall mean a year of 365 or 366 days, as the case may be, commencing on July 1 of each calendar year and ending on June 30 of the next calendar year, or such other Fiscal Year of similar length used by the Organization for accounting purposes.

“GAAP” means those accounting principles applicable in the preparation of financial statements of the Organization, consistently applied, as in effect from time to time and promulgated by the Governmental Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants.

“Gross Revenues” means all funds, money, grants, donations or other distributions received by the Organization from the State, the City or any other sources, together with all other revenues, income or receipts of any kind whatsoever.

“Hazardous Materials” means: (a) any substances defined as “hazardous substances,” “pollutants,” “contaminants,” “hazardous materials,” “hazardous wastes,” or “hazardous or toxic substances” or related materials as now or hereafter defined in any Environmental Law; (b) those substances listed or otherwise identified as substances of the type referred to in the preceding subsection (a) in the regulations adopted and publications issued pursuant to any Environmental Law, as the same may be amended, modified or supplemented; (c) any friable asbestos, airborne asbestos in excess of that generally found in the atmosphere, respectively, where the Facilities are located, or any substance or material containing asbestos, excluding any such materials located on the Facilities prior to the date hereof so long as such materials are contained, maintained, abated or removed in compliance with all applicable Environmental Laws; and (d) any substance the presence of which on the Facilities is prohibited by any applicable Environmental Law; provided that Hazardous Material shall not include any such substances used in or resulting from the ordinary operation of the Facilities or for the cleaning of the Facilities, provided that such

substances are stored, handled and disposed of in compliance with all applicable Environmental Laws and other applicable laws and regulations.

“Indebtedness” means, with respect to the Organization, (a) obligations for the payment of borrowed money incurred or assumed by the Organization, (b) capital or operating lease obligations of the Organization, including the obligations of the Organization under the Lease, (c) all indebtedness of any type, including capitalized lease obligations, guaranteed, directly or indirectly, in any manner by the Organization, or in effect guaranteed, directly or indirectly, by the Organization through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; (d) any other guaranties or like obligations, and (e) any other obligation for the payment of money secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon the Facilities or property related thereto owned or leased by the Organization whether or not the Organization has assumed or become liable for the payment thereof.

“Indemnified Persons” means the Registered Owners, the Beneficial Owners and the Trustee, their successors, assigns, trustees, directors, officers, employees, agents, contractors, subcontractors, licensees, and invitees.

“Indenture” means the Trust Indenture, dated as of September 1, 2021, between the Issuer and the Trustee, including any indentures supplemental thereto made in conformity therewith, pursuant to which the Bonds are authorized to be issued and secured.

“Independent” when used with respect to any specified Person means such a Person who (i) does not have any direct financial interest or any material indirect financial interest in the Organization or the Institution, and (ii) is not connected with the Organization or the Institution as an officer, employee, promoter, member of the board of trustees or directors, partner or person performing similar functions.

“Independent Consultant” means an Independent management consultant or certified public accountant selected by the Organization experienced in the management, operation and/or financing of charter schools in the State.

“Initial Bonds” means the same as defined in the recitals of this Covenant Agreement.

“Insurance Consultant” means an Independent insurance consultant and/or risk management firm or an insurance broker or commercial insurance agent (which may be a consultant, firm, broker or agent with whom the Organization regularly transacts business) selected by the Organization and with a reputation for providing commercial insurance services to entities of similar complexity to the Organization.

“Lease” means the same as defined in the recitals of this Covenant Agreement.

“Liabilities” means any causes of action (whether in contract, tort or otherwise), claims, costs, damages, demands, judgments, liabilities, losses, suits and expenses (including, without limitation, reasonable costs of investigation, and attorney’s fees and expenses) of every kind, character and nature whatsoever.

“Lien” means any mortgage or pledge of, security interest in, or lien or encumbrance on, any property which secures any Indebtedness or other obligation of the Organization or which secures any obligation of any Person other than an obligation to the Organization, excluding Liens created by a Security Document.

“Majority Holder” shall have the meaning assigned to it in the Indenture.

“Maximum Annual Debt Service” means, as of any date of calculation, the highest Annual Debt Service Requirements with respect to all outstanding Indebtedness for any succeeding Fiscal Year.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Income Available for Debt Service” means, for any period of determination thereof, Gross Revenues for such period minus its total Operating Expenses for such period.

“NYCDOE” means the New York City Department of Education, its successors and assigns.

“Operating Expenses” means all reasonable and necessary expenses of the Organization paid or accrued, to operate a public school and provide educational services, including without limitation (a) salaries and administrative expenses, (b) the cost of instructional supplies and materials, (c) insurance premiums, and (d) professional services; provided however, there shall be excluded from Operating Expenses: (i) any allowance for depreciation, (ii) expenses incurred in connection with Capital Improvements, (iii) deposits to and expenses paid from the Repair and Replacement Fund, (iv) expenses paid from grants from state, federal or local sources, or from any Person, which were included as part of Gross Revenues, (v) expenses paid from the proceeds of any insurance or condemnation awards, (vi) interest expenses and facility lease payments, and (vii) to the extent it is considered an Operating Expense, amortization of debt service costs on the Bonds.

“Organization Documents” means the same as defined in the recitals of this Covenant Agreement.

“Permitted Encumbrance” shall have the meaning assigned to it in the Indenture.

“Person” includes an individual, association, corporation, partnership, joint venture or a government or an agency or a political subdivision thereof.

“Regulated Chemicals” means any substance, the presence of which requires investigation, permitting, control, monitoring or remediation under any federal, State or local statute, regulation, ordinance or order, including without limitation:

(a) any substance defined as “**hazardous waste**” under the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 6901 et seq.);

(b) any substance defined as a “**hazardous substance**” under the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. §§ 9601 et seq.);

(c) any substance defined as a “**hazardous material**” under the Hazardous Materials Transportation Act (49 U.S.C. §§ 1800 et seq.);

(d) any substance defined under any New York statute analogous to (a), (b) or (c), to the extent that said statute defines any term more expansively;

(e) asbestos;

(f) urea formaldehyde;

(g) polychlorinated biphenyls;

(h) perfluorakyl substances, and any related derivatives;

(i) petroleum, or any distillate or fraction thereof;

(j) any hazardous or toxic substance designated pursuant to the laws of the State; and

(k) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority.

“**Rent**” has the meaning assigned to it in the Lease.

“**Rental Assistance**” means the rental assistance payments granted to certain charter schools (including Richmond Prep) located in New York City under the Charter Schools Act.

“**Repair and Replacement Fund**” shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

“**Repair and Replacement Fund Requirement**” means an amount specified in the Indenture.

“**Security Documents**” shall have the meaning ascribed in the Indenture.

“**Series 2021A Bonds**” means the same as defined in the recitals of this Covenant Agreement.

“**Series 2021B Bonds**” means the same as defined in the recitals of this Covenant Agreement.

“**Series 2021 Taxable Bonds**” means the Series 2021B Bonds.

“**Series 2021 Tax-Exempt Bonds**” means the Series 2021A Bonds.

“**Short-Term Indebtedness**” means Indebtedness with a maturity date less than a year from the date of incurrence of such Indebtedness.

“**Taxable Bonds**” means the Series 2021 Taxable Bonds and any other such Additional Bonds that may be issued as taxable bonds under the Indenture.

“**Tax-Exempt Bonds**” means the Series 2021 Tax-Exempt Bonds and any Additional Bonds the interest on which is intended to be excluded from gross income for federal income tax purposes.

“**Tax Regulatory Agreement**” has the meaning assigned to it in the Indenture.

“**Underwriter**” means D.A. Davidson & Co.

Section 2. Term of Agreement; Compliance with the Lease; Compliance with Tax Regulatory Agreement.

(A) This Covenant Agreement shall remain in full force and effect from the date of delivery hereof until such time as all of the payments on the Lease and the Bonds shall have been fully paid or provision is made for full payment of the Bonds pursuant to the Indenture and all reasonable and necessary fees and expenses of the Trustee accrued and to accrue through final payment of the Bonds, all fees and expenses of the Issuer accrued and to accrue through final payment of the Bonds and all other liabilities of the Institution or Organization accrued and to accrue through final payment of the Bonds under the Indenture have been paid or provision is made for such payments pursuant to the Indenture; *provided*, however, notwithstanding any other provision hereof (a) the indemnification provisions of Sections 5(C) and 6(A) hereof and the agreements contained in Section 8(C) hereof shall survive the termination of the term of this Covenant Agreement for the periods of times set forth therein; (b) all agreements, representations and certifications by the Organization as to the excludability from gross income of interest on the Tax-Exempt Bonds shall survive termination hereof until the expiration of statutes of limitation applicable to the liability of the Beneficial Owners of such Bonds for federal and state income taxes with respect to interest on the Tax-Exempt Bonds; and (c) upon the defeasance of the Indenture, all such indemnification provisions shall be enforceable by the Issuer Indemnified Persons, and all such agreements, representations and certifications regarding the excludability from gross income of the interest on the Tax-Exempt Bonds shall be enforceable by the Beneficial Owners of such Bonds, directly against the Organization until the expiration of statutes of limitation applicable to the liability of the Beneficial Owners of such Bonds for federal and state income taxes with respect to the interest on the Tax-Exempt Bonds.

(B) The Organization shall ensure that the Lease remains in force and effect for the term of the Bonds.

(C) The Organization shall materially comply with all provisions of the Lease, including but not limited to the payment of Rent on the dates and in the amounts required under the terms of the Lease.

(D) The Organization shall make or cause to be made all payments required under the Lease by electronic funds transfer (wire transfer, Automated Clearing House, direct debit, or other electronic method) in accordance with the terms of the Lease.

(E) The Organization shall comply with all provisions of the Tax Regulatory Agreement so that the Tax-Exempt Bonds at all times maintain the excludability from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes.

(F) The Organization hereby acknowledges receipt of each of the Security Documents, has read and approved the same and agrees to be bound by the respective terms thereof and accepts all obligations and duties imposed on the Organization thereby.

Section 3. Representations and Warranties. The Organization represents and covenants as follows:

(A) As of the date of this Covenant Agreement and so long as this Covenant Agreement shall remain in force and effect, that the Organization: (i) is and shall continue to be exempt from federal income taxes under Section 501(a) of the Code or any future section resulting in exemption from such taxes; (ii) it shall not perform any act or enter into any agreement which shall adversely affect such federal income tax status; (iii) it shall not perform any act, enter into any agreement or use or permit the Facilities to be used in any manner (including in any unrelated trade or business) which would adversely affect the excludability from gross income of interest on the Tax-Exempt Bonds; (iv) it shall not carry on or permit to be carried on in the Facilities or permit the Facilities to be used in or for any trade or business the conduct of which is not substantially related to the exercise of performance by the Organization of the purposes or functions constituting the basis for its exemption under Section 501 of the Code to the extent that such use of the Facilities would adversely affect the excludability from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes; and (v) it is duly organized and existing as a not-for-profit corporation under the laws of the State, it is in good standing and authorized to transact business in the State, it will maintain, extend and renew its corporate existence under the laws of the State, and it will not do, suffer or permit any act or thing to be done whereby its right to transact its functions might or could be terminated or its activities restricted.

(B) As of the date of this Covenant Agreement, the Organization is an organization organized and operated (A) exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Code, (B) not for pecuniary profit, and (C) in a manner that no part of the net earnings of which inures to the benefit of any person, private stockholder or individual, all within the same meaning, respectively, of 15 U.S.C. Section 77(c)(a)(4), Section 3(a)(4) of the Securities Act of 1933, as amended, and of 15 U.S.C. Section 781(g)(2)(D), Section 12(g)(2)(d) of the Securities Exchange Act of 1934, as amended, and the Organization shall not perform any act or enter into any agreement which

shall adversely affect such status as set forth in this paragraph (b) which would cause the Organization to lose its exemption from federal income taxes.

(C) The Organization is organized under and operated pursuant to the Charter Schools Act for the purpose of operating a public charter school, and with the power to own, develop, construct, rehabilitate, operate, equip, and maintain its charter school facilities, the Organization has been duly authorized to execute each of the Organization Documents and consummate all of the transactions contemplated thereby, and the execution, delivery, and performance of the Organization Documents will not conflict with or constitute a breach of or default by the Organization under any other instrument or agreement to which the Organization is a party or to which its property is bound.

(D) The governing body of the Organization has, in a public meeting duly called in accordance with State law, approved the execution and delivery of this Covenant Agreement and the other Security Documents to which the Organization is a party. Each of the Security Documents to which the Organization is a party are the legal, valid and binding obligations of the Organization, enforceable in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency or general principles of equity. The Organization's execution, delivery, and performance of the Organization Documents shall not constitute a violation of any order, rule, or regulation of any court or governmental agency having jurisdiction over the Organization.

(E) There are no pending or, to the Organization's knowledge, threatened actions, suits, or proceedings of any type whatsoever affecting the Organization, the Organization's property, or the Organization's ability to execute, deliver, and perform with respect to any of the Organization's Documents.

(F) The Facilities will constitute and shall be used as a public charter school, and the Project is a permissible project within the provisions of the Charter Schools Act.

(G) Neither the representations of the Organization contained in the Security Documents to which it is a party nor any oral or written statements, furnished by the Organization, nor written statements furnished on behalf of the Organization, to the Issuer, Bond Counsel or the Underwriter in connection with the transactions contemplated hereby, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein not misleading. There are no facts that the Organization has not disclosed to the Issuer and the Underwriter of the Bonds in writing that materially and adversely affect or in the future may (so far as the Organization can now reasonably foresee) materially and adversely affect the properties, business, prospects, income, or condition (financial or otherwise) of the Organization, or the ability of the Organization to perform its obligations under the Organization Documents or any documents or transactions contemplated hereby or thereby.

(H) To the best of the Organization's knowledge, the use of the Facilities, as it is proposed to be operated, complies with all applicable zoning, development, pollution control, water conservation, environmental, and other laws, regulations, rules, and

ordinances of the federal government and the State and the respective agencies thereof and the political subdivisions in which the Facilities are located.

(I) The Organization has obtained, has caused to be obtained or will prior to taking occupancy of the Facilities obtain or cause to be obtained all necessary approvals of and licenses, permits, consents, and franchises from federal, state, county, municipal, or other governmental authorities having jurisdiction over the Facilities to acquire, construct, improve, equip, rehabilitate, and operate the Facilities, and to enter into, execute, and perform its obligations under this Covenant Agreement and the other Organization Documents.

(J) The Facilities, as designed and operated or caused to be operated by the Organization, and when constructed or rehabilitated in accordance with such design, will meet all material requirements of law, including requirements of any federal, state, county, city or other governmental authority having jurisdiction over the Facilities or its use and operation.

(K) As of the Closing Date, there has been no material adverse change in the financial condition, prospects, or business affairs of the Organization or to the best of the Organization's knowledge, the feasibility or physical condition of the Facilities subsequent to the date on which the Issuer adopted its resolution approving the issuance of the Bonds.

(L) The Organization (i) understands the nature of the structure of the transactions related to the financing of the Project; (ii) is familiar with all the provisions of the Security Documents (whether or not the Organization is a party thereto) and such other instruments related to such financing to which the Organization or the Issuer is a party or which the Organization is a beneficiary; (iii) understands the risk inherent in such transactions, including, without limitation, the risk of loss of the Facilities; and (iv) has not relied on the Issuer or the Trustee for any guidance or expertise in analyzing the financial consequences of such financing transactions or otherwise relied on the Issuer or the Trustee in any manner, except to issue the Bonds in order to provide funds for the Loan.

(M) The Organization represents and warrants that it has read and approved each of the Security Documents, as applicable, and agrees to be bound by the respective terms thereof and accepts all obligations and duties specifically imposed on the Organization thereby.

(N) All representations of the Organization contained herein or in any certificate or other instrument delivered by the Organization pursuant hereto, to the Indenture, or in connection with the transactions contemplated thereby, shall survive the execution and delivery thereof and the issuance, sale, and delivery of the Bonds as representations of facts existing as of the date of execution and delivery of the instrument containing such representation.

(O) The Organization covenants and agrees to pay, or cause the Institution to pay, when due, all costs and expenses of the Issuer incurred in connection with the Bonds

or the Project not paid from the Cost of Issuance Accounts of the Project Fund, including, without limitation, each and all of the following:

(i) all indemnity payments;

(ii) all expenses incurred by the Issuer in connection with the Project, the Bonds, the Indenture, or any of the Organization Documents, including, without limitation, its attorneys' fees and expenses and its advisors' fees and expenses; and

(iii) the fees and expenses of the Rebate Analyst.

(P) The Organization will not grant any Liens on the Facilities other than the Lien granted by the Institution against the Facilities effected by the Security Documents and Permitted Encumbrances.

(Q) Intentionally Omitted.

(R) The Organization covenants to comply fully and in all material respects with the provisions of the Charter Schools Act and its Charter Contract so long as any Bonds remain Outstanding.

(S) The Organization and its successors and assigns hereby represent and warrant:

(i) *Condition of Facilities.* To the best of its knowledge, solely based on reports and information previously supplied to the Organization, the Facilities including all personal property, is free from contamination by Regulated Chemicals, including, but not limited to, friable asbestos, and there has not been thereon a release, discharge or emission, or a threat of release, discharge or emission, of any Regulated Chemical on, under, in, or about the Facilities, nor has any such Regulated Chemical migrated or threatened to migrate from other properties upon, about or beneath the Facilities.

(ii) *Property Adjoining Facilities.* To the best of its knowledge, solely based on reports and information previously supplied to the Organization, any adjoining property has not been used as a manufacturing, storage or disposal site for Regulated Chemicals nor is any other property adjoining the Facilities affected by a violation of Environmental Requirements.

(iii) *Survival of Representations and Warranties.* The representations and warranties set forth in this Section 3(S) shall survive the expiration or termination of the Organization Documents, the payment of the Bonds, and the discharge of any obligations owed by the parties to each other and will survive any transfer of title to the Facilities, whether by foreclosure, or otherwise and shall not be affected by any investigation by or on behalf of the Issuer or the Trustee or any information which the Issuer or the Trustee may have or obtain with respect thereto.

(iv) Moreover, the Organization does hereby and specifically represent and warrant that it has no affirmative knowledge or reason to believe that any condition, previous use, compliance or violation of Environmental Requirements are contrary to the description in Section 3(S)(i) and (iii).

Section 4. Maintenance, Taxes and Insurance.

(A) *Maintenance and Modifications of Facilities by Organization.*

(i) The Organization agrees that during the term of this Covenant Agreement the Facilities shall be operated and maintained, in compliance with all governmental laws, building codes, ordinances, and regulations and zoning laws as shall be applicable to the Facilities, unless the same are being contested in good faith by appropriate proceedings which operate to stay any action to foreclose or otherwise realize on any property of the Organization. The Organization agrees that during the term of this Covenant Agreement it will keep or will cause, under the Lease, the Institution to (a) keep the Facilities in a safe condition required by law and (b) keep the Facilities in good repair and in good operating condition, making from time to time all necessary repairs thereto (including external and structural repairs) and renewals and replacements thereof all of which shall be accomplished in a workmanlike manner in accordance with all applicable laws.

(ii) The Organization may also, at its own expense or the expense of the Institution, make from time to time any additions, modifications or improvements to the Facilities it may deem desirable for its purposes that do not substantially reduce its value; provided that all such additions, modifications and improvements made by the Organization which are affixed to the Facilities (as opposed to furniture, equipment and movable trade fixtures) shall become a part of the Facilities. The Organization will not permit the removal of any personal property from the Facilities unless such personal property affixed to the Facilities is de minimis, obsolete, sold for fair market value or will be replaced with personal property of an equal or greater value.

(iii) 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 Facilities or any part thereof or the interest therein of the Institution or against any of the amounts payable under the Lease or this Covenant Agreement, other than Liens for Impositions not yet payable, Permitted Encumbrances, Liens being contested as permitted by this Section or in connection with the Institution's obligations in connection with the Project (in which case the Institution shall be responsible), the Organization 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, the Trustee and the Institution 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.

(a) The Organization 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:

(1) such proceeding shall suspend the execution or enforcement of such Lien against the Facilities or any part thereof or interest therein, or against any of the loan payments or other amounts payable under the Lease or this Covenant Agreement,

(2) neither the Facilities nor any part thereof or interest therein would be in any danger of being sold, forfeited or lost,

(3) none of the Organization, the Institution, the Issuer or the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and

(4) the Lien has not already been discharged by security or bond, the Organization shall have furnished such security, if any, as may be required by a court in such proceedings or as may be reasonably requested by the Trustee.

(B) *Taxes, Other Governmental Charges and Utility Charges.* The Organization will pay, or cause to be paid, as the same become due, (1) all taxes and governmental charges of any kind whatsoever or payments in lieu of taxes that may at any time be lawfully assessed or levied against or with respect to the Facilities or any interest therein, or any machinery, equipment, or other property installed or brought by the Organization therein or thereon which, if not paid, will become a Lien on the Facilities prior to or on a parity with the charge thereon under this Covenant Agreement, (2) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facilities and (3) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a Lien on the Facilities provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Organization shall be obligated to pay only such installments as may have become due during the term of this Covenant Agreement.

(i) The Organization may, at its own expense, but only if no Event of Default hereunder has occurred and is continuing, diligently prosecute and in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges contested to remain unpaid during the period of such contest and any appeal, such taxes, assessments or charges shall be paid promptly.

(ii) The Organization will do, or cause to be done, all things required by the appropriate government authority to obtain and maintain exemption from payment of real property taxes.

(C) *Insurance Required.* Throughout the term of this Covenant Agreement, the Organization shall keep, or cause to be kept, the Facilities insured as required under the Loan Agreement.

Section 5. Additional Covenants. During the term of the Lease, the Organization shall perform the covenants and agreements imposed under the Lease, the Continuing Disclosure Agreement, and this Covenant Agreement and the ongoing notice and reporting requirements contained therein, including but not limited to:

(A) *Consolidation, Merger, Sale or Conveyance.* The Organization agrees that during the term of this Covenant Agreement it will maintain its corporate existence, will continue to be a not-for-profit education corporation duly qualified to do business in the State, will not merge or consolidate with, or sell or convey, all or substantially all of its assets to, any Person.

(B) *Audits; Financial Statements; Reports; Annual Certificate.*

(i) Continuing Disclosure. The Organization agrees to furnish or cause to be furnished to the Dissemination Agent the documents required pursuant to the Continuing Disclosure Agreement in compliance with the Rule.

(ii) Financial Covenants. Organization shall, within 150 days after June 30 of each year hereafter, beginning June 30, 2023, file with the Trustee, the Issuer and the Dissemination Agent, with instructions to post such certificate on EMMA, a certificate stating that Organization is in compliance with the Cash on Hand and Net Income Available for Debt Service requirements of Sections 5(K) and 5(L), respectively, and setting forth the calculations therefor. The Trustee shall have no duty to review or analyze the financial statements, reports and information delivered pursuant to this Section 5 and shall hold such financial statements solely as a repository for the benefit of the Bondholders; the Trustee shall not be deemed to have notice of any information contained therein or any Event of Default which may be disclosed therein in any manner.

(iii) Compliance Certificate. Organization shall, not later than June 30 of each year hereafter, beginning June 30, 2022, file with the Trustee, the Issuer and the Dissemination Agent, with instructions to post such certificate on EMMA, a compliance certificate stating that Organization is in compliance with the Security Documents, in the form attached hereto as *Exhibit 5(C)(x)* hereto.

(iv) Construction Reports. The Organization shall cause all reports of the Construction Monitor to be prepared and delivered to the Dissemination Agent, with instructions to post such reports on EMMA, by the fifteenth day of each month during the Construction Window pursuant to the terms of the Construction Monitoring Agreement. Such reports shall contain the following information:

- (a) brief description of construction activity for applicable reporting period, including:
 - (1) construction work performed on site during reporting period,
 - (2) status of procurement of equipment,
 - (3) material issues with vendor performance (including delivery issues, performance problems or material cost overruns);
- (b) adherence to expected construction timeline (including estimated number of days ahead or behind);
- (c) adherence to expected construction budget (including material work order, dollar or percentage deviation from budget); and
- (d) promptly upon sending or receipt, copies of any material correspondence between the Institution and any governmental entity regarding compliance with Environmental Regulations, potential material violations of state or local law, or other material correspondence relating to the Institution's construction of or operations of the Facilities.

Neither the Trustee nor the Dissemination Agent shall have any duty regarding such information delivered in accordance with this subsection other than to retain any such information that it receives and transmit same in accordance herewith.

(C) *Release and Indemnification Covenants.*

(i) To the extent not satisfied in full by the Institution, the Organization agrees to pay, defend, protect, indemnify, and hold each of the Indemnified Persons harmless for, from and against any and all Liabilities for which the Organization is responsible and directly or indirectly arising from or relating to its responsibilities under the Loan, the Lease, this Covenant Agreement, the Project, the Mortgages, and the Tax Regulatory Agreement, and any and all Liabilities directly or indirectly arising from or relating to the Bonds, the Indenture or any document related to the issuance and sale of the Bonds, including, but not limited to, the following:

- (a) Any injury to or death of any person or damage to property in or upon the Facilities or growing out of or connected with the use, non-use, condition, or occupancy of the Facilities or any part thereof;
- (b) Violation of any agreement, covenant, or condition of any of the Security Documents;
- (c) Violation of any agreement, contract, or restriction relating to the Project;

(d) Violation of any law, ordinance, or regulation affecting the Facilities or any part thereof or the ownership, occupancy, or use thereof;

(e) The issuance and sale of the Bonds or any of them;

(f) Any statement, information, or certificate furnished by the Organization to the Issuer or the Trustee which is misleading, untrue, incomplete, or incorrect in any material respect;

(g) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering or disclosure document or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering or disclosure document or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(h) any declaration of taxability of interest on the Tax-Exempt Bonds, or allegations that interest on the Tax-Exempt Bonds is taxable or any regulatory audit or inquiry regarding whether interest in the Tax-Exempt Bonds is taxable; and

(i) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party.

(ii) The Organization also agrees to pay, defend, protect, indemnify, and hold each of the Indemnified Persons harmless for, from, and against any and all Liabilities directly or indirectly arising from or relating to (A) any errors or omissions of any nature whatsoever contained in any legal proceedings or other official representation or inducement made by or to the Issuer pertaining to the Bonds, and (B) any fraud or misrepresentations or omissions contained in the proceedings of the Issuer relating to the issuance of the Bonds or pertaining to the financial condition of the Organization which, if known to the original purchaser of the Bonds or the Underwriter, might be considered a material factor in such Person's decision to purchase the Bonds.

(iii) Paragraphs (i) and (ii) above are intended to provide indemnification to each Indemnified Party for his or her active or passive negligence or misconduct; provided, however, nothing in paragraphs (i) and (ii) above shall be deemed to provide indemnification to any Indemnified Party with respect to any Liabilities arising from the successful allegation of fraud, gross negligence, or willful misconduct of such party.

(iv) Any party entitled to indemnification hereunder shall notify in writing the Organization of the existence of any claim, demand, or other matter to which the Organization's indemnification obligation applies, and shall give the Organization a reasonable opportunity to defend the same at its own expense and with counsel reasonably satisfactory to the Indemnified Party (insurance counsel appointed by the Organization's insurance carrier(s) shall be deemed acceptable), as applicable, provided that the Indemnified Party shall at all times also have the right to fully participate in the defense. If the Indemnified Party is advised in an Opinion of Counsel that there may be legal defenses available to either of them which are materially different from or in addition to those available to the Organization or if the Organization shall, after receiving notice of the Organization's indemnification obligation and within a period of time necessary to preserve any and all defenses to any claim asserted, fails to assume the defense or to employ counsel for that purpose satisfactory to the Indemnified Party, as applicable, the Indemnified Party, as applicable, shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk of, the Organization. The Organization shall be responsible for the reasonable counsel fees, costs, and expenses of the Indemnified Party in conducting its defense.

Notwithstanding the foregoing, the Organization shall not be considered an **"Indemnified Party"** for purposes of this Section.

(D) *Authority of Authorized Representative of the Organization.* Whenever under the provisions of this Covenant Agreement, the Lease, the Loan Agreement or the Indenture the approval of the Organization is required, or the Trustee is required to take some action at the request of the Organization, such approval or such request shall be made by the Authorized Representative of the Organization unless otherwise specified in this Covenant Agreement or the Indenture. The Trustee shall be authorized to act on any such approval or request and the Organization shall have no complaint against the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Covenant Agreement or the Indenture by an Authorized Representative of the Organization shall be on behalf of the Organization and shall not result in any personal liability of such Authorized Representative of the Organization.

(E) *Licenses and Qualifications.* The Organization 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, or cause its lessees to comply, with such permits, licenses and other governmental approvals necessary for operation of the Facilities as a charter school (as defined in the Charter Schools Act), including at all times maintain its Charter Contract.

(F) *Right to Inspect.* The Organization will permit the Trustee and its duly authorized agents, at all reasonable times upon reasonable advance written notice (but no more than once every calendar quarter), in observance of the Organization's reasonable school safety and security protocols in place at the Facilities and in such as fashion as to

minimize interference to Richmond Prep’s operations, to enter upon the Facilities and to examine and inspect the Facilities and exercise its rights hereunder, under the Indenture and under the other Security Documents with respect to the Facilities. The Organization will further permit the Issuer, or its duly authorized agent, upon reasonable advance written notice, at all reasonable times (but no more than once every calendar quarter), and in observance of the Organization’s reasonable school safety and security protocols in place at the Facilities and in such as fashion as to minimize interference to Richmond Prep’s operations, to enter the Facilities, but solely for the purpose of assuring that the Organization is operating the Facilities, or is causing the Facilities to be operated, in a manner consistent with the Lease, Use Agreement and this Covenant Agreement. The permissive rights of the Trustee under this Section 5 shall not be construed as duties.

(G) *Lease or other Disposition of the Facilities.* Except as permitted under the Lease, the Organization shall not sublease any part of the Facilities to any other Person nor assign its rights in the Lease to any other Person, without the prior written consent of the Majority Holders.

(H) *Nonsectarian Use.* The Organization covenants to operate the Facilities in accordance with the Charter Schools Act. The Organization will comply with all applicable state and federal laws concerning discrimination on the basis of race, creed, color, sex, sexual orientation, national origin, or religious belief and will respect, permit, and not interfere with the religious beliefs of persons working for the Organization. The Organization may rely upon the Opinion of Counsel acceptable to the Trustee in order to determine whether it is in compliance from time to time with the covenants contained in this paragraph.

(I) *Incurrence of Indebtedness.* The Organization shall not incur, assume, or otherwise become liable for any capital or operational lease obligations or cause any additional Indebtedness secured in whole or in part by the Facilities, to be issued for its benefit, other than as follows (collectively, “**Permitted Indebtedness**”):

(i) *Additional Indebtedness.* Indebtedness issued upon delivery of the following:

(1) No Default. A certificate signed by an Authorized Representative of the Organization stating that no Event of Default is then existing under the Security Documents or any debt outstanding or any agreement entered into by the Organization in conjunction with such debt; and

(2) Historical Coverage on Outstanding Indebtedness. A certificate signed by an Authorized Representative of the Organization stating that, for the Organization’s most recently completed Fiscal Year immediately preceding the issuance of the Permitted Indebtedness, the Organization’s Net Income Available for Debt Service was equal to at least 1.10 times Annual Debt Service Requirements; and

(3) Projected Coverage for Additional Indebtedness. Delivery of a report of an Accountant stating that the estimated Maximum Annual Debt Service for all Indebtedness then outstanding, including the proposed Indebtedness to be incurred, is less than (ii) twenty percent of estimated Gross Revenue for the most recent fiscal year for which a budget has been adopted. The report shall take into account (i) the audited results of operations and verified enrollment of the Project for the most recently completed Fiscal Year and (ii) the projected enrollment for the Fiscal Year immediately following the completion of the planned Capital Improvements Project, and shall assume that the proposed additional Indebtedness shall have been outstanding for the entire year.

