

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

\$63,110,000

BUILD NYC RESOURCE CORPORATION
Revenue Bonds
(Shefa School Project), Series 2021A

\$2,565,000

BUILD NYC RESOURCE CORPORATION
Revenue Bonds
(Shefa School Project), Series 2021B (Taxable)

Dated: Date of Issuance**Due: June 15, as shown on the inside cover**

The Build NYC Resource Corporation Revenue Bonds (Shefa School Project), Series 2021A (the “Series 2021A Bonds”) and Revenue Bonds (Shefa School Project), Series 2021B (Taxable) (the “Series 2021B Bonds”) and, together with the Series 2021A Bonds, the “Series 2021 Bonds”) are being issued by Build NYC Resource Corporation (the “Issuer”) to (1) finance the leasehold renovation, and furnishing and equipping, of an approximately 76,511 square foot eleven floor building being leased under a 99-year lease (the “Project Building Lease”) to the Shefa School, a New York not-for-profit education corporation (the “Institution”), and located on an approximately 7,330 square foot parcel of land having an address of 17 West 60th Street, New York, New York 10023 (the “Facility”); (2) fund capitalized interest and a separate debt service reserve fund with respect to each of the Series 2021A Bonds and the Series 2021B Bonds; and (3) pay for certain costs related to the issuance of the Series 2021 Bonds. The Facility will be used by the Institution as a private Jewish day school that will provide educational services for students with language-based learning disabilities from first grade through eighth grade. Subsequent to the issuance of the Series 2021 Bonds, the Institution intends to subject the Leased Premises (as defined herein) to a leasehold condominium regime (in connection with seeking an exemption from payment of real estate taxes as described herein) pursuant to which the Institution will own two or more leasehold condominium units.

The Series 2021 Bonds are special limited revenue obligations of the Issuer and shall be payable by the Issuer as to the principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on, the Series 2021 Bonds from, and secured by loan payments made by the Institution pursuant to the Loan Agreement dated as of August 1, 2021 to be entered into between the Issuer and the Institution (the “Loan Agreement”) and from the amounts on deposit in certain funds and accounts established therefor under the Indenture (as hereinafter defined). The Issuer’s right to receive loan payments and substantially all of the other rights of the Issuer under the Loan Agreement (except for the Issuer’s Reserved Rights as defined herein) will be pledged and assigned to U.S. Bank National Association, as Trustee (the “Trustee”) under the Indenture to secure the payment of the Series 2021 Bonds.

The Series 2021 Bonds will be issued pursuant to an Indenture of Trust dated as of August 1, 2021 (the “Indenture”), to be entered into between the Issuer and the Trustee, and will be issued as fully registered bonds in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”). DTC will act as securities depository for the Series 2021 Bonds. Purchases of the Series 2021 Bonds will be made in book-entry only form. See “THE SERIES 2021 BONDS - Book-Entry Only System” herein. Purchases of beneficial ownership interests in the Series 2021A Bonds or in the Series 2021B Bonds may be made only in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof. Beneficial owners (as hereinafter defined) of the Series 2021 Bonds will not receive certificates representing their interests in the Series 2021 Bonds.

Interest on the Series 2021 Bonds will be payable on each June 15 and December 15, commencing December 15, 2021 (or if any such day is not a Business Day, on the immediately succeeding Business Day). So long as DTC or its nominee is the registered owner of the Series 2021 Bonds, references herein to Bondholders or holders of the Series 2021 Bonds shall mean Cede & Co., and payments of the principal, Sinking Fund Installments, Purchase Price or Redemption Price of, and interest on the Series 2021 Bonds will be made directly to DTC by the Trustee as paying agent.

The Series 2021 Bonds are subject to optional redemption, extraordinary redemption and mandatory redemption as described herein.

The Underwriter is offering the Series 2021 Bonds at initial issuance only to Qualified Institutional Buyers as defined in Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”); provided that subsequent transfers of the Series 2021 Bonds may be made only to Qualified Institutional Buyers or “accredited investors” (within the meaning of Rule 501 of Regulation D under the Securities Act). See “THE SERIES 2021 BONDS – Deemed Representation by Holders” herein.

THE SERIES 2021 BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, PURCHASE PRICE OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, AND INTEREST ON SOLELY FROM THE PAYMENTS MADE BY THE INSTITUTION UNDER THE LOAN AGREEMENT AND THE PROMISSORY NOTES (AS HEREINAFTER DEFINED), AND FROM THE TRUST ESTATE (AS HEREINAFTER DEFINED). NEITHER THE STATE OF NEW YORK (THE “STATE”) NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF NEW YORK (THE “CITY”), SHALL BE OBLIGATED TO PAY THE PRINCIPAL, PURCHASE PRICE 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, PURCHASE PRICE OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, OR INTEREST ON, THE SERIES 2021 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE, SERVANT OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

THE SERIES 2021 BONDS ARE NOT RATED. AN INVESTMENT IN THE SERIES 2021 BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK AND IS NOT APPROPRIATE FOR UNSOPHISTICATED INVESTORS. AN INVESTOR IS ADVISED TO READ THE ENTIRE LIMITED OFFERING MEMORANDUM, INCLUDING THE APPENDICES HERETO. SPECIAL REFERENCE IS MADE TO THE SECTIONS “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS” AND “BONDHOLDERS’ RISKS” HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2021 BONDS.

The Series 2021 Bonds are offered when, as and if issued by the Issuer, subject to prior sale, withdrawal or modification of the offer without notice, and subject to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by its General Counsel, for the Institution by its special counsel Herrick, Feinstein LLP, New York, New York, and for the Underwriter by McCarter & English, LLP, New York, New York. It is expected that delivery of the Series 2021 Bonds will take place through the facilities of DTC on or about August 4, 2021.

CITIGROUP

\$65,675,000
BUILD NYC RESOURCE CORPORATION
REVENUE BONDS (SHEFA SCHOOL PROJECT)

Consisting of:

\$63,110,000
Series 2021A Bonds

\$7,060,000 2.500% Term Bond due June 15, 2031 to Yield 2.500% CUSIP⁽¹⁾ 12008ERVO

\$56,050,000 5.000% Term Bond due June 15, 2051 to Yield 2.900%^C CUSIP⁽¹⁾ 12008ERW8

\$2,565,000
Series 2021B Bonds (Taxable)

\$2,565,000 4.000% Term Bond due June 15, 2027 to Yield 4.000% CUSIP⁽¹⁾ 12008ERX6

^C Yield calculated to earliest optional redemption date, June 15, 2031

⁽¹⁾ Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, operated on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Series 2021 Bonds. Neither the Issuer nor the Underwriter is responsible for the selection or uses of the CUSIP numbers, and no representation is made as to their correctness on the Series 2021 Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Series 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2021 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2021 Bonds.

No dealer, broker, salesman or other person has been authorized by the Issuer, the Institution or the Underwriter to give any information or to make any representations with respect to the Series 2021 Bonds, other than the information and representations contained in this Limited Offering Memorandum. If given or made, any such information or representation must not be relied upon as having been authorized by the Issuer, the Institution or the Underwriter.

This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2021 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Issuer has provided the information set forth under the captions “THE ISSUER” and “ABSENCE OF LITIGATION – The Issuer.” All other information has been obtained from the Institution and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and it is not to be construed as a representation or warranty of, either of the Issuer or the Underwriter. The information and expressions of opinion set forth 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 part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “anticipate,” “budget,” “intend,” “projection” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information in “APPENDIX A – THE SHEFA SCHOOL.” Such forward-looking statements speak only as of the date of this Limited Offering Memorandum. In addition, forward-looking statements and reports included in this Offering Memorandum do not contemplate the economic or other effects related to the COVID-19 pandemic, unless specifically referenced.

Forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Institution. **THE INSTITUTION DISCLAIMS ANY OBLIGATION OR UNDERTAKING TO RELEASE PUBLICLY ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGE IN ITS EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED. SEE “BONDHOLDERS’ RISKS.”**

The contents of this Limited Offering Memorandum are not to be construed as legal, business or tax advice. Prospective investors should consult their own attorneys and business and tax advisors as to legal, business and tax advice. In making an investment decision, prospective investors must rely on their own examination of the terms of the offering of the Series 2021 Bonds, including the merits and risks

involved. This Limited Offering Memorandum is not to be construed as a contract or agreement between the Issuer and the purchasers or holders of any Series 2021 Bonds.

THE SERIES 2021 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, 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.

References in this Limited Offering Memorandum to the Indenture, the Loan Agreement, the Project Building Lease (as hereinafter defined), the Depositary Agreement (as hereinafter defined), the Pledge and Security Agreement (as hereinafter defined), the Leasehold Mortgages (as hereinafter defined) and the Assignments of Leases and Rents (as hereinafter defined) do not purport to be complete. Reference is made to the Indenture, the Loan Agreement, the Project Building Lease, the Depositary Agreement, the Pledge and Security Agreement, the Leasehold Mortgages and the Assignments of Leases and Rents for full and complete details of their provisions. Copies of drafts of the Indenture, the Loan Agreement, the Project Building Lease, the Depositary Agreement, the Pledge and Security Agreement, the Leasehold Mortgages and the Assignments of Leases and Rents are available from the Underwriter during the offering period.

The order and placement of material in this Limited Offering Memorandum, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Limited Offering Memorandum, including its appendices, must be considered in its entirety.

Under no circumstances shall the delivery of this Limited Offering Memorandum or any sale made after its delivery create any implication that the affairs of the Issuer or the Institution have remained unchanged after the date of this Limited Offering Memorandum.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2021 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2021 BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2021 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS LIMITED OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE SERIES 2021 BONDS MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO A PERSON CONSTITUTING A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR (2) TO AN "ACCREDITED INVESTOR"

WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

EACH HOLDER OF THE SERIES 2021 BONDS, BY THE PURCHASE AND ACCEPTANCE OF THE SERIES 2021 BONDS, IS DEEMED TO HAVE REPRESENTED AND AGREED AS FOLLOWS:

(A) (I) IT IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A (“RULE 144A”) OF THE SECURITIES ACT OF 1933, AS AMENDED, AND IT IS AWARE THAT THE SALE MADE TO IT OF THE SERIES 2021 BONDS HAS BEEN MADE IN RELIANCE ON RULE 144A; IT HAS ACQUIRED THE SERIES 2021 BONDS FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER; OR (II) IT IS AN “ACCREDITED INVESTOR” AS DEFINED IN RULE 501 OF REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED; AND

(B) IT UNDERSTANDS THAT THE SERIES 2021 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THAT, IF IN THE FUTURE IT DECIDES TO OFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THE SERIES 2021 BONDS, THE SERIES 2021 BONDS MAY BE OFFERED, RESOLD, PLEDGED OR TRANSFERRED ONLY IN ACCORDANCE THE TRANSFER RESTRICTIONS SET FORTH IN THE INDENTURE.

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LIMITED OFFERING MEMORANDUM

relating to

\$63,110,000
BUILD NYC RESOURCE CORPORATION
Revenue Bonds
(Shefa School Project), Series 2021A

\$2,565,000
BUILD NYC RESOURCE CORPORATION
Revenue Bonds
(Shefa School Project), Series 2021B (Taxable)

INTRODUCTION

Purpose of this Limited Offering Memorandum

The purpose of this Limited Offering Memorandum, which includes the cover page, the inside cover page and the appendices hereto, is to provide information about Build NYC Resource Corporation (the “Issuer”) and the Shefa School, a New York not-for-profit education corporation (the “Institution”), in connection with the offering by the Issuer of its \$65,675,000 aggregate principal amount of Revenue Bonds (Shefa School Project), consisting of its (i) \$63,110,000 Revenue Bonds (Shefa School Project), Series 2021A (the “Series 2021A Bonds”) and (ii) \$2,565,000 Revenue Bonds (Shefa School Project), Series 2021B (Taxable) (the “Series 2021B Bonds” and, together with the Series 2021A Bonds, the “Series 2021 Bonds”).

The following is a brief description of certain information concerning the Series 2021 Bonds, the Issuer and the Institution. A more complete description of such information and additional information that may affect decisions to invest in the Series 2021 Bonds is contained throughout this Limited Offering Memorandum, which should be read in its entirety. Certain capitalized terms used in this Limited Offering Memorandum and not defined herein are defined in Appendix C hereto.

Purpose of the Issue

The Series 2021 Bonds are being issued for the purpose of: (i) financing a portion of the cost of the leasehold renovation, as well as the furnishing and equipping, of an approximately 76,511 square foot eleven floor building being leased under a 99-year lease to the Institution, and located on an approximately 7,330 square foot parcel of land having an address of 17 West 60th Street, New York, New York 10023 (the “Leased Premises”), which will be used by the Institution as a private Jewish day school that will provide educational services for students with language-based learning disabilities from first grade through eighth grade; (ii) funding the Capitalized Interest Account of the Project Fund (Tax-Exempt) and the Capitalized Interest Account of the Project Fund (Taxable) with respect to capitalized interest for each of the Series 2021A Bonds and the Series 2021B Bonds, respectively; (iii) making a deposit to the Debt Service Reserve Fund (Tax-Exempt) securing the Series 2021A Bonds (the “Debt Service Reserve Fund (Tax-Exempt)”); (iv) making a deposit to the Debt Service Reserve Fund (Taxable) securing the Series 2021B Bonds (the “Debt Service Reserve Fund (Taxable)”); and (v) paying certain costs of issuance of the Series 2021 Bonds. The Leased Premises, together with the Facility Personalty (as defined in the hereinafter defined Indenture), are collectively referred to herein as the “Facility.”

The Issuer will loan the proceeds of the Series 2021 Bonds to the Institution pursuant to a Loan Agreement, dated as of August 1, 2021, to be entered into between the Issuer and the Institution (the “Loan Agreement”). The Loan Agreement requires the payment by the Institution of amounts sufficient to provide for the payment of the principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on, the Series 2021 Bonds as the same become due. The payment obligations of the Institution under the Loan Agreement in respect of the Series 2021A Bonds will be evidenced by a promissory note from the Institution to the Issuer, to be dated as of the date of issuance of the Series 2021A Bonds (the “Series 2021A Promissory Note”), and the payment obligations of the Institution under

the Loan Agreement in respect of the Series 2021B Bonds will be evidenced by a separate promissory note from the Institution to the Issuer, to be dated as of the date of issuance of the Series 2021B Bonds (the “Series 2021B Promissory Note” and, together with the Series 2021A Promissory Note, the “Promissory Notes”). The Issuer will endorse the Promissory Notes and assign all of its right, title and interest in the Promissory Notes to the Trustee pursuant to the Indenture.

The Leased Premises have been leased by 17 West 60th Street Holder LLC and 17 West 60th Street Owner LLC, each being a Delaware limited liability company, as tenants-in-common and as landlord (the “Project Building Landlord”), to the Institution pursuant to a Lease to be dated and effective as of or prior to the date of issuance of the Series 2021 Bonds (the “Project Building Lease”). Subsequent to the issuance of the Series 2021 Bonds, the Institution intends to subject its leasehold interest in the Leased Premises under the Project Building Lease to a condominium regime (in connection with seeking an exemption from payment of real estate taxes as described herein) pursuant to Article 9-B of the New York Real Property Law, and create and own at least two of such condominium units with respect to the Leased Premises. See “ESTIMATED SOURCES AND USES OF FUNDS.” For a further description of the Facility, see “APPENDIX A – THE SHEFA SCHOOL – School Facilities” and “APPENDIX H – SUMMARY OF CERTAIN PROVISIONS OF THE PROJECT BUILDING LEASE.” See also “BONDHOLDERS’ RISKS – Leasehold Mortgages,” “- Construction Risks,” “- Matters Affecting the Value of the Facility,” “- Facility Damage,” “- Certain Risks Related to the Project Building Lease,” “- Restrictions on the Use of the Leased Premises,” “- Casualty and Condemnation Proceeds Governed by the Project Building Lease and the Depositary Agreement,” “- Sale of Fee Title to the Leased Premises by the Project Building Landlord May Create Complications,” “- Successor Lessee Under the Project Building Lease Must Meet Certain Qualifications,” and “- Leasehold Condominium and Real Estate Tax Exemption Risks” herein.

Authorization of Issuance

The Issuer authorized the issuance of the Series 2021 Bonds by a resolution adopted by its Board of Directors on January 19, 2021. The Series 2021 Bonds are being issued pursuant to an Indenture of Trust, dated as of August 1, 2021 (the “Indenture”), to be entered into between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”). The Trustee will also serve as Paying Agent and Bond Registrar for the Series 2021 Bonds. See “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS.”

The Issuer

The Issuer is a not-for-profit local development corporation created pursuant to the Not-for-Profit Law of the State of New York (the “State”). See “THE ISSUER.”

The Institution

The Institution is a not-for-profit education corporation organized and existing under the laws of the State. The Facility will be used by the Institution as a private Jewish day school that will provide educational services for students with language-based learning disabilities from first grade through eighth grade. See “THE INSTITUTION,” “APPENDIX A - THE SHEFA SCHOOL,” “APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE INSTITUTION,” and “APPENDIX I - STATE EDUCATION DEPARTMENT LETTER” for more information relating to the Institution and the Facility.

The Series 2021 Bonds

The Series 2021 Bonds are dated their date of delivery and bear interest from such date (payable December 15, 2021, and on each June 15 and December 15 thereafter (or, if any such day is not a Business Day, the immediately succeeding Business Day)) at the rates and will mature on the dates and in the principal amounts set forth on the inside cover page of this Limited Offering Memorandum. See “THE SERIES 2021 BONDS - Description of the Series 2021 Bonds.”

Payment of and Security for the Series 2021 Bonds

The obligation of the Institution to make loan payments pursuant to the Loan Agreement and the Promissory Notes will be an unconditional obligation of the Institution and secured by, among other documents, the Pledge and Security Agreement (as hereinafter defined), the Leasehold Mortgages (as hereinafter defined) and the Assignments of Leases and Rents (as hereinafter defined). The Series 2021 Bonds are further secured by (i) all right, title, and interest of the Issuer in and to the Promissory Notes and the Loan Agreement, including all loan payments, revenues and receipts payable or receivable or pledged thereunder (excluding, however, the Issuer’s Reserved Rights), as assigned by the Issuer to the Trustee pursuant to the Indenture, (ii) moneys and securities held by the Trustee under certain of the Funds and Accounts held under the Indenture (as respective security for the Series 2021A Bonds and the Series 2021B Bonds), and (iii) the other Security Documents (as described herein and defined in the Indenture). See “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS” herein.

The Series 2021 Bonds are special limited revenue obligations of the Issuer payable solely from the payments made by the Institution under the Loan Agreement and the Promissory Notes and from the Trust Estate as described in the Indenture. See “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS” herein.

The Series 2021 Bonds will not be a debt of the City or the State nor will the City or the State be liable thereon. The Issuer has no taxing power.

Additional Security - Pledged Revenues

The Series 2021 Bonds will also be secured by the pledge and security interest to the Trustee of the Pledged Revenues (defined herein) granted by the Institution pursuant to the Pledge and Security Agreement dated as of August 1, 2021 to be entered into by the Institution with the Trustee (the “Pledge and Security Agreement”), subject to Permitted Shared Liens. See “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS” herein.

The ability of the Institution to satisfy its payment obligations under the Loan Agreement and the Promissory Notes with respect to the Series 2021 Bonds, and the Trustee’s ability to realize upon its security interests in the Pledged Revenues of the Institution, are largely dependent upon the continued operation by the Institution of the Facility. Such operation may be adversely affected by a number of risk factors, including, but not limited to, (i) the financial condition of the Institution and its ability to continue to generate sufficient revenues to support the Facility, and (ii) the continued compliance by the Institution with State and local operational standards with respect to the Facility. For a more detailed discussion of risk factors affecting the ability of the Institution to pay amounts owed under the Loan Agreement, as well as other risk factors affecting payment of the Series 2021 Bonds, see “BONDHOLDERS’ RISKS.” See also “THE INSTITUTION” and “APPENDIX A - THE SHEFA SCHOOL” for a description of the Institution.

The Leasehold Mortgages and the Assignments of Leases and Rents

The payment of the principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on, the Series 2021 Bonds will be additionally secured by:

(i) the Leasehold Mortgage and Security Agreement (Acquisition Loan), the Leasehold Mortgage and Security Agreement (Building Loan) and the Leasehold Mortgage and Security Agreement (Indirect Loan), each dated as of August 1, 2021 and each from the Institution to the Issuer and the Trustee (collectively, the “Leasehold Mortgages”), pursuant to which the Institution will grant leasehold mortgage liens on its interest under the Project Building Lease in the Leased Premises, and security interests in its interest in the Facility and the mortgaged personal property located therein (as further described in the Leasehold Mortgages, collectively, the “Mortgaged Property”), such mortgage liens and security interests being subject to applicable Permitted Encumbrances; and the Issuer will assign all of its right, title and interest under the Leasehold Mortgages to the Trustee pursuant to the Assignment of Leasehold Mortgage and Security Agreement (Acquisition Loan), the Assignment of Leasehold Mortgage and Security Agreement (Building Loan) and the Assignment of Leasehold Mortgage and Security Agreement (Indirect Loan), each to be dated the date of issuance of the Series 2021 Bonds, and each from the Issuer to the Trustee (collectively, the “Assignments of Mortgage”); and

(ii) the Assignment of Leases and Rents (Acquisition Loan), the Assignment of Leases and Rents (Building Loan) and the Assignment of Leases and Rents (Indirect Loan), each dated as of August 1, 2021 and each from the Institution to the Issuer and the Trustee (collectively, the “Assignments of Leases and Rents”), pursuant to which the Institution will make a collateral assignment of all leases and rents of the Institution with respect to the Leased Premises; and the Issuer will assign all of its right, title and interest under the Assignments of Leases and Rents to the Trustee pursuant to the Assignment of Assignment of Leases and Rents (Acquisition Loan), the Assignment of Assignment of Leases and Rents (Building Loan) and the Assignment of Assignment of Leases and Rents (Indirect Loan), each to be dated the date of issuance of the Series 2021 Bonds, and each from the Issuer to the Trustee (collectively, the “Assignments of ALR”).

See “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS – Security for the Series 2021 Bonds – Leasehold Mortgages and other Security Documents.” See also “APPENDIX A – THE SHEFA SCHOOL” for a description of the Institution and the Facility.

THE ISSUER

The Issuer is a not-for-profit local development corporation created pursuant to the Not-for-Profit Corporation Law of the State, as amended, at the direction of the Mayor of The City of New York (the “City”). The Issuer is not an agency of State or City government. The Issuer is authorized by the Not-for-Profit Corporation Law of the State and the Issuer’s Certificate of Incorporation and By-Laws (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of the City by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their eligible projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other eligible projects that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to

the City or by encouraging the development of or retention of an industry in the City, and lessening the burdens of government and acting in the public interest.

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

The Series 2021 Bonds are special limited revenue obligations of the Issuer payable solely out of certain funds pledged therefor. Nothing in the Series 2021 Bonds, the Indenture or any other document or instrument entered into in connection with the issuance of the Series 2021 Bonds shall be considered as pledging or committing any other funds or assets of the Issuer to the payment of the Series 2021 Bonds or the satisfaction of any other obligation of the Issuer under the Series 2021 Bonds, the Indenture or any other document or instrument entered into in connection with the issuance of the Series 2021 Bonds. Neither the Issuer nor its members, directors, officers, agents, servants or employees, nor any person executing the Series 2021 Bonds, shall be liable personally with respect to the Series 2021 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. Accordingly, no financial information regarding the Issuer or its members, directors, officers, employees, servants or agents has been included herein.

Neither the State of New York nor any political subdivision of the State including, without limitation, The City of New York, is or shall be obligated to pay the principal, Sinking Fund Installments, Purchase Price or Redemption Price of, or interest on, the Series 2021 Bonds, and neither the faith and credit nor the taxing power of the State of New York or The City of New York is pledged to such payment. The Issuer has no taxing power.

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

THE INSTITUTION

The Institution is a New York not-for-profit education corporation, organized and existing under the laws of the State. The Institution has received a Section 501(c)(3) designation from the Internal Revenue Service and, as such, qualifies for exemption from certain federal income taxes. The Facility will be used by the Institution as a private Jewish day school that will provide educational services for students with language-based learning disabilities from first grade through eighth grade.

The Institution was granted a provisional charter by the New York State Education Department (the “NYSED”), and began operation as a co-educational Jewish day school in September of 2014. The Institution’s provisional charter was amended and extended by the NYSED on March 12, 2018. Such provisional charter expired on March 12, 2021. However, on January 7, 2021, prior to the expiration of its provisional charter, an application was submitted by the Institution to the NYSED for an absolute charter. The Institution currently anticipates receipt of its absolute charter from the NYSED after the issuance of the Series 2021 Bonds. However, there can be no assurance that the Institution will receive an absolute charter from the NYSED at such time or at all. Under New York law and regulations, the expiration of a charter does not constitute an automatic termination of such charter. A charter shall terminate and become

null and void only upon notice of revocation by the Board of Regents. Therefore, the Institution can continue to operate as an educational corporation notwithstanding the expiration of its provisional charter and until such time as the Board of Regents notifies the Institution that it has revoked the Institution's charter. The Institution's charter may be revoked by the Board of Regents for sufficient cause pursuant to Section 219 of the New York Education Law. However, the Institution received a letter from the NYSED addressed to the Issuer and dated June 3, 2021 stating that the NYSED "considers [the Institution] to be in good standing and has no concerns related to its educational charter"; notwithstanding the provisions of such letter, no assurance can be given that the Institution will be able to maintain such good standing in the future. A copy of the letter from the NYSED is attached as Appendix I hereto. In addition, even though the Institution does not anticipate any revocation of its charter, there can be no assurance that the Board of Regents will not revoke the Institution's charter (including its absolute charter if and when granted by the NYSED) for sufficient cause (pursuant to State statute) at any time in the future. See "APPENDIX A – THE SHEFA SCHOOL," "APPENDIX I - STATE EDUCATION DEPARTMENT LETTER" and "BONDHOLDERS RISKS – Charter Revocation" herein.

As of the date of this Limited Offering Memorandum, the Institution is operating and conducting its educational programs at space it leases at 40 East 29th Street, New York, New York, at which there are currently 172 students enrolled for the 2020-2021 school year. Upon completion of the renovation, equipping and furnishing of the Facility, the School will relocate to, and operate out of, the Facility.

Descriptions of the Institution, the Institution's operations and the Facility to be financed are set forth in APPENDIX A hereto. Copies of the most recent audited financial statements for the Institution are set forth in APPENDIX B hereto. Summaries of certain provisions of the Project Building Lease are set forth in APPENDIX H hereto. Prospective purchasers of the Series 2021 Bonds should carefully review APPENDIX A, APPENDIX B, APPENDIX H and APPENDIX I hereto, together with the remainder of this Limited Offering Memorandum.

The Institution has represented that it has the appropriate licenses and authority to conduct its operations and provide its educational services under applicable statutes and regulations. However, no independent investigation or verification has been made of the status of compliance by the Institution with such statutes and regulations. As discussed above, the Institution's provisional charter has expired and the Institution has applied for its absolute charter. See "APPENDIX A – THE SHEFA SCHOOL" and "APPENDIX I - STATE EDUCATION DEPARTMENT LETTER" herein.

A careful review should be made of APPENDIX A and APPENDIX B to this Limited Offering Memorandum to determine the creditworthiness of the Institution.