(ii) *Alternate Coverage for Additional Indebtedness.* In lieu of the requirements described above, the Organization may deliver a certificate of an Authorized Representative of the Organization stating that, based on the audited results of the operations for the most recently completed Fiscal Year, the Organization's Net Income Available for Debt Service equals at least 1.10 times Maximum Annual Debt Service on the aggregate of all parity Indebtedness then Outstanding plus the proposed additional Indebtedness.

(iii) *Refunding Indebtedness.* If additional Indebtedness is being issued for the purpose of refunding any Outstanding Indebtedness, the reports required by paragraphs (a)(ii) and (a)(iii) above to be delivered shall not apply so long as both the total debt service requirements and Maximum Annual Debt Service Requirements on all Outstanding Indebtedness after issuance of the additional Indebtedness will not exceed both the total debt service requirements and the Maximum Annual Debt Service Requirements on all Outstanding Indebtedness prior to the issuance of such additional Indebtedness.

(J) *No Guarantees or Loans.* Notwithstanding any provision hereof to the contrary, the Organization shall not guarantee the Indebtedness or obligations of any other Person, nor make loans to any other Person.

(K) *Covenant as to Cash on Hand.* The Organization hereby agrees to maintain unrestricted Cash on Hand in its operations fund sufficient to cover at least forty-five (45) days of its Operating Expenses, interest expenses and facility lease payments. The Cash on Hand shall be tested on June 30 of each year, commencing June 30 2023, and the Organization shall provide a certificate and supporting calculations to the Dissemination Agent (as that term is defined in the Continuing Disclosure Agreement), within sixty (60) days of the end of each Fiscal Year evidencing that the Cash on Hand met the requirements set forth in the Covenant Agreement. Amounts on deposit in such operation fund may be used for any lawful purpose. The foregoing is subject to the qualification that if applicable state or federal laws or regulations, or the rules and regulations of agencies having jurisdiction, do not permit the Organization to maintain such level of Cash on Hand, then

the Organization shall, in conformity with the then prevailing laws, rules or regulations, maintain its Cash on Hand equal to the maximum permissible level.

If the Cash on Hand for any testing date is less than forty-five (45) days of the Organization's Operating Expenses, interest expenses and facility lease payments for the prior Fiscal Year, then the Organization will promptly employ an Independent Consultant to review and analyze the operations and administration of the Organization, inspect the Facilities, and submit to the Organization written reports, and make such recommendations as to the operation and administration of the Organization as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The reports shall be made available to Bondholders at their written request. The Organization agrees to consider any recommendations by the Independent Consultant and, to the fullest extent practicable, provided such recommendations are consistent with the Charter Schools Act and the Charter Contract, to adopt and carry out such recommendations.

It shall constitute an Event of Default if the Cash on Hand is less than forty-five (45) days on the June 30 testing date for two (2) consecutive Fiscal Years.

(L) *Coverage Ratio Covenant.* The Organization hereby covenants to maintain Net Income Available for Debt Service in an amount equal to at least 1.10 times Annual Debt Service Requirements for the applicable Fiscal Year, commencing June 30, 2023 on all Indebtedness then outstanding. Such covenant will be tested annually based upon the results of the annual audited financial statements of the Organization, commencing with the audit for the Fiscal Year ending June 30 2023.

In the event that the Organization's Net Income Available for Debt Service is less than 1.10 times the Annual Debt Service Requirements on all Indebtedness then outstanding on any testing date, the Organization shall engage, at the Organization's expense, an Independent Consultant to review and analyze the operations and administration of the Organization, inspect the Facilities, and submit to the Organization written reports, and make such recommendations as to the operation and administration of the Organization as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Organization agrees to consider any recommendations by the Independent Consultant and, to the fullest extent practicable, provided such recommendations are consistent with the Charter Schools Act and the Charter Contract, to adopt and carry out such recommendations.

So long as the Organization is otherwise in full compliance with its obligations under the Covenant Agreement, including following, to the fullest extent practicable, the recommendations of the Independent Consultant, it shall not constitute a default if the Organization's Net Income Available for Debt Service is less than 1.10 times the Annual Debt Service Requirements on all Indebtedness then outstanding on any testing date as described above. Notwithstanding the foregoing, in the event that the Organization's Net Income Available for Debt Service is less than (i) 1.10 times the Annual Debt Service Requirements on all Indebtedness then outstanding on any testing date for two (2) consecutive years; or (ii) 1.0 times the Annual Debt Service Requirements on all

Indebtedness then outstanding on any testing date, an Event of Default shall be deemed to have occurred under the Covenant Agreement.

(M) *Investor Calls.* The Organization hereby agrees that within thirty (30) days following receipt by the Dissemination Agent of the audited financial statements of the Organization for the Fiscal Year ended June 30, 2022 and within thirty (30) days following receipt by the Dissemination Agent of the audited financial statements for each Fiscal Year thereafter, the Charter School shall organize and schedule a conference call for the benefit of the Beneficial Owners of the Bonds. The Organization shall cause notice of such conference calls setting forth the date, time and call-in information of such conference calls to be given to the Dissemination Agent, the Issuer, the then current Beneficial Owners of the Bonds and to the public in general and shall provide or cause the Dissemination Agent to provide notice of such conference calls to be posted on the EMMA website in a timely manner but in no event less than ten (10) Business Days prior to the dates set for such conference calls.

(N) *Capital Needs Assessment.* The Organization shall cause a Facilities Consultant to complete a capital needs assessment of the Organization projecting the Organization's capital needs for the Facilities and the total cost thereof for the five-year period commencing on the immediately following July 5 (each a "**Capital Needs Assessment**") no later than June 30, 2031, and every fifth (5th) anniversary thereafter as long as the Bonds are Outstanding. The total cost set forth in a Capital Needs Assessment less the amount then on deposit in the Repair and Replacement Funds, divided by 30, shall be the new "**Repair and Replacement Fund Requirement**" for such five-year period. The Repair and Replacement Requirement for each future period shall be at least the amount provided for in the definition of Repair and Replacement Fund Requirement for the Facilities.

(O) *Repair and Replacement Fund Deposits.* The Organization hereby covenants to cause to be deposited into the Repair and Replacement Fund, a portion of the Rents due under the Lease to fund the Repair and Replacement Fund on the dates set forth therein, beginning July 5, 2025, until the annual amount of such deposits total the Repair and Replacement Fund Requirement for such year. The Organization shall replenish any draws made on the Repair and Replacement Fund by causing to be paid to the Trustee for deposit in the Repair and Replacement Fund in thirty (30) equal bi-monthly amounts as required by the Indenture and Loan Agreement until the Repair and Replacement Fund Requirement is met; provided, however, if amounts on deposit in the Repair and Replacement Fund are in excess of the Repair and Replacement Fund Requirement, the Organization shall not be required to replenish draws on the Repair and Replacement Fund; and, provided, further, however, nothing contained herein, shall prohibit the Organization from depositing amounts into the Repair and Replacement Fund in excess of the Repair and Replacement Fund Requirement.

(P) *Selection of Consultants.* For any provision of this Covenant Agreement that requires the Organization to engage an independent expert to assist it, such as an Construction Monitor or Independent Consultant (but not including its Accountant), the Organization shall provide notice of the proposed retention of an Independent consultant

within five (5) Business Days of such retention to the Trustee, who will provide notice to the Bondholders, which notice shall specify the identity of the proposed consultant to be retained by the Organization. If within twenty-one (21) calendar days of the providing such notice the Majority Holders notify the Trustee in writing that they object to the retention of such proposed consultant, such Independent Consultant shall not be retained by the Organization and the Organization shall provide notice of the proposed retention of a different Independent Consultant in the same manner. The process shall continue until the Organization has proposed retention of an Independent Consultant that is not objected to by the Majority Holders. The Organization shall promptly retain any consultant not objected to by the Majority Holders; provided, however, that the fees charged by any such Independent Consultant shall be commercially reasonable.

(Q) *Financial Product Agreements.* The Organization shall not enter into any Financial Product Agreement.

(R) *Subordination of Management Fees.* The management, operating or license fee, as applicable (“**Management Fee**”) required to be paid by the Organization to any manager, operator or other third party that would provide comprehensive management services to the Organization such as the services typically provided by a charter management organization (a “**CMO**”) pursuant to the terms of a management agreement or other related agreement are and shall be subordinate to the timely payment by Organization to Institution of all amounts payable under the Lease, and such Management Fee with respect to the Facilities may only be paid to such third party if no Event of Default under the Lease exists; provided, however, if the annual Rental Assistance is expected to be less than the annual Debt Service on the Bonds, any structure whereby the Organization is obligated to pay the Management Fees as Rents under the Lease shall be waived, and the Organization may elect to pay such amounts from other sources in its sole discretion. Such Management Fee not timely paid by Organization shall remain due and payable, though deferred, and shall be paid by Organization when no Event of Default exists under the Lease and at the earliest possible time that funds are available for such payment. For the avoidance of doubt, Organization covenants and agrees to pay any and all amounts due under the Lease prior to the payment of all or any portion of a Management Fee. As of the date hereof, the Organization is neither responsible for nor has contracted to in the future be responsible for the payment of any Management Fees, nor are there any Management Fees included in the form of Rent or otherwise under the Lease.

(S) *Continuing Disclosure Agreement.* The Organization shall comply with the terms of the Continuing Disclosure Agreement.

(T) *State and City Funding.* On or before the deadline as provided by applicable State law, City ordinance or regulation as amended from time to time, make all applications or submissions and provide all supporting documentation to the NYCDOE or the Education Department (or its successor), as applicable, that are necessary to receive full funding from the State and the City for all legally available general student aid funds, Rental Assistance, special education funding or other funding sources included in the Organization’s annual budgeted operating revenues.

(U) *Federal Funding.* The Organization shall use commercially reasonable efforts to make all necessary applications or submissions, including all supporting documentation, to receive any federal monies included in the Organization's annual budgeted operating revenues.

(V) *Notice of Default.* The Organization shall provide notice to the Issuer, Trustee, the Institution and the Beneficial Owners of (i) any notices from the Authorizer to the Organization of material noncompliance with or determination not to renew the Charter Contract within ten (10) days of receipt of such notice by the Organization and (ii) any default under any Security Document and the steps to be taken by the Organization to remedy such default, promptly after such default occurs.

(W) *Rental Assistance Payments.* If necessary, under New York law, the Organization shall make application as required to the applicable regulatory body for Rental Assistance Payments.

(X) *Tax-Exempt Status.* The Organization shall maintain its existence as a Tax-Exempt Organization, and maintain Richmond Prep (and the other schools operated under the Organizations' umbrella) charter school described in the Charter Schools Act under its Charter Contract and not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another entity or permit one or more entities to consolidate with or merge into it without the prior written consent of the Trustee.

(Y) *Subordination of Lease.* The Organization hereby covenants and agrees: (1) the Lease at all times shall automatically be subordinate to each Mortgage, (2) Organization shall attorn to the Trustee and any purchaser at a foreclosure sale, such attornment to be self-executing and effective upon acquisition of title to the Facilities by any purchaser at a foreclosure sale or by the mortgagee pursuant to the Mortgage (the "Beneficiary") in any manner; (3) to execute such further evidences of attornment and subordination as a mortgagee or any purchaser at a foreclosure sale may from time to time in writing request, including a subordination, nondisturbance and attornment agreement in standard form and substance acceptable to the Beneficiary or any purchaser in its sole discretion; (4) the Lease shall not be terminated by foreclosure or any other transfer of the Facilities, unless directed by the Beneficiary or any purchaser in its sole reasonable discretion; (5) after a foreclosure sale of the Facilities, a Beneficiary or any other purchaser at such foreclosure sale may, at the Beneficiary's or such purchaser's option, accept or terminate the Lease and/or Security Documents, as applicable, unless the Lease was terminated in accordance with its terms prior to any such foreclosure sale, in which case, this subsection shall not be applicable; and (6) the Organization shall, upon receipt after the occurrence of an Event of Default of a written request from the Beneficiary, pay all Rent payable under the Lease to the Beneficiary.

(Z) *Rent.* The Organization agrees that it will not amend the Lease or the Rent schedules in any way that would cause Rent to equal an amount less than the Annual Debt Service Requirements on the Initial Bonds.

(AA) *Further Assurances.* The Organization agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Covenant Agreement.

Section 6. Environmental Indemnity and Covenants.

(A) *Environmental Indemnity*

(i) Organization and its successors and assigns, shall and do hereby indemnify and hold harmless and assume the duty to defend the Indemnified Persons, the Registered Owners of the Bonds, the Beneficial Owners and the Trustee, their successors, assigns, trustees, directors, officers, employees, agents, contractors, subcontractors, licensees, and invitees (collectively referred to in this Section 6 as “**Indemnified Persons**”), for, from and against any and all Environmental Damages that the Indemnified Persons may incur as well as any and all loss, costs, damages, exemplary damages, natural resources damages, Liens, and expenses, (including, but not limited to, reasonable attorneys’ fees, environmental professional’s fees and any and all other costs incurred in the investigation, defense and settlement of claims) that Indemnified Persons may incur as a result of or in connection with the assertion against Indemnified Persons, or against all or a portion of the Facilities, of any claim, civil, criminal or administrative, which:

(a) arises out of the actual, alleged or threatened discharge, dispersal, release, storage, treatment, generation, disposal or escape of any Regulated Chemical on or about the Facilities, including, but not limited to, any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, medical waste and waste (including materials to be recycled, reconditioned or reclaimed); or

(b) actually or allegedly arises out of the use of any Regulated Chemical on or about the Facilities, the existence or failure to detect the existence or proportion of any Regulated Chemical in the soil, air, surface water or groundwater, or the performance or failure to perform the abatement or removal of any Regulated Chemical or of any soil, water, surface water, groundwater or soil gas vapor containing any Regulated Chemical; or

(c) arises out of the actual or alleged existence of any Regulated Chemical on, in, under, or affecting all or a portion of the Facilities; or

(d) arises out of any misrepresentations of Organization concerning any matter involving Regulated Chemicals or Environmental Requirements; or

(e) arises out of Organization’s failure to provide or cause to be provided all information, make all submissions and filings, and take all steps required by appropriate government authority under any applicable

environmental law, regulation, statute or program, whether federal, state or local, whether currently existing or hereinafter enacted.

(ii) Organization's indemnification contained herein shall be effective not only with any existing Environmental Requirements affecting the Organization, Indemnified Persons and/or the Facilities, but also for any hereinafter enacted environmental law, regulation, statute or program, whether federal, state or local affecting Organization, Indemnified Persons and/or the Facilities.

(iii) Organization's indemnification contained herein shall extend to any and all like claims which arise from the acts or omissions of any user, tenant, lessee, agent or invitee of Organization.

(iv) The obligations under this Section shall not be affected by any investigation by or on behalf of Indemnified Persons, or by any information which Indemnified Persons may have or obtain with respect thereto.

(v) Organization's indemnification shall include the duty to defend any and all claims, through counsel designated by the Organization with the consent of the Indemnified Person, which shall not be unreasonably withheld (counsel appointed by the Organization's insurance carrier(s) shall be deemed approved), and Indemnified Persons may participate in the defense of any claim without relieving Organization of any obligation hereunder. This duty to defend shall apply and constitute an obligation of Organization regardless of any challenge by Organization to this provision, the indemnification contained herein, or any other provision of this Covenant Agreement. This duty to defend shall apply regardless of the validity of Organization's indemnification, as may ultimately be determined by a court of competent jurisdiction.

(vi) Notwithstanding anything to the contrary contained in this Section no indemnification shall be required for any Environmental Damages incurred solely as the result of the gross negligence or willful misconduct of the party seeking indemnification or Environmental Damages caused by or through the party seeking indemnification.

(B) *Environmental Covenants.*

(i) *Use of Facilities.* The Organization will not intentionally or unintentionally conduct, or allow to be conducted, any business, operation, or activity on, under, or in the Facilities, or employ or use the Facilities or allow for it to be employed or used, to manufacture, transport, treat, store, discharge, emit or dispose of any Regulated Chemical which would violate or potentially violate Environmental Requirements, including, but not limited to, any action which would:

(a) bring the Organization, or the Facilities, within the ambit of, or otherwise violate, the Resource Conservation and Recovery Act of 1976,

as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §§ 6901, et seq.;

(b) cause, or allow to be caused, a release or threat of release, of hazardous substances on, under, in, or about the Facilities as defined by, and in violation of, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601, et seq.;

(c) violate the Clean Air Act of 1970, as amended, 42 U.S.C. §§ 7401, et seq., or other similar state, regional or local statute, law, regulation, rule or ordinance, including without limitation, the laws of the State, or any other statute providing for the financial responsibility for the assessment, investigation and cleanup for the release or threatened release of substances provided for thereunder.

(d) The Organization will not do or permit any act or thing, business or operation that materially increases the dangers, or poses an unreasonable risk of harm, or impairs, or may impair, the value of the Facilities, or any part thereof.

(ii) *Maintenance of Facilities.* The Organization shall maintain the Facilities free from contamination by Regulated Chemicals and shall not intentionally or unintentionally allow the storage, treatment, disposal, or release, discharge or emission, or threat of release, discharge or emission, of any Regulated Chemical on, under, in or about the Facilities, and shall not permit the migration or threatened migration from other properties upon, about or beneath the Facilities to the extent within the Organization's control.

(iii) *Notice of Environmental Problem.* Organization and/or any tenant and/or sublessee shall promptly provide a copy to Trustee, and in no event later than fifteen (15) days from Organization's and/or any tenants' and/or sublessee's receipt or submission, of any notice, letter, citation, order, warning, complaint, inquiry, claim or demand that:

(a) the Organization and/or any tenants or sublessees have violated, or are about to violate, any federal, state, regional, parish or local environmental, health, or safety statute, law, rule, regulation, ordinance, judgment or order;

(b) there has been a release, or there is a threat of release, of any Regulated Chemical from the Facilities;

(c) the Organization and/or any tenants or sublessees may be or are liable, in whole or in part, for the costs of cleaning up, remediating, removing or responding to a release of any Regulated Chemical;

(d) any portion of the Facilities is subject to a Lien in favor of any governmental entity for any liability, costs or damages, under Environmental Requirements arising from, or costs incurred by such governmental entity in response to, a release of any Regulated Chemical.

(iv) *Response Action.* The Organization shall take all appropriate responsive action, including any removal and remedial action (“**Response Action**”), in the event of a release, emission, discharge or disposal of any Regulated Chemical in, on, under or about the Facilities, so as to remain in compliance with the above, and to keep the Facilities free from, and unaffected by, Regulated Chemicals. The Organization shall (i) provide Trustee, within ten (10) days after providing the notice required under Section 6(B)(iii) above, with a bond, letter of credit or similar financial assurance which is equal to the cost of the Response Action and which may be drawn upon by the Trustee for the purpose of completing the Response Action if an Event of Default occurs or if the Response Action is not completed within six (6) months of the issuance of the financial assurance and (ii) discharge any assessment, Lien or encumbrance which may be established on the Facilities as a result thereof.

(v) *No Liens or Encumbrances.* The Organization shall prevent the imposition of any Liens or encumbrances against the Facilities for the costs of any response, removal, or remedial action or cleanup of any Regulated Chemicals. Should such a Lien or encumbrance be levied on the Facilities, the Organization shall follow the procedure set forth in subsection (d) above.

(vi) *Compliance with Environmental Requirements.* The Organization shall carry on the business and operations at the Facilities to comply in all respects and will continue to remain in compliance with all applicable Environmental Requirements and maintain all permits and licenses required thereunder.

(vii) *Additional Environmental Reports.* As long as there are any Bonds Outstanding, the Organization shall provide the Trustee and the Issuer with a copy of any Environmental Report performed during that time.

(viii) *Right of Inspection.* Organization will cooperate with the consultants and supply to the consultants such historical and operational information as may be reasonably requested by the consultants, together with any notices, permits or other written communications pertaining to violations of Environmental Requirements and any and all necessary information and make available personnel having knowledge of such matters as may be required by the Trustee, Trustee’s Agents, consultants and engineers to complete an Environmental Assessment.

(ix) *Event of Default.* If an Environmental Assessment reveals any violations of Environmental Requirements (other than violations, if any, revealed to the Trustee in writing prior to the date hereof or in any Environmental Assessment provided to the Trustee prior to the date hereof) or the Organization

receives a notice of a violation of Environmental Requirements, and the Organization fails to cure or cause the violation to be cured to the extent required by law in the time period and the manner specified in Section 8(A) hereof, such action will constitute an Event of Default.

(x) *No Assumption of Risk.* The Trustee's rights under this Section shall be exercised by it in its sole discretion and not for the benefit of the Organization. The Trustee shall have no obligation (unless directed and indemnified as provided in the Indenture) to enter into the Facilities thereon or to take any other action which is authorized by this Article for the protection of its security interest. The Organization specifically agrees and acknowledges that any action permitted under this Section shall not be construed to be the management or control of the Facilities by the Trustee.

Section 7. Events of Default.

(A) *Events of Default Defined.* The following shall be “**Events of Default**” under this Covenant Agreement and the term “**Event of Default**” shall mean, whenever it is used in this Covenant Agreement, any one or more of the following events beyond their respective notice and cure periods, if applicable:

(i) Failure by the Organization to pay the Rent required to be paid under the Lease and Section 2 hereunder.

(ii) Failure by the Organization to maintain its status as a 501(c)(3) organization under the Internal Revenue Code.

(iii) Any event of default under the Indenture.

(iv) Any event of default under the Security Documents.

(v) Failure by the Organization or by the Institution on behalf of the Organization, as the case may be, to observe and perform any covenant, condition or agreement on its part to be observed or performed herein other than as referred to in subsection (i) of this Section hereof, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Organization and the Institution by the Issuer or the Trustee; provided, with respect to any such failure covered by this subsection (v), no Event of Default shall be deemed to have occurred so long as a course of action adequate in the judgment of the Trustee to remedy such failure shall have been commenced within such 30-day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby within ninety (90) days of such occurrence.

(vi) The dissolution or liquidation of the Organization, or failure by the Organization promptly to contest and have lifted any execution, garnishment, or attachment of such consequence as will impair its ability to meet its obligations with respect to the Facilities or to make any payments under this Covenant

Agreement. The phrase “**dissolution or liquidation of the Organization,**” as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Organization resulting either from a merger or consolidation of the Organization into or with another domestic corporation or a dissolution or liquidation of the Organization following a transfer of all or substantially all of its assets under the conditions permitting such actions contained in Section 5(A) hereof.

(vii) The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Organization in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Organization or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days.

(viii) The commencement by the Organization of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Organization or for any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the failure of the Organization generally to pay its debts as such debts become due, or the taking of corporate action by the Organization in furtherance of any of the foregoing.

(ix) Failure of the Organization to comply with any covenants of the Organization contained in the Tax Regulatory Agreement.

(x) (a) the Organization’s Cash on Hand is less than forty-five (45) days on the June 30 testing date for two (2) consecutive Fiscal Years as specified in Section 5(K) hereof, and (b) the Organization’s Net Income Available for Debt Service is less than (i) 1.10 times the Annual Debt Service Requirements on all Indebtedness then outstanding on any testing date for two (2) consecutive years; or (ii) 1.0 times the Annual Debt Service Requirements on all Indebtedness then outstanding on any testing date, as specified in Section in Section 5(L) hereof.

(xi) Any representation or warranty made by the Organization herein or made by the Organization in any statement or certificate furnished by the Organization either required hereby or in connection with the execution and delivery of this Covenant Agreement and the sale and the issuance of the Bonds, shall prove to have been untrue in any material respect as of the date of the issuance or making thereof.

(xii) Judgment for the payment of money in excess of \$250,000.00 (which is not covered in full by insurance) is rendered by any court or other

governmental body against the Organization, and the Organization does not discharge same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof within sixty (60) days from the date of entry thereof, and within said sixty-day period or such longer period during which execution of such judgment shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal, while providing such reserves therefor as may be required under GAAP.

(xiii) Any of Organization's representations and warranties herein or in any of the other Security Documents with respect to environmental matters are false in any material respect.

(xiv) The occurrence and continuation of any event of default under any Indebtedness of the Organization for nonpayment, or the occurrence and continuation of any event of default under any agreement in connection with or securing any Indebtedness of the Organization if, as a result of such event of default, the holder of such Indebtedness would have the right to declare the principal thereof to be immediately due and payable.

(xv) The Organization ceases operations or the Organization's Charter Contract is terminated, revoked, expires or is not renewed, or Organization receives written notice of an Authorizer's intent to nonrenew the Organization's Charter Contract or notice of probation or similar status with respect to its Charter Contract; provided, however the Organization shall have the period of time established by the Authorizer to cure any probation imposed by its Authorizer or notice of intent to non-renew following the initial date thereof.

Section 8. Remedies on Default.

(A) *Remedies.* Whenever an Event of Default referred to in Section 7 hereof shall have occurred and is continuing, the Trustee, where so provided herein, may, and at the direction of the Majority Holders (which shall include satisfactory indemnification for the Trustee) shall, take any one or more of the following remedial steps:

(i) The Trustee may declare the Rent payable under the Lease to be immediately due and payable, whereupon the same shall become due and payable.

(ii) The Trustee may exercise the power of sale or foreclosure under the Mortgages on the property subject thereto and may exercise all the rights and remedies of a secured party under the New York Uniform Commercial Code with respect thereto and with respect to all assets secured by the Mortgages.

(iii) Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Registered Owners of the Bonds, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Organization and the Facilities, pending such proceedings, but, notwithstanding the appointment of any receiver, trustee or other custodian, the Trustee shall be entitled to the possession and control of any cash,

securities or other instruments at the time held by, or payable or deliverable under the provisions of the Lease, the Mortgages, or this Covenant Agreement to the Trustee.

(iv) The Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements, or covenants of the Organization under this Covenant Agreement and all other Security Documents.

Notwithstanding the foregoing, prior to the exercise by the Trustee of any remedy that would prevent the application of this paragraph, the Organization may, at any time, pay all accrued payments hereunder (exclusive of any such payments accrued solely by virtue of declaration pursuant to subsection (a) of the first paragraph of this Section) and fully cure all defaults, and in such event, the Organization shall be fully reinstated to its position hereunder as if such Event of Default had never occurred.

In the event that the Organization fails to make or cause to be made any payment required hereby, the payment so in default shall continue as an obligation of the Organization until the amount in default shall have been fully paid and shall accrue interest at the Default Rate.

Whenever any Event of Default has occurred and is continuing under this Covenant Agreement, the Trustee may, but except as otherwise provided in the Indenture shall not be obligated to, exercise any or all of the rights provided under this Article. In addition, the Trustee shall have available to it all of the remedies prescribed in the Indenture and any other Security Document. If the Trustee is not enforcing the Issuer's rights in a manner to protect the Issuer or is otherwise taking action that brings adverse consequences to the Issuer, then the Issuer may, without the consent of the Trustee, take whatever action at law or in equity may appear necessary or appropriate to enforce the Issuer's rights under this Covenant Agreement. Any amounts collected pursuant to action taken under this paragraph, after reimbursement of any costs incurred by the Issuer or the Trustee in connection therewith, shall be applied in accordance with the provisions of the Indenture.

If the Issuer or the Trustee, shall have proceeded to enforce their rights under this Covenant Agreement or any other Security Document and such proceedings 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 Organization, the Issuer and the Trustee shall be restored to their respective positions and rights hereunder, and all rights, remedies and powers of the Organization, the Issuer and the Trustee shall continue as though no such proceedings had been taken.

(B) *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Covenant Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default

shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice required herein or by applicable law. Such rights and remedies given the Trustee hereunder shall also extend to the Beneficial Owners and the Registered Owners of the Bonds, subject to the Indenture.

(C) *Agreement to Pay Attorneys' Fees and Expenses.* In the event the Organization should breach any of the provisions of this Covenant Agreement and the Issuer or the Trustee should employ attorneys or incur other expenses for the collection of Rent or the enforcement of performance or observance of any obligation or agreement on the part of the Organization herein contained, the Organization agrees that it will on demand therefor pay or cause to be paid to the Issuer or the Trustee, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses incurred by the Issuer or the Trustee. The obligations of the Organization arising under this Section shall continue in full force and effect notwithstanding the final payment of the Bonds or the termination of this Covenant Agreement for any reason.

(D) *Waiver.* In the event any agreement contained in this Covenant Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach waived and shall not be deemed to waive any other breach hereunder. The Issuer shall have no power to waive any Event of Default hereunder without the consent of the Trustee and the Majority Holders.

(E) *Proofs of Claim.* In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Organization or any other obligor upon the Bonds or the property of the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Issuer and/or the Organization for the payment of overdue principal or interest) shall be entitled and empowered, by intervention of such proceeding or otherwise,

(i) to file and prove a claim for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Bonds then Outstanding and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Bondholders allowed in such judicial proceeding; and to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

(ii) and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Bondholder to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Bondholders, to pay to

the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel.

So long as Bonds are outstanding the Trustee is appointed under the terms of the Indenture, and the successive respective Bondholders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney in fact of the respective Bondholders of the Bonds, with authority to make or file, in the respective names of the Bondholders of the Bonds or on behalf of all Bondholders of the Bonds, as a class, any proof of debt, amendment to proof of debt, petition or other documents and to execute any other papers and documents and to do and perform any and all acts and things for and on behalf of all Bondholders of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claim of the Bondholders of the Bonds against the Issuer, the Organization or any other obligor allowed in receivership, insolvency, liquidation, bankruptcy or other proceeding, to which the Issuer, the Organization or any other obligor, as the case may be, shall be a party. The Trustee shall have full power of substitution and delegation in respect of any such powers.

(F) *Treatment of Funds in Bankruptcy.* The Organization acknowledges and agrees that in the event Organization commences a case under the United States Bankruptcy Code located at 11 U.S.C. §§ 101 et. seq. (the “**Bankruptcy Code**”) or is the subject of an involuntary case that results in an order for relief under the Bankruptcy Code: (i) amounts on deposit in any of the Funds are not, nor shall they be deemed to be, property of Organization’s bankruptcy estate as defined by § 541 of the Bankruptcy Code; (ii) that in no event shall Organization assert, claim or contend that amounts on deposit in any of the Funds are property of Organization’s bankruptcy estate; and (iii) that amounts on deposit in any of the Funds are held in trust solely for the benefit of the Registered Owners of the Bonds and the Beneficial Owners, shall be applied only in accordance with the provisions of the Indenture and the Organization has no legal, equitable nor reversionary interest in, or right to, such amounts.

(G) *Uniform Commercial Code.* Upon the occurrence of any Event of Default hereunder, the Trustee shall have, in addition to all other rights and remedies provided herein or by law, and the uniform commercial code as adopted in the State and any successor statute(s) thereto (the “**UCC**”). In addition, the Trustee may, without demand, and without advertisement or notice, all of which the Organization waives, at any time or times, appropriate (by set-off or otherwise) apply all amounts held in the Bond Fund or otherwise under the Indenture to the payment of amounts due under the Loan Agreement in such order and manner as provided in the Indenture.

Section 9. Termination. This Covenant Agreement shall terminate and any amounts on deposit in the Funds and Accounts (other than the Rebate Fund) shall be delivered or transferred to the Organization upon the Institution providing for payment in full of amounts due with respect to the Bonds, whether at their stated maturity or by earlier prepayment and redemption.

Section 10. Severability. In the event any provision of this Covenant Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11. Governing Law. The obligations of the parties under this Covenant Agreement shall be governed by and construed in accordance with the State of New York.

Section 12. Third Party Beneficiaries. Each of the Indemnified Persons are intended “Third Party Beneficiaries” of this Covenant Agreement. Nothing in this Covenant Agreement shall confer any right upon any person other than parties hereto, and those specifically designated as Third Party Beneficiaries of this Covenant Agreement.

Section 13. Prior Agreements Superseded. This Covenant Agreement, together with all agreements executed by the parties concurrently herewith or in conjunction with the initial issuance of the Bonds, shall completely and fully supersede all other prior understandings or agreements, both written and oral, regarding the matters covered herein.