THE PROJECT; USE OF PROCEEDS OF THE SERIES 2021 BONDS; USE OF PROCEEDS OF THE CAPITAL CAMPAIGN

The Series 2021 Bonds are being issued for the purpose of: (i) financing a portion of the cost of (a) the leasehold renovation of the Leased Premises, and (b) the furnishing and equipping of the Leased Premises, which Leased Premises will be used by the Institution as a private Jewish day school that will provide educational services for students with language-based learning disabilities from first grade through eighth grade (the "Project"); (ii) funding the Capitalized Interest Account of the Project Fund (Tax-Exempt) with respect to the Series 2021A Bonds for a period of twenty-eight (28) months ending December 31, 2023 and the Capitalized Interest Account of the Project Fund (Taxable) with respect to the Series 2021B Bonds for a period of twenty-eight (28) months ending December 31, 2023, (iii) making a deposit to the Debt Service Reserve Fund (Tax-Exempt) securing the Series 2021A Bonds, and making a deposit to the Debt Service Reserve Fund (Taxable) securing the Series 2021B Bonds, the aggregate of such amounts so deposited in such two Debt Service Reserve Funds being equal to the Debt Service Reserve Fund Requirement (Tax-Exempt/Taxable), as defined below; and (iv) paying certain costs of

issuance of the Series 2021 Bonds. “Debt Service Reserve Fund Requirement (Tax-Exempt/Taxable)” is defined with respect to the Series 2021 Bonds as one hundred percent (100%) of the maximum annual principal and interest in the aggregate on the Outstanding Series 2021A Bonds and the Outstanding Series 2021B Bonds. Subsequent to the issuance of the Series 2021 Bonds, the Institution intends to subject the Leased Premises to a leasehold condominium regime (in connection with seeking an exemption from payment of real estate taxes as described herein) pursuant to which the Institution will own two or more leasehold condominium units. See “APPENDIX A – THE SHEFA SCHOOL – Mission and Culture” and “– School Facilities” herein for more information with respect to the Project and the Facility. See “PROJECT BUILDING LEASE AND SUBORDINATION AGREEMENT – Leasehold Condominium” herein for a discussion of the leasehold condominium regime and the exemption from payment of real estate taxes as described therein. See also “BONDHOLDERS’ RISKS – Leasehold Condominium and Real Estate Tax Exemption Risks.”

The implementation of the Project, as described herein, will facilitate the currently projected expansion of student enrollment from the 172 current students to 338 students by 2025. See “APPENDIX A – THE SHEFA SCHOOL” herein.

In 2020, the Institution began the silent phase of its current capital campaign, *Sowing the Seeds of Abundance* (the “Capital Campaign”). The goal of this Capital Campaign is to raise \$20,000,000 in charitable contributions in support of the Institution. The Institution currently anticipates that, to the extent that it succeeds in realizing its Capital Campaign goal of \$20,000,000: (i) \$8,500,000 will be used for a portion of the costs of the Project or, alternatively, to the extent available therefor, for future capital and operating expenses associated with the Project and the Facility (note that no portion of the proceeds of the Series 2021 Bonds will be allocated to any such future capital and operating expenses associated with the Project and the Facility other than those capital expenses described above with respect to the use of proceeds of the Series 2021 Bonds for the Project); (ii) \$2,000,000 will be deposited into the Institution’s endowment fund; (iii) \$8,277,000 will be used by the Institution to pay the Institution’s rent in the second, third and fourth year of its occupancy of the Facility, as described herein (see “PROJECT BUILDING LEASE AND SUBORDINATION AGREEMENT – Project Building Lease” herein), and thereafter; and (iv) \$1,223,000 will be used by the Institution in support of The Shefa Center (as further described in APPENDIX A hereto). As of the date of this Limited Offering Memorandum, (i) the Institution has received pledge commitments of \$11,396,000 toward its Capital Campaign goal, and (ii) pledge payments of \$2,901,000 have been received by the Institution in satisfaction of such pledge commitments. No assurance can be given that the Institution will succeed in achieving its goal of \$20,000,000 in charitable contributions to be raised through the Capital Campaign. See “APPENDIX A – THE SHEFA SCHOOL – Fundraising: Annual Giving and Capital Campaigns” herein for more information with respect to the Capital Campaign and fundraising by the Institution, including information with respect to the prior capital campaign of the Institution.

Information, current as of the date of this Limited Offering Memorandum, regarding the Institution’s Capital Campaign, and charitable contributions pledged to, and received by, the Institution pursuant to the Capital Campaign, is identified below:

Capital Campaign Pledges Made and Received

<u>Pledged Amount</u>	<u>Received</u>	<u>Balance Outstanding</u>
\$11,396,000	\$2,901,000	\$8,495,000

The Institution has received pledge payments, and anticipates receipt of the remaining balance of the pledge payments, during the next five years as shown in the table below. However, no assurance can be given that the remaining pledge payments will be received in the amounts or by the dates currently intended by the donors and currently anticipated by the Institution.

Actual and Anticipated Capital Campaign Pledge Payment Schedule*

2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
\$500,000	\$2,401,000	\$2,185,000	\$1,935,000	\$1,880,000	\$1,775,000	\$720,000	\$11,396,000

* The referenced years represent the fiscal years of the Institution.

THE SERIES 2021 BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2021 Bonds. These provisions have been summarized, and this description does not purport to be complete. Reference should be made to the Indenture and the Loan Agreement, copies of drafts of which are available from the Underwriter during the offering period. See also "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT" and "APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" for a summary of certain provisions of the Loan Agreement and the Indenture, respectively.

General

The Series 2021 Bonds will be issued pursuant to the Indenture. The Series 2021 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), pursuant to DTC's Book-Entry-Only System. Purchases of beneficial interests in the Series 2021 Bonds will be made in book-entry form, without certificates. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2021 Bonds, payments of principal, Sinking Fund Installments, Purchase Price or Redemption Price of, and interest on, the Series 2021 Bonds will be made by the Trustee directly to Cede & Co. Disbursement of such payments to the Direct Participants (as hereinafter defined) is the responsibility of DTC, and disbursement of those payments to the Beneficial Owners of the Series 2021 Bonds is the responsibility of the Direct Participants and the Indirect Participants (as hereinafter defined). If at any time the Book-Entry-Only System is discontinued for the Series 2021 Bonds, the Series 2021 Bonds will be exchangeable for fully registered Series 2021 Bonds in any Authorized Denominations of the same Series and maturity, without charge, except the payment of any tax, fee or other governmental charge required to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Indenture. See "THE SERIES 2021 BONDS - Book-Entry-Only System."

Description of the Series 2021 Bonds

The Series 2021 Bonds will be dated their date of delivery and will bear interest from such date (payable on December 15, 2021, and on each June 15 and December 15 thereafter, or, if any such day is not a Business Day, the immediately succeeding Business Day) at the respective rates per annum, and will mature on June 15 in each of the respective years and in the principal amounts set forth on the inside cover page of this Limited Offering Memorandum. Interest on the Series 2021 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 2021A Bonds and the Series 2021B Bonds will be respectively issuable in fully registered book-entry-only form, without coupons, in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof.

The Record Date shall mean the close of business on the first (1st) calendar day of the month of an Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day.

Each Series 2021 Bond may be exchanged for other Series 2021 Bonds of the same Series in any other Authorized Denominations upon payment of a charge sufficient to reimburse the Issuer or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange and for the cost of preparing the new bond, and otherwise as provided in the Indenture.

Redemption Provisions

Optional Redemption: The Series 2021A Bonds shall be subject to redemption, on or after June 15, 2031, in whole or in part at any time (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000) at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement) at a Redemption Price equal to one hundred percent (100%) of the unpaid principal amount of the Series 2021A Bonds to be redeemed, plus accrued interest to the Redemption Date.

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

Extraordinary Redemption: The Series 2021 Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the 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 Business Day, upon notice or waiver of notice as provided in the Indenture, at a Redemption Price of one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the Redemption Date, if, as a result of changes in the Constitution of the United States of America or of the State or of legislative or executive action of the State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by the Institution, the Loan Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or unreasonable burdens or excessive liabilities are imposed upon the Institution by reason of the operation of the Facility. If the Series 2021 Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise to such redemption, the Institution has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

Mandatory Sinking Fund Redemption: The Series 2021A Bonds maturing on June 15, 2031 and June 15, 2051 are subject to mandatory 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):

Series 2021A Bonds Maturing June 15, 2031	
<u>June 15</u>	<u>Sinking Fund Installment</u>
2027	\$ 680,000
2028	1,535,000
2029	1,575,000
2030	1,615,000
2031 [†]	1,655,000

[†]Maturity.

**Series 2021A Bonds Maturing
June 15, 2051**

	Sinking Fund		Sinking Fund		Sinking Fund
<u>June 15</u>	<u>Installment</u>	<u>June 15</u>	<u>Installment</u>	<u>June 15</u>	<u>Installment</u>
2032	\$1,695,000	2039	\$2,385,000	2046	\$3,355,000
2033	1,780,000	2040	2,505,000	2047	3,525,000
2034	1,870,000	2041	2,630,000	2048	3,700,000
2035	1,960,000	2042	2,760,000	2049	3,885,000
2036	2,060,000	2043	2,900,000	2050	4,080,000
2037	2,165,000	2044	3,045,000	2051 [†]	4,285,000
2038	2,270,000	2045	3,195,000		

[†]Maturity.

The Series 2021B Bonds are subject to mandatory 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):

**Series 2021B Bonds Maturing
June 15, 2027**

	Sinking Fund
<u>June 15</u>	<u>Installment</u>
2025	\$945,000
2026	985,000
2027 [†]	635,000

[†]Maturity.

Mandatory Redemption from Excess Proceeds and Certain Other Amounts: The Series 2021 Bonds shall be redeemed on any Business Day in whole or in part by lot prior to maturity in the event and to the extent:

- (i) in the case of the Series 2021A Bonds, excess Series 2021A Bond proceeds shall remain in the Project Fund (Tax-Exempt) after the completion of the Project, and, in the case of the Series 2021B Bonds, excess Series 2021B Bond proceeds shall remain in the Project Fund (Taxable) after the completion of the Project,
- (ii) in the case of the Series 2021 Bonds, but only on a Pro Rata Basis, excess title insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and the Indenture,
- (iii) in the case of the Series 2021 Bonds, but first to the Series 2021A Bonds and thereafter to the Series 2021B Bonds, excess proceeds shall remain after the release or substitution of Facility Personalty, or

- (iv) in the case of the Series 2021A Bonds, certain funds received by the Institution pursuant to any capital campaign which are earmarked for specific Project Costs (Tax-Exempt) shall remain with the Institution and shall not be required for completion of the Project or related Project Costs (Tax-Exempt),

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

See also “PROJECT BUILDING LEASE AND SUBORDINATION AGREEMENT” and “BONDHOLDERS’ RISKS – Casualty and Condemnation Proceeds Governed by the Project Building Lease and the Depositary Agreement” for more information regarding insurance proceeds, condemnation and casualty awards.

Mandatory Redemption Upon Failure to Operate the Facility for the Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance: The Series 2021 Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only on any Business Day, in the event (i) the Issuer shall determine that (w) the Institution is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project Operations, (x) the Institution, any Principal of the Institution or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Institution has committed a material violation of a material Legal Requirement, (y) any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (z) a Required Disclosure Statement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its sole discretion, or (ii) the Institution shall fail to obtain or maintain the liability insurance with respect to the Facility required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Institution shall fail to cure any such default or failure within the applicable time periods set forth in the Loan Agreement following the receipt by the Institution of written notice of such default or failure from the Issuer and a demand by the Issuer on the Institution to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in the Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2021 Bonds, together with interest accrued thereon to the Redemption Date.

Mandatory Redemption Upon Termination of the Project Building Lease: In the event the Project Building Lease shall terminate or the Institution shall no longer have a leasehold estate and legal right to occupy the Leased Premises, with the effect of the Institution no longer having a leasehold interest in the Leased Premises, the Series 2021 Bonds shall be subject to mandatory redemption in whole prior to maturity on any Business Day at a Redemption Price equal to one hundred percent (100%) of the unpaid principal amount thereof plus interest accrued thereon to the Redemption Date. If the Series 2021 Bonds are to be redeemed in whole as a result of the Institution’s loss of a leasehold interest in the Leased Premises as described above, the Institution is required by the Loan Agreement to deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that the Institution’s leasehold interest in the Leased Premises has expired or terminated.

Mandatory Taxability Redemption: Upon the occurrence of a Determination of Taxability, the Series 2021A Bonds shall be redeemed prior to maturity on any Business Day within one hundred eighty (180) days following such Determination of Taxability, at a Redemption Price equal to the greater of one hundred and five percent (105%) of the principal amount thereof, or the Amortized Value (as defined below) thereof, together with accrued interest to the Redemption Date. The Amortized Value and the Redemption Price shall be calculated by any firm of independent financial accountants, any investment banking firm or any financial advisor selected by the Institution, and shall be furnished in writing to the Trustee, the Institution and the Issuer no later than five (5) Business Days prior to the date of redemption. The Series 2021A Bonds shall be redeemed in whole unless redemption of a portion of the Series 2021A

Bonds Outstanding would have the result that interest payable on the Series 2021A Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Series 2021A Bond. In such event, the Series 2021A Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result. "Amortized Value" means the Outstanding principal amount of the Series 2021A Bonds to be redeemed, multiplied by the price of such Series 2021A Bonds expressed as a percentage, calculated based on the industry standard method of calculating bond prices, with a delivery date equal to the date of redemption, a maturity date equal to (y) for Series 2021A Bonds originally offered at a premium, the earlier of (i) the scheduled maturity date of such Series 2021A Bonds, or (ii) the first date such Series 2021A Bonds are subject to optional redemption, or (z) for Series 2021A Bonds originally offered at a discount or par, the maturity date of such Series 2021A Bonds, and a yield equal to the original offering yield of such Series 2021A Bonds.

Purchase in Lieu of Optional Redemption: In lieu of calling the Series 2021A Bonds for optional redemption, the Series 2021A Bonds shall be subject to mandatory tender for purchase at the direction of the Issuer, upon the direction of the Institution, in whole or in part (and, if in part, in such manner as determined by the Institution) on any Business Day in the case of the Series 2021A Bonds, on or after June 15, 2031, at a Purchase Price equal to the applicable Redemption Price for any optional redemption of such Series 2021A Bonds as provided in the Indenture, plus accrued interest to the purchase date. Purchases of tendered Series 2021A Bonds may be made without regard to any provision of the Indenture relating to the selection of Series 2021A Bonds in a partial optional redemption. The Series 2021 Bonds purchased pursuant to any mandatory tender(s) are not required to be cancelled, and if not so cancelled (subject to certain provisions 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 the Indenture relating to the selection of the Series 2021A Bonds in a partial redemption.

Purchases in lieu of an optional redemption of the Series 2021A Bonds shall be permitted, with the consent of the Issuer (such consent not to be unreasonably withheld, conditioned or delayed), upon the delivery to the Issuer and the Trustee of (i) an opinion of Nationally Recognized Bond Counsel addressed to the Issuer and the Trustee substantially to the effect that (A) such purchases in lieu of optional redemption comply with the provisions of the Indenture and (B) neither such purchases in lieu of an optional redemption nor any transaction directly related thereto will adversely affect the exclusion from gross income of interest on the Series 2021A Bonds for purposes of federal income taxation, and (ii) such other opinions, certificates or documentation as the Issuer may require.

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

if any, appearing upon the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of such Series of Series 2021 Bonds with respect to which proper mailing was effected; and (ii) cause notice of such redemption to be sent to the national information service that disseminates redemption notices. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. In the event of a postal strike, the Trustee shall give notice by other appropriate means selected by the Trustee in its discretion. If any Bond shall not be presented for payment of the Redemption Price within sixty (60) days of the Redemption Date, the Trustee shall mail a second notice of redemption to such Holder by first class mail, postage prepaid. Any amounts held by the Trustee due to non-presentment of 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 Series 2021 Bonds shall constitute registered depositories, the notice of redemption described in the Indenture 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 may 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 2021 Bonds shall be redeemed.

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

Selection of Series 2021 Bonds to be Redeemed: In the event of redemption of less than all the Outstanding Series 2021 Bonds of the same Series and maturity, the particular Series 2021 Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair, except that (i) Series 2021 Bonds of a Series to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the Trustee shall select Series 2021 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 2021 Bonds. In the event of redemption of less than all the Outstanding Series 2021A Bonds stated to mature on different dates, the principal amount of such Series 2021A Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series 2021A Bonds to be redeemed and by lot within a maturity; and in the event of redemption of less than all the Outstanding Series 2021B Bonds stated to mature on different dates, the principal amount of such Series 2021B Bonds to be redeemed shall be applied on a pro rata pass-through distribution of principal. The portion of Series 2021 Bonds of any Series to be redeemed in part shall be in the principal

amount of the minimum Authorized Denomination thereof or some integral multiple thereof and, in selecting Series 2021 Bonds of a particular Series for redemption, the Trustee shall treat each such Series 2021 Bond as representing that number of Series 2021 Bonds of such Series which is obtained by dividing the principal amount of such registered Bond by the minimum Authorized Denomination thereof (referred to below as a “unit”) then issuable rounded down to the integral multiple of such minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any such Series 2021 Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Series 2021 Bond shall forthwith surrender such Series 2021 Bond to the Trustee for (a) payment to such Holder of the Redemption Price of the unit or units of principal amount called for redemption and (b) delivery to such Holder of a new Series 2021 Bond or Series 2021 Bonds of such Series in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Series 2021 Bond. New Series 2021 Bonds of the same Series and maturity representing the unredeemed balance of the principal amount of such Series 2021 Bond shall be issued to the registered Holder thereof, without charge therefor. If the Holder of any such Series 2021 Bond of a denomination greater than a unit shall fail to present such Series 2021 Bond to the Trustee for payment and exchange as aforesaid, such Series 2021 Bond shall, nevertheless, become due and payable on the Redemption Date to the extent of the unit or units of principal amount called for redemption (and to that extent only).

Notwithstanding anything in the Indenture to the contrary, with respect to a partial redemption of Series 2021A Bonds, an optional redemption that occurs pursuant to the remedial action rules of applicable Treasury Regulations will either be in inverse order of maturity or generally pro-rata in a manner that does not result in the weighted average maturity of the Series 2021A Bonds remaining after the optional redemption has taken place exceeding the weighted average maturity of the Series 2021A Bonds immediately prior to the optional redemption having taken place.

Book-Entry-Only System

DTC will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully-registered securities 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 respective Series of 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 issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC rules applicable to its

Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 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 Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant 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 Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee effect no 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 Participants 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.

Redemption notices shall be sent to Cede & Co. If less than all of the Series 2021 Bonds within a Series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Payment of principal, redemption proceeds and interest on the Series 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect 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 Direct Participant or Indirect 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 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 Participants and Indirect Participants.

The Issuer and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2021 Bonds registered in its name for the purposes of payment of the principal, Purchase Price and, Redemption of, Sinking Fund Installments for, or interest on, the Series 2021 Bonds, giving any notice permitted or required to be given to registered owners under the Indenture, registering the transfer of the Series 2021 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Issuer and the Trustee shall not have any responsibility or obligation to any Direct Participant or Indirect Participant or any person claiming a beneficial ownership interest in the Series 2021 Bonds under or through DTC or any Direct Participant or Indirect Participant, or any other person which is not shown on the registration books maintained by the Trustee as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; the payment by DTC or any Direct Participant or Indirect Participant of any amount in respect of the principal, redemption proceeds or interest on the Series 2021 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges; or other action taken by DTC as a registered owner.

For every transfer and exchange of beneficial ownership of the Series 2021 Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as depository with respect to the Series 2021 Bonds at any time by giving notice to the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable law, or the Issuer may terminate its participation in the system of book-entry transfer through DTC at any time by giving notice to DTC. In either event, the Issuer may retain another securities depository for the Series 2021 Bonds or may direct the Trustee to deliver bond certificates in accordance with instructions from DTC or its successor. If the Issuer directs the Trustee to deliver such bond certificates, such Series 2021 Bonds may thereafter be exchanged for an equal aggregate principal amount of Series 2021 Bonds in any other Authorized Denominations and of the same Series and maturity as set forth in the Indenture, upon surrender thereof at the principal corporate trust office of the Trustee, who will then be responsible for maintaining the registration books of the Trustee.

Unless otherwise noted, certain of the information contained in the preceding paragraphs of this Section “ - Book-Entry-Only System” has been extracted from information given by DTC. None of the Issuer, the Trustee or the Underwriter make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

Deemed Representation by Holders

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

Principal, Sinking Fund Installment and Interest Requirements for the Series 2021 Bonds

The following table sets forth the amounts required to be paid by the Institution during each twelve-month period ending on June 15 of each Bond Year indicated, below, for the payment of (i) the interest on the Series 2021 Bonds payable on June 15 and December 15 of each such year, and (ii) the principal of and Sinking Fund Installments on the Series 2021 Bonds payable on June 15 of each such year. In addition, such table identifies the amount of capitalized interest and anticipated Debt Service Reserve Fund earnings to be applied on such dates from amounts available for such purposes pursuant to the terms of the Indenture.

Total Debt Service

Year (June 30)	Principal & Sinking Fund Installments	Interest	Capitalized Interest	Debt Service Reserve Fund (Tax-Exempt) Earnings ⁽¹⁾	Debt Service Reserve Fund (Taxable) Earnings ⁽¹⁾	Annual Debt Service
2022	\$ -	\$ 2,662,160	\$ 2,662,160	\$ 8,917	\$ 362	\$ -
2023	-	3,081,600	3,081,600	10,809	439	-
2024	-	3,081,600	1,677,760	10,809	439	1,392,592
2025	945,000	3,081,600	-	10,809	439	4,015,352
2026	985,000	3,043,800	-	10,809	439	4,017,552
2027	1,315,000	3,004,400	-	10,809	439	4,308,152
2028	1,535,000	2,962,000	-	11,248	-	4,485,752
2029	1,575,000	2,923,625	-	11,248	-	4,487,377
2030	1,615,000	2,884,250	-	11,248	-	4,488,002
2031	1,655,000	2,843,875	-	11,248	-	4,487,627
2032	1,695,000	2,802,500	-	11,248	-	4,486,252
2033	1,780,000	2,717,750	-	11,248	-	4,486,502
2034	1,870,000	2,628,750	-	11,248	-	4,487,502
2035	1,960,000	2,535,250	-	11,248	-	4,484,002
2036	2,060,000	2,437,250	-	11,248	-	4,486,002
2037	2,165,000	2,334,250	-	11,248	-	4,488,002
2038	2,270,000	2,226,000	-	11,248	-	4,484,752
2039	2,385,000	2,112,500	-	11,248	-	4,486,252
2040	2,505,000	1,993,250	-	11,248	-	4,487,002
2041	2,630,000	1,868,000	-	11,248	-	4,486,752
2042	2,760,000	1,736,500	-	11,248	-	4,485,252
2043	2,900,000	1,598,500	-	11,248	-	4,487,252
2044	3,045,000	1,453,500	-	11,248	-	4,487,252
2045	3,195,000	1,301,250	-	11,248	-	4,485,002
2046	3,355,000	1,141,500	-	11,248	-	4,485,252
2047	3,525,000	973,750	-	11,248	-	4,487,502
2048	3,700,000	797,500	-	11,248	-	4,486,252
2049	3,885,000	612,500	-	11,248	-	4,486,252
2050	4,080,000	418,250	-	11,248	-	4,487,002
2051	4,285,000	214,250	-	11,248	-	4,488,002

⁽¹⁾ Debt service reserve fund earnings assumed at 0.25%.

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SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2021 Bonds and certain related covenants. These provisions have been summarized, and this description does not purport to be complete. Reference should be made to the Indenture and the Loan Agreement, copies of drafts of which are available from the Underwriter during the offering period, for a more complete description of such documents. See also "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT" and "APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" for a summary of certain provisions of the Loan Agreement and the Indenture, respectively.

Payment of the Series 2021 Bonds

The Series 2021 Bonds are special limited revenue obligations of the Issuer. The Issuer will loan the proceeds of the Series 2021 Bonds to the Institution pursuant to the Loan Agreement. See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT". The principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on, the Series 2021 Bonds are payable solely from amounts to be paid by the Institution pursuant to the Loan Agreement and the Promissory Notes, and the Loan Agreement is a general obligation of the Institution. See "APPENDIX A – THE SHEFA SCHOOL" for a description of the Institution. Payments under the Loan Agreement are to be made monthly by the Institution on the third (3rd) Business Day immediately preceding the fifteenth calendar day of each month, generally calculated as one-sixth (1/6) of the amount of interest coming due on the next following Interest Payment Date, and one-twelfth (1/12) of the amount of principal or Sinking Fund Installments coming due on the next following principal or Sinking Fund Installment payment date. See "THE SERIES 2021 BONDS – Principal, Sinking Fund Installments and Interest Requirements for the Series 2021 Bonds."

Security for the Series 2021 Bonds

General

The Series 2021 Bonds will be secured pursuant to (i) the Loan Agreement and the Promissory Notes pursuant to which the Institution will be obligated to make loan payments to pay the principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on, the Series 2021 Bonds, (ii) the Indenture pursuant to which the Issuer will pledge and assign to the Trustee all of the Issuer's right, title and interest in and to the Promissory Notes, and substantially all of the Issuer's right, title and interest in and to the Loan Agreement, (iii) the Leasehold Mortgages pursuant to which the Institution will mortgage its leasehold interest under the Project Building Lease in the Leased Premises and grant a lien and a security interest in the remainder of the Mortgaged Property, (iv) the Assignments of Leases and Rents pursuant to which the Institution will make a collateral assignment of all leases and rents with respect to the Leased Premises, and (v) the Pledge Agreement pursuant to which the Institution will grant a security interest in and pledge its "Pledged Revenues", subject to Permitted Shared Liens.

The Series 2021 Bonds will also be secured by the respective proceeds from the sale of the Series 2021 Bonds (until disbursed as provided in the Indenture), and all Funds and Accounts established by the Indenture (with the exception of the Rebate Fund). However, amounts held in the Project Fund (Tax-Exempt), in the Earnings Fund, in the Debt Service Reserve Fund (Tax-Exempt), and in the Bond Fund (Tax-Exempt) shall be pledged only to the Holders of the Series 2021A Bonds; and amounts held in the Project Fund (Taxable), in the Debt Service Reserve Fund (Taxable) and in the Bond Fund (Taxable) shall be pledged only to the Holders of the Series 2021B Bonds.

Concurrently with the issuance of the Series 2021 Bonds, the Issuer will enter into the Loan Agreement with the Institution pursuant to which the Issuer will loan the proceeds from the sale of the Series 2021 Bonds to the Institution. The Institution will be unconditionally obligated under the Loan Agreement and the Promissory Notes to make payments on the third (3rd) Business Day immediately preceding the fifteenth calendar day of each month (each a “Loan Payment Date”) to the Trustee for deposit to the applicable Bond Fund the amounts established under the Loan Agreement. See “SOURCE OF PAYMENT AND SECURITY FOR THE BONDS—Security for the Series 2021 Bonds - The Indenture” herein and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT” attached hereto.

The Indenture

The Trust Estate: The Issuer and the Trustee will enter into the Indenture pursuant to which the Series 2021 Bonds will be issued. The Issuer, in order to secure the payment of the Series 2021 Bonds, will pledge and assign to the Trustee pursuant to the terms of the Indenture for the benefit of the Bondholders, all of the following, which comprise the Trust Estate:

- (i) All right, title and interest of the Issuer in and to the Loan Agreement, including all loan payments, revenues and receipts payable or receivable thereunder, excluding, however, the Issuer’s Reserved Rights, which Issuer’s Reserved Rights may be enforced by the Issuer and the Trustee, jointly or severally;
- (ii) All right, title and interest of the Issuer in and to the Promissory Notes;
- (iii) All moneys and securities from time to time held by the Trustee under the terms of the Indenture including amounts set apart and transferred to the Earnings Fund, the Project Fund (Tax-Exempt), the Project Fund (Taxable), the Bond Fund (Tax-Exempt), the Bond Fund (Taxable), the Debt Service Reserve Fund (Tax-Exempt), the Debt Service Reserve Fund (Taxable) or any special fund, and all investment earnings of any of the foregoing, subject to disbursements from the Earnings Fund, the Debt Service Reserve Fund (Tax-Exempt), the Debt Service Reserve Fund (Taxable), the Project Fund (Tax-Exempt), the Project Fund (Taxable) or any such special fund in accordance with the provisions of the Loan Agreement and the Indenture; provided, however, (i) there is expressly excluded from any assignment, pledge, Lien or security interest any amounts set apart and transferred to the Rebate Fund; (ii) amounts held in the Project Fund (Tax-Exempt), the Debt Service Reserve Fund (Tax-Exempt), the Earnings Fund and in the Bond Fund (Tax-Exempt) shall be pledged only to the Holders of the Series 2021A Bonds, and (iii) amounts held in the Project Fund (Taxable), the Debt Service Reserve Fund (Taxable) and in the Bond Fund (Taxable) shall be pledged only to the Holders of the Series 2021B Bonds; and
- (iv) Any and all other property of every kind and nature from time to time which is by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security under the Indenture, by the Issuer or by any other Person, with or without the consent of the Issuer, to the Trustee which is authorized to receive any and all such property at any time and at all times to hold and apply the same subject to the terms of the Indenture. See “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” attached hereto.