Section 14. Organization Statements, Representations and Warranties. It is understood by the Organization that all such statements, representations and warranties made in this Covenant Agreement shall be deemed to have been relied upon by the Issuer as an inducement to issue the Bonds and by the Trustee as a condition of its entry into the Indenture, and that if any such statements, representations and warranties were false at the time they were made or (with respect to those representations and warranties which are to continue) are breached during the term hereof, such misrepresentation or breach shall constitute a breach of this Covenant Agreement which may give rise to an event of default hereunder.

Section 15. Headings. Section headings in this Covenant Agreement are for convenience of reference only and shall not govern, or be used in, the interpretation of any of the provisions of this Covenant Agreement.

Section 16. Execution and Counterparts. This Covenant Agreement may be executed in multiple counterparts, each of which shall be an original and all of which shall constitute but one and the same document.

Section 17. No Waiver; Cumulative Remedies. The Trustee shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing, signed by the Trustee, and then only to the extent therein set forth. A waiver by the Trustee of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Trustee would otherwise have on any further occasion. No failure to exercise nor any delay in exercising by the Trustee of any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any right, power or privilege. The rights and remedies herein provided are cumulative and may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

Section 18. Waivers, Amendments. None of the terms or provisions of this Covenant Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by the Trustee (acting only with the consent of the Majority Holders) and the Organization.

Section 19. Notices. Unless otherwise provided for in this Covenant Agreement, any notice required or permitted to be given under this Covenant Agreement may be given by certified or registered mail, return receipt requested, or by commercial overnight delivery service, postage prepaid, addressed as follows:

- (1) if to the Organization, to:

Integration Charter Schools
2 Teleport Drive, 2nd Floor
Staten Island, New York 10311

with a copy to:

Cohen Schneider Law, P.C.
275 Madison Avenue
New York, New York 10016
Attention: Cliff S. Schneider

- (4) if to the Trustee, to:

U.S. Bank National Association
100 Wall Street, Suite 6th Floor
New York, New York 10005
Attention: Corporate Trust Administration

Notices dispatched as provided in this Section shall be deemed effective on the second Business Day after mailing or shipping. Refusal of delivery shall constitute receipt of notice on the date of refusal of delivery. The Organization and the Trustee may designate by writing delivered to the addresses stated in or pursuant to this Section 19, any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Notices required to be sent to the Issuer and the Institution shall be at the addresses set forth in Section 12.5 of the Loan Agreement.

Section 20. Electronic Signatures. The parties agree that the electronic signature of a party to this Covenant Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Covenant Agreement. For purposes hereof: (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means; and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“**pdf**”) or other replicating image attached to an electronic mail or internet message.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the parties hereto have executed this Covenant Agreement as of the date first above written.

INTEGRATION CHARTER SCHOOLS

By: _____
Dr. Kenneth Byalin, President

(Signature page to Covenant Agreement – Integration Charter Schools 2021)

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

By: _____

Name:

Its:

(Signature page to Covenant Agreement – Integration Charter Schools 2021)

ACKNOWLEDGMENT OF INSTITUTION

The undersigned hereby consents to and acknowledges the foregoing Covenant Agreement dated as of September 1, 2021, between Integration Charter Schools and U.S. Bank National Association.

THE ICS FOUNDATION, INC.

By: _____
Michael Caridi, CHair

(Signature page to Covenant Agreement – Integration Charter Schools 2021)

EXHIBIT A(1)
AUTHORIZED REPRESENTATIVES OF THE ORGANIZATION

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Dr. Kenneth Byalin	President	<hr/> <hr/>

Exhibit 5(C)(x)

FORM OF COMPLIANCE CERTIFICATE

The undersigned, _____, _____ of Integration Charter Schools (the "Organization") hereby certifies, with respect to the Covenant Agreement dated as of September 1, 2021 (the "Covenant Agreement"), between the Organization and U.S. Bank National Association, as trustee, that during the period September 1, _____ through June 30, _____. All capitalized terms used herein, but not defined herein, have the meaning given in the Covenant Agreement.

(a) The Organization has not used any portion of the Bond proceeds except for the Facilities in furtherance of its purposes consistent with Section 501(c)(3) of the Code and no portion has been used for purposes which will produce "unrelated trade or business income" of Organization as defined in Section 513(a) of the Code.

(b) The Organization has not, except with the Issuer's, Trustee's or Majority Holders' written approval, substantially subtracted from any real or personal property of the Facilities.

(c) The Organization has not permitted the use of any part of the Facilities for any purpose other than as a public school and uses incidental thereto pursuant to the Charter Schools Act as amended, consistent with the Covenant Agreement and the Tax Regulatory Agreement.

(d) The Organization has not allowed any Person or organization, other than the Organization, to become a user of the Facilities, or any portion thereof, nor has the Organization transferred any portion of the Facilities, except as follows: _____.

(e) Organization is and continues to be an organization qualified under Section 501(c)(3) of the Code and has received no notice to the contrary from the Internal Revenue Service.

(f) The Organization is in compliance with all other provisions of the Lease, the Covenant Agreement and the Tax Regulatory Agreement, and all representations contained in the Lease, the Covenant Agreement and the Tax Regulatory Agreement continue to be true and correct in all respects, except as follows: _____.

DATED: _____

INTEGRATION CHARTER SCHOOLS

By: _____

Name: _____

USE AGREEMENT

Dated as of September 1, 2021

by and between

BUILD NYC RESOURCE CORPORATION,

a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at One Liberty Plaza, New York, New York 10006,
as “**Issuer**”, and

U.S. BANK NATIONAL ASSOCIATION,

a national banking association organized and existing under the laws of the United States of America, having a corporate trust office at 100 Wall Street, Suite 600, New York, New York 10005, together with any successor trustee at the time serving as such under the Indenture of Trust referred to herein,
as “**Trustee**”,

and

INTEGRATION CHARTER SCHOOLS,

a not-for-profit education corporation organized under the laws of the State of New York, having its principal office at 2 Teleport Drive, 2nd Floor, Staten Island, New York 10311, as “**Ed Corp**”, and

\$36,135,000

Build NYC Resource Corporation
Revenue Bonds
(Richmond Preparatory Charter School Project), Series 2021A
(Social Impact Project)

\$715,000

Build NYC Resource Corporation
Taxable Revenue Bonds
(Richmond Preparatory Charter School Project), Series 2021B
(Social Impact Project)

USE AGREEMENT

This **USE AGREEMENT**, dated as of September 1, 2021 (this “**Agreement**”), is by and between **BUILD NYC RESOURCE CORPORATION**, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at One Liberty Plaza, New York, New York 10006 (the “**Issuer**”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, together with any successor trustee at the time serving as such under the Indenture of Trust referred to herein (the “**Trustee**”), having a corporate trust office at 100 Wall Street, Suite 600, New York, New York 10005, parties of the first part, and **INTEGRATION CHARTER SCHOOLS**, a not-for-profit educational corporation organized under the laws of the State of New York (the “**Ed Corp**”), having its principal office at 2 Teleport Drive, 2nd Floor, Staten Island, New York 10311, party of the second part (capitalized terms used herein shall have the respective meanings assigned to such terms throughout this Agreement).

WITNESSETH:

WHEREAS, the Issuer is authorized pursuant to Section 1411(a) of the Not-for-Profit Corporation Law of the State of New York, as amended, and its Certificate of Incorporation and By-Laws (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of The City of New York (the “**City**”) by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their eligible projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other eligible projects that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to the City or by encouraging the development of or retention of an industry in the City, and lessening the burdens of government and acting in the public interest; and

WHEREAS, the Certificate of Incorporation of the Issuer further provides that the lessening of the burdens of government and the exercise of the powers conferred on the Issuer are the performance of an essential governmental function, which activities will assist the City in reducing unemployment and promoting additional job growth and economic development; and

WHEREAS, The ICS Foundation, Inc., a not-for-profit corporation (the “**Borrower**”) has entered into negotiations with officials of the Issuer for the Issuer’s assistance with a tax-exempt bond transaction, the proceeds of which will be used by the Borrower for the

acquisition, construction, furnishing and equipping of the Improvements as part of the Project; and

WHEREAS, the Issuer has determined that the providing of financial assistance to the Borrower for the Project will promote and is authorized by and will be in furtherance of the corporate purposes of the Issuer; and

WHEREAS, as a result of such negotiations, the Borrower has requested the Issuer to issue its bonds to finance the costs of the Project; and

WHEREAS, the Issuer adopted the Bond Resolution authorizing the Project and the issuance of its revenue bonds to finance the costs of the Project; and

WHEREAS, the Facilities are owned by the Borrower and leased to the Ed Corp pursuant to the Lease Agreement; and

WHEREAS, to facilitate the Project and the issuance by the Issuer of its revenue bonds to finance the costs of the Project, the Issuer and the Borrower are contemporaneously entering into a Loan Agreement, pursuant to which (i) the Issuer will make the Loan of the proceeds of the Initial Bonds, in the original aggregate principal amount of the Initial Bonds, to the Borrower pursuant to the Loan Agreement, and (ii) the Borrower will execute the Promissory Note in favor of the Issuer to evidence the Borrower's obligation under the Loan Agreement to repay the Loan, and the Issuer will endorse the Promissory Note to the Trustee; and

WHEREAS, to provide funds for the costs of the Project and for incidental and related costs and to provide funds to pay the costs and expenses of the issuance of the Initial Bonds, the Issuer has authorized the issuance of the Initial Bonds in the Authorized Principal Amount pursuant to the Bond Resolution and the Indenture; and

WHEREAS, concurrently with the execution hereof, in order to further secure the Initial Bonds, (i) the Borrower will assign all of its right, title and interest in the Lease Agreement to the Trustee pursuant to the Assignment of Lease, and (ii) the Borrower will grant a mortgage Lien on and a security interest in its fee interest in the Mortgaged Property to the Issuer and the Trustee pursuant to the Mortgage, and the Issuer will assign its right, title and interest under the Mortgage to the Trustee pursuant to the Assignment of Mortgage; and

WHEREAS, as a condition of issuance of the Bonds and making the Loan to Borrower, the Issuer is requiring the Ed Corp to enter into this Agreement for the benefit of the Issuer and the Trustee;

NOW, THEREFORE, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.1. Definitions. The following capitalized terms shall have the respective meanings specified for purposes of this Agreement (capitalized terms used but not defined in this Agreement shall have the respective meanings assigned to such terms in the Indenture, the Loan Agreement or the Tax Regulatory Agreement, as each are defined below):

Agreement shall mean this Use Agreement, dated as of September 1, 2021, between the Issuer and the Trustee and the Ed Corp, and shall include any and all amendments hereof and supplements hereto hereafter made in conformity herewith and with the Indenture.

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 Ed Corp, a person named in Exhibit A – “Authorized Representative of the Ed Corp”, or any other officer or employee of the Ed Corp who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the Ed Corp has given written notice to the Issuer and the Trustee; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of this Agreement or any other Project Document, such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

Borrower shall mean The ICS Foundation, Inc. a New York not-for-profit corporation, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the Borrower under Section 8.9 or 8.20 of the Loan Agreement.

Claims shall have the meaning set forth in Section 10.5.

Closing Date shall mean September 23, 2021, the date of the initial issuance and delivery of the Initial Bonds.

Conduct Representation shall mean any representation by the Borrower under Section 2.2(y) of the Loan Agreement, by the Ed Corp under Section 2.1(u), or by any other Person in any Required Disclosure Statement delivered to the Issuer.

Ed Corp shall mean Integration Charter Schools, a not-for-profit education corporation currently authorized to operate four (4) charter schools, including Richmond Prep, (which will use and occupy the Facilities), 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 Ed Corp under Sections 3.3 or 4.7.

Ed Corp IRS Determination Letter shall mean that certain ruling letter dated April 27, 2015 issued by the IRS to the Ed Corp confirming that the Ed Corp is a Tax-Exempt Organization.

Event of Default shall have the meaning specified in Section 5.1.

Fiscal Year shall mean a year of 365 or 366 days, as the case may be, commencing on July 1 and ending on June 30 of the next calendar year, or such other fiscal year of similar length used by the Ed Corp for accounting purposes as to which the Ed Corp shall have given prior written notice thereof to the Issuer and the Trustee at least ninety (90) days prior to the commencement thereof; it being understood that the Borrower and the Ed Corp shall maintain the same Fiscal Year.

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 Ed Corp, 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.

Incorporated Loan Agreement Provision shall mean a Section of the Loan Agreement which, if referenced within this Agreement as an “Incorporated Loan Agreement Provision”, shall mean that the Ed Corp is covenanting and agreeing within this Agreement (for the benefit of the Issuer and the Trustee) as a direct obligation of the Ed Corp hereunder, to take such actions, or not to take such actions, or otherwise pay and perform the payments, obligations, covenants and agreements of the Borrower under the cited Section of the Loan Agreement (including, without limitation, any exhibit to the Loan Agreement included within such cited Section), as if such Section were restated in its entirety within this Agreement, and as if the obligated party thereunder were stated to be the Ed Corp. For purposes of clarification, any such Incorporated Loan Agreement Provision which provides either for the Borrower to cause the Ed Corp to take, or not take, a particular action, or provides that the Ed Corp is intended to directly take, or not take, such action, if referenced within this Agreement as an obligation of the Ed Corp, shall mean that the same constitutes a direct obligation of the Ed Corp under this Agreement. The Loan Agreement is hereby incorporated in full within this Agreement as if fully set forth herein.

Indemnified Parties shall have the meaning set forth in Section 4.5(a).

Indenture shall mean the Indenture of Trust, dated as of even date herewith, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XI of the Indenture.

Independent Accountant shall mean Schall & Ashenfarb Certified Public Accountants, LLC or such other Independent certified public accountant or firm of Independent

certified public accountants selected by the Ed Corp and approved by the Issuer and the Trustee (such approvals not to be unreasonably withheld or delayed).

Initial Bonds shall mean the Issuer's Revenue Bonds (Richmond Preparatory Charter School Project), Series 2021 authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture in the original aggregate principal amount of \$36,850,000.

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.

Liability shall have the meaning set forth in Section 4.5(a) of this Agreement.

Loan Agreement shall mean the Loan Agreement, dated as of the date hereof, between the Issuer and the Borrower, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Lease Agreement shall mean the Lease Agreement, dated as of September 1, 2021 between the Borrower and the Ed Corp, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with Section 3.4.

Merge or Merger shall mean, in the case of the Ed Corp, a consolidation with or merger into another Entity of the Ed Corp, or permitting one or more Entities to consolidate with or merge into the Ed Corp.

Project Documents shall mean, collectively, the Lease Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement and the Security Documents.

Richmond Prep shall mean Richmond Preparatory Charter School.

School Payment Obligation(s) shall mean any obligation of the Ed Corp under this Agreement to make payments under Sections 4.2, 4.3, 4.4, 4.5, 4.6, 4.14, 4.17, 4.18, 5.2(b), 5.6 or 6.1 of this Agreement.

School Payment Obligation Event of Default shall mean, Section 5.1(a) of this Agreement.

School Performance Obligation(s) shall mean any obligation of the Ed Corp under this Agreement to observe and perform any covenant, condition or agreement on its part other than as shall constitute a School Payment Obligation.

School Performance Obligation Event of Default shall mean, Section 5.1(b).

Security Documents shall mean, collectively, this Agreement, the Loan Agreement, the Promissory Notes, the Assignment of Lease Agreement, the Indenture, the Tax Regulatory Agreement, the Building Loan Agreement, the Covenant Agreement, the Mortgage and the Assignment of Mortgage.

Transfer shall mean a disposition of all or substantially all of the Property, business or assets of the Ed Corp.

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.

Section 1.2. Construction. In this Agreement, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Agreement, refer to this Agreement, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the Closing Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

(e) Unless the context indicates otherwise, references to designated “Exhibits”, “Articles”, “Sections”, “Subsections”, “clauses” and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Agreement.

(f) The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”.

(g) The word “will” shall be construed to have the same meaning and effect as the word “shall”.

(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein or herein).

(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person’s successors and assigns or such Person’s successors in such capacity, as the case may be.

(j) Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for purposes of this Agreement or any agreement, document or certificate executed and delivered in connection with or pursuant to this Agreement, such determination or computation shall be done in accordance with GAAP in effect on, at the sole option of an Authorized Representative of the Ed Corp, (i) the date such determination or computation is made for any purpose of this Agreement or (ii) the Closing Date if an Authorized Representative of the Ed Corp delivers a certificate to the Trustee describing why the then current GAAP is inconsistent with the intent of the parties on the Closing Date.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE ED CORP

Section 2.1. Representations and Warranties of the Ed Corp.

The Ed Corp hereby represents and warrants to the Issuer and the Trustee as follows:

(a) The Ed Corp is a not-for-profit education corporation currently authorized to operate four (4) charter schools, and is duly organized, validly existing and in good standing under the laws of the State, is not in violation of any provision of its Organizational Documents, has the requisite power and authority to own its Property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Agreement and each other Project Document to which it is or shall be a party.

(b) The Ed Corp is authorized to purchase and hold Property and to finance and refinance the same, is not in violation of any provisions of its Organizational Documents and has full legal right, power and authority to own or lease its Property, to carry on its business as now being conducted by it and to consummate all transactions contemplated by this Agreement and the other Project Documents.

(c) This Agreement and the other Project Documents to which the Ed Corp is a party (x) have been duly authorized by all necessary action on the part of the Ed Corp, (y) have been duly executed and delivered by the Ed Corp, and (z) constitute the legal, valid and binding obligations of the Ed Corp, enforceable against the Ed Corp in accordance with their respective terms.

(d) The execution, delivery and performance of this Agreement and each other Project Document to which the Ed Corp is or shall be a party and the consummation of the transactions herein and therein contemplated will not (x) violate any provision of law, any order of any court or agency of government, or any of the Organizational Documents of the Ed Corp, or any indenture, agreement or other instrument to which the Ed Corp is a party or by which it or any of its Property is bound or to which it or any of its Property is subject, (y) be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or (z) result in the imposition of any Lien, charge or encumbrance of any nature whatsoever other than Permitted Encumbrances.

(e) No consent or approval of any trustee or holder of any Indebtedness of the Ed Corp or any guarantor of Indebtedness of or other provider of credit or liquidity to the Ed Corp, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of the Project Documents to which the Ed Corp is a party, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect. All material certificates, approvals, permits and authorizations of applicable governmental

authorities have been obtained with respect to the effectuation of the Project and operation of the Facilities, other than those certificates, approvals, permits and authorizations which the Ed Corp anticipates to be received without hindrance in the ordinary course without undue delay.

(f) There is no action, proceeding, inquiry or investigation, pending or, to the best of the knowledge of the Ed Corp, after diligent inquiry, threatened, by or against the Ed Corp, by or before any court, administrative agency or federal, state, municipal or other governmental authority, (i) that would adversely affect the ability of the Ed Corp to perform its respective obligations under this Agreement or any other Project Document to which it is or shall be a party, (ii) in any way contesting or adversely affecting the authority for or the validity of any of the Project Documents to which the Ed Corp is or shall be a party or the corporate existence of the Ed Corp, (iii) that would reasonably be expected to have a material adverse effect on the financial condition, operation or business of the Ed Corp, (iv) contesting the status of the Ed Corp as a Tax-Exempt Organization, or (v) contesting or questioning the status of the Ed Corp as an entity authorized to operate a charter school(s) under the Charter School Act.

(g) The Ed Corp is not in default with respect to any order or decree of any court binding against the Ed Corp or any order, regulation or demand of any governmental authority binding against the Ed Corp, which default would reasonably be expected to have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Project Documents, or the financial condition, assets, Property or operations of the Ed Corp.

(h) The Ed Corp is not in default in the payment of principal of, or interest on, any indebtedness or in default under any instrument under which, or subject to which, any indebtedness has been incurred, and no event has occurred and is continuing under the provisions of any agreement involving the Ed Corp that, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

(i) All tax returns (federal, state or local) required to be filed by or on behalf of the Ed Corp have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Ed Corp in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the Audited Financial Statements of the Ed Corp.

(j) The financial assistance provided by the Issuer to the Borrower as contemplated by this Agreement and the Loan Agreement is necessary to induce the Ed Corp to proceed with the Project.

(k) Undertaking the Project is anticipated to serve the corporate public purposes of the Issuer by preserving permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in the State.

(l) The Facilities will be the Approved Facility.

(m) Except as permitted by Section 8.9 of the Loan Agreement, no Person other than the Borrower or the Ed Corp is or will be in use, occupancy or possession of any portion of the Facilities.

(n) The Ed Corp has obtained all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by it as of the Closing Date in connection with the execution and delivery of this Agreement and each other Project Document to which it shall be a party or in connection with the performance of its obligations hereunder and under each of the Project Documents. No consent or approval of any trustee or holder of any indebtedness of the Ed Corp or any guarantor of indebtedness of or other provider of credit or liquidity to the Ed Corp, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of the Project Documents, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(o) The Project will be designed, and the operation of the Facilities will be, in compliance with all applicable Legal Requirements.

(p) The Ed Corp is in compliance, and will continue to comply, with all applicable Legal Requirements relating to the Project, the Project Work, and upon taking occupancy of the Facilities, will be in compliance, and will continue to comply with all applicable Legal Requirements for which it is responsible under the Lease Agreement related to the operation of the Facilities.

(q) The Ed Corp has delivered, or has caused the Borrower to deliver to the Issuer a true, correct and complete copy of the Environmental Audit.

(r) Upon taking occupancy of the Facilities, the Ed Corp will not use (or permit any other occupant to use) Hazardous Materials on, from, or affecting the Facilities in any manner that violates any applicable Legal Requirements governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and except as set forth in the Environmental Audit, to the best of the knowledge of the Ed Corp, there are no Hazardous Materials on, from, or affecting the Facilities in any manner that violates any applicable Legal Requirements.

(s) Subject to Section 3.5 and Article VI of the Loan Agreement, no property constituting part of the Facilities shall be located at any site other than at the Facility Realty.

(t) The Fiscal Year is true and correct.

(u) None of the Ed Corp, the Principals of the Ed Corp, or any Person that is an Affiliate of the Ed Corp:

(i) is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Issuer, the NYCIDA, the NYCEDC or

the City, unless such default or breach has been waived in writing by the Issuer, the NYCIDA, the NYCEDC or the City, as the case may be;

(ii) has been convicted of a misdemeanor related to truthfulness and/or business conduct in the past five (5) years;

(iii) has been convicted of a felony in the past ten (10) years;

(iv) has received formal written notice from a federal, state or local governmental agency or body that such Person is currently under investigation for a felony criminal offense; or

(v) has received written notice of default in the payment to the City of any taxes, sewer rents or water charges, which have not been paid, unless such default is currently being contested with due diligence in proceedings in court or other appropriate forum.

(v) The Project Application Information was true, correct and complete as of the date submitted to the Issuer, and no event has occurred or failed to occur since such date of submission which would cause any of the Project Application Information to include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make such statements not misleading.

(w) The Principals of the Ed Corp, and their respective titles, as set forth in Exhibit B — “Principals of the Ed Corp”, are true, correct and complete.

(x) The representations, warranties, covenants and statements of expectation of the Ed Corp set forth in the Tax Regulatory Agreement are by this reference incorporated in this Agreement as though fully set forth herein.

(y) The property included in the Project is either property of the character subject to the allowance for depreciation under Section 167 of the Code, or land.

(z) No part of the proceeds of the Initial Bonds will be used to finance or refinance inventory or will be used for working capital, or will be used for any other property not constituting part of the Facilities.

(aa) Pursuant to the Lease Agreement, the Ed Corp enjoys the peaceable and undisturbed possession of all Facilities which is material to its operation.

(bb) The Ed Corp has a valid leasehold interest in the Facilities pursuant to the Lease Agreement, and the Lease Agreement is in full force and effect without default on the part of the Borrower or the Ed Corp thereunder, and the lease term expires on June 30, 2063. The Ed Corp has no present intention to sell, directly or indirectly, in whole or in part, its interest in the Facilities.

(cc) The Ed Corp is in compliance with the provisions of the Code and any applicable regulations thereunder necessary to maintain its exempt status under Section 501(a) of the Code.

(dd) The Ed Corp is exempt from federal income taxes under Section 501(a) of the Code.

(ee) The Ed Corp is an organization described in Section 501(c)(3) of the Code and has received the Ed Corp IRS Determination Letter. The facts and circumstances which form the basis of the Ed Corp IRS Determination Letter continue substantially to exist as represented to the Internal Revenue Service. The Ed Corp IRS Determination Letter has not been modified, limited or revoked, and the Ed Corp is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of the Ed Corp IRS Determination Letter.

(ff) The Ed Corp is in compliance with the provisions of the Code and any applicable regulations thereunder necessary to maintain its exempt status under Section 501(a) of the Code. The Ed Corp will (i) conduct its operations in a manner that will result in its continued qualification as a Tax-Exempt Organization, and (ii) timely file or cause to be filed all materials, returns, reports and other documents which are required to be filed with the IRS.

(gg) The Ed Corp is not a “private foundation”, as defined in Section 509 of the Code.

(hh) The Ed Corp has been duly established as an education corporation under the Charter School Act, chartered by the Board of Regents on behalf of the New York State Education Department and currently authorized to operate four (4) charter schools, including Richmond Prep, which shall operate at the Facilities. Richmond Prep will commence instruction with the 2021-22 school year, and the charter for its term expires on June 30, 2026, and the charter has not been amended, revoked, surrendered or terminated, nor are there any pending or threatened proceedings to effect any such revocation, surrender or termination. The Ed Corp is in compliance with all of the terms and provisions of the Charter School Act, including, without limitation, all reporting requirements thereunder.

(ii) The Ed Corp has not pledged or assigned moneys provided, or to be provided, pursuant to Section 2856(1) of the State Education Law, in connection with the acquisition, construction, equipping or furnishing of the Facilities or the financing of the Project.

(jj) The Ed Corp has not made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment. The Ed Corp has instituted and maintained policies and procedures designed to promote and achieve compliance with all applicable anti-corruption laws and regulations.

(kk) The Ed Corp (i) understands the nature and structure of the transactions relating to the financing of the Project, (ii) is familiar with the provisions of all of the documents and instruments relating to such financing, (iii) understands the risks inherent in such transactions, and (iv) has not relied on the Issuer for any guidance or expertise in analyzing the

financial or other consequences of the transactions contemplated by the Project Documents or otherwise relied on the Issuer for any advice.

(II) The Ed Corp has received and reviewed a copy of the Bond Resolution, including, without limitation, the determination by the Issuer under the New York State Environmental Quality Review Act, and acknowledges that there was a requirement for a Phase II Environmental Site Assessment to be completed and submitted to the New York City Department of Environmental Protection. To the extent not already completed by the Borrower, the Ed Corp will, or will cause Borrower to complete all necessary testing in accordance with all relevant guidance and regulations and with the installation of appropriate remedial mechanisms that might be needed, if any.

ARTICLE III

COVENANTS AND AGREEMENTS OF THE ED CORP

Section 3.1. Incorporated Loan Agreement Provisions as an Obligation of the Ed Corp Under this Agreement. During the term of this Agreement, Sections 3.3 (Maintenance), 3.4 (Alterations and Improvements), 3.5 (Removal of Property of the Facilities), 3.6 (Implementation of Additional Improvements and Removals), 6.1 (Damage, Destruction and Condemnation), 6.2 (Loss Proceeds), 6.3 (Election to Rebuild or Terminate), 6.4 (Effect of Election to Build), 8.1 (Insurance), 8.6 (Environmental Matters), 8.7 (Employment Matters), 8.8 (Non-Discrimination), 8.9(b) through (e) (Lease of Facilities), 8.10 (Retention of Title to Facilities; Grant of Easements; Release of Portions of Facilities), 8.11 (Discharge of Liens), 8.13 (No Further Encumbrances Permitted), 8.17 (Taxes, Assessments and Charges), 8.18 (Compliance with Legal Requirements), 8.19 (Operation as Approved Facility), 8.25 (Compliance with the Indenture), 8.27 (Continuing Disclosure), 8.30 (Living Wage), 8.31 (M/WBE Program), and 11.6 (Prohibition on the Purchase of Bonds) of the Loan Agreement shall be an Incorporated Loan Agreement Provision and an obligation of the Ed Corp under this Agreement; *provided, however*, that the Ed Corp shall not be required to take action or perform in accordance with the following Incorporated Loan Agreement Provisions Section 3.3(a)(iii) (Maintenance), 3.4 (Alterations and Improvements), 3.5 (Removal of Property of the Facilities), 3.6 (Implementation of Additional Improvements and Removals), 6.1 (Damage, Destruction and Condemnation), 6.2 (Loss Proceeds), 6.3 (Election to Rebuild or Terminate), 6.4 (Effect of Election to Build), 8.10 (Retention of Title to Facilities; Grant of Easements; Release of Portions of Facilities), 8.11 (Discharge of Liens), 8.13 (No Further Encumbrances Permitted), 8.17 (Taxes, Assessments and Charges), unless and until the Borrower has failed to perform its obligations under the Loan Agreement beyond any applicable notice and cure periods. Further, all provisions of the Loan Agreement which provide either (y) for the Borrower to cause the Ed Corp to take, or not to take, a particular action, or (z) that the Ed Corp is stated to directly take, or not take, such action, shall further constitute a direct obligation of the Ed Corp under this Agreement.

Section 3.2. Restrictions on Dissolution and Merger of the Ed Corp.

- (a) The Ed Corp covenants and agrees that at all times during the term of this Agreement, it will
- (i) maintain its existence as a not-for-profit corporation constituting a Tax-Exempt Organization, and an education corporation constituting a validly existing education corporation under the Charter School 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 effect a Transfer after the Closing Date, except as provided in Section 3.2(b),

(v) continue to remain the tenant under the Lease Agreement, and keep the Lease Agreement in full force and effect,

(vi) not effect a Merger or Merge, except as provided in Section 3.3(b), and

(vii) not change or permit the change of any Principal of the Ed Corp, or a change in the relative Control of the Ed Corp of any of the existing Principals, except in each case as provided in Section 3.2(c).

(b) Notwithstanding Section 3.2(a), the Ed Corp may Merge or participate in a Transfer following the Operations Commencement Date if the following conditions are satisfied on or prior to the Merger or Transfer, as applicable:

(i) when the Ed Corp is the surviving, resulting or transferee Entity,

(1) the Ed Corp shall have a net worth (as determined by an Independent Accountant in accordance with GAAP) at least equal to that of the Ed Corp immediately prior to such Merger or Transfer,

(2) the Ed Corp shall continue to be a Tax-Exempt Organization, and an education corporation constituting a validly existing education corporation authorized to operate charter schools under the Charter School Act,

(3) the Ed Corp shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Ed Corp to the effect that, if such Merger or Transfer had occurred at the beginning of the most recent Fiscal Year for which there are Audited Financial Statements, the Ed Corp would not be in default under any financial or other covenants and agreements on its part set forth in the Covenant Agreement, the Ed Corp shall continue to remain the tenant under the Lease Agreement, and the Lease Agreement shall remain in full force and effect,

(4) the Ed Corp shall deliver 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 Ed Corp 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

(6) the Ed Corp shall deliver to the Issuer a Required Disclosure Statement with respect to itself as surviving Entity in form and substance satisfactory to the Issuer; or

(ii) when the Ed Corp is not the surviving, resulting or transferee Entity (the “**Successor Ed Corp**”),

(1) the predecessor Ed Corp (the “**Predecessor Ed Corp**”) shall not have been in default under this Agreement or under any other Project Document,

(2) the Successor Ed Corp shall be a Tax-Exempt Organization and shall be solvent and subject to service of process in the State and organized under the laws of the State, or under the laws of any other state of the United States and duly qualified to do business in the State,

(3) the Successor Ed Corp shall have assumed in writing all of the obligations of the Predecessor Ed Corp contained in this Agreement and in all other Project Documents to which the Predecessor Ed Corp shall have been a party,

(4) the Successor Ed Corp 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 Ed Corp shall continue to remain the tenant under the Lease Agreement, and the Lease Agreement shall remain in full force and effect,

(6) the Successor Ed Corp shall have delivered written evidence from each Rating Agency by which any Series of Outstanding Bonds are then rated, if any, to the effect that the Merger or Transfer 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;

(7) the Successor Ed Corp shall have delivered to the Issuer a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion,

(8) each Principal of the Successor Ed Corp shall have delivered to the Issuer a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion,

(9) the Successor Ed Corp shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer and the Trustee, an

Opinion of Counsel to the effect that (y) this Agreement and all other Project Documents to which the Predecessor Ed Corp shall be a party constitute the legal, valid and binding obligations of the Successor Ed Corp and each is enforceable in accordance with their respective terms to the same extent as it was enforceable against the Predecessor Ed Corp, and (z) such action does not legally impair the security for the Holders of the Bonds afforded by the Security Documents,

(10) the Successor Ed Corp shall have delivered to the Issuer and the Trustee a certificate of an Authorized Representative of the Ed Corp to the effect that, if such Merger or Transfer had occurred at the beginning of the most recent Fiscal Year for which there are Audited Financial Statements, the Ed Corp would not be in default under any financial or other covenants and agreements on its part set forth in the Covenant Agreement or the Lease Agreement;

(11) the Successor Ed Corp 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 Ed Corp has a net worth (as determined in accordance with GAAP) after the Merger or Transfer at least equal to that of the Predecessor Ed Corp immediately prior to such Merger or Transfer, and

(12) the Successor Ed Corp delivers to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such action will not cause the interest on the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes.