Events of Default: The following are “Events of Default” under the Indenture:

- (i) Failure in the payment of the interest on any Series 2021 Bonds when the same shall become due and payable;
- (ii) Failure in the payment of the principal, Purchase Price or redemption premium of, or Sinking Fund Installment for, any Series 2021 Bonds, when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon to the Redemption Date after notice of redemption therefor or otherwise;
- (iii) Failure of the Issuer to observe or perform any covenant, condition or agreement in the Series 2021 Bonds or under the Indenture on its part to be performed 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 Series 2021 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.

Acceleration: Upon the happening and continuance of any Event of Default, 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 Series 2021 Bonds Outstanding (by notice in writing to the Issuer, the Institution and the Trustee) may declare the principal or Redemption Price of all the Series 2021 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.

If an Event of Default occurs under the Loan Agreement as a result of the Institution’s seeking relief, or the commencement of a case or proceeding against the Institution, under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, the unpaid principal of all the Series 2021 Bonds (and all principal installments of loan payments payable under the Loan Agreement), together with accrued interest thereon, shall immediately become due and payable without any further action. See “APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT -- Remedies on Default” and “APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- Enforcement of Remedies.”

Project Fund: A portion of the respective proceeds of sale of the Series 2021A Bonds and of the Series 2021B Bonds shall be deposited into the related Cost of Issuance Accounts, Capitalized Interest Accounts and Construction Accounts of the Project Fund (Tax-Exempt) and the Project Fund (Taxable).

The Trustee is to apply the amounts on deposit in the Project Fund (Tax-Exempt) 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 (Tax-Exempt) (including interest on the Series 2021A Bonds during the period of Project construction and renovation) as provided in the Indenture; and the Trustee shall apply the amounts on deposit in the Project Fund (Taxable) 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 (Taxable) (including interest on the

Series 2021B Bonds during the period of Project construction and renovation) as provided in the Indenture.

The Trustee is to apply the amounts in the Capitalized Interest Account of the Project Fund (Tax-Exempt) for the payment of interest on the Series 2021A Bonds as the same shall become due until the earlier of the completion of the Project (as evidenced in accordance with the provisions of the Loan Agreement; such date of completion being referred to as the "Project Completion Date"), or the exhaustion of amounts in such Account (the "Capitalized Interest Period"). On the Business Day preceding each Loan Payment Date during the Capitalized Interest Period, the Trustee shall transfer an amount from the Capitalized Interest Account of the Project Fund (Tax-Exempt) to the Interest Account of the Bond Fund (Tax-Exempt) equal to that portion of each Loan payment allocable to interest as provided in the Loan Agreement. Upon the Project Completion Date, the Trustee shall transfer any balance remaining in the Capitalized Interest Account of the Project Fund (Tax-Exempt), first, to the Interest Account of the Bond Fund (Tax-Exempt) in an amount sufficient to pay (after taking into account any amounts on deposit in the Interest Account of the Bond Fund (Tax-Exempt)) unpaid interest on the Series 2021A Bonds through and including December 31, 2023, and, second, the balance to the Construction Account of the Project Fund (Tax-Exempt) to pay any remaining Project Costs (Tax-Exempt).

The Trustee is to apply the amounts in the Capitalized Interest Account of the Project Fund (Taxable) for the payment of interest on the Series 2021B Bonds as the same shall become due during the Capitalized Interest Period. On the Business Day preceding each Loan Payment Date during the Capitalized Interest Period, the Trustee shall transfer an amount from the Capitalized Interest Account of the Project Fund (Taxable) to the Interest Account of the Bond Fund (Taxable) equal to that portion of each Loan payment allocable to interest as provided in the Loan Agreement. Upon the Project Completion Date, the Trustee shall transfer any balance remaining in the Capitalized Interest Account of the Project Fund (Taxable), first, to the Interest Account of the Bond Fund (Taxable) in an amount equal to three (3) months of interest next payable on the Series 2021B Bonds after the Project Completion Date, and, second, the balance to the Construction Account of the Project Fund (Taxable) to pay any remaining Project Costs (Taxable).

The Trustee is to disburse from the Construction Account of the Project Fund (Tax-Exempt) amounts required to pay (in whole or in part) the Project Costs (Tax-Exempt), and is directed to issue its checks (or, at the direction of the Institution, make wire transfers) for each disbursement from the Construction Account of the Project Fund (Tax-Exempt) for the payment of Project Costs (Tax-Exempt), upon a requisition submitted to the Trustee (with a copy to the Construction Monitor) and signed by an Authorized Representative of the Institution; provided, however, that (A) the Trustee shall not disburse any amounts from the Construction Account of the Project Fund (Tax-Exempt) for the Construction Work in excess of \$8,000,000 in the aggregate unless the Institution shall have delivered to the Trustee and the Construction Monitor an executed copy of the Construction Agreement and the Plans and Specifications and the current Project Cost Budget, (B) the Trustee shall retain ten percent (10%) of the costs of the Construction Agreement until the Institution shall certify to the Trustee and the Construction Monitor to such effect, that at least fifty percent (50%) of the Construction Work is complete, and thereafter five percent (5%) of the cost of the Construction Agreement until the Construction Work is fully completed, in each case as evidenced by a certificate of an Authorized Representative of the Institution delivered to the Trustee and the Construction Monitor to such effect, and (C) in any event, the Trustee shall retain in the Construction Account of the Project Fund (Tax-Exempt) an amount equal to the greater of (a) \$60,000 or (b) the lesser of (i) one percent (1%) of the original principal amount of the Series 2021 Bonds or (ii) \$500,000, until an Authorized Representative of the Institution shall have delivered the completion certificate and other documents required by the Loan Agreement.

The Trustee is authorized to disburse from the Construction Account of the Project Fund (Taxable) amounts required to pay (in whole or in part) the Project Costs (Taxable), and is directed to issue its checks (or, at the direction of the Institution, make wire transfers) for each disbursement from the Construction Account of the Project Fund (Taxable) for the payment of Project Costs (Taxable), upon a requisition submitted to the Trustee and signed by an Authorized Representative of the Institution.

The completion of the Project shall be evidenced as set forth in the Loan Agreement including the delivery 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 (Tax-Exempt) in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the Project Costs (Tax-Exempt) or transferred to the Interest Account of the Bond Fund (Tax-Exempt) pursuant to the Indenture, shall, 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 (Tax-Exempt). Upon payment of all the costs and expenses incident to the completion of the Project, any balance of such remaining amount in the Project Fund (Tax-Exempt), together with any amount on deposit in the Earnings Fund derived from transfers made thereto from the Project Fund (Tax-Exempt), shall, after making any such transfer to the Rebate Fund, and after depositing in the Debt Service Reserve Fund (Tax-Exempt) an amount equal to any deficiency therein, be deposited in the Redemption Account of the Bond Fund (Tax-Exempt) to be applied to the redemption of Series 2021A Bonds at the earliest practicable date. The Trustee shall promptly notify the Institution of any amounts so deposited in the Redemption Account of the Bond Fund (Tax-Exempt) pursuant to the Indenture.

Debt Service Reserve Fund (Tax-Exempt): Pursuant to the Indenture, a Debt Service Reserve Fund (Tax-Exempt) will be established as security for the Series 2021A Bonds, which is to be funded from the proceeds of the Series 2021A Bonds in an amount equal to the lesser of: (i) 10% of the Net Proceeds (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 the Outstanding Series 2021A Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” for the initial deposit in the Debt Service Reserve Fund (Tax-Exempt). If on any Interest Payment Date or Redemption Date on the Series 2021A Bonds, the amount in the Interest Account of the Bond Fund (Tax-Exempt) (after taking into account amounts available to be transferred to the Interest Account of the Bond Fund (Tax-Exempt) from the Project Fund (Tax-Exempt)) shall be less than the amount of interest then due and payable on the Series 2021A Bonds, or if on any principal payment date on the Series 2021A Bonds, the amount in the Principal Account of the Bond Fund (Tax-Exempt) 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 (Tax-Exempt) 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 Institution on account of such interest, principal or Sinking Fund Installment, then, the Trustee forthwith shall transfer moneys from the Debt Service Reserve Fund (Tax-Exempt), first, to such Interest Account, second to such Principal Account, and third, to such Sinking Fund Installment Account of the Bond Fund (Tax-Exempt), all to the extent necessary to make good any such deficiency; provided however that any such moneys so transferred shall only be applied to the payment of the Series 2021A Bonds. Under the Loan Agreement, upon receipt by the Institution of notice from the Trustee pursuant to the Indenture that there is a deficiency in the Debt Service Reserve Fund (Tax-Exempt) either by reason of a withdrawal therefrom or an investment loss, the Institution shall pay to the Trustee for deposit in the Debt Service Reserve Fund (Tax-Exempt) on the first day of the month immediately following the receipt by the Institution of notice of such deficiency, and on the first day of each of the thirty-five (35) succeeding months, or over such longer time period as shall be consented to in

writing by the Majority Holders, an amount equal to one thirty-sixth ($1/36^{\text{th}}$) of such deficiency in the Debt Service Reserve Fund (Tax-Exempt); provided, further, that if any additional deficiency occurs prior to the restoration of the original deficiency, such additional deficiency shall be restored in equal monthly installments over the remainder of the restoration period for the original deficiency. Any money in the Debt Service Reserve Fund (Tax-Exempt) in excess of the required amounts shall be applied in accordance with the Indenture.

Debt Service Reserve Fund (Taxable): Pursuant to the Indenture, a Debt Service Reserve Fund (Taxable) will be established as security for the Series 2021B Bonds. Concurrently with the issuance of the Series 2021B Bonds, a portion of the proceeds of the Series 2021B Bonds will be deposited into the Debt Service Reserve Fund (Taxable). See “ESTIMATED SOURCES AND USES OF FUNDS” for the initial deposit to the Debt Service Reserve Fund (Taxable). If on any Interest Payment Date or Redemption Date on the Series 2021B Bonds, the amount in the Interest Account of the Bond Fund (Taxable) (after taking into account amounts available to be transferred to the Interest Account of the Bond Fund (Taxable) from the Project Fund (Taxable)) shall be less than the amount of interest then due and payable on the Series 2021B Bonds, or if on any principal payment date on the Series 2021B Bonds, the amount in the Principal Account of the Bond Fund (Taxable) shall be less than the amount of principal of the Series 2021B Bonds then due and payable, or if on any Sinking Fund Installment payment date for the Series 2021B Bonds, the amount in the Sinking Fund Installment Account of the Bond Fund (Taxable) shall be less than the amount of the Sinking Fund Installment then due and payable on the Series 2021B 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 on account of such interest, principal or Sinking Fund Installment, then, the Trustee forthwith shall transfer moneys from the Debt Service Reserve Fund (Taxable), first, to such Interest Account, second to such Principal Account, and third, to such Sinking Fund Installment Account of the Bond Fund (Taxable), all to the extent necessary to make good any such deficiency; provided however that any such moneys so transferred shall only be applied to the payment of the Series 2021B Bonds. Under the Loan Agreement, upon receipt by the Institution of notice from the Trustee pursuant to the Indenture that there is a deficiency in the Debt Service Reserve Fund (Taxable) either by reason of a withdrawal therefrom or an investment loss, the Institution shall pay to the Trustee for deposit in the Debt Service Reserve Fund (Taxable) on the first day of the month immediately following the receipt by the Institution of notice of such deficiency, and on the first day of each of the thirty-five (35) succeeding months, or over such longer time period as shall be consented to in writing by the Majority Holders, an amount equal to one thirty-sixth ($1/36^{\text{th}}$) of such deficiency in the Debt Service Reserve Fund (Taxable); provided, further, that if any additional deficiency occurs prior to the restoration of the original deficiency, such additional deficiency shall be restored in equal monthly installments over the remainder of the restoration period for the original deficiency. Any money in the Debt Service Reserve Fund (Taxable) in excess of the required amounts shall be applied in accordance with the Indenture.

Debt Service Reserve Fund Requirement (Tax-Exempt/Taxable): The Indenture establishes a Debt Service Reserve Fund Requirement (Tax-Exempt/Taxable) for the Debt Service Reserve Fund (Tax-Exempt) and the Debt Service Reserve Fund (Taxable) as an aggregate calculated as equal to one hundred percent (100%) of the maximum annual principal interest on the Outstanding Series 2021A Bonds and the Outstanding Series 2021B Bonds considered together. If a deficiency exists in each of the Debt Service Reserve Fund (Tax-Exempt) and in the Debt Service Reserve Fund (Taxable), and the monthly replenishment payment of the Institution is less than the required monthly payment amount, it is provided in the Indenture that such payment shall be apportioned between the Debt Service Reserve Fund (Tax-Exempt) and the Debt Service Reserve Fund (Taxable) in proportion to the respective amounts drawn from and due from each such Fund. It is further provided in the Indenture that although amounts on deposit in the Debt Service Reserve Fund (Tax-Exempt) may be applied to pay principal, interest and Sinking Fund Installments due on the Series 2021A Bonds during the twelve (12) months immediately preceding and including the final payment at maturity of the Series 2021A Bonds, amounts on deposit in

the Debt Service Reserve Fund (Taxable) shall not be applied to pay principal, interest and Sinking Fund Installments on the Series 2021B Bonds during the twelve (12) months immediately preceding and including the payment at maturity of the Series 2021B Bonds and, upon the Series 2021B Bonds no longer remaining Outstanding, the amount on deposit in the Debt Service Reserve Fund (Taxable) shall be transferred to, and deposited within, the Debt Service Reserve Fund (Tax-Exempt).