(c) If there is a change in Principals of the Ed Corp, or a change in the Control of the Ed Corp, the Ed Corp shall deliver to the Issuer prompt written notice thereof (including all details that would result in a change to Exhibit B — “Principals of the Ed Corp”) to the Issuer together with a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion.

Section 3.3. Special Covenants of the Ed Corp.

(a) The Ed Corp covenants that, for so long as any Bonds shall be Outstanding, (i) it will continue to keep in full force and effect its charter as an education corporation chartered by the Board of Regents on behalf of the New York State Department of Education; and (ii) the charter schools it operates under the Ed Corp umbrella will be chartered by the State University of New York or the New York State Education Department. The Ed Corp shall provide the Issuer and the Trustee immediate notice if any charter of the charter schools operated under the Ed Corp, or the Ed Corp’s charter (or Richmond Prep’s charter) necessary for Richmond Prep to operate at the Facilities for the Approved Project Operations is not renewed, or is otherwise terminated, revoked, amended, cancelled or expires.

(b) The Ed Corp covenants that it shall not discriminate in admissions, hiring, or the administration of educational policies generally provided, that nothing herein shall be

deemed to limit or alter the Ed Corp's ability to utilize student enrollment preferences and comply with employee background check and credentialing requirements as set forth in the Charter School Act.

(c) The Ed Corp covenants to comply fully in all material respects with the provisions of the Charter School Act so long as any Bonds remain Outstanding. The Ed Corp 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 Richmond Prep to operate at the Facilities as a public charter school for the Approved Project Operations in accordance with the Charter School Act.

(d) The Ed Corp shall deliver written notice to the Issuer and the Trustee of any inquiry, investigation, and claim or proceeding, whether pending or threatened, which may affect Richmond Prep's authority to operate the Facilities as a public charter school for the Approved Project Operations within five (5) Business Days of the Ed Corp's receipt of notice of any matter set forth in this Section 3.3(d).

Section 3.4. Lease Agreement. (a) The Ed Corp 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 Lease Agreement.

(b) The Ed Corp covenants and agrees that:

(i) for so long as Bonds shall remain Outstanding and throughout the term of this Agreement, the Lease Agreement shall remain in full force and effect, and the Ed Corp shall not take any action, nor fail to take any action, which would cause the Lease Agreement to terminate or expire;

(ii) the Ed Corp will make, comply and observe all payments, obligations, covenants and agreements on its respective part under the Lease Agreement;

(iii) the Ed Corp will promptly pay or cause to be paid all rents, additional rents and other charges (as and when the same become due for the payment of such sums), and diligently perform and observe all terms, covenants and conditions, in each case, required to be paid and performed by the Ed Corp as tenant under the Lease Agreement, within the periods provided in the Lease Agreement, and will do all things necessary to preserve and keep unimpaired the rights of the Ed Corp under the Lease Agreement;

(iv) the Ed Corp will not waive any of its rights under the Lease Agreement, nor refrain from exercising any right or remedy accorded to it under the Lease Agreement on account of any default by the Borrower as landlord thereunder, or release the Borrower as landlord thereunder from any liability or condone or excuse any improper actions of the Borrower or failures to act as landlord thereunder, without first obtaining the prior written consent of the Issuer and the Trustee;

(v) the Ed Corp shall not surrender the leasehold estate created by the Lease Agreement, whether in whole or in part, nor terminate or cancel the Lease Agreement, and any such surrender of the leasehold estate created by the Lease Agreement or termination or cancellation of the Lease Agreement, without the prior written consent of the Trustee, shall be void and of no force and effect;

(vi) the Ed Corp shall promptly deliver written notice to the Issuer and the Trustee of the occurrence or continued existence of a default by the Borrower or the Ed Corp thereunder, together with copies of any default notice that it shall receive or deliver thereunder;

(vii) the Ed Corp shall not enter into any amendment, modification or supplement to the Lease Agreement or fail to comply with the requirements of Section 3.4(b)(i) through (vi) above (collectively, a “**Proposed Lease Amendment**”) unless, the Ed Corp shall deliver to the Issuer and the Trustee (v) if the amendment, modification or supplement would affect the amount or timing of the payment of rentals by the Ed Corp under the Lease Agreement, evidence from each Rating Agency by which any Series of Outstanding Bonds are then rated, if any, to the effect that the Proposed Lease Amendment 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, (w) a certificate of an Authorized Representative of the Ed Corp to the effect that the Proposed Lease Amendment will not have an adverse effect, or otherwise impair, the security for the Bonds, nor adversely affect the operation of Richmond Prep at the Facilities as a public charter school for the Approved Project Operations, (x) a substantially final draft of the Proposed Lease Amendment at least fourteen (14) days prior to the execution thereof, (y) an Opinion of Counsel to each of the Borrower and the Ed Corp to the effect that, upon the execution and delivery thereof by the Borrower and the Ed Corp, the Proposed Lease Amendment shall constitute the legal, valid and binding enforceable obligations of the Borrower and the Ed Corp and (z) 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. Notwithstanding the foregoing, nothing herein shall restrict or prevent the Ed Corp and Borrower from amending the Lease Agreement for the purposes of increasing the Base Rent (as defined in the Lease Agreement) due thereunder in an amount equal to the cost of such Facilities related operational and administrative expenses Borrower assumes; and

(viii) the Ed Corp shall not pledge, assign, encumber, sell or otherwise transfer its interest under the Lease Agreement; and all of the Base Rent under the Lease Agreement shall be payable by the Ed Corp directly to the Borrower to the controlled account set forth in the Lease Agreement (or to the Trustee upon the exercise of its rights under the Assignment of Lease Agreement).

(c) The Ed Corp shall claim any conflict or inconsistency with the Lease Agreement as a defense to any obligation under this Agreement or any other Project Document to which it shall be a party.

ARTICLE IV

COVENANTS OF THE ED CORP

Section 4.1. No Warranty of Condition or Suitability. NEITHER THE TRUSTEE NOR THE ISSUER HAS MADE, AND NEITHER THE TRUSTEE NOR THE ISSUER IS MAKING, ANY REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE FACILITIES, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE FACILITIES, OR THE SUITABILITY OF THE FACILITIES FOR THE PURPOSES OR NEEDS OF THE BORROWER OR THE ED CORP OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE INITIAL BONDS WILL BE SUFFICIENT TO PAY THE COST OF COMPLETION OF THE PROJECT. THE ED CORP ACKNOWLEDGES THAT THE ISSUER IS NOT THE MANUFACTURER OF THE FACILITY PERSONALTY NOR THE MANUFACTURER'S AGENT NOR A DEALER THEREIN. THE ED CORP IS SATISFIED THAT THE FACILITIES ARE SUITABLE AND FIT FOR PURPOSES OF THE BORROWER AND THE ED CORP. NEITHER THE TRUSTEE NOR THE ISSUER SHALL BE LIABLE IN ANY MANNER WHATSOEVER TO THE ED CORP, OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE FACILITIES 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.

Section 4.2. Payments Payable Absolutely Net. Any payment obligation under this Agreement of the Ed Corp shall be absolutely net to the Issuer and to the Trustee without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that this Agreement shall yield, net, to the Issuer and to the Trustee, the payments provided for herein, and all costs, expenses and charges of any kind and nature relating to the Facilities, arising or becoming due and payable under this Agreement, shall be paid by the Ed Corp, and for which the Indemnified Parties shall be indemnified by the Ed Corp, and the Ed Corp hold the Indemnified Parties harmless from, any such costs, expenses and charges.

Section 4.3. Nature of Payment Obligation Unconditional. Any payment obligation under this Agreement of the Ed Corp shall be absolute, unconditional and a general obligation of the Ed Corp, 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 the Borrower or the Ed Corp might otherwise have against the Issuer, the Trustee or the Holder of any Bond, and the obligations of the Ed Corp shall arise whether or not the Project has been completed as provided in the Loan Agreement. The Ed Corp will not suspend or discontinue any such payment or suspend the performance or observance of any covenant or agreement required on the part of the Ed Corp hereunder, for any cause whatsoever, and the Ed

Corp waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender this Agreement or any obligation of the Ed Corp under this Agreement except as provided in this Agreement or to any abatement, suspension, deferment, diminution or reduction in the payments hereunder.

Section 4.4. Recapture of Benefits. It is understood and agreed by the parties to this Agreement that the Issuer is entering into the Loan Agreement in order to provide financial assistance to the Borrower for the Project and to accomplish its corporate public purposes. In consideration therefor, the Ed Corp agrees that Section 5.1 of the Loan Agreement shall be an Incorporated Loan Agreement Provision and an obligation of the Ed Corp hereunder and shall survive the termination of this Agreement.

Section 4.5. Indemnity.

(a) The Ed Corp shall at all times indemnify, defend, protect and hold the Issuer, the Trustee, the Bond Registrar and the Paying Agents, and any director, member, officer, employee, servant, agent (excluding for this purpose the Ed Corp, which is not obligated hereby to indemnify its own employees, Affiliates or affiliated individuals) thereof and persons under the Issuer's control or supervision (collectively, the "**Indemnified Parties**" and each an "**Indemnified Party**") harmless of, from and against any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses, including attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses (collectively, "**Claims**") of any kind for losses, damage, injury and liability (collectively, "**Liability**") of every kind and nature and however caused (except, with respect to any Indemnified Party, Liability arising from the gross negligence or willful misconduct of such Indemnified Party), arising during the period commencing on the Indemnification Commencement Date, and continuing until the termination of this Agreement, arising upon, about, or in any way connected with the Facilities, the Project, or any of the transactions with respect thereto, including:

(i) the financing or refinancing of the costs of the Facilities or the Project and the marketing, offering, issuance, sale, resale, remarketing, redemption or defeasance of the Bonds, or any portion thereof, for such purpose,

(ii) any untrue statement or misleading statement or alleged untrue or alleged misleading statement of a material fact contained in any offering or disclosure document or disclosure or continuing disclosure document for any of the Bonds or any of the documents relating to any of the Bonds, or any omission or alleged omission from any offering or disclosure document or disclosure or continuing disclosure document for any of the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading,

(iii) any declaration of taxability of interest on any Tax-Exempt Bonds, or allegations that interest on any Tax-Exempt Bonds is taxable or any regulatory audit or inquiry regarding whether interest on any Tax-Exempt Bonds is taxable,

(iv) the planning, design, acquisition, site preparation, Project Work, construction, renovation, equipping, furnishing, installation or completion of the Project or any part thereof or the effecting of any work done in or about the Facilities or any portion thereof, or any defects (whether latent or patent) in the Facilities or any portion thereof,

(v) the maintenance, repair, replacement, restoration, rebuilding, construction, renovation, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Facilities or any portion thereof,

(vi) the execution and delivery by an Indemnified Party, the Borrower, the Ed Corp or any other Person of, or performance by an Indemnified Party, the Borrower, the Ed Corp or any other Person, as the case may be, of, any of their respective obligations under, this Agreement or any other Project Document, or other document or instrument delivered in connection herewith or therewith or the enforcement of any of the terms or provisions hereof or thereof or the transactions contemplated hereby or thereby,

(vii) any act or omission of the Borrower, the Ed Corp or any Affiliate, or any of the students, faculty, administrators, visitors, employees, servants, tenants or licensees in connection with the Project or the Facilities or any portion thereof, or the operation thereof, or the condition (environmental or otherwise), occupancy, use, possession, conduct or management of work done in or about, or from the planning, design or effectuation of the Project Work or any part thereof,

(viii) any damage or injury to the person or property of any Person in or on the premises of the Facilities,

(ix) any imposition arising from, burden imposed by, violation of, or failure to comply with any Legal Requirement, including failure to comply with the requirements of the City's zoning resolution and related regulations, or

(x) the presence, disposal, release, or threatened release of any Hazardous Materials that are on, from, or affecting the Facilities or any portion thereof; any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, and/or any violation of Legal Requirements, including demands of government authorities, or any policies or requirements of the Issuer, which are based upon or in any way related to such Hazardous Materials.

(b) The Ed Corp releases each Indemnified Party from, and agrees that no Indemnified Party shall be liable to the Ed Corp or any of its Affiliates for, any Claim or Liability arising from or incurred as a result of action taken or not taken by such Indemnified

Party with respect to any of the matters set forth in Section 4.5(a) including any Claim or Liability arising from or incurred as a result of the negligence or gross negligence of such Indemnified Party, or at the direction of the Borrower or the Ed Corp with respect to any of such matters above referred to.

(c) An Indemnified Party shall promptly notify the Ed Corp in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Ed Corp pursuant to this Section 4.5; such notice shall be given in sufficient time to allow the Ed Corp to defend or participate in such claim or action, but the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Ed Corp under this Section 4.5.

(d) Anything to the contrary in this Agreement notwithstanding, the covenants of the Ed Corp contained in this Section 4.5 shall be in addition to any and all other obligations and liabilities that the Ed Corp may have to any Indemnified Party in any other agreement or at common law, and shall remain in full force and effect after the termination of this Agreement until the later of (x) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (y) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Indemnified Party relating to the enforcement of the provisions herein specified.

Section 4.6. Compensation and Expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents; Administrative and Project Fees.

(a) Except in connection with the fees and expenses due and payable at closing and paid in accordance with the closing memorandum, the Ed Corp agrees to pay the fees, costs and expenses of the Issuer together with any fees and disbursements incurred by lawyers or other consultants in performing services for the Issuer in connection with this Agreement or any other Project Document, together with all fees and costs incurred in connection with complying with Section 8.12(b) of the Loan Agreement (including fees and disbursements of lawyers and other consultants).

(b) The Ed Corp further agrees to pay the Annual Administrative Fee to the Issuer on each July 1 following the Closing Date until the Termination Date (the Annual Administrative Fee shall not be pro-rated for the final period ending on the Termination Date). In the event the Ed Corp shall fail to pay the Annual Administrative Fee on the date due, the Issuer shall have no obligation to deliver notice of such failure to the Borrower or the Ed Corp.

(c) The Ed Corp agrees, to the extent not paid out of the proceeds of the Bonds as financing expenses, pay the following fees, charges and expenses and other amounts:

(i) the initial and annual fees of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, including fees and expenses as Bond Registrar and in connection with preparation of new Bonds upon exchanges or transfers or making any investments in accordance with the Indenture and the reasonable fees of its counsel,

(ii) the reasonable fees and charges of the Trustee and any Paying Agents on the Bonds for acting as paying agents as provided in the Indenture, including the reasonable fees of its counsel,

(iii) the reasonable fees, charges, and expenses of the Trustee for extraordinary services rendered by it under the Indenture, including reasonable counsel fees, and

(iv) the reasonable fees, costs and expenses of the Bond Registrar.

Section 4.7. Assignment of this Agreement.

(a) The Ed Corp shall not at any time, assign or transfer this Agreement without the prior written consents of the Issuer and the Trustee (which consents may be withheld by the Issuer or the Trustee in their absolute discretion); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such assignment or transfer:

(i) the Ed Corp (the “**Assignor**”) 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 “**Assignee**”) shall not cause the Facilities to cease being the Approved Facility;

(ii) the Assignee shall be liable for the full payment and performance of all of the terms, conditions, covenants, payments and obligations of the Assignor under this Agreement and under any other Project Document to which the Assignor shall be a party;

(iii) the Assignee shall have assumed in writing (and shall have executed and delivered to the Issuer and the Trustee such document and have agreed to keep and perform) all of the terms of this Agreement and each other Project Document on the part of the Assignor 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 Assignee shall be a not-for-profit corporation constituting a Tax-Exempt Organization, or a limited liability company constituting a disregarded Entity to a Tax-Exempt Organization for federal income tax purposes;

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

(vi) an Opinion of Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that, (x) such assignment or transfer shall constitute the legally valid, binding and enforceable obligation of the Assignee and shall not legally impair in any respect the payments, obligations, covenants and agreements under any Project Document to which the Assignee shall be a party, nor impair or limit in any respect the obligations of the Borrower or of the Ed Corp under any other Project

Document, and (y) this Agreement and each of the other Project Documents to which the Assignee is a party constitute the legally valid, binding and enforceable obligation of the Assignee;

(vii) the Assignee shall have delivered to the Issuer the Required Disclosure Statement in form and substance satisfactory to the Issuer;

(viii) the Assignee shall have delivered written evidence from each Rating Agency by which any Series of Outstanding Bonds are then rated, if any, to the effect that the assignment of this Agreement and of any other Project Document to the Assignee 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;

(ix) each such assignment shall contain such other provisions as the Issuer or the Trustee may reasonably require; and

(x) 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 Assignor 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.

Section 4.8. Documents Automatically Deliverable to the Issuer.

(a) The Ed Corp shall within five (5) Business Days notify the Issuer of the occurrence of any Event of Default, or any event that with notice and/or lapse of time would constitute an Event of Default under any Project Document. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Ed Corp 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 Ed Corp shall state this fact on the notice.

(b) The Ed Corp shall promptly provide written notice to the Issuer if any Conduct Representation made by the Ed Corp would, if made on any date during the term of the Agreement and deemed made as of such date, be false, misleading or incorrect in any material respect.

(c) Within five (5) Business Days after receipt from the Issuer of any subtenant survey and questionnaire pertaining to the Facilities, the Ed Corp shall complete and execute such survey and questionnaire and return the same to the Issuer.

(d) The Ed Corp shall deliver or cause the Borrower to deliver all insurance-related documents to the Issuer required by Sections 8.1(f) and 8.1(g) of the Loan Agreement.

(e) If the Ed Corp shall request the consent of the Issuer under Section 8.9 of the Loan Agreement to any sublease in whole or in part of the Facilities, or to any assignment or transfer of this Agreement, the Ed Corp shall submit such request to the Issuer in the form prescribed by the Issuer.

Section 4.9. Requested Documents. Upon request of the Issuer, the Ed Corp shall deliver or cause to be delivered to the Issuer within five (5) Business Days of the date so requested:

(a) a copy of the most recent annual Audited Financial Statements of the Ed Corp and of its Affiliates and subsidiaries, if any (including balance sheets as of the end of the Fiscal Year and the related statement of revenues, expenses and changes in fund balances and, if applicable, income, earnings, and changes in financial position) for such Fiscal Year, prepared in accordance with GAAP and certified by an Independent Accountant;

(b) a certificate of an Authorized Representative of the Ed Corp that the insurance the Insureds maintain complies with the provisions of Section 8.1 of the Loan Agreement, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and are in full force and effect and the evidence required by Section 8.1(f) of the Loan Agreement;

(c) a certificate of an Authorized Representative of the Ed Corp as to whether or not, as of the close of the immediately preceding Fiscal Year, and at all times during such Fiscal Year, the Ed Corp was in compliance in all material respects with all the provisions that relate to the Ed Corp in this Agreement and in any other Project Document to which it shall be a party, and if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Ed Corp with respect thereto;

(d) upon twenty (20) days prior request by the Issuer, a certificate of an Authorized Representative of the Ed Corp either stating that to the knowledge of such Authorized Representative after due inquiry there is no default under or breach of any of the terms hereof that exists or, with the passage of time or the giving of notice or both, would constitute an Event of Default hereunder, or specifying each such default or breach of which such Authorized Representative has knowledge;

(e) employment information requested by the Issuer pursuant to Section 8.7(b) of the Loan Agreement; and

(f) information regarding non-discrimination requested by the Issuer pursuant to Section 8.8 of the Loan Agreement.

Section 4.10. Periodic Reporting Information for the Issuer.

(a) The Ed Corp shall not assert as a defense to any failure of the Ed Corp to deliver to the Issuer any reports specified in this Section 4.10 that the Ed Corp shall not have timely received any of the forms from or on behalf of the Issuer unless, (x) the Ed Corp shall have requested in writing such form from the Issuer not more than thirty (30) days nor less than fifteen (15) days prior to the date due, and (y) the Ed Corp shall not have received such form from the Issuer at least one (1) Business Day prior to the due date. For purposes of this Section 4.10, the Ed Corp shall be deemed to have “received” any such form if it shall have been directed by the Issuer to a website at which such form shall be available. In the event the Issuer, in its sole discretion, elects to replace one or more of the reports required by this Agreement with an electronic or digital reporting system, the Ed Corp shall make its reports pursuant to such system.

(b) Annually, by August 1 of each year, commencing on the August 1 immediately following the Closing Date, until the termination of this Agreement, the Ed Corp shall submit to the Issuer the Annual Employment and Benefits Report relating to the period commencing July 1 of the previous year and ending June 30 of the year of the obligation of the filing of such report, in the form prescribed by the Issuer, certified as to accuracy by an Authorized Representative of the Ed Corp. Upon termination of this Agreement, the Ed Corp shall submit to the Issuer the Annual Employment and Benefits Report relating to the period commencing the date of the last such Report submitted to the Issuer and ending on the last payroll date of the preceding month in the form prescribed by the Issuer, certified as to accuracy by an Authorized Representative of the Ed Corp. Nothing herein shall be construed as requiring the Ed Corp to maintain a minimum number of employees on its respective payroll.

(c) If there shall have been a tenant or other occupant, other than the Borrower or the Ed Corp, with respect to all or part of the Facilities, at any time during the immediately preceding calendar year, the Ed Corp shall file with the Issuer by the next following February 1, a certificate of an Authorized Representative of the Ed Corp with respect to all tenancies in effect at the Facilities, in the form prescribed by the Issuer.

(d) If there shall have been a subtenant or other occupant, other than the Borrower or the Ed Corp, with respect to all or part of the Facilities, at any time during the twelve-month period terminating on the immediately preceding June 30, the Ed Corp shall deliver to the Issuer by the next following August 1, a completed Subtenant’s Employment and Benefits Report with respect to such twelve-month period, in the form prescribed by the Issuer.

(e) If the Borrower or the Ed Corp shall have had the benefit of a Business Incentive Rate at any time during the twelve-month period terminating on the immediately preceding June 30, the Ed Corp shall deliver to the Issuer by the next following August 1, a completed report required by the Issuer in connection with the Business Incentive Rate with respect to such twelve-month period, in the form prescribed by the Issuer.

(f) The Ed Corp shall deliver to the Issuer on August 1 of each year, commencing on the August 1 immediately following the Closing Date, a completed location and contact information report in the form prescribed by the Issuer.

(g) The Ed Corp shall deliver to the Issuer a copy of any notice given to the MSRB, or posted to the MSRB's Electronic Municipal Market access system or the Securities and Exchange Commission pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission or to the Trustee, promptly after the same is so given.

Section 4.11. Preservation of Exempt Status. The Ed Corp agrees that it shall:

(a) not perform any acts, enter into any agreements, carry on or permit to be carried on at the Facilities, or permit the Facilities to be used in or for any trade or business, which shall adversely affect the basis for the exemption of the Ed Corp constituting a Tax-Exempt Organization under Section 501 of the Code;

(b) not use the Facilities in a manner that could cause more than three percent (3%) of the proceeds of the Tax-Exempt Bonds to be used or permit the same to be used (to the extent within its control), 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 take any action that would result in the 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 (within the meaning of Section 513 of the Code) for the Ed Corp constituting a Tax-Exempt Organization 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) not directly or indirectly take any action or fail to take any action that would result in an adverse affect on the tax-exempt status of the Tax-Exempt Bonds.

Section 4.12. Securities Law Status. The Ed Corp covenants that:

(a) the Facilities shall be operated (y) exclusively for civic or charitable purposes and (z) not for pecuniary profit, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act,

(b) no part of the net earnings of the Borrower or of the Ed Corp 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) the Ed Corp shall not perform any act nor enter into any agreement which shall change such status as set forth in this Section.

Section 4.13. Further Assurances.

The Ed Corp shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, at the sole cost and expense of the Ed Corp, as the Issuer or the Trustee deems reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of this Agreement and any rights of the Issuer or the Trustee hereunder, under the Indenture or under any other Security Document applicable to the Ed Corp.

Section 4.14. Tax Regulatory Agreement.

(a) The Ed Corp shall comply with all of the terms, provisions and conditions set forth in the Tax Regulatory Agreement, including, without limitation, the making of any payments and filings required thereunder.

(b) Promptly following receipt of notice from the Trustee as provided in Section 5.09 of the Indenture that the amount on deposit in the Rebate Fund is less than the Rebate Amount, and only to the extent not paid by the Borrower after thirty (30) days of written demand by the Ed Corp, the Ed Corp shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.

(c) The Ed Corp agrees to pay (to the extent the Borrower fails to pay) all costs of compliance with the Tax Regulatory Agreement and costs of the Issuer relating to any examination or audit of the Tax-Exempt Bonds by the Internal Revenue Service (including fees and disbursements of lawyers and other consultants).

Section 4.15. General Covenants as to Legal Existence; Maintenance of Properties, Etc. The Ed Corp hereby covenants (provided, however, that in the event any provision of this Section 4.15 shall conflict in any respect with any provision of this Agreement or of any other Project Document, such provision of this Agreement or of such other Project Document shall control):

(a) Except as otherwise expressly provided herein, to preserve its corporate existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs and be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualifications; provided, however, that nothing herein contained shall be construed to obligate it to retain or preserve any of its rights or licenses, no longer used or, in the judgment of its Governing Body, useful in the conduct of its business.

(b) The Ed Corp will maintain, or cause to be maintained, its Property in a reasonably safe and sound operating condition, making from time to time all reasonably needed material repairs thereto, and shall maintain reasonable amounts of insurance coverage with respect to its Property, and shall pay all costs of such maintenance, repair and insurance.

(c) To do all things reasonably necessary to conduct its affairs and carry on its business and operations in such manner as to comply with all applicable and material laws of the

United States, the states where the Ed Corp conducts business or is otherwise subject, and duly observe and conform to all valid material orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of its Properties; provided, nevertheless, that, nothing herein contained shall require it to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof or the applicability thereof to it or to its Properties shall be contested in good faith.

(d) To pay promptly when due all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or its Property; provided, however, that it shall have the right to contest in good faith by appropriate proceedings any such taxes, charges or assessments or the collection of any such sums, and pending such contest may delay or defer payment thereof.

(e) To pay promptly or otherwise satisfy and discharge all of its indebtedness and all demands and claims against it as and when the same become due and payable, other than any whose validity, amount or collectability is being contested in good faith by appropriate proceedings.

(f) To procure and maintain all licenses, permits, approvals, certifications and accreditations (other than those of a type for which accreditation is not available by an applicable recognized accrediting body), which are material to the maintenance of the Facilities, conduct of its operations and performance of its obligations hereunder.

(g) So long as this Agreement shall remain in force and effect and so long as all amounts due, or to become due, on any Bond have not been fully paid to the Holder thereof, not to take any action or suffer any action to be taken by others, including any action which would result in the loss of its status as a Tax-Exempt Organization, or fail to take any action which failure, in the opinion of Nationally Recognized Bond Counsel, would result in the interest on any Tax-Exempt Bonds becoming included in the gross income of the Holder thereof for federal income tax purposes.

Section 4.16. Certain Continuing Representations. If at any time during the term of this Agreement, any Conduct Representation made by the Ed Corp would, if made on any date while Bonds are Outstanding and deemed made as of such date, be false, misleading or incorrect in any material respect, then, the Ed Corp shall be deemed to be in default under this Agreement unless the Issuer shall, upon written request by the Ed Corp, either waive such default in writing or consent in writing to an exception to such representation or warranty so that such representation or warranty shall no longer be false, misleading or incorrect in a material respect. Upon the occurrence of any such default, the Issuer shall have the right to require the redemption of the Bonds in accordance with Section 11.3(a) of the Loan Agreement.

Section 4.17. Late Delivery Fees.

(a) In the event:

(i) the Borrower shall fail to pay the Annual Administrative Fee on the date required under Section 8.3 of the Loan Agreement,

(ii) the Borrower shall fail to file and/or deliver any of the documents required of the Borrower under Section 8.14 or Section 8.16 of the Loan Agreement by the date therein stated, or the Ed Corp shall fail to file and/or deliver any of the documents required of the Ed Corp under Section 4.8 or 4.10 of this Agreement (collectively, the “**Fixed Date Deliverables**”), or

(iii) the Borrower shall fail to deliver to the Issuer any of the documents as shall have been requested by the Issuer of the Borrower under Section 8.15 of the Loan Agreement, or the Ed Corp shall fail to deliver to the Issuer any of the documents as shall have been requested by the Issuer of the Ed Corp, in either case within five (5) Business Days of the date so requested (collectively, the “**Requested Document Deliverables**”),

then the Issuer may charge the Ed Corp on a daily calendar basis commencing with the day immediately following the date on which the payment, filing or delivery was due (the “**Due Date**”), the Per Diem Late Fee.

(b) If the Issuer shall deliver written notice (a “**Notification of Failure to Deliver**”) to the Borrower or the Ed Corp of such failure to deliver on the Due Date the Annual Administrative Fee, a Fixed Date Deliverable and/or a Requested Document Deliverable, and such payment or document shall not be delivered to the Issuer within ten (10) Business Days following delivery by the Issuer to the Borrower and the Ed Corp of the Notification of Failure to Deliver, then, commencing from and including the eleventh (11th) Business Day following the delivery by the Issuer to the Borrower and the Ed Corp of the Notification of Failure to Deliver, the Issuer may charge the Ed Corp on a daily calendar the Per Diem Supplemental Late Fee in respect of each noticed failure which shall be in addition to, and be imposed concurrently with, the applicable Per Diem Late Fee.

(c) The Per Diem Late Fee and the Per Diem Supplemental Late Fee shall each, if charged by the Issuer, (i) accrue until the Borrower or the Ed Corp, delivers to the Issuer the Annual Administrative Fee, the Fixed Date Deliverable(s) and/or the Requested Document Deliverable(s), as the case may be, and (ii) be incurred on a daily basis for each such Annual Administrative Fee, Fixed Date Deliverable and/or Requested Document Deliverable as shall not have been delivered to the Issuer on the Due Date.

(d) No default on the part of the Borrower under Section 8.3, 8.14, 8.15 or 8.16 of the Loan Agreement, or of the Ed Corp under Sections 4.6, 4.8, 4.9 or 4.10 of this Agreement, to deliver to the Issuer an Annual Administrative Fee, a Fixed Date Deliverable or a Requested Document Deliverable shall be deemed cured unless the Borrower or the Ed Corp, shall have delivered same to the Issuer and paid to the Issuer all accrued and unpaid Per Diem Fees in connection with the default.

Section 4.18. Advances by the Issuer or the Trustee. In the event the Ed Corp fails to make any payment or to perform or to observe any obligation required of it under this Agreement or any other Project Document applicable to the Ed Corp, the Issuer or the Trustee, after first notifying the Ed Corp in writing of any such failure on its respective part (except that no prior notification of the Ed Corp shall be required in the event of an emergency condition that, in the reasonable judgment of the Issuer or the Trustee, necessitates immediate action), may (but shall not be obligated to), and without waiver of any of the rights of the Issuer or the Trustee under this Agreement or any other Security Document to which the Issuer or the Trustee is a party, make such payment or otherwise cure any failure by the Ed Corp to perform and to observe its other obligations hereunder or thereunder. All amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Ed Corp 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 Ed Corp will pay upon demand therefor by the Issuer or the Trustee, as applicable. No advance shall be made by the Trustee except as specified in the Indenture.

ARTICLE V

REMEDIES AND EVENTS OF DEFAULT

Section 5.1. Events of Default. Any one or more of the following events shall constitute an “Event of Default” hereunder:

(a) Failure of the Ed Corp to pay any amount that has become due and payable under any of the School Payment Obligations, and the continuance of such failure for more than ten (10) days after written notice of such failure has been given to the Ed Corp (with a copy to the Borrower), specifying such failure, by any of the Issuer, the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding;

(b) Failure of the Ed Corp to observe and perform any covenant, condition, or agreement on its part to be performed or observed under any of the School Performance Obligations (except as set forth in Section 5.1(a)), and (i) the continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Ed Corp (with a copy to the Borrower), specifying such failure, by any of the Issuer, 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 Ed Corp (or the Borrower on behalf of the Ed Corp) fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice;

(c) The Ed Corp 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;

(d) A proceeding or case shall be commenced, without the application or consent of the Ed Corp, in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Ed Corp or of all or any substantial part of its assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or any order for relief against the Ed Corp shall be entered in an involuntary

case under such Bankruptcy Code; the terms “dissolution” or “liquidation” of the Ed Corp as used above shall not be construed to prohibit any action otherwise permitted by Section 3.2;

(e) Any representation or warranty made by the Ed Corp (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 the Ed Corp or any other Person in any Required Disclosure Statement, or (vi) in any report, certificate, financial statement or other instrument furnished pursuant hereto or any of the foregoing, shall in any case prove to be false, misleading or incorrect in any material respect as of the date made; or

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

Section 5.2. Remedies Following an Event of Default. (a) Whenever the School Performance Obligation Event of Default shall occur, the Issuer or the Trustee may take, but if taken, shall only be authorized to take, the remedial step of proceeding at law or in equity against the Ed Corp to enforce performance or observance of the School Performance Obligation.

(b) Whenever the School Payment Obligation Event of Default shall occur, the Issuer or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the payments then due, or to enforce performance or observance of any obligations, covenants or agreements of the School Payment Obligation.

(c) No action taken pursuant to this Section 5.2 or by operation of law or otherwise shall, except as expressly provided herein, relieve the Ed Corp from its obligations hereunder, all of which shall survive any such action.

Section 5.3. Remedies Cumulative. Subject to Section 5.2(a), the rights and remedies of the Issuer or the Trustee under this Agreement shall be cumulative and shall not exclude any other rights and remedies of the Issuer or the Trustee allowed by law with respect to any default under this Agreement. Failure by the Issuer or the Trustee to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon default by the Ed Corp hereunder shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy the strict compliance by the Ed Corp with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such default by the Ed Corp be continued or repeated.

Section 5.4. No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Agreement should be breached by the Ed Corp and thereafter waived by the Issuer or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of

dealing between the Issuer and/or the Trustee and any of the Borrower or the Ed Corp or any delay or omission on the part of the Issuer and/or the Trustee in exercising any rights hereunder or under the Indenture or under any other Security Document shall operate as a waiver.

Section 5.5. Effect on Discontinuance of Proceedings. In case any proceeding taken by the Issuer or the Trustee under the Loan Agreement or this Agreement on account of any Event of Default hereunder or thereunder shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Issuer or the Trustee, then, and in every such case, the Issuer, the Trustee and the Holders of the Bonds shall be restored, respectively, to their former positions and rights hereunder and thereunder, and all rights, remedies, powers and duties of the Issuer and the Trustee shall continue as in effect prior to the commencement of such proceedings.

Section 5.6. Agreement to Pay Fees and Expenses of Attorneys and Other Consultants. In the event the Ed Corp should default under any of the provisions of this Agreement, and the Issuer or the Trustee should employ outside attorneys or other consultants or incur other expenses for the collection of payments or other amounts payable hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Ed Corp herein contained, the Ed Corp agrees that it will on demand therefor pay to the Issuer or the Trustee, as the case may be, the reasonable fees and disbursements of such attorneys or other consultants and such other expenses so incurred.

ARTICLE VI

TERMINATION OF THIS AGREEMENT

Section 6.1. Termination of this Agreement.

(a) After full payment of the Bonds or provision for the payment in full thereof having been made in accordance with Article X of the Indenture, the term of this Agreement shall terminate, provided, that, the Borrower and/or the Ed Corp shall:

(i) pay, or cause to be paid, to the Trustee

(A) the expenses of redemption, the fees and expenses of the Trustee, the Bond Registrar and the Paying Agents and all other amounts due and payable under this Agreement and the other Security Documents, and

(B) any amounts required to be rebated to the federal government pursuant to the Indenture or the Tax Regulatory Agreement; and

(ii) pay, or cause to be paid, to the Issuer

(A) the fees and expenses of the Issuer, and

(B) all other amounts due and payable under this Agreement and the other Security Documents (except that only the Borrower shall have the obligation to pay the Loan or amounts due in respect of the Bonds), and

(iii) pay and perform all accrued obligations hereunder.

Section 6.2. Survival of Obligations. Upon the termination of this Agreement (i) after payment in full thereof having been made in accordance with Article X of the Indenture, the obligations of the Ed Corp under Section 3.1 (regarding Incorporated Loan Provision Section 11.6 (Prohibition on the Purchase of Bonds) only), 3.2(a)(v) (unless the Ed Corp provides an opinion of National 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 of the Holders thereof for federal income tax purposes), and 3.4(b)(i) shall survive such termination; and (ii) after full payment of the Bonds or provision for the payment in full thereof having been made in accordance with Article X of the Indenture, the obligations of the Ed Corp under Sections 4.4, 4.5 4.14, 4.18, 5.2, 5.6, 7.3, 7.4, 7.5, 7.12 and 7.13 shall survive such termination.

ARTICLE VII

MISCELLANEOUS

Section 7.1. Force Majeure. In case by reason of *force majeure* the Ed Corp shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then except as otherwise expressly provided in this Agreement, if the Ed Corp shall give notice and full particulars of such *force majeure* in writing to the Issuer and the Trustee within a reasonable time after occurrence of the event or cause relied on, the obligations of the Ed Corp (other than (i) the School Payment Obligations, or (ii) the obligations of the Ed Corp to comply with Section 4.4, 4.5 or 3.1 (with respect to the Incorporated Loan Agreement Provision relating to Section 8.1), so far as it is 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 the Ed Corp 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 (y) the financial condition of the Ed Corp or inability to obtain financing, or (z) the inability of the Borrower to fulfill an obligation under the Loan Agreement (except if such obligation is incapable of being fulfilled by the Borrower by reason of *force majeure* affecting the fulfillment by the Borrower of such Loan Agreement obligation), constitute a *force majeure* relative to an obligation of the Ed Corp under this Agreement. It is understood and agreed that the requirements that any *force majeure* shall be reasonably beyond the control of the Ed Corp and shall be remedied with all reasonable dispatch shall be deemed to be satisfied in the event of a strike or other industrial disturbance even though existing or impending strikes or other industrial disturbances could have been settled by the party claiming a *force majeure* hereunder by acceding to the demands of the opposing person or persons.

The Ed Corp 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; and the Ed Corp 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 Ed Corp.

Section 7.2. Amendments. This Agreement may be amended (y) only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture, and (z) only by a written instrument executed by the parties hereto.

Section 7.3. Service of Process. The Ed Corp represents that it is subject to service of process in the State and covenants that it will remain so subject until all obligations, covenants and agreements of the Ed Corp under this Agreement shall be satisfied and met. If for any reason the Ed Corp should cease to be so subject to service of process in the State, the Ed Corp hereby irrevocably consents to the service of all process, pleadings, notices or other papers in any judicial proceeding or action by designating and appointing the President of the Ed Corp at 2 Teleport Drive, 2nd Floor, Staten Island, New York 10311, as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Ed Corp as a result of its obligations under this Agreement.

For such time as any of the obligations, covenants and agreements of the Ed Corp under this Agreement remain unsatisfied, the agent(s) of the Ed Corp designated in this Section 7.3 shall accept and acknowledge on the behalf of the Ed Corp the service of process in any such suit, action or proceeding brought in any such court. The Ed Corp agrees and consents that each such service of process upon such agents and written notice of such service to the Ed Corp in the manner set forth in Section 7.4 shall be taken and held to be valid personal service upon the Ed Corp whether or not the Ed Corp shall then be doing, or at any time shall have done, business within the State and that each such service of process shall be of the same force and validity as if service were made upon the Ed Corp according to the laws governing the validity and requirements of such service in the State, and waives all claim of error by reason of any such service.

Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Ed Corp or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Ed Corp.

Section 7.4. Notices. Any notice, demand, direction, certificate, Opinion of Counsel, request, instrument or other communication authorized or required by this Agreement to be given to or filed with the Issuer, the Ed Corp, or the Trustee shall be sufficient if sent (i) by return receipt requested or registered or certified United States mail, postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

- (1) if to the Issuer, to

Build NYC Resource Corporation
One Liberty Plaza, 14th Floor
New York, New York 10006
Attention: General Counsel

with a copy to

Build NYC Resource Corporation
One Liberty Plaza, 14th Floor
New York, New York 10006
Attention: Executive Director

- (2) if to the Ed Corp, to

Integration Charter Schools
2 Teleport Drive, Suite 200
Staten Island, New York 10311
Attention: Ken Byalin, President

with a copy to

Cohen Schneider Law PC
275 Madison Ave., Suite 1905
New York, New York 10016
Attention: Cliff S. Schneider, Esq.

- (3) if to the Trustee, to

U.S. Bank National Association
100 Wall Street, Suite 600
New York, New York 10005
Attention: Corporate Trust Administration

The Issuer, the Ed Corp, and the Trustee may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

Section 7.5. Consent to Jurisdiction. The Ed Corp irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of this

Agreement or any other Project Document, the Facilities, the Project, the relationship between the Issuer and the Ed Corp, the Borrower's ownership of the Facilities, the Ed Corp's use or occupancy of the Facilities and/or any claim for injury or damages may be brought in the courts of record of the State in New York County or the United States District Court for the Southern District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (A) to move to dismiss on grounds of forum non conveniens, (B) to remove to any federal court other than the United States District Court for the Southern District of New York, and (C) to move for a change of venue to a New York State Court outside New York County.

If the Ed Corp commences any action against the Issuer or the Trustee in a court located other than the courts of record of the State in New York County or the United States District Court for the Southern District of New York, the Ed Corp shall, upon request from the Issuer or the Trustee, either consent to a transfer of the action or proceeding to a court of record of the State in New York County or the United States District Court for the Southern District of New York, or, if the court where the action or proceeding is initially brought will not or cannot transfer the action, the Ed Corp shall consent to dismiss such action without prejudice and may thereafter reinstitute the action in a court of record of the State in New York County or the United States District Court for the Southern District of New York.

Section 7.6. Prior Agreements Superseded. This Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Issuer and the Trustee and the Ed Corp relating to the Facilities, other than any other Project Document or document relating to the offering or sale of the Bonds.

Section 7.7. Severability. If any one or more of the provisions of this Agreement shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 7.8. Effective Date; Counterparts. The date of this Agreement shall be for reference purposes only and shall not be construed to imply that this Agreement was executed on the date first above written. This Agreement was delivered on the Closing Date. This Agreement shall become effective upon its delivery on the Closing Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.9. Binding Effect. This Agreement shall inure to the benefit of the Issuer, the Trustee, the Bond Registrar, the Paying Agents, the Indemnified Parties and the Holders of the Bonds, and shall be binding upon the Issuer, the Trustee and the Ed Corp and their respective successors and assigns.

Section 7.10. Third Party Beneficiaries. (a) The Issuer, the Trustee and the Ed Corp agree that this Agreement is executed in part to induce the purchase by others of the Bonds

and for the further securing of the Bonds, and accordingly all covenants and agreements on the part of the Ed Corp as set forth in this Agreement are hereby declared to be for the benefit of the Holders from time to time of the Bonds and may be enforced by the Issuer or by the Trustee as provided in Article VIII of the Indenture on behalf of the Bondholders.

(b) Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Trustee, the Bond Registrar, the Ed Corp, the Paying Agents and the Holders of the Bonds any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Bond Registrar, the Ed Corp, the Paying Agents and the Holders of the Bonds.

Section 7.11. Law Governing. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

Section 7.12. Waiver of Trial by Jury. The Ed Corp does hereby expressly waive all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Agreement or any matters whatsoever arising out of or in any way connected with this Agreement, the obligations of the Ed Corp hereunder, the Facilities, the Project, the relationship between the Issuer and the Trustee and the Ed Corp, the Borrower's ownership of the Facilities, the Ed Corp's use or occupancy of the Facilities and/or any claim for injury or damages.

The provision of this Agreement relating to waiver of a jury trial shall survive the termination or expiration of this Agreement.

Section 7.13. Recourse Under This Agreement. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer, and not of any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer in such person's individual capacity, and no recourse shall be had for any reason whatsoever hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer. No recourse shall be had for the payment of the principal of, redemption premium, if any, Sinking Fund Installments for, Purchase Price or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. In addition, in the performance of the agreements of the Issuer herein contained, any obligation the Issuer may incur for the payment of money shall not subject the Issuer to any pecuniary or other liability or create a debt of the State or the City, and neither the State nor the City shall be liable on any obligation so incurred.

Section 7.14. No Liability of Ed Corp's Members, Managers, Officers, Directors, Employees and Agents. It is agreed that the members, managers, directors, officers, employees and agents of the Ed Corp shall have no personal liability hereunder. All covenants,

stipulations, promises, agreements and obligations of the Ed Corp contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Ed Corp and not of any member, manager, director, officer, employee or agent of the Ed Corp in his individual capacity, and no recourse shall be had hereunder for the payment of the principal of any debt or interest thereon or any of the obligations or for any claim based thereon or hereunder against any member, manager, director, officer, employee or agent of the Ed Corp or any natural person executing this Agreement.

Section 7.15. Legal Counsel; Mutual Drafting. Each party acknowledges that this Agreement is a legally binding contract and that it was represented by legal counsel in connection with the drafting, negotiation and preparation of this Agreement. Each party acknowledges that it and its legal counsel has cooperated in the drafting, negotiation and preparation of this Agreement and agrees that this Agreement and any provision hereof shall be construed, interpreted and enforced without regard to any presumptions against the drafting party. Each party hereby agrees to waive any rule, doctrine or canon of law, including without limitation, the contra proferentem doctrine, that would require interpretation of any ambiguities in this Agreement against the party that has drafted it.

IN WITNESS WHEREOF, the Issuer has caused its corporate name to be subscribed unto this Agreement by its duly authorized Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel, the Trustee has caused its corporate name to be subscribed by its duly authorized officer, and the Ed Corp has caused its name to be hereunto subscribed by its duly Authorized Representative, all being done as of the year and day first above written.

BUILD NYC RESOURCE CORPORATION

By: _____
Name: Emily Marcus
Title: Deputy Executive Director

INTEGRATION CHARTER SCHOOLS,
as Ed Corp

By: _____
Name: Dr. Kenneth Byalin
Title: President

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Name: Michelle Mena-Rosado
Title: Vice President

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On the ____ day of September, in the year two thousand twenty-one, before me, the undersigned, personally appeared **Emily Marcus**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
 : ss.:
COUNTY OF _____)

On the __ day of September, in the year two thousand twenty-one, before me, the undersigned, personally appeared **Dr. Kenneth Byalin**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
 : ss.:
COUNTY OF WESTCHESTER)

On the _____ day of September, in the year two thousand twenty-one, before me, the undersigned, personally appeared **Michelle Mena-Rosado**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

APPENDICES

EXHIBIT A

AUTHORIZED REPRESENTATIVE OF THE ED CORP

Name

Title

Signature

Dr. Kenneth Byalin

President

EXHIBIT B

PRINCIPALS OF THE ED CORP

<u>Name</u>	<u>Title</u>
Dr. Kenneth Byalin	President
Mary Cottingham	Senior Vice President

FORM OF REQUIRED DISCLOSURE STATEMENT

The undersigned, an authorized representative of _____, a _____ organized and existing under the laws of the State of _____, DOES HEREBY CERTIFY, REPRESENT AND WARRANT to Build NYC Resource Corporation (the “Issuer”) pursuant to [Section 4.7] [Section [3.2] of that certain Use Agreement, dated as of September 1, 2021, between the Issuer and U.S. Bank National Association, as Trustee, and Integration Charter Schools, a New York not-for-profit education corporation, (the “Use Agreement”), THAT:

[if being delivered pursuant to Section 3.2 of the Use Agreement] None of the surviving, resulting or transferee Entity, any of the Principals of such Entity, or any Person that directly or indirectly Controls, is Controlled by, or is under common Control with such Entity:

[if being delivered pursuant to Section 4.7 of the Use Agreement] None of the assignee, transferee or lessee Entity, any of the Principals of such Entity, or any Person that directly or indirectly Controls, is Controlled by, or is under common Control with such Entity:

(1) is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Issuer, the NYCIDA, the NYCEDC or the City, unless such default or breach has been waived in writing by the Issuer, the NYCIDA, the NYCEDC or the City, as the case may be;

(2) has been convicted of a misdemeanor related to truthfulness and/or business conduct in the past five (5) years;

(3) has been convicted of a felony in the past ten (10) years;

(4) has received formal written notice from a federal, state or local governmental agency or body that such Person is currently under investigation for a felony criminal offense; or

(5) has received written notice of default in the payment to the City of any taxes, sewer rents or water charges, which have not been paid, unless such default is currently being contested with due diligence in proceedings in court or other appropriate forum.

As used herein, the following capitalized terms shall have the respective meanings set forth below:

“City” shall mean The City of New York.

“Control” or “Controls” shall mean the power to direct the management and policies of a Person (x) through the ownership, directly or indirectly, of not less than a majority of its voting

securities, (y) through the right to designate or elect not less than a majority of the members of its board of directors or trustees or other Governing Body, or (z) by contract or otherwise.

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

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

“NYCEDC” shall mean New York City Economic Development Corporation, a New York not-for-profit corporation, and any successor thereof.

“NYCIDA” shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

“Person” shall mean an individual or any Entity.

“Principal(s)” shall mean, with respect to any Entity, the most senior three officers of such Entity, any Person with a ten percent (10%) or greater ownership interest in such Entity, and any Person as shall have the power to Control such Entity, and “principal” shall mean any of such Persons.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this ____ day of _____, 20__.

[NAME OF CERTIFYING ENTITY]

By: _____
Name:
Title:

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS AND CONSTRUCTION	3
Section 1.1. Definitions.....	3
Section 1.2. Construction.	6

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE ED CORP	8
Section 2.1. Representations and Warranties of the Ed Corp.....	8

ARTICLE III

COVENANTS AND AGREEMENTS OF THE ED CORP	14
Section 3.1. Incorporated Loan Agreement Provisions as an Obligation of the Ed Corp Under this Agreement.....	14
Section 3.2. Restrictions on Dissolution and Merger of the Ed Corp.	14
Section 3.3. Special Covenants of the Ed Corp.....	17
Section 3.4. Lease Agreement.....	18

ARTICLE IV

COVENANTS OF THE ED CORP	20
Section 4.1. No Warranty of Condition or Suitability.....	20
Section 4.2. Payments Payable Absolutely Net.	20
Section 4.3. Nature of Payment Obligation Unconditional.....	20
Section 4.4. Recapture of Benefits.....	21
Section 4.5. Indemnity.....	21
Section 4.6. Compensation and Expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents; Administrative and Project Fees.	23
Section 4.7. Assignment of this Agreement.	24
Section 4.8. Documents Automatically Deliverable to the Issuer.....	25
Section 4.9. Requested Documents.....	26
Section 4.10. Periodic Reporting Information for the Issuer.	26
Section 4.11. Preservation of Exempt Status.	28
Section 4.12. Securities Law Status.....	28
Section 4.13. Further Assurances.....	29
Section 4.14. Tax Regulatory Agreement.....	29
Section 4.15. General Covenants as to Legal Existence; Maintenance of Properties, Etc.....	29
Section 4.16. Certain Continuing Representations.....	30

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 4.17. Late Delivery Fees.....	30
Section 4.18. Advances by the Issuer or the Trustee.....	32

ARTICLE V

REMEDIES AND EVENTS OF DEFAULT	33
Section 5.1. Events of Default.....	33
Section 5.2. Remedies Following an Event of Default.....	34
Section 5.3. Remedies Cumulative.....	34
Section 5.4. No Additional Waiver Implied by One Waiver..	34
Section 5.5. Effect on Discontinuance of Proceedings.....	35
Section 5.6. Agreement to Pay Fees and Expenses of Attorneys and Other Consultants.....	35

ARTICLE VI

TERMINATION OF THIS AGREEMENT	36
Section 6.1. Termination of this Agreement.....	36
Section 6.2. Survival of Obligations.....	36

ARTICLE VII

MISCELLANEOUS	37
Section 7.1. Force Majeure.....	37
Section 7.2. Amendments.....	37
Section 7.3. Service of Process.....	38
Section 7.4. Notices.....	38
Section 7.5. Consent to Jurisdiction.....	39
Section 7.6. Prior Agreements Superseded.....	40
Section 7.7. Severability.....	40
Section 7.8. Effective Date; Counterparts.....	40
Section 7.9. Binding Effect.....	40
Section 7.10. Third Party Beneficiaries.....	40
Section 7.11. Law Governing.....	41
Section 7.12. Waiver of Trial by Jury.....	41
Section 7.13. Recourse Under This Agreement.....	41
Section 7.14. Legal Counsel; Mutual Drafting.....	41

EXHIBITS

- Exhibit A – Authorized Representative
- Exhibit B – Principals of School
- Exhibit C – Form of Required Disclosure Statement

LEASE

FROM

THE ICS FOUNDATION, INC., A NEW YORK NOT-FOR-PROFIT CORPORATION

LANDLORD

TO

INTEGRATION CHARTER SCHOOLS, A NEW YORK NOT-FOR-PROFIT EDUCATION
CORPORATION

TENANT

PREMISES: 2245 RICHMOND AVENUE
STATEN ISLAND, NEW YORK

DATED AS OF: September 1, 2021

[THIS PAGE INTENTIONALLY LEFT BLANK]

LEASE

THIS LEASE made as of this 1st day of September, 2021 between, The ICS Foundation, Inc. (“Landlord”), located at 2 Teleport Drive, Staten Island, New York 10311 and Integration Charter Schools, a New York not-for-profit education corporation (“Tenant”), located at 2 Teleport Drive, 2nd Floor, Staten Island, New York 10311.

1. Premises. Landlord leases to Tenant the following described premises (the “Premises” – which shall include the “Initial Premises” and the “Phase 2 Premises” as hereinafter defined) on the terms and conditions set forth in this Lease and Tenant hereby hires and leases the Premises from Landlord on the terms and conditions set forth in this Lease:

All those portions of the lots and parcel of land commonly known as 2245 Richmond Avenue, Staten Island, New York (the “Land”) and the existing building (the “Building”) and other improvements located on the Land at any time, including, without limitation, a second, to be constructed, building of approximately 25,000 square feet (the “New Building” – together with the Building, the “Buildings”). For the purposes of this Lease, the “Initial Premises” refers to the entire Premises excluding the Phase 2 Premises; and “Phase 2 Premises” shall refer to the Premises including the New Building. Together for certain purposes set forth herein, the Land, Building(s) and Premises shall hereinafter be referred to as the “Property”.

2. Effectiveness and Term. (a) **THIS LEASE SHALL BE CONTINGENT, AND ONLY BECOME EFFECTIVE, UPON THE CLOSING AND TRANSFER OF TITLE OF THE PREMISES TO LANDLORD** (“Effective Date”).

(b) The term (“Term”) of this Lease shall commence as of the Commencement Date. As used herein, the “Commencement Date” shall be the Effective Date. The Term shall continue through June 30, 2063. Landlord and Tenant shall execute a mutually acceptable instrument setting forth the Commencement Date; however, the failure to execute such instrument shall not serve to invalidate this Lease.

(c) Landlord anticipates delivering the Initial Premises to Tenant with Delivery Conditions (as defined herein) completed by September 1, 2022 (the “Anticipated Delivery Date”). By March 1, 2022 Landlord shall notify the Tenant if the Anticipated Delivery Date is no longer feasible so that Tenant can make alternative arrangements to ensure that it has a facility for its students for the 2022-2023 school year. If the Initial Premises cannot be delivered to the Tenant by the Anticipated Delivery Date, Tenant shall not be obligated to take possession of the Initial Premises until July 1, 2023, which is also the date on which Landlord shall deliver the Phase 2 Premises (the “Final Delivery Date”). The actual date on which Tenant takes possession of the Initial Premises whether on the Anticipated Delivery Date or the Final Delivery Date shall hereinafter be referred to as the “Actual Delivery Date”.

3. Rent and Operating Costs. During the Term of this Lease, Tenant shall make the following payments per annum:

(a) Rent. Tenant’s obligation to pay fixed annual rent (the “Rent”) shall commence on the Actual Delivery Date and be paid in such amounts and on such dates as set forth herein, and thereafter in advance on the first day (or if such day is not a business day), on the next

succeeding business day) of each month thereafter, during the Term in such amounts as set forth on **Schedule 1** attached to and made a part of this Lease.

(b) Operating Costs. Landlord shall be responsible for all costs incurred by Landlord in complying with all of Landlord's insurance obligations, including but not limited to the payment of all insurance premiums. Landlord, in consultation with Tenant to confirm Tenant's needs, shall be responsible for contracting directly for and paying all costs and expenses associated with all utilities including, without limitation, charges for water, gas, oil, sanitary and storm sewer, electricity, steam, telephone service, trash collection, internet access, cable television or satellite service, and all other utilities that may be charged against the Premises during the Term, and all other costs and expenses involved in the care, management and use thereof, and Landlord shall contract in its own name with the providers providing the foregoing services to the Premises.

(c) Real Estate Taxes.

(1) Obligation to Pay Real Estate Taxes. To the extent Real Estate Taxes (as defined herein) may be become due and payable during the Term, Landlord shall pay one hundred percent (100%) of any such Real Estate Taxes.

(2) Real Estate Taxes Defined. The term "Real Estate Taxes" shall mean all real estate taxes and assessments, government levies, municipal taxes, county taxes and assessments (whether general or special, ordinary or extraordinary, unforeseen or foreseen) and gross receipts and rental taxes incurred in the use, occupancy, ownership, operation, leasing or possession of the Premises, which are or may be assessed, levied or imposed.

(3) Exemption from Real Estate Taxes. Landlord shall promptly make file an application with the New York City Department of Finance for an abatement of Real Estate Taxes under Section 420-a of the New York Real Property Tax Law. Tenant shall provide such reasonable cooperation as Landlord may require in connection with such application, including the delivery any documents and other information then currently within Tenant's possession or under its control, the preparation and execution such other documents, and generally take such further reasonable measures as may be required to enable or obtain such exemption.

(4) Right to Contest. Landlord shall have the right, in Tenant or Landlord's name, or both, but at Tenant's cost and expense to contest the validity of any taxes or assessments, by appropriate proceedings timely instituted. Tenant shall, upon request of Landlord, cooperate fully with Landlord in any such proceedings.

(5) Personal Property Taxes. Tenant shall be liable for and shall pay, at least ten (10) Business Days before delinquency, all taxes levied against Tenant's equipment, furniture, fixtures and any other personal property located in or about the Premises.

4. Manner of Payment. Tenant shall pay all Rent due under this Lease by wire transfer directly to Account No. _____ of the Landlord, held at _____ (routing number: _____; account name: "_____ Depository Account"). The obligation of Tenant to pay the Rent and required under this Section and other provisions hereof during the Term shall

be absolute and unconditional, and payment of the Rent shall not be abated through accident or unforeseen circumstances, except as otherwise set forth herein. Notwithstanding any dispute between Tenant, Landlord, any contractor or subcontractor retained with respect to the Premises, or any other party, Tenant shall, during the Term, make all payments of Rent when due and shall not withhold any Rent pending final resolution of such dispute, nor shall Tenant assert any right of set-off or counter-claim against its obligation to make such payments required hereunder except such compulsory claims or counter-claims that must be asserted by law; provided, however, that the making of such payments shall not constitute a waiver by Tenant of any rights, claims or defenses which Tenant may assert. No action or inaction on the part of Landlord shall affect Tenant's obligation to pay Rent.

5. Permitted Use. Tenant shall use the Premises as its school facility for the operation of Richmond Preparatory Charter School (the "School") serving such grades as authorized by the School's Charter along with such ancillary uses to serve students and families as are ordinarily and customarily associated with the operation of a school for children, including without limitation before school, after-school, intersession and enrichment programming, extracurricular activities and other related, ancillary and auxiliary educational, athletic and community uses in connection therewith; and consistent with applicable zoning regulations and the Premises' certificate of occupancy which, when the Premises are delivered on the Actual Delivery Date, shall permit the operation of a school for children (the "Permitted Use").

6. Compliance with Legal Requirements. Tenant shall comply with all legal requirements applicable to the Permitted Use and such legal requirements otherwise applicable to Tenant with respect to the Premises (the "Legal Requirements"). Landlord shall comply with all Legal Requirements applicable to the Landlord with respect to the Premises, including repairs not caused by Tenant's or Tenant's staff, students, parents, guest, invitees or licensees' negligence, recklessness or willful misconduct (for which Tenant, as more fully set forth herein, is responsible) or Permitted Alterations (as defined herein) performed by Tenant.

7. Environmental Compliance.

(i) Effective on the Actual Delivery Date, Tenant shall comply with all applicable Environmental Laws (as defined herein). Except for reasonable quantities of supplies used in the normal course of a school in compliance with all applicable Legal Requirements and Environmental Laws, Tenant shall not generate, store, manufacture, refine, transport, treat, dispose of, or otherwise permit to be present on or about the Premises, any Hazardous Substances (as defined herein).

(ii) If Tenant shall become aware of or receive notice or other communication concerning any actual, alleged, suspected or threatened violation of any Environmental Law or liability of Tenant for environmental damages in connection with the Premises or past or present activities of any person thereon, including, but not limited to, notice or other communication concerning any actual or threatened investigation, inquiry, lawsuit, claim, citation, directive, summons, proceeding, complaint, notice, order, writ or injunction relating to same, then Tenant shall promptly deliver to Landlord copies of any such notice or communication.

(iii) **Definitions.** For the purposes of this Article 7 of this Lease, certain terms set forth above shall be defined as set forth herein:

(A) “Environmental Laws” shall be defined as: any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, relating to protection of human health (as it relates to exposure to Hazardous Substances) or the environment, relating to Hazardous Substances and/or relating to liability for or costs of other actual or threatened danger to human health (as it relates to exposure to Hazardous Substances) or the environment. The term “Environmental Laws” includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act (including, but not limited to, Subtitle I relating to underground storage tanks); the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act (as it relates to exposure to Hazardous Substances); the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; the River and Harbors Appropriation Act; and those relating to Lead Based Paint. The term “Environmental Laws” also includes, but is not limited to, any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, conditioning transfer of property upon a negative declaration or other approval of a Governmental Authority (as hereinafter defined) of the environmental condition of the Premises; requiring notification or disclosure of Releases (as hereinafter defined) of Hazardous Substances or other environmental condition of a property to any Governmental Authority or other Person (as hereinafter defined), whether or not in connection with any transfer of title to or interest in such property; imposing conditions or requirements in connection with permits or other authorization for lawful activity; relating to nuisance, trespass or other causes of action related to the Property; and relating to wrongful death, personal injury or property or other damage in connection with any physical condition or use of the Premises.