Investment of Funds and Account: Amounts in any Fund or Account established under the Indenture may, if and to the extent then permitted by law, be invested only in Qualified Investments provided that any Qualified Investment shall not have a maturity date greater than five (5) years from the date of the making of such investment unless such Qualified Investment may be put at par at any time at the option of the owner thereof, and provided, further, that any investment of amounts held in either Debt Service Reserve Fund shall be limited to Government Obligations. Any investment authorized by the Indenture is subject to the condition that no portion of the proceeds derived from the sale of the Series 2021A Bonds shall be used, directly or indirectly, in such manner as to cause any Series 2021A Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code. In particular, unexpended Series 2021A Bond proceeds transferred from the Project Fund (Tax-Exempt) (or from the Earnings Fund with respect to amounts deposited therein from the Project Fund (Tax-Exempt)) to the Redemption Account of the Bond Fund (Tax-Exempt) pursuant to the Indenture may not be invested at a Yield (as defined in the Tax Regulatory Agreement) which is greater than the Yield on the Series 2021A 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 such investment 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 (Tax-Exempt) with respect to the investment of amounts held in the Bond Fund (Tax-Exempt), (iii) the Bond Fund (Taxable) with respect to the investment of amounts held in the Bond Fund (Taxable), (iv) the Earnings Fund with respect to the investment of amounts held in the Project Fund (Tax-Exempt) or the Debt Service Reserve Fund (Tax-Exempt), and (v) each other Fund not enumerated in clauses (i) through (iv) above with respect to the investment of amounts held in any such other Fund.

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 each Bond Fund.

In computing the amount in any Fund or Account, obligations purchased as an investment of moneys therein shall be valued at fair market value as determined by the Trustee one month prior to each Interest Payment Date.

The fair market value of Qualified Investments shall be determined as follows:

- (i) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times), the average bid and asked prices for such investments so published on or most recently prior to such time of determination;
- (ii) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times, the average bid price at such nationally

recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or as quoted in the Interactive Data Service; and

- (iii) as to certificates of deposit and bankers acceptances and other investments, the face amount thereof, plus accrued interest.

If more than one provision of this definition of “fair market value” shall apply at any time to any particular investment, the fair market value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment.

In the case of the Debt Service Reserve Fund (Tax-Exempt), a “surplus” means the amount by which the amount on deposit therein is in excess of the Debt Service Reserve Fund Requirement (Tax-Exempt). On each Debt Service Reserve Fund Valuation Date (or the succeeding Business Day if such day is not a Business Day), and upon any withdrawal from the Debt Service Reserve Fund (Tax-Exempt), the Trustee shall determine the amount on deposit in the Debt Service Reserve Fund (Tax-Exempt); provided, that, if there is a deficiency in the Debt Service Reserve Fund (Tax-Exempt), the Trustee shall determine the value of the amounts on deposit in the Debt Service Reserve Fund (Tax-Exempt) on a monthly basis until such deficiency is cured. 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 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 Construction Account of the Project Fund (Tax-Exempt) until the completion of the Project as provided in the Loan Agreement, and thereafter shall transfer such amount to the Interest Account of the Bond Fund (Tax-Exempt).

In the case of the Debt Service Reserve Fund (Taxable), a “surplus” means the amount by which the amount on deposit therein is in excess of the Debt Service Reserve Fund Requirement (Taxable). On each Debt Service Reserve Fund Valuation Date (or the succeeding Business Day if such day is not a Business Day), and upon any withdrawal from the Debt Service Reserve Fund (Taxable), the Trustee shall determine the amount on deposit in the Debt Service Reserve Fund (Taxable); provided, that, if there is a deficiency in the Debt Service Reserve Fund (Taxable), the Trustee shall determine the value of the amounts on deposit in the Debt Service Reserve Fund (Taxable) on a monthly basis until such deficiency is cured. 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 the Loan Agreement. If a surplus exists, the Trustee shall notify the Issuer and the Institution thereof and shall, upon written instructions of the Institution, transfer an amount equal to such surplus to the Construction Account of the Project Fund (Taxable) until the completion of the Project as provided in the Loan Agreement, and thereafter shall transfer such amount to the Interest Account of the Bond Fund (Taxable).

Leasehold Mortgages and other Security Documents

Leasehold Mortgages: The due and punctual payment of the Series 2021 Bonds will be additionally secured by the Leasehold Mortgages, pursuant to which the Institution will grant to the Issuer and the Trustee mortgage liens on and security interests in the Mortgaged Property, including the Institution’s leasehold interest under the Project Building Lease in the Leased Premises, mortgage liens and security interests subject to Permitted Encumbrances. The Issuer will assign its right, title and interest under the Leasehold Mortgages to the Trustee pursuant to the Assignments of Mortgage. See “APPENDIX H – SUMMARY OF CERTAIN PROVISIONS OF THE PROJECT BUILDING LEASE” for a description of the Project Building Lease and the rights of the Trustee as a “Leasehold Mortgagee” thereunder.

Assignments of Leases and Rents: The Series 2021 Bonds will further be secured by the Assignments of Leases and Rents pursuant to which the Institution will make a collateral assignment to the Issuer and the Trustee of all leases and rents with respect to the Leased Premises, and the Issuer will assign all of its right, title and interest in the Assignments of Leases and Rents to the Trustee pursuant to the Assignment of ALR.

Pledge and Security Agreement: Pursuant to the Pledge and Security Agreement, the Institution will pledge and grant a security interest to the Trustee in the Institution's Pledged Revenues, subject to Permitted Shared Liens, which Pledged Revenues are generally defined to mean all accounts, tuition, fees, receipts, revenues, income and other moneys (other than proceeds of borrowing) received or receivable by or on behalf of the Institution (except as provided below), including, without limitation, contributions, donations and pledges, whether in the form of money, securities, investment property or other personal property, and the rights to receive the same, whether in the form of accounts, payment intangibles, contract rights, general intangibles, chattel paper, deposit accounts, instruments, promissory notes, goods, letter-of-credit rights, letters of credit, including any such other property otherwise delivered to the Trustee, and the proceeds thereof, as such terms are presently or hereinafter defined in the Uniform Commercial Code in effect from time to time in the State, whether now existing or hereafter coming into existence and whether now owned or hereafter acquired; provided, however, Pledged Revenues shall not include (i) gifts, grants, bequests, donations and contributions heretofore or hereafter made, designated at the time of the making thereof by the donor or maker as being for a specific purpose, (ii) any Property or assets of the Institution constituting any Title IV funds or other governmental funds during such period in which such funds are held in trust by the Institution as fiduciary for the benefit of its students (or deposit accounts in which such funds are credited), (iii) any unrealized gains and losses on investments of the Institution, or (iv) any income for which the Institution has a contractual or statutory obligation to pay other Persons.

Depository Agreement: U.S. Bank National Association, as Build NYC Debt Depository and as Trustee, the Project Building Landlord and the Institution will enter into the Depository Agreement dated as of August 4, 2021 (the "Depository Agreement") to set forth certain procedures for the deposit, investment and disbursement of funds constituting insurance proceeds or condemnation awards received by, or on behalf of, the Project Building Landlord and the Institution in respect of the Leased Premises.

Financial Covenants of the Institution

No Additional Pledge or Encumbering of the Pledged Collateral: Pursuant to the Pledge and Security Agreement, except as and to the extent permitted under any of the other Security Documents, the Institution will not pledge or encumber the Pledged Collateral, or any portion thereof, to secure any Indebtedness of the Institution (other than Permitted Shared Lienor Indebtedness) or to secure any payment constituting the deferred purchase price of Property, and will otherwise keep the Pledged Collateral free of all Liens other than Permitted Shared Liens and the security interest granted by the Pledge and Security Agreement.

Additional Indebtedness: Pursuant to the Loan Agreement, the Institution will covenant and agree that it will not incur any Additional Indebtedness if, after giving effect to all other Indebtedness incurred by the Institution, such Indebtedness could not be incurred pursuant to any one of subsections (a) through (g), inclusive, below. Any Indebtedness may be incurred only in the manner and pursuant to the terms set forth in such subsections. The Institution will further covenant and agree that it will not incur any Additional Indebtedness (including Additional Bonds) other than refunding Indebtedness incurred in compliance with the Loan Agreement, unless it delivers an Officer's Certificate to the Trustee prior to the incurrence of such Additional Indebtedness certifying that following the incurrence of such Additional Indebtedness, there shall be no default or Event of Default under this Agreement or any other Project Document.

(a) Long-Term Indebtedness may be incurred if, prior to incurrence of the Long-Term Indebtedness, there is delivered to the Trustee:

(i) An Officer's Certificate certifying that the Long-Term Debt Service Coverage Ratio for each of the immediately preceding two (2) Fiscal Years for which there are Audited Financial Statements of the Institution available (the "Test Period"), and also taking into account for the most recent Fiscal Year of the Test Period (y) all Long-Term Indebtedness incurred after the end of such most recent Fiscal Year comprising the Test Period, and (z) the proposed Long-Term Indebtedness, is not less than 1.25, and further giving effect to the refunding of any Indebtedness with the proposed issuance of the Long-Term Indebtedness; or

(ii) (A) an Officer's Certificate demonstrating that the Long-Term Debt Service Coverage Ratio for the Test Period, including in the most recent Fiscal Year of the Test Period any Long-Term Indebtedness incurred after the end of such Fiscal Year but excluding the proposed Long-Term Indebtedness, is at least 1.25, and (B) an Officer's Certificate demonstrating that the forecasted Long-Term Debt Service Coverage Ratio is not less than 1.25 for each of the two (2) full Fiscal Years succeeding the date on which the Indebtedness is incurred, as shown by forecasted financial statements for the Institution for each such period, accompanied by a statement of the relevant assumptions upon which such forecasted financial statements for the Institution are based; provided, however, that if the report of a Consultant states that Governmental Restrictions have been imposed which make it impossible for the coverage requirements of this subsection to be met, then such coverage requirements shall be reduced to the maximum coverage permitted by such Governmental Restrictions but in no event less than 1.00.

(b) Long-Term Indebtedness incurred for the purpose of refunding any Outstanding Long-Term Indebtedness may be incurred if, prior to the incurrence of such Long-Term Indebtedness, there is delivered to the Trustee an Officer's Certificate demonstrating that after giving effect to the disposition of the proceeds thereof, the Long-Term Debt Service Coverage Ratio would not have been less than 1.25 for the prior Test Period on a pro forma basis.

(c) Short-Term Indebtedness may be incurred in the ordinary course of business (subject to the limitation set forth in the definition of Maximum Permitted Shared Lien Indebtedness). For purposes of the preceding, Short-Term Indebtedness shall include any Guaranty of Short-Term Indebtedness.

(d) Non-Recourse Indebtedness may be incurred without limit, provided such Non-Recourse Indebtedness is limited in Lien to the property which is the subject of the financing and limited in dollar amount to the amount of such financing.

(e) Indebtedness may be incurred in an amount limited to the cost of completion for the purpose of financing the completion of the acquisition or construction of a Capital Addition with respect to which Indebtedness has theretofore been incurred, provided there shall be delivered to the Trustee an Officer's Certificate to the effect that (i) the Institution did reasonably expect at the time the initial Indebtedness was incurred that the proceeds of such Indebtedness, together with other available funds, would be sufficient to complete the Capital Addition, and (ii) such additional Indebtedness is expected to be sufficient to complete the Capital Addition.

(f) The incurrence of the payment or reimbursement obligations with respect to Regulatory Collateral shall not constitute Indebtedness and may be incurred without limitation.

(g) Indebtedness containing a “put” or “tender” provision pursuant to which the holder of such Indebtedness may require that such Indebtedness be purchased prior to its maturity shall not be considered Balloon Long-Term Indebtedness, solely by reason of such “put” or “tender” provision, and the put or tender provision shall not be taken into account in testing compliance with any debt incurrence test pursuant to the Loan Agreement.

See “APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT – Limitations on Indebtedness” herein.

Debt Service Coverage Ratio: Under the Loan Agreement, the Institution will covenant to maintain a Debt Service Coverage Ratio of the Institution based on the Audited Financial Statements of the Institution, commencing with the Fiscal Year ending June 30, 2024, and calculated at the end of each such Fiscal Year, of not less than 1.20; provided, however, that in any case where Long-Term Indebtedness has been incurred to acquire or construct capital improvements, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account in making the foregoing calculation until the first Fiscal Year commencing after the occupation or utilization of such capital improvements unless the Long-Term Debt Service Requirement with respect thereto is required to be paid from sources other than the proceeds of such Long-Term Indebtedness prior to such first Fiscal Year.

If, based upon the Audited Financial Statements of the Institution commencing with the Audited Financial Statement for the Fiscal Year ending June 30, 2024, at any time the Debt Service Coverage Ratio set forth above is less than 1.20, (i) the Institution shall immediately deliver written notice of such fact to the Trustee, (ii) the Trustee shall provide notice of same to the Holders, and (iii) the Majority Holders shall have the right to select the Consultant. If the Majority Holders do not exercise such right within forty-five (45) days of receipt of such notice, then, the Institution covenants to retain the Consultant within thirty (30) days thereafter. The Consultant shall be engaged to make a report and recommendations with respect to the operations, policies, tuition, fees and charges of the Institution to bring the Debt Service Coverage Ratio into compliance with the provisions of the Loan Agreement, as applicable, in the following Fiscal Year or, if in the opinion of the Consultant the attainment of such ratio is impracticable, to the highest level attainable. Any Consultant so retained shall be required to submit such recommendations within ninety (90) days after being so retained. The Institution agrees that it will, to the extent such recommendations do not violate Governmental Restrictions, follow the recommendations of the Consultant. So long as a Consultant shall be retained and the Institution shall follow such Consultant’s recommendations to the extent such recommendations do not violate Governmental Restrictions, the Debt Service Coverage Ratio requirement of the Loan Agreement shall be deemed to have been complied with even if non-compliance continues for the following Fiscal Year.

The Institution shall not be considered to be in default under the Loan Agreement by reason of not meeting the Debt Service Coverage Ratio set forth in in the Loan Agreement for any Fiscal Year commencing with the Fiscal Year ending June 30, 2024, for so long as (y) the Long-Term Debt Service Coverage Ratio, as measured by the paragraph second above, is at least 1.00 as of the end of any such Fiscal Year, and (z) the Institution shall be continuing to employ, and following the recommendations of, the Consultant.

PROJECT BUILDING LEASE AND SUBORDINATION AGREEMENT

Project Building Lease

The following is a brief summary of certain provisions of the Project Building Lease. This summary does not purport to be comprehensive or complete, and reference is made to “APPENDIX H — SUMMARY OF CERTAIN PROVISIONS OF THE PROJECT BUILDING LEASE,” for a further description of such provisions of the Project Building Lease and definitions for capitalized terms used

herein and not otherwise defined. See also "BONDHOLDERS' RISKS – Leasehold Mortgages," "- Construction Risks," "- Matters Affecting the Value of the Facility," "- Facility Damage," "- Certain Risks Related to the Project Building Lease," "- Restrictions on the Use of the Leased Premises," "- Casualty and Condemnation Proceeds Governed by the Project Building Lease and the Depositary Agreement," "- Sale of Fee Title to the Leased Premises by the Project Building Landlord May Create Complications," "- Successor Lessee Under the Project Building Lease Must Meet Certain Qualifications," and "- Leasehold Condominium and Real Estate Tax Exemption Risks" herein.

Term and Rent: The Institution will enter into the Project Building Lease to be dated and effective as of or prior to the date of issuance of the Series 2021 Bonds with the Project Building Landlord to lease the Leased Premises. The Term of the Project Building Lease ends on July 31 of the calendar year in which occurs the day immediately preceding the 99th anniversary of the Rent Commencement Date. Under the Project Building Lease, the Institution will have various rights and obligations including, but not limited to, the obligation to observe and perform the conditions, covenants and agreements contained in the Project Building Lease and the obligation to pay Rent, which consists of Fixed Rent and Additional Rent.

Fixed Rent is payable as follows:

- (i) The Initial Fixed Rent Period is from the Commencement Date until the date immediately preceding the Rent Commencement Date. The Rent Commencement Date is August 15, 2022, Fixed Rent shall be \$2,600,000 per annum for the Initial Fixed Rent Period, but is abated.
- (ii) For the First Lease Year, Fixed Rent is the product of (i) \$2,600,000 and (ii) the First Escalation Factor.
- (iii) For each Subsequent Lease Year (other than the 32nd Lease Year and the 65th Lease Year), Fixed Rent shall increase, as of each Adjustment Date, to the product of (a) the Fixed Rent for the Lease Year immediately preceding the Lease Year in question and (b) the Escalation Factor for the Lease Year in question.
- (iv) For the 32nd Lease Year, the Fixed Rent is the greater of (a) the product of (i) \$2,600,000 and (ii) the sum of one (1), plus the First Reset Escalation Factor, and (b) 101.5% of the Fixed Rent for the immediately preceding Lease Year.
- (v) For the 65th Lease Year, the Fixed Rent is the greater of (a) the product of (i) the Lease Year 32 Fixed Rent and (ii) the sum of one (1), plus the Second Reset Escalation Factor, and (b) 101.5% of Fixed Rent for the immediately preceding Lease Year.

Except as otherwise specifically provided in the Project Building Lease, the Institution's obligation to pay Rent thereunder will not terminate prior to the Expiration Date, notwithstanding the exercise by Project Building Landlord of any or all of its rights and/or remedies under the Project Building Lease.

Prior to signing the Project Building Lease, the Institution deposited \$5,000,000 of its own funds (a portion of which has been fundraised by the Institution through the Capital Campaign) to be used for Fixed Rent, \$2,500,000 of which is deposited with the escrow agent for the Project Building Lease and \$2,500,000 of which is deposited with the Project Building Landlord. Upon the effectiveness of the Project Building Lease, the escrow agent will transfer the \$2,500,000 held by it to the Project Building Landlord. The Project Building Landlord will use such \$5,000,000 on deposit and credit the Institution for the Fixed Rent due in the second and third year of the Project Building Lease. In addition, the

Institution intends to deposit \$3,277,430 into a designated account held by the Institution (or as otherwise restricted by the Institution for such purpose) to be available to pay Fixed Rent with respect to the Leased Premises, it being the current intent of the Institution (i) to establish such deposit in such amount by the conclusion of construction of the Project and (ii) to fund such deposit in such amount from proceeds of the Capital Campaign. The table, below, demonstrates the schedule of Fixed Rent payments for the years 2021-22 through 2024-2025 and the source from which such Fixed Rent payment will be made in each such year:

<u>Year</u>	<u>Fixed Rent Due</u>		<u>Less: Amount on Deposit with the Project Building Landlord</u>	<u>Less: Amount on Deposit in a Designated Account for Fixed Rent Due</u>	<u>Remaining Amount Due*</u>
2021 - 22	\$(2,600,000) (abated)		\$ -	\$ -	\$ -
2022 - 23	2,678,000		(2,678,000)	-	-
2023 - 24	2,758,340		(2,322,000)	(436,340)	-
2024 - 25	<u>2,841,090</u>		-	<u>(2,841,090)</u>	-
TOTAL	\$ 8,277,430		(\$5,000,000)	(\$3,277,430)	\$ -

* The Fixed Rent after year 1 (2021-22) increases annually based upon CPI (with a minimum 1.5% and maximum 3.5% increase) and, therefore, the amount of Fixed Rent Due as identified in the table, above, is estimated utilizing a 3% annual escalation factor for each year after year 1 (2021 – 22).

Additional Rent consists of all other sums due and payable by the Institution under the Project Building Lease. The failure of the Institution to pay Fixed Rent or Additional Rent is a default under the Project Building Lease. An “Event of Default” under the Project Building Lease constitutes an Event of Default under the Loan Agreement. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT.”

The Project Building Lease is to be a fully “net lease” and, except as otherwise expressly provided in the Project Building Lease, the Institution is to pay to the Project Building Landlord, absolutely net throughout the Term, all Rent, free of any charges, assessments, impositions or deductions of any kind and without abatement, reduction, deduction or setoff whatsoever, in the manner set out in the Project Building Lease, and under no circumstances or conditions shall the Project Building Landlord be expected or required to make any payment of any kind whatsoever relating to the Leased Premises or be under any obligation or liability except as otherwise set forth in the Project Building Lease.

Maintenance and Repairs: Pursuant to the Project Building Lease, the Institution is required to keep, maintain, repair and replace the Leased Premises in good order and condition in a manner consistent with that of Comparable Buildings (as defined in the Project Building Lease), and is responsible for all repairs to the Facility, whether structural or non-structural, as well as all repairs or replacements of building systems.

Casualty and Condemnation: If all or any part of the Leased Premises are destroyed or damaged by fire or other casualty, the Institution shall, whether or not such casualty shall have been insured, and whether or not insurance proceeds, if any, shall be sufficient, restore the Facility, diligently and with continuity in accordance with good construction practices.

Any monies that are received in respect of insurance proceeds with respect to any casualty will initially be paid to the Depository and disbursed to the Institution in installments and subject to retainages until the restoration is fully completed. If the estimated cost of restoration is less than \$1,000,000 (subject to CPI increases), the restoration funds will be paid to the Institution in trust to restore the Leased Premises.

For so long as (a) the Bonds are outstanding and (b) the Depository Agreement is in full force and effect, the Depository Agreement shall govern the disbursement of the restoration funds, in lieu of the applicable exhibit otherwise governing disbursement under the Project Building Lease.

If, during the last five years of the Term, the Leased Premises are destroyed or damaged by a casualty to an extent greater than 25% of the then replacement value thereof, the Institution shall have the option (subject to consent of any Leasehold Mortgagees and other customary conditions) to terminate the Project Building Lease.

Under the Project Building Lease, if the Institution does not restore the Leased Premises, and no Leasehold Mortgagee (including the Trustee) cures the default, then the Project Building Lease will terminate and, as a result, the Leasehold Mortgages will terminate pursuant to their terms. The Project Building Lease and the Depository Agreement provide the restoration proceeds will first be paid to the Build NYC Debt Depository for reimbursement of expenses, then to the Project Building Landlord for the value of its fee interest in the Leased Premises and the Project Building Lease, and last to the Institution (or as required pursuant to any Leasehold Mortgage such as the Leasehold Mortgages securing the Series 2021 Bonds) for the value of the Institution's leasehold interest in the Leased Premises and the Project Building Lease. For purposes of such event, the respective values of the fee estate and the leasehold estate shall be deemed to be the price at which the applicable estate would be deemed to be sold for cash by a willing seller not compelled to sell to a willing buyer not compelled to buy, assuming for purposes of determination of such price that (A) the Leased Premises were sold encumbered and benefitted by the Project Building Lease until the Expiration Date, (B) the Leased Premises were improved as improved immediately prior to such event, (C) the Leased Premises were unencumbered by any lien and (D) no such event occurred. Any dispute as to the value of the fee estate or the leasehold estate shall be determined by arbitration in accordance with the procedure set forth in the Project Building Lease.

In the event of a taking of all or substantially of the Leased Premises, the Project Building Lease shall terminate. The award shall first be paid to the Depository for expenses, then to the Project Building Landlord for the value of the fee interest in the Leased Premises and the Project Building Lease, and then to the Institution or as required pursuant to any Leasehold Mortgage for the value of the Institution's leasehold interest in the Leased Premises and the Project Building Lease. For purposes of a taking, the respective values of the fee estate and the leasehold estate shall be deemed to be the price at which the applicable estate would be deemed to be sold for cash by a willing seller not compelled to sell to a willing buyer not compelled to buy, assuming for purposes of determination of such price that (A) the Leased Premises were sold encumbered and benefitted by the Project Building Lease until the Expiration Date, (B) the Leased Premises were improved as improved immediately prior to the taking, (C) the Leased Premises were unencumbered by any lien and (D) no taking was pending, threatened or under consideration. Any dispute as to the value of the fee estate or the leasehold estate shall be determined by arbitration in accordance with the procedure set forth in the Project Building Lease.

If less than a substantial portion of the Leased Premises is taken, the Project Building Lease will continue as to the remaining portion, the Institution will be obligated to restore such portion of the Leased Premises for the permitted use, and the condemnation award will be disbursed as if such taking were a casualty and the award constituted restoration funds.

If, during the last five years of the Term, there is a taking of a portion of the Leased Premises to an extent greater than 25% of the then replacement value thereof, the Institution shall have the option (subject to consent of any Leasehold Mortgagees and other customary conditions) to terminate the Project Building Lease. In such event, the condemnation award shall be paid to the Project Building Landlord.

Events of Default: The following each constitute an Event of Default under the Project Building Lease:

- (i) If the Institution or any Guarantor shall file a voluntary petition in bankruptcy or insolvency, or be adjudicated a debtor, or insolvent, or shall file any petition or answer seeking relief under federal or state law, or shall make an assignment for the benefit of creditors or shall seek or acquiesce in the appointment of any trustee, receiver or liquidator of the Institution or, prior to the termination of any guaranty of any of the Institution's lease obligations, any guarantor or of all or any part of the Institution's property;
- (ii) A petition under federal bankruptcy laws is filed against the Institution (or Guarantor) and same is not dismissed within 120 days;
- (iii) A receiver, trustee, custodian or liquidator is appointed and such appointment is not vacated or discharged within 120 days;
- (iv) Guarantor seeks bankruptcy protection and same is not dismissed within 120 days;
- (v) If the Institution defaults in the payment of Fixed Rent or Additional Rent and such default continues for 5 Business Days after notice;
- (vi) If the Institution defaults in the performance of its CapEx obligations beyond the expiration of all applicable notice and cure periods;
- (vii) If the Institution shall default in the performance of any of the following Project Building Lease provisions: Article 8 (Insurance), Section 10.5 (Mechanic's Liens) or Article 20 (Assignment, Subletting and Mortgaging) and the Institution shall fail to remedy such default within 5 Business Days after notice; or
- (viii) If the Institution defaults in the performance of any other lease obligation and such default is not cured within 30 days after notice, or if such default is not capable of being cured within 30 days, and the Institution fails to promptly institute and diligently prosecute to completion all steps necessary to remedy the same.

Project Building Landlord Curing Tenant's Defaults; Fees and Expenses: If the Institution defaults under the Project Building Lease beyond applicable notice and cure periods, the Project Building Landlord has the right to perform the obligation in default and have its costs reimbursed.

Leasehold Mortgagees and Right to Cure Defaults: The Project Building Lease contains provisions granting Leasehold Mortgagees (as defined in the Project Building Lease), which include the Trustee as a mortgagee under the Leasehold Mortgages, the right to cure defaults and Events of Default of the Institution.

In the case of a default, the Project Building Landlord is to give to the Leasehold Mortgagee a copy of each notice of default (or notice of the intent of the Project Building Landlord to act in lieu of the Institution as a result of a default under the Project Building Lease) at the same time as, and whenever, any such notice is given to the Institution. Each Leasehold Mortgagee then has a period of 30 days more

than is given to the Institution to cure the default; provided, however, that in the case of a non-monetary default that is susceptible of cure without possession, but is of such a nature that it cannot, with due diligence, be completely remedied by the Leasehold Mortgagee within such additional 30-day period, the period of time in which the Leasehold Mortgagee may cure such non-monetary default is extended for a reasonable time to complete such remedy (not to exceed 365 days in the aggregate for any reason including Force Majeure delays), provided that the Leasehold Mortgagee institutes the remedy during such 30-day period and thereafter diligently prosecutes the remedy to completion.

Upon the occurrence of an event that would constitute a default or Event of Default that requires possession of the Leased Premises to cure, the Leasehold Mortgagee has an additional cure period of 60 days after the expiration of the time given to the Institution to remedy such default or Event of Default, provided the Leasehold Mortgagee gives the Project Building Landlord notice of its intention to institute foreclosure proceedings to obtain possession of the Leased Premises and thereafter promptly commences such foreclosure proceedings and prosecutes such proceedings with diligence and continuity and upon obtaining such possession, commences promptly to cure the default or Event of Default and to prosecute the same to completion with diligence and continuity, provided that during the period in which such action is being taken (and any foreclosure proceedings are pending), (i) all defaults or Events of Default to the extent that they are reasonably susceptible to being cured by the Leasehold Mortgagee, are being cured and (ii) all obligations of the Institution to pay Rent, and all other obligations of the Institution under the Project Building Lease, to the extent such other obligations are reasonably susceptible to being performed by the Leasehold Mortgagee, are being performed.

If the Leasehold Mortgagee notifies the Project Building Landlord, in writing, that it has relinquished possession of the Leased Premises or that it will not institute foreclosure proceedings, or, if such proceedings have been commenced, that it has discontinued them, or that the Leasehold Mortgagee otherwise elects not to cure the default, then the Leasehold Mortgagee shall have no further obligation to cure any defaults of the Institution from and after the date it delivers such notice to the Project Building Landlord and, thereupon, the Project Building Landlord has the right to terminate the Project Building Lease and the Institution's leasehold interest therein, which could result in a loss of the enforcement rights with respect to the Leasehold Mortgages.