(B) “Hazardous Substances” shall be defined as any and all substances (whether solid, liquid or gas) defined, listed or otherwise classified as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes or words of similar meaning or regulatory effect under any present or future Environmental Laws or that may have a negative impact on human health or the environment, including, but not limited to, petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls, lead, radon, radioactive materials, flammables and explosives, Lead Based Paint (as hereinafter defined) and Toxic Mold (as hereinafter defined). Notwithstanding anything to the contrary contained herein and for the avoidance of doubt, the term “Hazardous Substances” will not include substances which otherwise would be included in such definition but which are of kinds and in amounts ordinarily and customarily used or stored in similar properties, including, without limitation substances used for the purposes of cleaning, maintenance, or operations, substances typically used in construction, and typical products used in properties like the Property, and which are otherwise in compliance with all Environmental Laws.

(C) “Governmental Authority” shall be defined as the United States government, New York State, New York City, or any political subdivision thereof, whether at the national, state, territorial, provincial, municipal or any other level, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of, or pertaining to, government and having or asserting jurisdiction over the Premises.

(D) “Releases” shall be defined as any release, deposit, discharge, emission, leaking, leaching, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Substances.

(E) “Person” shall be defined as natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

(F) “Toxic Mold” shall be defined as fungi that reproduce through the release of spores or the splitting of cells or other means that may pose a risk to human health or the environment or negatively affect the value of the Premises, including, but not limited to, mold, mildew, fungi, fungal spores, fragments and metabolites such as mycotoxins and microbial volatile organic compounds.

(G) “Lead Based Paint” shall be defined as paint containing more lead than is permissible at the Premises under applicable law.

8. Repairs and Maintenance,

(a) Landlord shall seek and avail itself of all equipment (such as HVAC) and material warranties related to Landlord’s Work (defined herein), and shall enforce all such warranties against suppliers, manufacturers, and dealers in order to cure any deficiencies which arise during such warranty period without expense to Tenant. During the Term, In addition to its obligations in Section 3(b), Landlord shall, at its sole expense, perform diligently, promptly and in a good and workmanlike manner (i) all maintenance, repairs and replacements to the structural components of the Building, including without limitation the roof, roofing system, exterior walls, bearing walls, support beams, foundations, columns, exterior doors and windows and lateral support to the Building; (ii) assure watertightness of the Building (including caulking of the flashings) and repairs and replacements to the roof, roofing system, curtain walls, windows, and skylights if required to assure watertightness; (iii) replace, when necessary, as determined by Landlord in Landlord’s reasonable discretion, the plumbing, heating, ventilation and air conditioning systems, electrical and mechanical lines and equipment associated therewith, including without limitation elevators (collectively the “Building Systems”), to maintain all in good working order to enable Tenant’s uninterrupted operations of the School; and (iv) make all repairs and replacements necessitated by damage to the Building and the Premises except such repairs and replacements required as a result of the negligence or willful misconduct of Tenant, its agents, independent contractors, representatives or employees. Landlord shall take commercially reasonable efforts to enforce, for the benefit of Tenant, any applicable contractors’, manufacturers’, vendors’, or other insurers’ warranties or guaranties that cover

maintenance and repairs to the non-structural elements of the Building so long as such non-structural elements are covered under such warranty or guaranty.

(b) Except as provided in Section 8(a) above, Landlord shall, throughout the term of this Lease and at its sole cost and expense, maintain the Premises and the Building including, but not limited to, the Building Systems, in a condition at least as good as the condition of the Premises and the Building on the Commencement Date. Except as provided in Section 8(a), Landlord agrees to make all repairs necessary to maintain such condition. On a day-to-day basis, Landlord shall, utilizing its maintenance staff or through a contract with a service provider, keep and maintain all exterior portions of the Premises including walkways, in a clean and orderly condition, free of accumulation of rubbish and shall keep and maintain the parking areas, driveways and walkways and keep same free of snow and ice. Landlord shall, at Landlord's cost and expense, engage one or more third-party service providers to keep and maintain shrubbery and landscaping and for large-scale removal of snow and ice.

9. Landlord's Work.

(a) Landlord shall, at Landlord's sole cost and expense, renovate the Building and construct the New Building in accordance with the plans and specifications referenced on Exhibit C attached hereto ("Landlord's Work") and incorporated by reference herein. Landlord shall commence Landlord's Work, (i) as to the Initial Premises, immediately following the Commencement Date (except as otherwise set forth in Exhibit C), and (ii) as to the Phase 2 Premises, beginning on such date as will enable Landlord to deliver the Phase 2 Premises Substantially Completed on or prior to the Phase 2 Delivery Date (as defined below). To the extent reasonably required, Tenant shall promptly and reasonably cooperate with Landlord, at Landlord's sole cost and expense, in connection with Landlord's Work. Landlord's Work shall be completed by licensed contractors in a good and workmanlike manner and delivered to Tenant ready for occupancy on the Anticipated Delivery Date or the Outside Delivery Date (as permitted above), with at least a temporary certificate of occupancy, a complete Fire Department of New York Inspection and such Place of Assembly permits as required for certain spaces within the Premises (the "Delivery Conditions").

(b) "Substantial Completion" or "Substantially Complete" shall mean, with respect to Landlord's Work, such time as (i) a temporary certificate of occupancy has been issued as to the applicable portion of the Premises, (ii) the applicable portion of the Premises has passed an FDNY fire inspection, or, if the FDNY is delayed in approving the inspection, Landlord has provided (at Landlord's cost) a fire watch as needed for Tenant to legally occupy the Premises (and Landlord shall continue to pursue with diligence FDNY's completion and approval of the inspection), and (iii) Landlord's Work is complete subject only to minor details of construction, decoration, and mechanical adjustments that do not materially interfere with Tenant's ability to occupy the Premises ("Punch List Items"). For the avoidance of doubt, Landlord's obtaining a temporary certificate of occupancy based on a fire watch, rather than an approved inspection, shall be acceptable to fulfill the requirements for Substantial Completion set forth in (i) and (ii) above, but shall not otherwise alter Landlord's obligation to continue to pursue with diligence a final FDNY approval as set forth above.

(c) Substantial Completion shall be determined (i) for the Initial Premises in connection with the Actual Delivery Date and (ii) for the Phase 2 Premises in connection with the Phase 2 Delivery Date. Landlord shall advise Tenant in writing at least ten (10) business days in advance of the estimated date on which the relevant portion of Landlord's Work will be Substantially Complete. As soon as reasonably practicable after receipt from Landlord of notice of the estimated date of Substantial Completion of the Initial Premises and the Phase 2 Premises, respectively, as either such estimated date may have been postponed by subsequent notice from Landlord to Tenant in accordance with the terms of this Lease, Tenant shall make an authorized representative of Tenant available to Landlord and Landlord's architect or other authorized representative to conduct a joint walk-through of the applicable portion of the Premises, and prepare with Landlord's architect or authorized representative an agreed-upon written punch list of items relating to Landlord's Work (the "Punch List") with respect thereto. Punch List items shall include, without limitation, discharge of any violations caused by Landlord or its agents or contractors. Upon Substantial Completion of Landlord's Work, Landlord shall give notice to Tenant that Landlord's Work has been Substantially Completed in the Initial Premises or the Phase 2 Premises, as applicable. Landlord shall use reasonable efforts to complete the items on the Punch List within sixty (60) days of the date that the Punch List is delivered to Landlord.

(d) As used herein, the term "Phase 2 Delivery Date" shall mean the day on which Landlord shall have delivered possession of the Phase 2 Premises to Tenant, vacant and broom-clean, with Landlord's Work Substantially Complete, subject to the notice and Punch List process and time periods set forth in Section 9(b) hereof. The Phase 2 Delivery Date shall occur on or prior to August 1, 2023 (but no earlier than July 1, 2023), TIME BEING OF THE ESSENCE as to such date. Following the delivery of the Phase 2 Premises to Tenant, all references herein to the "Phase 2 Premises" and special terms and conditions relating thereto shall be deemed deleted in their entirety.

10. Insurance.

(a) Tenant shall maintain, at its expense, commencing on the Effective Date and through the duration of the Term, such insurance policies in such amounts as set forth in Section 8.1 of the Loan Agreement dated as of September 1, 2021 by and between Build NYC Resource Corporation and Landlord (the "Loan Agreement"), the Covenant Agreement dated as of September 1, 2021 between the Tenant and U.S. Bank National Association and the Use Agreement dated as of September 1, 2021 between the Tenant and Build NYC Resource Corporation, naming Build NYC Resource Corporation, U.S. Bank National Association and Landlord as additional insureds on a primary and non-contributory basis.

(b) Upon request therefor, Tenant shall furnish to Landlord and such parties designated in Section 10(a) herein with certificates of insurance for the coverages required under this Section 10.

(c) In the event Tenant shall fail to maintain the insurance coverage required by this Lease, Landlord, after ten (10) days written notice to Tenant unless cured within such ten (10) days, may contract for the required policies of insurance and pay the premiums on the same and Tenant agrees to reimburse the party paying such premiums to the extent of the amounts so advanced.

(d) Landlord shall maintain all insurance that it is required by its mortgagees and other parties to whom it is obligated in connection with any financing it has obtained or will obtain to acquire the Land, maintain the Land, Building and the Premises and complete Landlord's Work ("Landlord's Financing").

(e) Landlord and Tenant hereby release the other and their respective authorized representatives from any claims for injury to any person or damage to the Premises that are caused by or result from risks insured against under any all-risk or Fire insurance policies carried by either party. Landlord and Tenant shall each obtain, for each policy of insurance, provisions permitting waiver of any claim against the other party for loss or damage within the scope of the insurance and each of Landlord and Tenant, to the extent permitted, for itself and its insurer, waives all such insured claims against the other party. If such waiver or agreement shall not be, or shall cease to be, obtainable without additional charge or at all, the insured party shall so notify the other party promptly after notice thereof. If the other party shall agree in writing to pay the insurer's additional charge therefore, such waiver or agreement shall (if obtainable) be included in the policy.

(f) Tenant shall promptly provide to Landlord a copy of any cancellation notice received by Tenant.

11. Indemnity.

(a) Tenant shall defend, indemnify and save harmless Landlord, its affiliates, and their officers, and directors, and the Issuer against all claims, liabilities, losses, fines, penalties, damages, liens, judgments, penalties, loss of rents, costs and expenses (including reasonable attorneys' fees and other reasonable costs of litigation) because of injury, including death, to any person, or damage or loss of any kind to any property caused by any action or omission of Tenant occurring after the Actual Delivery Date, or any failure on the part of Tenant to perform its obligations under this Lease, except to the extent caused by the negligence or willful misconduct of Landlord, or its employees, contractors, agents or representatives.

(b) Landlord shall defend, indemnify and save harmless Tenant, its affiliates and, their officers, directors, employees, agents, representatives and contractors against all claims, liabilities, losses, fines, penalties, damages, liens, judgments, penalties, costs and expenses (including reasonable attorneys' fees and other reasonable costs of litigation) because of injury, including death, to any person, or damage or loss of any kind to any property caused by any action or omission of Landlord, or any failure on the part of Landlord, to perform its obligations under this Lease, except to the extent caused by the negligence or willful misconduct of Tenant, or its employees, students, families, contractors, agents, licensees, invitees or representatives.

12. Reserved.

13. Alterations.

(a) Tenant may, in compliance with Legal Requirements and consistent with the Permitted Use and with the written consent of Landlord, with such consent not to be unreasonably withheld, conditioned or delayed, at Tenant's sole cost and expense, make

alterations to the Premises (“Permitted Alterations”), and so long as such Permitted Alterations do not materially reduce the fair market value thereof.

(b) Tenant agrees that all Permitted Alterations shall comply with all Legal Requirements, will be constructed in a good and workmanlike manner, and that Tenant will carry all insurance required by this Lease covering the Permitted Alterations, and Tenant shall indemnify Landlord against liability for any and all mechanics’ and other liens filed in connection with Permitted Alterations.

(c) Unless otherwise restricted by any document or agreement which governs Tenant’s personal property, Tenant may remove Tenant’s personal property and trade fixtures (“Tenant’s Property”) at any time during the term of the Lease. Tenant shall also be permitted to remove any Permitted Alterations to the Premises performed by Tenant, provided that Tenant repairs any damage to the Premises caused by such removal.

14. Assignment and Sublease. Tenant shall not assign this Lease or sublet the whole or any part of the Premises without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed. For so long as any mortgage loan shall encumber the Premises, Tenant shall not assign this Lease except with the written consent of Build NYC Resource Corporation (the “**Issuer**”) and U.S. Bank National Association, as trustee and mortgagee and its successors and assigns (the “**Trustee**”), which consent said Trustee or Issuer may withhold in their sole discretion.

15. Casualty and Condemnation. In the event of a Loss Event (defined as an event in which the whole or part of the Building shall be damaged or destroyed, or taken or condemned by a competent authority for any public use or purpose, or by agreement to which the Landlord and those authorized to exercise such right are parties, or if the temporary use of the Building shall be so taken by condemnation or agreement), except as may otherwise be required by Landlord’s mortgagee or its representatives, all condemnation awards and insurance proceeds, in respect of property insurance proceeds that are less than a threshold amount), are to be paid over to Landlord’s mortgagee’s representative or disbursed to Landlord as permitted under the terms of Landlord’s Financing. Tenant and Landlord acknowledge and agree, pursuant to Section 6.2(b) of the Loan Agreement, Tenant shall be entitled to the Net Proceeds (as defined in the Loan Agreement) of any insurance proceeds or condemnation award, compensation or damages attributable to the Institution’s Property (as defined in the Loan Agreement).

16. Subordination and Non-Disturbance.

(a) Landlord subordinates Tenant’s interest in this Lease to the mortgages it has granted in connection with Landlord’s Financing, and, subject to the provisions of subparagraph (c) below, any mortgage hereafter be placed on the Premises; provided, however, any mortgagee, shall agree to recognize Tenant’s rights under this Lease and that Tenant’s peaceable possession of the Premises or its rights under this Lease will not be disturbed on account thereof.

(b) In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage, upon any such foreclosure or sale Tenant agrees to recognize such beneficiary or purchaser as Landlord under this Lease, provided such

entity recognizes Tenant's rights under this Lease and Tenant's rights under this Lease continue unabated.

(c) Landlord shall obtain a Non-Disturbance and Attornment Agreement in a form reasonably satisfactory to Tenant and Landlord's lender and deliver same to Tenant within thirty (30) days from the date hereof, and from any future lender within thirty (30) days from obtaining financing from such lender; provided, however, that Landlord's failure to obtain a Non-Disturbance and Attornment Agreement shall not be a default under this Lease, nor vitiate Tenant's obligation to subordinate its right hereunder to the lien of any mortgage.

17. Landlord's Right of Entry. Landlord has the right to enter the Premises at any reasonable time upon prior written notice to Tenant, subject to student safety requirements and Tenant's security protocols (together, the "Safety Protocols"), or without notice in case of emergency, for the purpose of performing maintenance, repairs, and replacements to the Premises as are required under this Lease, provided it causes no material interference to Tenant's use and enjoyment of the Premises and except in the event of an emergency, not during times when student testing is taking place. During business hours and upon reasonable notice to Tenant, Landlord may, during the last six (6) months of the Term, show the Premises to prospective tenants and mortgagees. Landlord shall not interfere with or disrupt the normal operation of Tenant's school. Landlord, and any third parties entering the Premises at Landlord's invitation or request shall at all times strictly observe Tenant's Safety Protocols. Tenant shall have the right, in its sole discretion, to designate a representative to accompany Landlord, or any third parties, while they are on the Premises.

18. Parking Facilities. Tenant, its employees, agents, contractors, and visitors shall have the right to use the parking facilities located on the Land, with all parking facilities on the Land provided at no additional cost to Tenant throughout the Term.

19. Signage. Tenant shall be entitled to have outdoor signage identifying Tenant and the School placed on the Premises, which signage shall be installed, at Landlord's sole cost and expense, as part of Landlord's Work, including, but not limited to the cost of obtaining any permits required to install such signage. Tenant may, at Tenant's sole cost and expense, and in compliance with Legal Requirements, erect and/or post such additional signage during the Term as tenant may desire and/or require. Upon the vacation of the Building by Tenant, all Tenant's signs shall be removed by Tenant.

20. Access. Tenant shall have full and unimpaired access to the Building, Premises and the Land at all times, and if access to a public road is via private roads or streets, Tenant shall have the right to use such roads and streets for ingress and egress to the Building, the Premises and the Land.

21. Tenant's Defaults.

(a) The occurrence of any one or more of the following matters constitutes an "Event of Default" by Tenant under this Lease: (i) failure by Tenant to pay Rent within ten (10) days of the due date, or (ii) failure by Tenant to observe or perform any other provision of this Lease, if such failure continues for thirty (30) days after receipt of written notice from Landlord to Tenant,

except that if the default cannot be cured within the thirty (30) day period, it shall not be considered an Event of Default if Tenant commences to cure such default within such thirty (30) day period and proceeds diligently thereafter to seek to effect such cure, or (iii) Tenant's Charter shall be revoked or not renewed by the Authorizer, or the School's Charter shall otherwise cease to be in full force and effect.

(b) If an Event of Default by Tenant occurs, then

(i) Landlord may terminate this Lease by giving to Tenant not less than ten (10) days' written notice, in which event the Term shall end on the date stated in such notice;

(ii) Landlord may re-enter the Premises by summary proceedings or by any other applicable proceeding and may repossess the Premises and dispossess Tenant and remove its property from the Premises; and/or

(iii) Landlord may declare all Rent and other sums due and payable pursuant to the terms of this Lease to be, and the Rent and all such other amounts payable under the terms of this Lease shall thereupon become, immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived.

(c) Should this Lease be terminated as provided in Paragraph (b)(i) of this Section 21, or by any other proceeding, or if Landlord shall re-enter the Premises, Landlord shall be entitled to recover, and Tenant shall pay, as and for agreed damages therefore, the then cost of:

(i) restoring the Premises to the same condition as that in which Tenant has agreed to surrender them to Landlord on the Expiration Date; and

(ii) completing in accordance with this Lease any improvements to the Premises or for repairing any part thereof that Tenant is required to perform in accordance with the terms of the Lease.

(d) If an Event of Default by Tenant or any person claiming through or under Tenant of any of the terms of this Lease should occur, Landlord shall be entitled to seek to enjoin such default and shall have the right to invoke any right allowed at law or in equity, by statute or otherwise, as if re-entry, summary proceedings or other specific remedies were not provided for in this Lease, except that Landlord shall not have any right to place a lien on any of Tenant's Property and Landlord expressly waives and releases any right to obtain such lien.

(e) Nothing contained herein shall be construed as limiting or precluding the recovery by Landlord from Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default hereunder on the part of Tenant.

22. Landlord's Default; Rights and Remedies.

(a) The occurrence of the following constitutes an "Event of Default" by Landlord under this Lease:

failure by Landlord to observe or perform any covenant, agreement, condition or provision of this Lease, if such failure shall continue for thirty (30) days after receipt of written notice from Tenant to Landlord, except that if such default cannot be cured within such thirty (30) day period, it shall not be considered an Event of Default if Landlord commences to cure the default within the thirty (30) day period and proceeds diligently thereafter to seek to effect such cure, provided that in a situation requiring immediate response, Tenant need only give Landlord such notice as is practical under the circumstances.

(b) If an Event of Default by Landlord occurs, Tenant shall have all rights and remedies available at law or in equity against Landlord. In no event shall Tenant have the right to set off against the Rent due under this Lease.

(c) Upon such Event of Default by Landlord, Tenant will give notice by registered or certified mail to any beneficiary of a deed of trust or mortgage or ground or underlying lease covering the Premises whose address shall have been furnished to Tenant, and shall offer such beneficiary or mortgagee a reasonable opportunity to cure the default, including the time to obtain possession of the Premises by power of sale or a judicial foreclosure, if such should prove necessary to effect a cure.

23. Quiet Enjoyment. Landlord covenants that if and for so long as Tenant pays the Rent and performs the covenants and conditions hereof, Tenant shall peaceably and quietly have, hold and enjoy the Premises for the term.

24. Representation of Authority. Landlord and Tenant represent and warrant to each other that they have full right, power and authority to enter into this Lease without the consent or approval of any other entity or person. The signatories on behalf of Landlord and Tenant represent and warrant that each has full right, power and Issuer to act for and on behalf of Landlord and Tenant in entering into this Lease.

25. Reserved.

26. Brokers. Tenant and Landlord represent to the other that it has not dealt with any broker, finder or similar agent in connection with this Lease and agrees to defend, indemnify and save harmless the other against all claims, liabilities, losses, damages, costs and expenses (including reasonable attorneys' fees and other costs of defense) arising from the indemnifying party's breach of this representation.

27. Attorneys' Fees. In the event either party institutes legal proceedings against the other for breach of or interpretation of any of the terms, conditions or covenants of this Lease, the party against whom a judgment is entered shall pay all reasonable costs and expenses relative thereto, including reasonable attorneys' fees of the prevailing party.

28. Notices. Any notice by either party to the other shall be in writing and shall be deemed to be duly given only if delivered personally or sent by registered or certified mail return receipt requested, or overnight delivery service, to the following:

If to Landlord:

The ICS Foundation, Inc.
2 Teleport Drive
Staten Island, NY 10311
Attn: Board Chair

with a copy to:

Law Office of Mark Grunblatt
167 Green Street
Kingston, NY 12401
Attn: Mark Grunblatt, Esq.

If to Tenant:

Prior to Actual Occupancy Date:

Integration Charter Schools
2 Teleport Drive
Staten Island, NY 10311
Attn: Ken Byalin, President

After Actual Occupancy Date:

Integration Charter Schools
2245 Richmond Avenue
Staten Island, NY 10314
Attn: Ken Byalin, President

with a copy to:

Cohen Schneider Law P.C,
275 Madison Avenue, Suite 1905
New York, NY 10016
Attn: Cliff S. Schneider, Esq.

Notice shall be deemed to have been given on the date received, if delivered personally or by overnight delivery service, or, if mailed, three (3) business days after the date postmarked.

29. Operating Conditions Analysis. Given the length of the Term of this Lease and Landlord and Tenant's inability to predict with precision the rise of cost of operations, insurance and other expenses attendant to operating the Building and other unknown costs that may increase or occur from time to time that are beyond what has been reasonably estimated by Landlord and Tenant

while negotiating the Rent, Landlord and Tenant agree to meet in good faith at least every two (2) years (any more frequently if requested by either Party) during the Term to assess market conditions and their effect on the costs related to the operating the Building, and shall work collaboratively and in good faith to mutually determine what changes to the Lease (including without limitation an increase in Rent (but for the avoidance of doubt, never a decrease in Rent below the amounts set forth in Schedule 1) or shift in obligations) may be required to maintain both Landlord and Tenant's ability to effectively operate and occupy the Building, respectively.

30. Entire Agreement. This Lease constitutes the entire agreement between the parties, there being no other terms, oral or written, except as herein expressed. No modification of this Lease shall be binding on the parties unless it is in writing and signed by both parties hereto.

31. Counterparts. This Lease may be executed in counterparts (with pdf, scanned and electronic signatures deemed acceptable), each of which shall constitute an original, but all of which, when together, shall constitute only one agreement.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed this Lease as of the day and year first above written.

Landlord:

THE ICS FOUNDATION, INC.

By: _____

Name: Michael Caridi

Title: Board Chair

Tenant:

INTEGRATION CHARTER SCHOOLS

By: _____

Name: Ken Byalin

Title: President

SCHEDULE 1**RENT**

<u>Lease Year</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
9/1/2022 – 6/30/2023	\$ 1,051,444.00	\$ 87,620.33
7/1/2023 – 6/30/2024	\$ 1,728,615.00	\$ 144,051.25
7/1/2024 – 6/30/2025	\$ 2,740,300.00	\$ 228,358.33
7/1/2025 – 6/30/2026	\$ 2,785,400.00	\$ 232,116.67
7/1/2026 – 6/30/2027	\$ 2,875,010.00	\$ 239,584.17
7/1/2027 – 6/30/2028	\$ 2,973,581.00	\$ 247,798.42
7/1/2028 – 6/30/2029	\$ 3,082,009.10	\$ 256,834.09
7/1/2029 – 6/30/2030	\$ 3,145,790.37	\$ 262,149.20
7/1/2030 – 6/30/2031	\$ 3,211,485.08	\$ 267,623.76
7/1/2031 – 6/30/2032	\$ 3,239,150.64	\$ 269,929.22
7/1/2032 – 6/30/2033	\$ 3,267,646.16	\$ 272,303.85
7/1/2033 – 6/30/2034	\$ 3,296,996.54	\$ 274,749.71
7/1/2034 – 6/30/2035	\$ 3,230,251.12	\$ 269,187.59
7/1/2035 – 6/30/2036	\$ 3,311,007.40	\$ 275,917.28
7/1/2036 – 6/30/2037	\$ 3,393,782.59	\$ 282,815.22
7/1/2037 – 6/30/2038	\$ 3,393,782.59	\$ 282,815.22
7/1/2038 – 6/30/2039	\$ 3,478,627.15	\$ 289,885.60
7/1/2039 – 6/30/2040	\$ 3,565,592.83	\$ 297,132.74
7/1/2040 – 6/30/2041	\$ 3,654,732.65	\$ 304,561.05
7/1/2041 – 6/30/2042	\$ 3,746,100.97	\$ 312,175.08
7/1/2042 – 6/30/2043	\$ 3,839,753.49	\$ 319,979.46
7/1/2043 – 6/30/2044	\$ 3,935,747.33	\$ 327,978.94
7/1/2044 – 6/30/2045	\$ 4,034,141.01	\$ 336,178.42
7/1/2045 – 6/30/2046	\$ 4,134,994.54	\$ 344,582.88
7/1/2046 – 6/30/2047	\$ 4,238,369.40	\$ 353,197.45
7/1/2047 – 6/30/2048	\$ 4,344,328.64	\$ 362,027.39
7/1/2048 – 6/30/2049	\$ 4,452,936.85	\$ 371,078.07
7/1/2049 – 6/30/2050	\$ 4,564,260.27	\$ 380,355.02
7/1/2050 – 6/30/2051	\$ 4,678,366.78	\$ 389,863.90
7/1/2051 – 6/30/2052	\$ 4,795,325.95	\$ 399,610.50
7/1/2052 – 6/30/2053	\$ 4,915,209.10	\$ 409,600.76
7/1/2053 – 6/30/2054	\$ 5,038,089.33	\$ 419,840.78
7/1/2054 – 6/30/2055	\$ 5,164,041.56	\$ 430,336.80
7/1/2055 – 6/30/2056	\$ 5,293,142.60	\$ 441,095.22
7/1/2056 – 6/30/2057	\$ 5,425,471.16	\$ 452,122.60
7/1/2057 – 6/30/2058	\$ 5,561,107.94	\$ 463,425.66
7/1/2058 – 6/30/2059	\$ 5,700,135.64	\$ 475,011.30
7/1/2059 – 6/30/2060	\$ 5,842,639.03	\$ 486,886.59
7/1/2060 – 6/30/2061	\$ 5,988,705.01	\$ 499,058.75
7/1/2061 – 6/30/2062	\$ 6,138,422.63	\$ 511,535.22
7/1/2062 – 6/30/2063	\$ 6,291,883.20	\$ 524,323.60

EXHIBIT A

SCOPE OF LANDLORD'S WORK/PLANS AND SPECIFICATIONS

See Attached.

Tamborra Architecture and Construction, P.C.

Architecture, Interior Design, Construction Management

1481 Hylan Boulevard
Staten Island, New York 10305

Office: (917) 626-5408

Fax: (718) 732-2048

Web Site: www.tamborraarchitecture.com

July 15, 2021

Integration Charter School
Attn: Dr. Kenneth Byalin
ICS Foundation
2 Teleport Drive
Staten Island, NY 10314

Construction Narrative

The following represents a narrative of all proposed work for the proposed new Integration Charter School location at 2245 Richmond Avenue, Staten Island, NY.

The scope of work, as proposed, is to construct a third floor of approximately 12,900 Sq. Ft to the existing 28,452 Sq. Ft. vacant Barnes and Noble two-story structure located at 2245 Richmond Avenue, Staten Island, NY 10314, Block #2380, Lot #86. This new post and beam 3rd Floor structure shall be comprised of 9 new classrooms plus 5 accessory use offices and a student lounge area. Within this scope of work is also to construct an elevated post and beam structure on the South Side of the existing structure, which is to house on grade off street parking for approximately 18 cars, additionally this structure shall permit the passing of school buses from Steinway Avenue onto the existing lot and exit onto Richmond Avenue. On the 2nd Floor of this elevated structure, which is approximately 9,550 Sq. Ft. above the 18 off street parking spaces shall also have constructed an exterior surface basketball play area and other outdoor play areas for the student occupants of this facility. On the Northern face of the existing structure shall also have a post and beam two story structure constructed of approximately 12,900 Sq. Ft., which will be comprised of three classrooms and two movement and one music room classroom on the 1st Floor, on the 2nd floor in addition to the proposed 6 new classrooms on this floor there shall also be a science lab. Within this scope of work on the 1st floor there shall be a total of 6 new classrooms, 9 new accessory use offices, a nurse's office and exam area, a teacher's café with two private toilet/lavatory areas and two student kitchen areas with a large serving area accessed additionally from the new driveway access along with two movement spaces and an insulated music room all in additional to two large student toilet areas, 6 toilets and 5 lavatories for the girl's room and 3 toilets, 3 urinals and 5 lavatories for the boy's room. The existing two stop hydraulic piston elevator shall be removed and replaced with a new 3 story traction commercial elevator along with a new egress stair tower which shall replace the existing stair tower to the new 3rd floor roof within the same location of the existing elevator. The total Building Area of the 1st floor, not including the 18 off street parking under the proposed deck structure area of 9,550 Sq. Ft. shall be 18,676 Sq. Ft.

Within this scope of work on the 2nd floor there shall be a total of 15 new classrooms, 3 accessory use offices, a student game room, technology lab, security office and a large science lab. On the 2nd Floor shall also have a private teachers toilet/ Lavatory and additionally two large student toilet areas, 6 toilets and 5 lavatories for the girl's room and 3 toilets, 3 urinals and 5 lavatories for the boy's room. The 2nd Floor will also have a fenced off play surface area of approximately 9,550 Sq. Ft which is the deck structure constructed on the southern face of the existing vacate structure where on the 1st floor the 18 off street parking area resides. The existing East and South Stair tower stairs shall be extended on this level to the 3rd floor and up to the 3rd floor roof area. The total Building Area of the 2nd floor, not including fenced off proposed play area deck structure area of 9,550 Sq. Ft. shall be 18,676 Sq. Ft.

Within this scope of work on the 3rd floor there shall be a total of 9 new classrooms, 5 accessory use offices and a student lounge room. On the 3rd Floor shall also have a private teachers toilet/ Lavatory and additionally two large student toilet areas, 6 toilets and 5 lavatories for the girl's room and 3 toilets, 3 urinals and 5 lavatories for the boy's room. Not including the 1,700 Sq. Ft., Outdoor Setback Area which can be used for open classrooms, the total Building Area of the 3rd floor shall be 12,900 Sq. Ft.

The Total Building area of the Proposed Structure shall be as follows:

1 st Floor =	18,676 Sq. Ft.
2 nd Floor =	18,676 Sq. Ft.
2 nd Floor Deck Area =	9,550 Sq. Ft.
3 rd Floor =	<u>12,900 Sq. Ft.</u>

New Building Structure Totals = 59,802 Sq. Ft.

Within this scope of work as it relates to the existing parking lot area and the existing curb cuts, the following work shall be performed. The existing storm drywell rings on the northern portion of the existing lot shall be abandoned so as to allow for the new 2 story addition on this side. New drywell rings approximately Ten 10' diameter 8' high new drywell field shall be installed within the front portion of the existing lot area. Additionally, the existing curb cut along Richmond Avenue shall remain, the existing concrete sidewalk along Richmond Avenue shall be repaired as required. The existing curb cut on the Northern portion of the lot along Steinway Avenue shall be removed, two new 26-foot cut cuts shall be installed along Steinway Avenue, the existing concrete sidewalk and curb along Steinway area along with the related roadway of 50% plus 5' along this roadway shall be replaced with new. The entire existing asphalt parking lot area and related curbs are to be repaired and replaced with new as required.

The Construction as proposed within the Proposed Schematic Floor Plans dated July 15, 2021 is as follows:

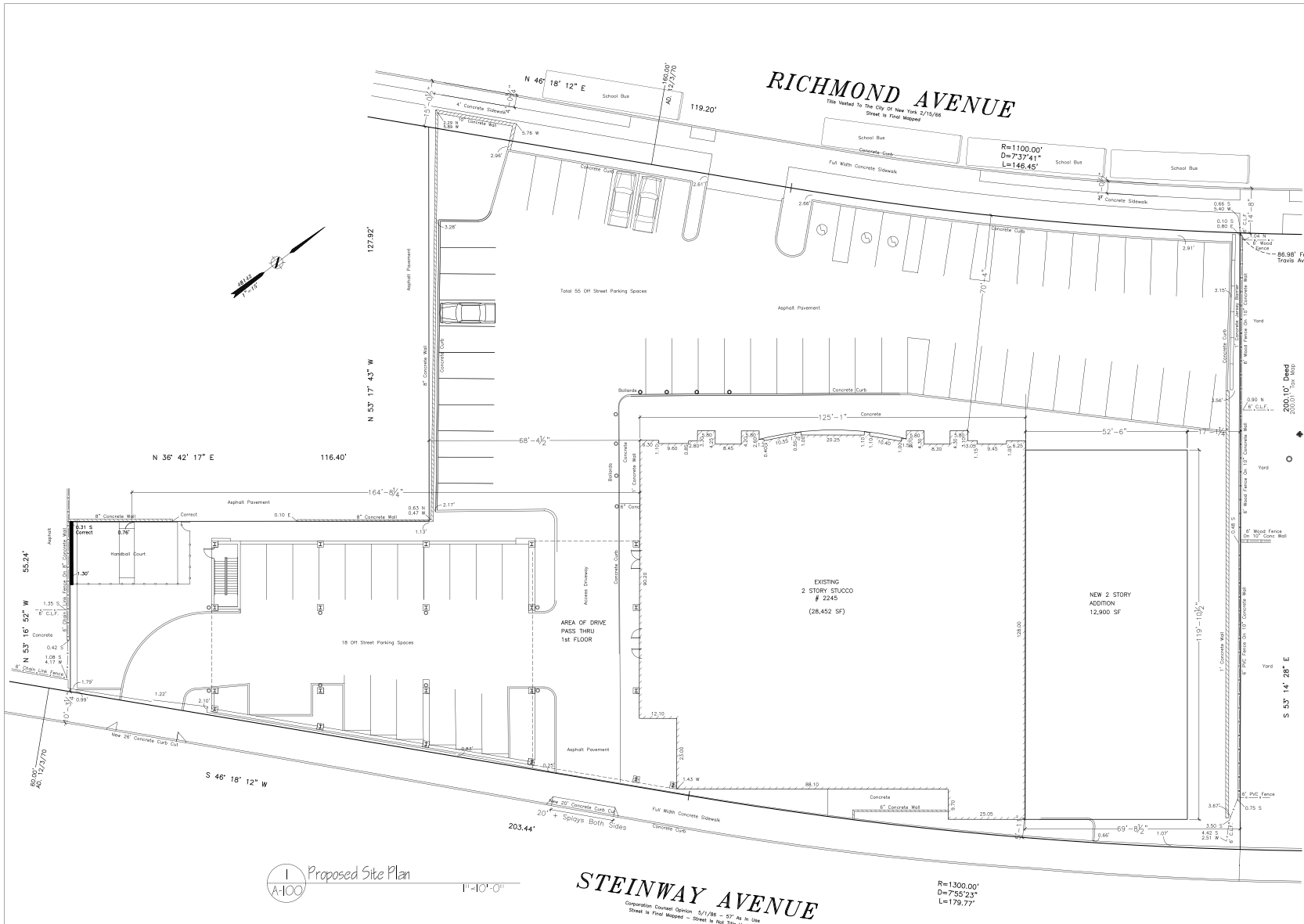
The Existing 2 Story Main Building is part of Phase 1a, with the Addition of the Proposed New 3rd Floor above the Existing 2-Story Main Building. Phase 1b are the Two Extensions as proposed on the North and South Sides of the Existing 2-Story Main Building. The 2-story building on the North Side are additional classrooms and related accessory uses. The proposed extension on the South Side of the Existing Main Building is a 1-Story Parking Deck Structure. If the Scope of Work Contract amount permits, along with a Substantial Completion Date, which has yet to be determined and is predicated upon this said Scope of Work and a Notice to Proceed from the Owner, then the proposed Play Surface Areas along with the 1-Story Parking Deck Structure as indicated on Drawings A-101.01 and A-102.00 of the Proposed Schematic Floor Plans shall be performed during Phase 1a, if not, it shall be performed within the final scope of work as specified within Phase 1b.

If you have any questions or need any additional clarifications of any items, please feel free to contact me.

Very truly yours,



Nicholas Tamborra, R.A.
License # 023686



REVISIONS		
NO.	DESCRIPTION	DATE



SCHEMATIC CASE

CONTRACT NO. 2245 ADDITION & CHARTER SCHOOL # 2245-18-0010

As a condition of the use for any proposed building, the architect shall be responsible for the design of the building, including the design of the foundation, structure, and exterior finish. The architect shall be responsible for the design of the building, including the design of the foundation, structure, and exterior finish. The architect shall be responsible for the design of the building, including the design of the foundation, structure, and exterior finish.

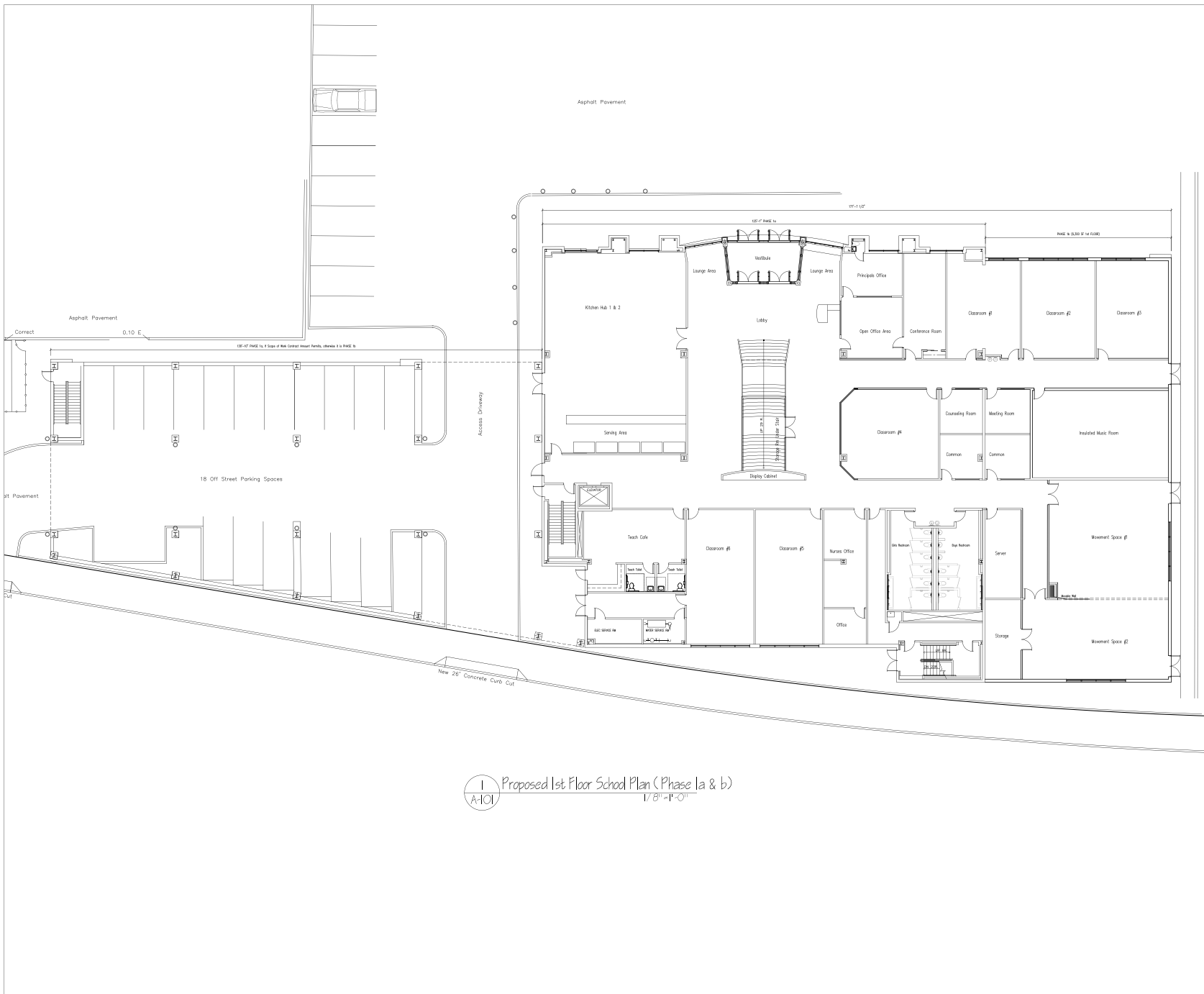
Carroll Architecture Corporation P.C.
 Architects, General Building Construction Managers
 110 Hudson Boulevard, Staten Island, NY 10310
 91-628-5408

PROJECT:
 INTEGRATION CHARTER SCHOOLS
 2245 RICHMOND AVENUE
 STATEN ISLAND, NY 10314
 BLOCK: 2380 / LOT: 86

SCHEMATIC FLOOR PLANS
 Proposed Site Plan

SCOPE OF WORK NARRATIVE 7-19-2021

DATE: 02/16/2021
PROJECT NO: 2245-18-0010
DRAWN BY: [Name]
CHECKED BY: [Name]
SCALE: [Scale]
A-100.00
DATE: [Date]



1 Proposed 1st Floor School Plan (Phase 1a & b)
1/8" = 1'-0"

REVISIONS		
NO.	DESCRIPTION	DATE
1	Remove Layout for Parking Garage	7/29/21

© COPYRIGHT © 2021, SERRAVALLO ARCHITECTURE & CONSTRUCTION, P.C.
 ALL RIGHTS RESERVED
 NO PART OF THIS DRAWING OR ANY INFORMATION CONTAINED HEREIN IS TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT THE WRITTEN PERMISSION OF SERRAVALLO ARCHITECTURE & CONSTRUCTION, P.C. ANY REPRODUCTION OR TRANSMISSION OF THIS DRAWING OR ANY INFORMATION CONTAINED HEREIN WITHOUT THE WRITTEN PERMISSION OF SERRAVALLO ARCHITECTURE & CONSTRUCTION, P.C. IS STRICTLY PROHIBITED.

Serravallo Architecture Construction P.C.
 Architects, General Contractors, Construction Management
 110 Hudson Boulevard, Staten Island, NY 10310
 917-628-5408

PROJECT:
 INTEGRATION CHARTER SCHOOLS
 2245 RICHMOND AVENUE
 STATEN ISLAND, NY 10314
 PLOTT: 2250 / LOT: 86

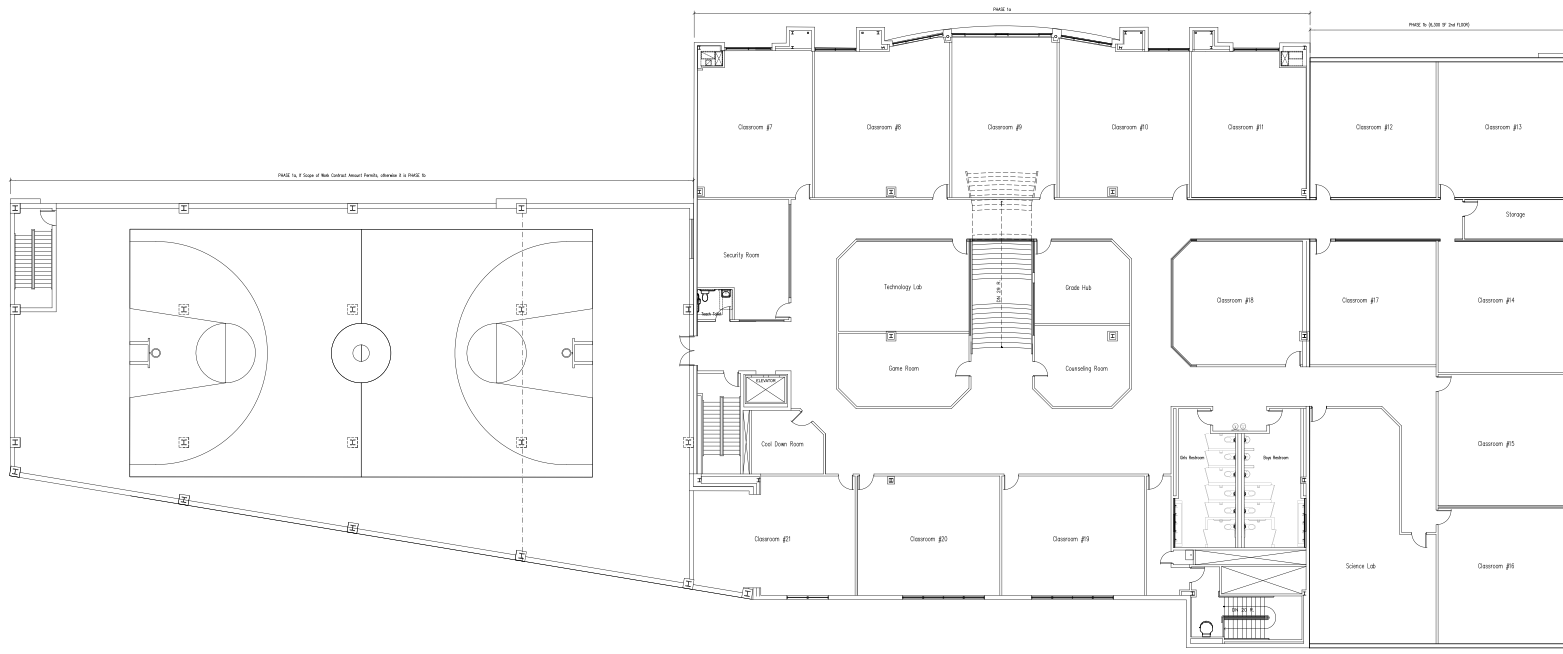
DRAWING TITLE:
 SCHEMATIC FLOOR PLANS
 Proposed 1st Floor School Plan

SCOPE OF WORK NARRATIVE 7-19-2021

DATE PREPARED: 07/29/2021
 PROJECT NO: 2021072021
 DRAWN BY: [Name]
 CHECKED BY: [Name]
 TITLE: [Name]
 SCALE: 1/8" = 1'-0"
 SHEET NO: A-101.01
 TOTAL SHEETS: 101

REVISIONS

NO.	DESCRIPTION	DATE



1 Proposed 2nd Floor School Plan (Phase 1a & b)
A-102 1/8" = 1'-0"

SCHEMATIC CODE

© COPYRIGHT © 2021, CAROLINA ARCHITECTURE & CONSTRUCTION, P.C.
ALL RIGHTS RESERVED
 ALL RIGHTS ARE RESERVED BY THIS ARCHITECTURE FIRM. NO PART OF THIS DOCUMENT MAY BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT PERMISSION IN WRITING FROM CAROLINA ARCHITECTURE & CONSTRUCTION, P.C.

Carolina Architecture & Construction, P.C.
 Architecture, Interior Design, Construction Management
 1401 Duke Boulevard, Suite 400, Raleigh, NC 27606
 919-628-5408

PROJECT:
 INTEGRATION CHARTER SCHOOLS
 2245 RICHMOND AVENUE
 SHREVE ISLAND, NY 12584
 BLOCK: 2580 / LOT: 86

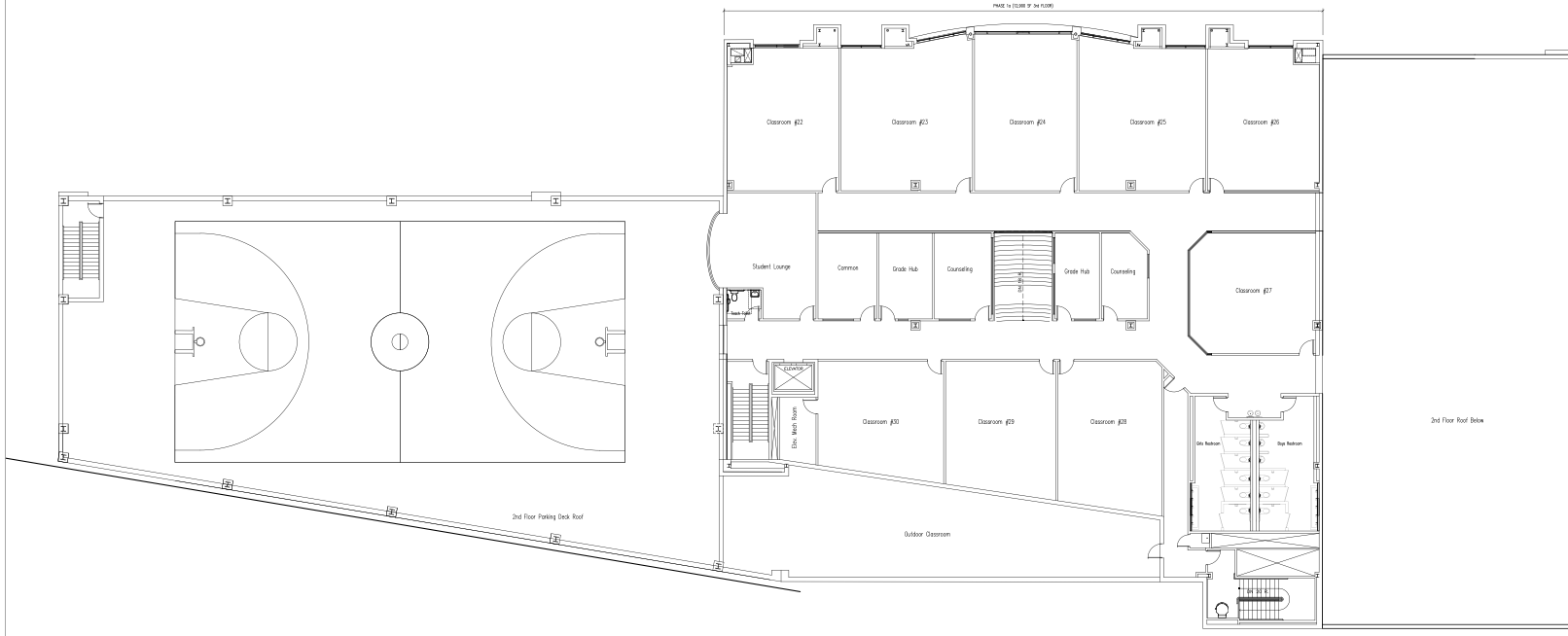
DRAWING TITLE:
 SCHEMATIC FLOOR PLANS
 Proposed 2nd Floor School Plan

SCOPE OF WORK NARRATIVE 7-19-2021

DATE: 03/19/2021
 PROJECT NO: 2020-0023
 DRAWN BY: [Name]
 CHECKED BY: [Name]
 TITLE: [Title]
 SCALE: A-102.00
 SHEET NO. 1 of 1

REVISIONS

NO.	DESCRIPTION	DATE



1 Proposed 3rd Floor School Plan (Phase 1a)
A-104 1/8" = 1'-0"

PROPOSED SQUARE FOOTAGES

EXISTING 2 STORY BUILDING =	28,742 SF	PHASE 1
RIGHT SIDE PROPOSED EXTENSION =	12,600 SF	PHASE 1
NEW 3rd FLOOR OVER MAIN =	12,900 SF	PHASE 1
OUTDOOR PARKING ROOF DECK =	9,550 SF	PHASE 1

PROPOSED TOTALS: 63,792 SF

SCHEMATIC CODE

© COPYRIGHT © 2021, CAROLINA ARCHITECTURE & CONSTRUCTION, P.C. ALL RIGHTS RESERVED. IT IS A VIOLATION OF THE RIGHTS AND INTERESTS OF CAROLINA ARCHITECTURE & CONSTRUCTION, P.C. TO REPRODUCE OR TRANSMIT IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT THE WRITTEN PERMISSION OF CAROLINA ARCHITECTURE & CONSTRUCTION, P.C. THIS DOCUMENT AND ITS CONTENTS ARE THE PROPERTY OF CAROLINA ARCHITECTURE & CONSTRUCTION, P.C. AND ARE TO BE USED ONLY FOR THE PROJECT AND SITE SPECIFICALLY IDENTIFIED HEREIN. ANY OTHER USE IS STRICTLY PROHIBITED.

Carolina Architecture Construction P.C.
 Architecture Group P.C. Construction Management
 110 Hudson Boulevard, Staten Island, NY 10310
 TEL: 626-5408

PROJECT:
 INTEGRATION CHARTER SCHOOLS
 2246 RICHMOND AVENUE
 STATEN ISLAND, NY 10314
 BLOCK: 2580 / LOT: 86

DRAWING TITLE:
 SCHEMATIC FLOOR PLANS
 Proposed 3rd Floor School Plan

SCOPE OF WORK NARRATIVE 7-19-2021

DATE: 03/15/2021
 PROJECT NO: 20207-0023
 DRAWING NO:
 SHEET NO: 10 of 10
 TITLE:
 A-104.00
 DATE PLOTTED: 03/15/2021 10:00 AM

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G

FORM OF BOND COUNSEL OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]

September 23, 2021

Build NYC Resource Corporation
New York, New York

Re: \$36,135,000
Build NYC Resource Corporation
Revenue Bonds (Richmond Preparatory Charter School Project),
Series 2021A (Social Impact Project)

\$715,000
Build NYC Resource Corporation
Taxable Revenue Bonds (Richmond Preparatory Charter School Project),
Series 2021B (Social Impact Project)

Ladies and Gentlemen:

We have acted as bond counsel to the Build NYC Resource Corporation (New York, New York) (the “**Issuer**”), in connection with the issuance on the date hereof by the Issuer of its Revenue Bonds (Richmond Preparatory Charter School Project) Series 2021A (Social Impact Project), in the aggregate principal amount of \$36,135,000 (the “**Tax-Exempt Bonds**”), its Taxable Revenue Bonds (Richmond Preparatory Charter School Project) Series 2021B (Social Impact Project), in the aggregate principal amount of \$715,000 (the “**Taxable Bonds**”; and, together with the Tax-Exempt Bonds, the “**Initial Bonds**”). The Initial Bonds are authorized to be issued pursuant to:

- (i) Section 1411 of the New York Not-for-Profit Corporation Law (the “**Act**”),
- (ii) the Bond Resolution duly adopted by the Issuer adopted on March 9, 2021 (the “**Resolution**”), and
- (iii) the Indenture of Trust, dated as of September 1, 2021 (the “**Indenture**”), by and between the Issuer and U.S. Bank National Association, as trustee for the benefit of the Owners of the Initial Bonds (the “**Trustee**”).

The Initial Bonds are being issued to finance or refinance the costs of the completion of the acquisition, construction, renovation and equipping of certain Facilities (as defined in the Loan Agreement referenced below) (collectively, the “**Project**”).

The Issuer will loan the proceeds of the Initial Bonds to The ICS Foundation, Inc. (the “**Institution**”), a not-for-profit corporation duly organized and existing under the laws of the State of New York, pursuant to the terms of a Loan Agreement, dated as of September 1, 2021 (the “**Loan Agreement**”), between the Issuer and the Institution. The Institution has evidenced its obligation to make loan payments to the Issuer by the issuance and delivery of certain Promissory Notes, each dated September 23, 2021 (collectively, the “**Note**”), each from the Institution to the Issuer and endorsed by the Issuer to the Trustee.

The Institution will lease the Facilities (as defined in the Loan Agreement) to Integration Charter Schools (the “**Organization**”), pursuant to a Lease Agreement, dated September 23, 2021 (the “**Lease**”), between the Institution and the Organization, as assigned to the Trustee, and the Organization will operate the Facilities as a public charter school (all as defined in the Loan Agreement). The Issuer, the Trustee and the Organization will enter into a Use Agreement, dated as of September 1, 2021 (the “**Use Agreement**”) where the Organization will make certain covenants for the benefit of the Issuer and the Trustee.

The Institution has granted mortgage liens on and security interests in its interest in the Facilities to the Issuer and the Trustee pursuant to the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan), and the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), each dated as of September 1, 2021 (collectively, the “**Mortgage**”), and the Issuer has assigned to the Trustee as security for the Initial Bonds, for the benefit of the Owners of the Initial Bonds, all of its rights under the Mortgage pursuant to an Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Acquisition Loan), Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Building Loan), and the Assignment of Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (Indirect Loan), each dated as of even date herewith (collectively, the “**Assignment of Mortgage**”), each from the Issuer to the Trustee.

In order to further secure the Initial Bonds, the Institution will grant a lien on and security interest in the Pledged Collateral (as defined in the Pledge and Security Agreement) pursuant to the Pledge and Security Agreement, dated as of September 1, 2021 (the “**Pledge and Security Agreement**”), from the Institution to the Trustee.

The Issuer, the Institution and the Organization have entered into a Tax Regulatory Agreement, dated the date hereof (the “**Tax Regulatory Agreement**”), in which the Issuer, the Institution and the Organization have made certain representations and covenants, established certain conditions and limitations and created certain expectations, relating to compliance with the requirements imposed by the Internal Revenue Code of 1986, as amended (the “**Code**”). D.A. Davidson & Co. (the “**Underwriter**”) has agreed to purchase the Initial Bonds pursuant to the terms of a Bond Purchase Agreement, dated September

15, 2021 (the “**Bond Purchase Agreement**”), among the Issuer, the Underwriter, the Institution and the Organization.

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in Section 1.01 of the Indenture.

The Initial Bonds are dated the date hereof, and bear interest from the date thereof pursuant to the terms of the Initial Bonds. The Initial Bonds are subject to prepayment or redemption prior to maturity, as a whole or in part, at such time or times, under such circumstances and in such manner as is set forth in the Initial Bonds and the Indenture.

As bond counsel, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such instruments, certificates and documents (including all documents constituting the Record of Proceedings with respect to the issuance of the Initial Bonds) as we have deemed necessary or appropriate for the purposes of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity and due execution of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, without having conducted any independent investigation, we have relied upon, and assumed the accuracy and truthfulness of, the aforesaid instruments, certificates and documents.

In rendering the opinions set forth below, we have relied upon, among other things, certain representations and covenants made by the parties in this transaction including: (i) the Institution in (a) the Bond Purchase Agreement; (b) the Tax Regulatory Agreement; (c) the Loan Agreement; (d) the Letter of Representation and Indemnification, dated of even date herewith; and (e) the Continuing Disclosure Agreement, dated the date hereof (the “**Continuing Disclosure Agreement**”), between the Institution and the Trustee; and (f) the Bond Counsel Due Diligence Questionnaire submitted to us by the Institution and the Organization, as amended and supplemented; (ii) the Organization in (a) the Bond Purchase Agreement; (b) the Tax Regulatory Agreement; (c) the Use Agreement; (d) the Letter of Representation and Indemnification, dated of even date herewith; and (e) the Continuing Disclosure Agreement; and (f) the Bond Counsel Due Diligence Questionnaire submitted to us by the Institution and the Organization, as amended and supplemented; and (iii) the Issuer in (a) the Indenture; (b) the Tax Regulatory Agreement; (c) the Loan Agreement; (d) the Assignment of Mortgage; (e) the Certificate of Determination, dated the date hereof; and (f) the General Certificate of the Issuer, dated the date hereof. We call your attention to the fact that there are certain requirements with which the Issuer, the Institution and the Organization must comply after the date of issuance of the Tax-Exempt Bonds in order for the interest on the Tax-Exempt Bonds to remain excluded from gross income for Federal income tax purposes. Copies of the aforementioned documents are included in the Record of Proceedings.

In addition, in rendering the opinions set forth below, we have relied upon the opinions of the General Counsel of the Issuer, Meredith J. Jones, Esq., special counsel to

the Institution, Law Office of Mark Grunblatt, Kingston, New York, counsel to the Organization, Cohen Schneider Law PC, New York, New York, and counsel to the Trustee, Paparone Law PLLC, New York, New York, all of even date herewith. Copies of the aforementioned opinions are contained in the Record of Proceedings.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Issuer is a duly organized and existing corporate entity constituting a local development corporation of the State of New York.

2. The Issuer is duly authorized to issue, execute, sell and deliver the Initial Bonds, for the purpose of paying the costs described above.

3. The Resolution has been duly adopted by the Issuer and is in full force and effect.

4. The Indenture, the Tax Regulatory Agreement, the Loan Agreement, the Assignment of Mortgage, the Use Agreement and the Bond Purchase Agreement (collectively, the “**Issuer Documents**”) have been duly authorized, executed and delivered by the Issuer.

5. Assuming the due authorization, execution and delivery of the Issuer Documents by the other parties thereto, the Issuer Documents are legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms.

6. The Initial Bonds have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding special obligations of the Issuer payable solely from the revenues derived from the Loan Agreement, enforceable against the Issuer in accordance with their respective terms.

7. The Initial Bonds do not constitute a debt of the State of New York or of The City of New York and neither the State of New York nor The City of New York will be liable thereon.

8. The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Tax-Exempt Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Tax-Exempt Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. Pursuant to the Indenture, the Loan Agreement, the Use Agreement and the Tax Regulatory Agreement, the Issuer, the Institution and the Organization have covenanted to maintain the exclusion from gross income of the interest on the Tax-Exempt Bonds pursuant to Section 103 of the Code. In addition, the Issuer, the Institution and the Organization have made certain representations and certifications in the Indenture, the

Loan Agreement, the Use Agreement and the Tax Regulatory Agreement. We are also relying on the opinion of counsel to the Institution and the Organization as to all matters concerning the status of the Institution and the Organization as organizations described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code, and that the intended use of the facilities financed or refinanced with proceeds of Tax-Exempt Bonds will be in furtherance of the Institution's and the Organization's exempt purposes under Section 501(c)(3) of the Code. We have not independently verified the accuracy of those certifications and representations or those opinions.

Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Tax-Exempt Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

9. Under existing law, interest on the Tax-Exempt Bonds are exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York (including The City of New York), assuming compliance with the tax covenants and the accuracy of the representations and certifications described in paragraph 8 herein.

10. Interest on the Taxable Bonds is not excluded from gross income for Federal income tax purposes under Section 103 of the Code.

11. Interest on the Taxable Bonds 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).

Except as stated in paragraphs 8, 9, 10 and 11, we express no opinion as to any other Federal, state or local tax consequences of the ownership or disposition of the Initial Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Initial Bonds, or the interest thereon, if any action is taken with respect to the Initial Bonds or the proceeds thereof upon the advice or approval of other counsel.

The foregoing opinions are qualified to the extent that the enforceability of the Initial Bonds, the Indenture, the Loan Agreement, the Use Agreement, the Tax Regulatory Agreement, the Assignment of Mortgage and the Bond Purchase Agreement may be limited by bankruptcy, insolvency or other laws or enactments now or hereafter enacted by the State of New York or the United States affecting the enforcement of creditors' rights and by restrictions on the availability of equitable remedies and to the extent, if any, that enforceability of the indemnification provisions of such documents may be limited under law. We express no opinion with respect to the availability of any specific remedy provided for in any of the bond documents.

In rendering the foregoing opinions, we are not passing upon and do not assume any responsibility for the accuracy, completeness, sufficiency or fairness of any documents, information or financial data supplied by the Issuer, the Institution, the Organization or the Trustee in connection with the Initial Bonds, the Indenture, the Loan Agreement, the Use Agreement, the Mortgage, the Tax Regulatory Agreement, the Assignment of Mortgage, the Continuing Disclosure Agreement, the Bond Purchase Agreement, the Pledge and Security Agreement, the Lease and the Project, and we make no representation that we have independently verified the accuracy, completeness, sufficiency or fairness of any such documents, information or financial data.

We express no opinion with respect to the registration requirements under the Securities Act of 1933, as amended, the registration or qualification requirements under the Trust Indenture Act of 1939, as amended, the registration, qualification or other requirements of State Securities laws or the availability of exemptions therefrom.

We express no opinion as to the sufficiency of the description of the Facility Realty or the Facility Personalty contained in the Loan Agreement or as to the adequacy, perfection or priority of any security interest in any collateral securing the Initial Bonds.

We express no opinion with respect to whether the Issuer, the Institution or the Organization (i) have complied with environmental laws, (ii) have obtained any or all necessary governmental approvals, consents or permits in connection with the construction, renovation, equipping, furnishing and operation of the Facilities, or (iii) have complied with the New York Labor Law or other applicable laws, rules, regulations, orders and zoning and building codes, all in connection with the construction, renovation, equipping, furnishing and operation of the Facilities.

The opinions expressed herein may be relied upon by the addressee and may not be relied upon by any other person without our prior written consent.

Very truly yours,

APPENDIX H

FORM OF CONTINUING DISCLOSURE AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “**Agreement**”) is entered into as of this September 23, 2021, by and among The ICS Foundation, Inc. (the “**Borrower**”), Integration Charter Schools (the “**Education Corporation**”) and U.S. Bank National Association, as dissemination agent (the “**Dissemination Agent**”), in connection with the issuance of Build NYC Resource Corporation’s (the “**Issuer**”) (a) Revenue Bonds (Richmond Preparatory Charter School Project) Series 2021A (Social Impact Project) (the “**Series 2021A Bonds**”), in the aggregate principal amount of \$36,135,000 and (b) Taxable Revenue Bonds (Richmond Preparatory Charter School Project) Series 2021B (Social Impact Project) (the “**Series 2021B Bonds**” and together with the Series 2021A Bonds, the “**Bonds**”), in the aggregate principal amount of \$715,000. The Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2021 (the “**Indenture**”), by and between Build NYC Resource Corporation (the “**Issuer**”) and U.S. Bank National Association, as trustee (the “**Trustee**”), including any amendments or supplements thereto.

In consideration of the purchase of such Bonds by the owners thereof, the Borrower and the Education Corporation hereby covenant and agree as follows:

Section 1. Purpose of this Agreement. This Agreement is entered into by the Borrower and the Education Corporation as of the date set forth below, for the benefit of the holders and owners (the “**Bondholders**”) of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below).

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires. Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Covenant Agreement and Loan Agreement (each as defined below).

“*Annual Financial Information*” means (i) operational data for the Education Corporation for the current year in the form of Exhibit I hereto, and (ii) a copy of the audit report of the Borrower and the Education Corporation as certified by independent public accountants.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4(a).

“*Audited Financial Statements*” means the audited consolidated financial statements of the Borrower and the Education Corporation, prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

“*Authorizer*” means the Board of Regents of the University of the State of New York on behalf of the New York State Education Department, or any other body subsequently authorized by the State of New York to grant, revoke, suspend charters issued to the Education Corporation.

“*Commission*” means the Securities and Exchange Commission.

“*Covenant Agreement*” means the Covenant Agreement, dated as of September 1, 2021, by the Trustee and the Education Corporation.

“*Dissemination Agent*” means, initially, U.S. Bank National Association, its successors and assigns, and, thereafter, any agent designated as such in writing by the Borrower and the Education Corporation and which has filed with the Borrower and the Education Corporation a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Fiscal Year*” means each year ending June 30, commencing with the Fiscal Year ending June 30, 2022.

“*Loan Agreement*” means the Loan Agreement dated as of September 1, 2021, among the Issuer, the Borrower and the Education Corporation.

“*Material Event*” means the occurrence of any of the events with respect to the Bonds set forth in Exhibit IV.

“*Material Events Disclosure*” means dissemination of a notice of a Material Event as set forth in Section 5 hereof.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Other Information*” means the information as set forth in Section 4(c).

“*Other Information Disclosure*” means the dissemination of disclosure concerning the information as set forth in Section 4(c).

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Bonds.

“*Prescribed Form*” means, with regard to the filing of Annual Financial Information, Audited Financial Statements, Other Information and notices of Material Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“*Quarterly Financial Information*” means the information as set forth in Section 4(b).

“*Quarterly Financial Information Disclosure*” means the dissemination of disclosure concerning the information as set forth in Section 4(b).

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*Schools*” mean the public charter schools known as John W. Lavelle Preparatory Charter School, New Ventures Charter School, Lois and Richard Nicotra Early College Charter School, and Richmond Preparatory Charter School, operated by the Education Corporation.

“*State*” means the State of New York.

“*Undertaking*” means the obligations of the Borrower and the Education Corporation pursuant to Sections 4 and 5.

Section 3. CUSIP Number/Final Limited Offering Memorandum. The CUSIP Number of the final maturity of the Series 2021A Bonds is 12008E SC1 and the Series 2021B Bonds is 12008E SD9. The Final Limited Offering Memorandum relating to the Bonds is dated September 15, 2021 (the “**Final Limited Offering Memorandum**”).

Section 4. Annual Financial Information Disclosure; Quarterly Financial Information Disclosure; Other Information Disclosure.

(a) Annual Financial Information and Audited Financial Statements. Subject to Section 9 of this Agreement, the Borrower and the Education Corporation hereby covenant that each will, or will cause the Dissemination Agent to, disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I hereto) by delivering such Annual Financial Information and the Audited Financial Statements to the MSRB within fifteen (15) days after the date required for filing the Borrower’s and the Education Corporation’s audited financial statements with the State and the Authorizer, respectively, but in no case later than 210 days after the end of each Fiscal Year, commencing with Fiscal Year ended June 30, 2021. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with Generally Accepted Accounting Principles as described in the final Limited Offering Memorandum will be included in the Annual Report. It shall be sufficient if the Borrower or the Education Corporation provides to the MSRB any or all of the Annual Financial Information Disclosure by specific reference to documents previously provided to the MSRB or the Commission and, if such document is a Final Limited Offering Memorandum within the meaning of the Rule, available from the MSRB.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Borrower or the Education Corporation will, or will cause the Dissemination Agent to, disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

(b) Quarterly Financial Information. Subject to Section 9 of this Agreement, the Borrower and the Education Corporation shall, or shall cause the Dissemination Agent to, disseminate the Quarterly Financial Information (in the form and by the dates set forth

below in subsection (d) and in Exhibit II hereto) by delivering such Quarterly Financial Information to the MSRB within forty-five (45) days after the close of each such quarter commencing with the quarter ending September 30, 2021.

(c) Other Information. Subject to Section 9 of this Agreement, the Borrower and the Education Corporation shall, or shall cause the Dissemination Agent to disseminate Other Information (in the form and by the dates set forth below in subsection (d) and Exhibit III hereto) by delivering such Other Information Disclosure to the MSRB within the dates specified in Exhibit III hereto.

(d) Disclosure in Prescribed Form. The Borrower and the Education Corporation are required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

(e) Information Regarding Facilities. Notwithstanding any provision hereof to the contrary, Borrower and the Education Corporation's obligations to provide reporting regarding its operations at the Facilities shall commence upon the earlier of (i) the receipt of a temporary certificate of occupancy for the Facilities or (ii) the date on which students first attend class in the Facilities.

Section 5. Material Events Disclosure. The Borrower and the Education Corporation hereby covenant that each will, or will cause the Dissemination Agent to, disseminate in a timely manner, not in excess of ten (10) business days after the occurrence of the event, Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Bonds pursuant to the Indenture. From and after the Effective Date, the Borrower and the Education Corporation are required to deliver such Material Events Disclosure in the same manner as provided by Section 4 of this Agreement.

Section 6. Duty to Update EMMA/MSRB. The Borrower and the Education Corporation shall determine, in the manner each deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 7. Consequences of Failure of the Borrower and the Education Corporation to Provide Information. The Borrower and the Education Corporation shall, or shall cause the Dissemination Agent to, give notice in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure, Quarterly Financial Information Disclosure or Other Information Disclosure when the same is due hereunder.

In the event of a failure of the Borrower and the Education Corporation to comply with any provision of this Agreement, the Bondholder of any Bond may seek specific performance by court order to cause the Borrower and the Education Corporation to comply with their obligations under this Agreement.

If there exists a Dissemination Agent and such Dissemination Agent is unable to verify that any information required to be provided to the MSRB by in Exhibit I and Exhibit II by the date required therein, the Dissemination Agent shall send a notice to the MSRB and the Participating Underwriter in substantially the form attached hereto as Exhibit VI.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the Borrower, the Education Corporation and the Dissemination Agent, if any, may amend this Agreement with the prior written consent of the Majority Holders.

Section 9. Termination of Undertaking. The Undertaking of the Borrower and the Education Corporation shall be terminated hereunder when the Borrower shall no longer have any legal liability for any obligation on or relating to the repayment of the Bonds. The Borrower shall, or shall cause the Dissemination Agent to, give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

Section 10. Dissemination Agent.

(a) The Borrower and the Education Corporation have appointed U.S. Bank National Association as its Dissemination Agent, and may, from time to time, appoint or engage a different Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower and the Education Corporation pursuant to this Agreement. Notwithstanding anything to the contrary herein, the Dissemination Agent shall not be responsible for any determination as to the adequacy of the contents or format of any Annual Financial Information Disclosure, Quarterly Financial Information Disclosure or Other Information Disclosure, and as to the materiality of any Material Event.

(b) The duties of the Dissemination Agent are to:

(i) contact the Borrower and the Education Corporation at least thirty (30) days before each Annual Financial Information Disclosure, Quarterly Financial Information Disclosure, and Other Information Disclosure is due under this Agreement; excluding the Other Information required under Exhibit III.

(ii) (A) send the draft templates to Borrower and the Education Corporation management, with those sections completed that can be obtained from publicly available data for each Annual Financial Information Disclosure, Quarterly Financial Information Disclosure, and Other Information Disclosure in the Prescribed Form; and (B) file such information on EMMA;

(iii) e-mail alert to the Borrower and the Education Corporation, the Participating Underwriter and the Trustee when any documents are filed on EMMA;

(iv) post notice on EMMA when the Borrower and the Education Corporation misses a Continuing Disclosure filing deadline in the form set forth in Exhibit VI;

(v) post notice on EMMA when it receives notice of a Material Event at the Borrower and the Education Corporation listed on Exhibit IV; and

(vi) assist the Borrower and the Education Corporation to arrange investor calls in coordination with the Participating Underwriter as required under Section 16 hereof.

(c) The Dissemination Agent does not serve as an auditor, financial advisor, broker-dealer or underwriter, is not providing “advice” under Dodd-Frank Wall Street Reform and Consumer Protection Act and does not certify the completeness or accuracy of the Template or any information given by the Borrower and the Education Corporation to U.S. Bank National Association for filing on EMMA.

(d) In the event of a failure of the Borrower or the Education Corporation to comply with any provision of this Agreement, the Bondholder of any Bond may seek specific performance by court order to cause the Borrower and the Education Corporation to comply with their obligations under this Agreement.

(e) The Dissemination Agent is due a one-time set-up fee at closing, and an annual fee payable in advance on the Closing Date and on each anniversary of the Closing Date, subject to Paragraph 9 hereof.

Section 11. Indemnification. The Borrower and the Education Corporation will indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Agreement and the applicable, related agency agreement, including the costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding liabilities due to the negligence or willful misconduct of the Dissemination Agent. The obligations of the Borrower and the Education Corporation under this Section will survive resignation or removal of the Dissemination Agent and payment of the Bonds for a period of one (1) year.

Section 12. Additional Information. Nothing in this Agreement shall be deemed to prevent the Borrower or the Education Corporation from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information, Quarterly Information, Other Information, or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Borrower or the Education Corporation chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Borrower and the Education Corporation shall not have any obligation under this Agreement to update such information or include it in any future disclosure or notice of the occurrence of a Material Event. The Dissemination Agent shall disseminate all information required to be posted to EMMA pursuant to Section 5(C) of the Covenant Agreement.

Section 13. Beneficiaries. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Borrower, the Education Corporation, the Dissemination Agent, if any, the Trustee and the Bondholders of the Bonds, and shall create no rights in any other person or entity.

Section 14. Recordkeeping. The Borrower and the Education Corporation shall maintain records of all Annual Financial Information Disclosure, Quarterly Information Disclosure, Other Information Disclosure, and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 15. Past Compliance. The Borrower and the Education Corporation represent that this Agreement is their first continuing disclosure undertaking entered into by it pursuant to the Rule.

Section 16. Investor Calls. The Dissemination Agent shall provide notice of each investor call required under the Covenant Agreement in a timely manner but in no event less than ten (10) business days prior to the date set for each such conference call.

Section 17. Assignment. The Borrower and the Education Corporation shall not transfer its obligations under the Indenture, the Loan Agreement unless the transferee agrees to assume all obligations of the Borrower or the Education Corporation under this Agreement or to execute a Continuing Disclosure Agreement under the Rule in a form approved by the Majority Holders.

Section 18. No Indebtedness of the State. No indebtedness of any kind incurred or created by the Borrower or the Education Corporation shall constitute an indebtedness of the State or its political subdivisions (including the Authorizer, and no indebtedness of the Borrower or the Education Corporation shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.

Section 19. Governing Law. This Agreement shall be governed by the laws of the State.

Dated as of the date first set forth above.

THE ICS FOUNDATION, INC.

By: _____
Michael Caridi, Chair

INTEGRATION CHARTER SCHOOLS

By: _____
Dr. Kenneth Byalin, President

**U.S. BANK NATIONAL ASSOCIATION, as
Dissemination Agent**

By: _____
Name: _____
Title: _____

[Signature Page to Continuing Disclosure Agreement]

EXHIBIT I

ANNUAL INFORMATION

Completion of the following tables, annually, commencing with the Fiscal Year ending June 30, 2022, to the extent not provided in the Annual Audit:

Education Corporation Trustees and Officers of the Board			
Name	Position	Initial Start Date	Current Term Expiration (November)

Education Corporation Employees					
	Lavelle Prep	New Ventures	Nicotra	Richmond Prep	Central
Administration					
Teachers					
Teacher Assistants					
Total					

Teacher Experience and Education	
	20__ -20__
0-5 Years' Experience	
5-10 Years' Experience	
Over 10 Years' Experience	
Total	

Lavelle Prep Historical Teacher Retention Rates ¹	
Year	Percent Retained
From 20__ to 20__	%

New Ventures Historical Teacher Retention Rates ¹	
Year	Percent Retained
From 20__ to 20__	%

**Nicotra
Historical Teacher Retention Rates ¹**

Year	Percent Retained
From 20__ to 20__	%

**Enrollment – Lavelle
Prep**

Grade	20__ - 20__
K	
1 st	
2 nd	
3 rd	
4 th	
5 th	
6 th	
7 th	
8 th	
9 th	
10 th	
11 th	
12 th	
Total	

**Enrollment – New
Ventures**

Grade	20__ - 20__
9 th	
10 th	
11 th	
12 th	
Total	

Enrollment – Nicotra

Grade	20__ - 20__
8 th	
9 th	
10 th	
11 th	
12 th	
Total	

Enrollment by Grade Level – Richmond Prep	
Grade	20__ - 20__
6 th	
7 th	
8 th	
9 th	
10 th	
11 th	
12 th	
Total Enrollment	

Retention Rate by School Year — Lavelle Prep	
School Year	Percent Retention from Previous School Year
From 20__ to 20__	%

Retention Rate by School Year — New Ventures	
School Year	Percent Retention from Previous School Year
From 20__ to 20__	%

Retention Rate by School Year — Nicotra	
School Year	Percent Retention from Previous School Year
From 20__ to 20__	%

Retention Rate by School Year — Richmond Prep	
School Year	Percent Retention from Previous School Year
From 20__ to 20__	%

**Wait List Summary –
Lavelle Prep**

Grade **20__ - 20__**

K
1st
2nd
3rd
4th
5th
6th
7th
8th
9th
10th
11th
12th
Total

**Wait List Summary –
New Ventures**

Grade **20__ - 20__**

10th
11th
12th
Total

Wait List Summary – Nicotra

Grade **20__ - 20__**

8th
9th
10th
11th
12th
Total

**Wait List Summary –
Richmond Prep**

Grade **20__ - 20__**

6th
7th
8th
9th
10th
11th
12th
Total

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

20__ - 20__

Grade	Lavelle Prep	Nicotra	Richmond Prep	CSD 31
3 rd	%	%	%	%
4 th				
5 th				
6 th				
7 th				
8 th				

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

20__ - 20__

Grade	Lavelle Prep	Nicotra	Richmond Prep	CSD 31
3 rd	%	%	%	%
4 th				
5 th				
6 th				
7 th				
8 th				

Average Student Performance Scores: 8th Grade Science

**Examination
Pass Rate**

School Year	Lavelle Prep	Nicotra	New Ventures	Richmond Prep	CSD 31	State
20__ - 20__	%					%

20__-20__ New York State Regents Exam Results Examination Pass Rate

Subject	Lavelle	Nicotra	New Ventures	Richmond Prep	State
ELA					
Algebra 1					
Geometry					
Algebra II					
Living Environment					
Earth Science					
Chemistry					
Global History					
US History					

4 Year High School Graduation Rates			
School Year	Lavelle Prep	Richmond Prep	State
20__-20__	%	%	%

6 Year High School Graduation Rates*		
School Year	New Ventures	State Transfer High School
20__-20__	%	%

* 6-year graduation rate is a more accurate measure of transfer high school graduation rates.

Distribution of Lavelle Prep Students by Zip Code for 20__ - 20__ School Year			
Zip Code	Percentage of Elementary Students	Percentage of Middle School Students	Percentage of High School Students

Distribution of Nicotra Students by Zip Code for 20__-20__ School Year	
Zip Code	Percent

Distribution of New Ventures Students by Zip Code for 20__-20__ School Year

Zip Code	Percent
----------	---------

Distribution of Richmond Prep Students by Zip Code for 20__-20__ School Year

Zip Code	Percent
----------	---------

Competing Schools by Zip Code for 20__-20__ School Year

Zip Code	Elementary School	Middle Schools	High Schools
----------	-------------------	----------------	--------------

1

Historic Per Pupil Funding Chart for New York City-based Charter Schools

School Year	Per Pupil Funding ¹
20__ - 20__	\$

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

EXHIBIT II

QUARTERLY INFORMATION

1. Within forty-five (45) days following the end of each calendar quarter, or as otherwise set forth below, the Education Corporation shall provide each of the following reports:
 - a. unaudited financial statements for the previous quarter and Fiscal Year to date reflecting revenues and expenses in comparative form with the Education Corporation's then current operating budget for the Education Corporation (e.g. actual to budget);
 - b. quarterly enrollment by each of the Schools, and by grade within each of the Schools, together with waitlist information, if applicable. Waitlist information shall include number of potential students by grade, but shall not include any personally identifiable information; and
 - c. a statement explaining for any material deviations of the foregoing data.

EXHIBIT III
OTHER INFORMATION

- (a) Periodic Reports. Within thirty (30) days of such event, the Education Corporation shall provide each of the following reports:
- (i) A copy of the Education Corporation's adopted annual operating budget and capital budget for the Education Corporation's present Fiscal Year, within thirty (30) days of its adoption by the Board of Trustees, commencing with the Fiscal Year ending June 30, 2023; and
 - (ii) A copy of material revisions, if any, to the Education Corporation's annual budgets or capital budgets for the Education Corporation and as approved by its Board of Trustees within thirty (30) days of adoption by the Board of Trustees.

EXHIBIT IV

EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Nonpayment-related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Borrower or Education Corporation *
13. The consummation of a merger, consolidation or acquisition involving the Borrower or Education Corporation or the sale of all or substantially all of the assets of the Borrower or the Education Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. Incurrence of a financial obligation of the Borrower or the Education Corporation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower or the Education Corporation, any of which affect security holders, if material

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower or the Education Corporation in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower or the Education Corporation, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower or the Education Corporation.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower or the Education Corporation, any of which reflect financial difficulties

EXHIBIT V-1

CERTIFICATE OF AUTHORIZED REPRESENTATIVE OF THE EDUCATION CORPORATION

I, _____, as the Authorized Representative for the Education Corporation, hereby certifies as of the date hereof that other than as described herein:

1. The information contained in the Template prepared on the date hereof is true and correct in all material respects.
2. There have been no notices of potential adverse actions of which the Education Corporation has been notified; adopted corrective plans of action, adverse actions or restrictions; charter non-renewals or revocations by the charter authorizer and status updates on appeals or actions taken by the Education Corporation in response.
3. There have been no notices of investigations or actions taken by regulatory agencies (such as the SEC, for example).
4. There has been no litigation (including any matters of criminal misconduct) against the Education Corporation, members of the Board of Trustees or employees to the extent such action is expected to materially affect operations and/or the Education Corporation finances.
5. There have been no casualty losses, to extent daily operations are disrupted for more than 7-10 days, with information about insurance coverage.
6. There have been no non-scheduled terminations by the Board of Trustees, or resignations of, key school administrative personnel employed by the Education Corporation and/or management contracts; as well as material changes in members of the Board of Trustees (such as a mass resignation, for example).
7. There have been no building code, or other public health and safety violations at the Facilities that disrupt operations at the Facilities for more than 7-10 days.
8. The Education Corporation is in compliance with the insurance requirements under the Security Documents or Bond Documents.
9. There are no material defaults applicable to the Education Corporation which exist under the Bond Documents.
10. No Material Events as set forth in Exhibit IV have occurred that have not been disclosed on EMMA.

INTEGRATION CHARTER SCHOOLS

By: _____
Authorized Representative

Dated: _____, 20__.

EXHIBIT V-2

CERTIFICATE OF AUTHORIZED REPRESENTATIVE OF THE BORROWER

I, _____, as the Authorized Representative for the Borrower, hereby certifies as of the date hereof that other than as described herein:

1. The information contained in the template prepared on the date hereof is true and correct in all material respects.
2. There have been no notices of potential adverse actions of which the Borrower has been notified with respect to its corporate status.
3. There have been no notices of investigations or actions taken by regulatory agencies (e.g. the SEC).
4. There has been no litigation (including any matters of criminal misconduct) against the Borrower, board members or employees to the extent such action is expected to materially affect operations and/or Borrower finances.
5. There have been no casualty losses, to the extent daily operations are disrupted for more than 7-10 days, with information about insurance coverage.
6. There have been no non-scheduled terminations by the Board of Directors, or resignations of, key administrative personnel employed by the Borrower (if any) and/or management contracts, as well as material changes in members of the Board of Directors (e.g. mass resignation).
7. The Borrower is in compliance with the insurance requirements under the Security Documents or Bond Documents.
8. There are no material defaults applicable to the Borrower which exist under the Bond Documents.
9. No Material Events as set forth in Exhibit IV have occurred that have not been disclosed on EMMA.

THE ICS FOUNDATION, INC.

By: _____
Authorized Representative

Dated: _____, 20__.

EXHIBIT VI

FORM OF NOTICE TO THE MSRB OF FAILURE TO FILE [_____]

Name of Issuer: Build NYC Resource Corporation

Name of Issue: (i) (a) Revenue Bonds (Richmond Preparatory Charter School Project) Series 2021A (Social Impact Project) (the “Series 2021A Bonds”), in the aggregate principal amount of \$36,135,000 and (b) Taxable Revenue Bonds (Richmond Preparatory Charter School Project) Series 2021B (Social Impact Project) (the “Series 2021B Bonds” and together with the Series 2021A Bonds, the “Bonds”), in the aggregate principal amount of \$715,000.

Name of Borrower: The ICS Foundation, Inc.

Name of Education Corporation: Integration Charter Schools

Date of Issuance: September 15, 2021

NOTICE IS HEREBY GIVEN that the [Borrower] [and] [the Education Corporation] has/have not provided [_____] with respect to the above-named Bonds as required by the Continuing Disclosure Undertaking Agreement with respect to the Bonds. The Borrower [and] [the Education Corporation] has/have notified the Dissemination Agent that it anticipates [_____] will be filed by _____, 20__.

Dated: _____, 20__.

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Signatory

cc: Borrower

APPENDIX I

BOOK-ENTRY ONLY SYSTEM

The information in this APPENDIX I concerning DTC (as defined below), Cede & Co. and the Book-Entry System has been furnished by DTC for use in disclosure documents such as this Limited Offering Memorandum. The Issuer and the Underwriter believe such information to be reliable, but neither the Issuer nor the Underwriter takes any responsibility for the accuracy or completeness thereof.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the securities discussed in the body of this Limited Offering Memorandum (the “**Series 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 2021 Bond certificate will be issued for each maturity of the 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**”). DTC has a Standard & Poor’s of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2021 Bonds under the DTC system must be made by or through Direct Participants which will receive a credit for the Series 2021 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2021 Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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 affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping 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 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of the notices be provided directly to them.

Redemption notices are required to be sent to DTC. If less than all of the Series 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 and the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

A Beneficial Owner will give notice to elect to have its Series 2021 Bonds purchased or tendered, through its Participant, to the Trustee, and will effect delivery of such Series 2021 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2021 Bonds, on DTC's records, to the Trustee.

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 and 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 in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy or completeness thereof.

THE INFORMATION ABOVE DISCUSSING THE BOOK-ENTRY SYSTEM HAS BEEN FURNISHED BY DTC. NO REPRESENTATION IS MADE BY THE ISSUER, THE BORROWER, THE EDUCATION CORPORATION OR THE UNDERWRITER AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY THE ISSUER, THE BORROWER, THE EDUCATION CORPORATION, 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 BONDS, OR FOR ANY PRINCIPAL OF, SINKING FUND INSTALLMENT, REDEMPTION PREMIUM, IF ANY, OR INTEREST PAYMENT THEREON.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX J

FORM OF INVESTMENT CERTIFICATE

Build NYC Resource Corporation
One Liberty Plaza
New York, New York 10006
Attn: Executive Director

The undersigned, as agent for the initial purchaser or purchasers of the herein defined Series 2021 Bonds (the “**Purchaser**”), HEREBY ACKNOWLEDGES receipt from D.A. Davidson & Co. (the “**Underwriter**”), of the Build NYC Resource Corporation’s (the “**Issuer’s**”) (a) Revenue Bonds (Richmond Preparatory Charter School Project) Series 2021A (Social Impact Project) (the “**Series 2021A Bonds**”), in the aggregate principal amount of \$36,315,000, and (b) Taxable Revenue Bonds (Richmond Preparatory Charter School Project) Series 2021B (Social Impact Project) (the “**Series 2021B Bonds**” and together with the Series 2021A Bonds, the “**Series 2021 Bonds**”), in the aggregate principal amount of \$715,000, which Series 2021 Bonds are more particularly described in a certain Indenture of Trust, dated as of September 1, 2021 (the “**Indenture**”), between the Issuer and U.S. Bank National Association, as trustee (the “**Trustee**”) (capitalized terms used but not defined herein shall have the respective meaning set forth in the Indenture).

The undersigned REPRESENTS to the Issuer as follows:

1. It has received the information with respect to Integration Charter Schools (the “**Education Corporation**”) and The ICS Foundation, Inc. (the “**Borrower**”), and their affairs, which the Purchaser has requested, including financial statements and the Limited Offering Memorandum, dated September 15, 2021 (the “**Limited Offering Memorandum**”), and that any and all information relating to the Borrower or the Education Corporation and their respective affairs, which the Purchaser has requested, has been provided to the Purchaser by the Borrower and the Education Corporation and not the Issuer.

2. It has read the Indenture, the Loan Agreement, the Tax Regulatory Agreement, the Promissory Notes, and the other Project Documents.

3. The undersigned is purchasing the Series 2021 Bonds for its own account or accounts for which it serves as discretionary investment adviser and not in the capacity of a bond house, broker or other distribution intermediary, nor with a view to the distribution or resale thereof, provided that the Purchaser reserves its rights to dispose of all or any part of the Series 2021 Bonds in accordance with the Indenture if in the future it deems it advisable to do so.

4. It has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment, and acknowledges that it is able to bear the economic risk of this investment.

5. It has not offered, offered to sell, offered for sale or sold the Series 2021 Bonds by means of any form of general solicitation or general advertising and the Purchaser is not an underwriter within the meaning of Section 2(11) of the Securities Act of 1933, as amended, and will only sell the Series 2021 Bonds, should it choose to do so, in accordance with applicable law and in compliance with the restrictions set forth in the Indenture.

6. It understands that the Series 2021 Bonds being purchased shall be special limited revenue obligations of the Issuer, payable by the Issuer solely from the loan payments, revenues and receipts payable by the Borrower under the Loan Agreement and the Promissory Notes, and that the Series 2021 Bonds do

not constitute a debt of the State of New York or The City of New York, and neither the State of New York nor The City of New York is liable on the Series 2021 Bonds.

7. It understands that the Issuer has no power of taxation.

8. It understands that the Issuer and its members, directors, officers or agents (including the person or persons executing the Series 2021 Bonds on behalf of the Issuer) shall not be liable personally or be subject to any personal liability or accountability by reason of or in connection with the issuance thereof. It is understood that underwriters and bond counsel are not considered agents of the Issuer.

9. It understands that the Issuer makes no representation or warranty, express or implied, with respect to the merchantability, condition or workmanship of any part of the Facilities or the suitability of the Facilities for the purposes or needs of the Borrower or the Education Corporation or the extent to which proceeds derived from the sale of the Series 2021 Bonds will be sufficient to pay the cost of Series 2021 Project.

10. It is not relying on the Issuer with respect to the financial condition of the Borrower or the Education Corporation, or the creditworthiness of the Borrower or the Education Corporation, or the competency or integrity of the management of the Borrower or the Education Corporation, or of the suitability of the Facilities for the business or purposes of the Borrower or the Education Corporation. It has made an independent evaluation of the factors aforementioned in this *paragraph 10* without reliance upon the Issuer for any of them.

11. It has not relied upon the determination of the Issuer to issue its revenue bonds to finance the cost of Series 2021 Project for any purpose of an evaluation of the financial condition or creditworthiness of the Borrower or the Education Corporation, or of the competency or integrity of the management of the Borrower or of the Education Corporation or of the suitability of the Facilities for the business or purposes of the Borrower or of the Education Corporation or for any other purpose.

12. It understands that the Issuer does not in any way represent that the insurance required by the Loan Agreement or any other Project Document, whether in scope or coverage or limits of coverage, is adequate or sufficient to protect the business or interest of the Borrower or the Education Corporation.

13. It is a “Qualified Institutional Buyer” as that term is defined in Securities Exchange Commission Rule 144A (17 C.F.R. §230.144A) or any similar successor regulation or statute. For the avoidance of doubt, the Bonds are not being sold pursuant to Securities Exchange Commission Rule 144A (17 C.F.R. §230.144A) and the reference to Securities Exchange Commission Rule 144A (17 C.F.R. §230.144A) in the first sentence of this paragraph 14 is being used solely for defining “Qualified Institutional Buyer”.

[PURCHASER]

Dated: [_____]

By: _____
Name:
Title:



GREAT SCHOOLS FOR STUDENTS AND TEACHERS



Printed by: ImageMaster, LLC
www.imagemaster.com