Notwithstanding the above, if the Project Building Lease shall be rejected or terminated in whole or in part for any reason prior to the stated expiration thereof, the Project Building Landlord shall promptly notify the Leasehold Mortgagees of the termination and the Project Building Landlord shall, upon the request of the Leasehold Mortgagees, enter into a replacement lease for a period from the effective date of termination through the remainder of the Project Building Lease term upon the same terms and conditions contained in the terminated Project Building Lease, provided that the Leasehold Mortgagees, at the time of execution of the replacement lease, (A) shall pay the Project Building Landlord all unpaid Rent due under the Project Building Lease and all reasonable expenses, including, without limitation, reasonable attorneys' fees and disbursements and court costs, incurred by the Project Building Landlord in connection with the default by the Institution or otherwise owing under the Project Building Lease and (B) shall cure all defaults and Events of Default existing under the Project Building Lease that are reasonably susceptible to being cured by such Leasehold Mortgagee, or its designated agent, nominee, or servicer.

See "APPENDIX H — SUMMARY OF CERTAIN PROVISIONS OF THE PROJECT BUILDING LEASE."

Subordination Agreement

Pursuant to the Fee Mortgage Subordination Agreement to be delivered on or prior to the date of issuance of the Series 2021 Bonds ("Subordination Agreement") among the fee mortgagee of the Project

Building Landlord's fee interest ("Fee Mortgage"), the Project Building Landlord and the Institution, the Project Building Landlord's fee mortgage is subject and subordinate to the Project Building Lease and the respective interests of the Institution and any Leasehold Mortgagee. The Fee Mortgagee agrees that if it commences a foreclosure of the fee mortgage or sale of the fee interest pursuant to the fee mortgage, neither the Institution nor any person or entity claiming through or under the Institution shall be named or joined as a party, and the sale of the fee interest and the exercise by Fee Mortgagee of any of its other rights under the fee mortgage shall be made subject and subordinate to the Project Building Lease and all rights of the Institution and any Leasehold Mortgagee, provided that the Institution and any Leasehold Mortgagee may be so named or joined in any such action or proceeding if required by law, so long as (a) in connection with such naming and joining of the Institution or any Leasehold Mortgagee, the Fee Mortgagee will not seek to terminate or extinguish the Institution's rights or those of any Leasehold Mortgagee, and (b) none of the Institution's rights or those of any Leasehold Mortgagee, shall be impaired or otherwise affected by such naming or joining of the Institution or any Leasehold Mortgagee. If the Project Building Landlord's interest in the Project Building Lease is transferred to the Fee Mortgagee, then, following such transfer, the Institution shall attorn to and recognize such person so succeeding to the Project Building Landlord's interest in the Project Building Lease (the "Successor Landlord") and the Successor Landlord shall assume the Project Building Lease and recognize the Institution as its direct tenant thereunder, all such that the Successor Landlord and the Institution shall be bound to each other under all of the terms, covenants and conditions of the Project Building Lease, except as otherwise expressly provided in the Subordination Agreement, for the balance of the term and for any extensions or renewals thereof that are effected in accordance with the Project Building Lease.

Leasehold Condominium

Subsequent to the issuance of the Series 2021 Bonds, the Institution intends to subject its interest under the Project Building Lease to a condominium regime pursuant to the Condominium Act and create two or more condominium units with respect to the Leased Premises. Pursuant to the condominium declaration and bylaws, the owner of the condominium units, which shall be the Institution, shall irrevocably appoint the leasehold condominium board as its agent for receipt of any notices or service of process in connection with any action commenced by the Project Building Landlord to obtain possession of the Leased Premises, and the owner of the condominium units shall be jointly and severally liable with the Institution for the performance of the obligations of the Institution pursuant to the Project Building Lease. The sale, transfer or sublease of any condominium unit shall be deemed an assignment or sublease subject to the applicable provisions in the Project Building Lease. The expiration or earlier termination of the Project Building Lease shall result in a termination of the leasehold condominium.

The Project Building Landlord's fee interest in the Leased Premises and all fee mortgages and any leasehold mortgages shall be superior to the leasehold condominium documents in all respects, subject to the non-disturbance and other provisions of the Project Building Lease.

Upon formation of the leasehold condominium regime and in accordance with the terms of the Project Building Lease, the Institution intends to apply for an exemption from payment of real estate taxes under New York Real Property Tax Law § 420-a and use commercially reasonable efforts to obtain such tax exemption status from the New York City Department of Finance. If the Institution obtains the real estate tax exemption, then the Institution shall pursue each available renewal annually throughout the term of the Project Building Lease that it is entitled to pursue. In the event the Institution fails to obtain the real estate tax exemption, the Project Building Lease shall remain in full force and effect, and the Institution shall be obligated to pay all real estate taxes for the Leased Premises. See "BONDHOLDERS' RISKS – Leasehold Condominium and Real Estate Tax Exemption Risks" herein for the risks associated with the condominium regime and real estate tax exemption.

The Institution will perform or cause to be performed the Project Work (x) in accordance with all applicable Legal Requirements, the Plans and Specifications and all applicable requirements of the Condominium Documents, the Project Building Lease and the CapEx Agreement (as defined in the Indenture), (y) in coordination with the Construction Monitor (as defined in the Indenture), and (z) with the conditions and requirements of all policies of insurance with respect to the Facility and the Project Work. While it is anticipated that the proceeds from the sale of the Series 2021 Bonds together with other moneys of the Institution will be sufficient to complete the Facility improvements, cost overruns could also result in the Institution not having sufficient moneys to complete the improvements. In the event of cost overruns, the Institution intends to use other operating funds on hand to complete the Project.

The Institution shall have the right to commence the Construction Work prior to delivering to the Trustee and the Construction Monitor an executed copy of the Construction Agreement, the Plans and Specifications for such Construction Work, and any update to the Project Cost Budget. However, the Institution shall not requisition from the Construction Account of the Project Fund (Tax-Exempt) an amount which, together with all prior such requisitions, shall exceed \$8,000,000 in the aggregate unless and until it shall first deliver to the Trustee and the Construction Monitor an executed copy of the Construction Agreement, the Plans and Specifications for the Construction Work and the Project Cost Budget. The Construction Monitor will monitor the Project Work on a monthly basis, unless requested more frequently by the Institution or the Trustee, to endeavor to confirm to the best of its ability that the Institution is performing the Construction Work or causing it to be performed in accordance with all applicable Legal Requirements, including the Project Cost Budget, the Plans and Specifications and all applicable requirements of the Condominium Documents, the Loan Agreement, the Project Building Lease and the CapEx Agreement, and with the conditions and requirements of all policies of insurance with respect to the Facility and the Project Work. The Construction Monitor will deliver a report to the Trustee setting forth its opinion as to the status of the Project Work consistent with the requirements in the Loan Agreement commencing on or about September 1, 2021, and although monthly reports will most likely be provided and available to the Institution and the Trustee, quarterly thereafter until the Project Completion Date.

PROJECT BUDGET AND PROJECT SCHEDULE

Project Budget

To develop the budget for the Project, the Institution retained Envoie Projects LLC (“Envoie”) to act as owner’s representative and project manager. Working with Envoie, the Institution obtained initial Project cost estimates from two construction management firms, including McGowan Builders, and one independent cost estimating firm, JS Held. The firms based these initial estimates on feasibility report narratives produced by the design team and a walkthrough of the existing building. The three estimates for trade costs ranged from approximately \$31.1 million to approximately \$35.1 million. Based on these initial estimates, an initial development budget of \$35 million for trade costs was prepared. The budget also included markups for general conditions, general requirements, fee, insurance and pre-construction services based on industry standard percentages.

During the schematic design phase, the Institution undertook a construction management (CM) selection process. The Institution issued a request for proposals to five firms, all of which responded by submitting proposals. The Institution and Envoie reviewed and leveled the proposals and selected three firms for interview. After the interviews, the Institution asked two firms to submit a “best and final” fee proposal. Throughout this process, the Institution and Envoie undertook both a quantitative comparison (including competitive fee proposal for pre-construction services and for general conditions, general requirements, fee, and insurance mark-up percentages) and a qualitative comparison (including relevant experience, references, staffing experience, and approach to the project). Based on the comparisons, the Institution selected McGowan Builders to act as construction manager.

At the conclusion of schematic design, McGowan Builders and JS Held independently produced revised estimates. The two firms then conducted reconciliation meetings, which resulted in revised trade cost estimates of \$37.4 million and \$39.1 million, respectively. The estimated trade costs increase is primarily attributed to the advancement of the design process, including pricing off of preliminary drawings instead of written concept narratives, and refinements to program needs and scope. This increase was expected to occur during the design process, and earlier estimates included a design contingency for this reason.

Based on the refined trade cost numbers, a development budget, which included \$39 million for trade costs, was prepared. The mark-ups of \$5,485,357 carried in the development budget for general conditions and requirements, fee, insurance, escalation and pre-construction services reflect McGowan Builder's bid values, which overall are lower than the standard percentages initially held in the earlier cost estimates. In the development budget, the Design Contingency was also reduced from 15 percent to 10 percent (\$3,900,000). Construction and bid contingency is estimated to be \$7,257,804. Total construction costs inclusive of mark-ups and contingencies is estimated to be \$55,643,161.

In addition to construction costs, the development budget estimates (i) \$225,000 for non-construction costs such as surveys, (ii) \$3,872,973 for soft costs such as planning and design, (iii) \$1,745,500 for professional/consultant fees, (iv) \$325,000 for other costs, as well as (v) \$386,444 for builder's risk insurance. The development budget also includes a soft cost contingency of ten percent (10%) (\$976,492).

The estimated development budget also includes a furniture, fixtures and equipment estimate of \$3,210,000.

The development budget estimates the total Project costs to be \$66,384,570.

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The following table is the estimated development budget for the Facility.

Shefa School Project		Estimated Development Budget	
Construction Costs		Non-Construction Costs (continued)	
Trade Costs	39,000,000	Other Professional / Consultant Fees	
Design Contingency (10%)	3,900,000	Environmental	20,000
General Conditions / Requirements	1,920,640	Expediting Permitting	325,000
CM/GC Fee	1,254,978	FDNY Expediting / FPP/FSP	100,000
CM Insurance	1,059,739	Owners Representative / Project Manager	670,500
Escalation (3%)	1,170,000	Estimating	65,000
Pre-Construction CM Services	80,000	Legal	165,000
Construction & Bid Contingency (15%)	7,257,804	Special Inspections	250,000
Total Construction Costs + Contingency	55,643,161	Commissioning	150,000
Non-Construction Costs		Subtotal Other Prof. / Consultant Fees	1,745,500
Existing Conditions		Other	
Surveys	25,000	Printing / Bid Sets	10,000
Environmental Testing / Monitoring (Air, ACM, Lead etc.)	40,000	Photography	10,000
Test Pits / Borings / Vibration Monitoring	85,000	Final Cleaning	80,000
Utilities Thru TCO	75,000	Relocation / Move-In	225,000
Subtotal Existing Conditions	225,000	Subtotal Other	325,000
Furniture, Fixtures & Equipment		Insurance	
Furniture	2,000,000	Builders Risk (80%)	386,444
Furniture Contingency	140,000		
Specialty Equipment (Gym Equip/Playground)	250,000	Soft Cost Contingency	976,492
Specialty Equipment (Tech / Computers / Smart Boards / TVs)	550,000		
IT Network / Telephones	45,000	Total Non-Construction Costs	10,741,409
Signage (Design & Fabrication- donor and code)	225,000		
Subtotal FF&E	3,210,000	Total Development Budget	66,384,570
Planning & Design			
Architect, Structural, MEPFS, Elevator, Civil, Lighting, Acoustics, Code	2,276,500		
Specialty Consultants - not yet awarded	143,530		
Geotechnical	200,000		
Façade / FISP Consultant	539,275		
AV / IT / Security Consultant	163,970		
Reimbursables (3%)	99,698		
Additional Services	450,000		
Subtotal Planning and Design	3,872,973		

As of June 2021

Preliminary and Subject to Change

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Project Schedule

The Project schedule currently anticipates that a design development submission will be prepared for filing with the NYC Department of Buildings (“DOB”) in July 2021. The filing process from application to issuance of permits is estimated to take approximately 6 months, subject to DOB review timing. During the summer of 2021, the team is expected to issue early bid packages, and will continue to award sub-trade award packages for items such as site safety and logistics, temporary shoring and probes. During the summer and early fall of 2021, the team is expected to award sub-trade award packages for early bid packages for demolition, structural steel, concrete and scaffolding. By the end of November 2021, the team expects to have 100% construction documents. In December 2021, the team expects site mobilization and construction commencement to occur. By March 2022, the team expects to have the lump sum construction agreement in place and the balance of sub-trade award packages finalized. Construction is expected to be substantially complete by Fall 2023.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds, including the proceeds of the Series 2021 Bonds and the equity contribution of the Institution:

	Series 2021A <u>Bonds</u>	Series 2021B <u>Bonds</u>	<u>Total</u>
Estimated Sources of Funds:			
Par Amount	\$63,110,000	\$2,565,000	\$65,575,000
Net Original Issue Premium (Discount)	10,032,390	-	10,032,390
Institution’s Equity Contribution ¹	<u>6,000,000</u>	<u>-</u>	<u>6,000,000</u>
Total Sources of Funds	\$79,142,390	\$2,565,000	\$81,707,390
Estimated Uses of Funds:			
Construction Account	\$66,384,570	\$ -	\$66,384,570
Capitalized Interest Account	7,174,425	247,095	7,421,520
Debt Service Reserve Fund	4,323,528	175,722	4,499,250
Cost of Issuance ²	<u>1,259,867</u>	<u>2,142,183</u>	<u>3,402,050</u>
Total Uses of Funds	\$79,142,390	\$2,565,000	\$81,707,390

¹ The equity contribution is anticipated by the Institution to be funded through fundraising over time by the Institution pursuant to its Capital Campaign. More specifically, the \$6,000,000 equity contribution, as indicated in this “Estimated Sources and Uses of Funds” table, consists of Capital Campaign contributions that have been pledged by the respective donors and currently are scheduled to be paid by the respective donors and received by the Institution prior to the completion of the Project. See “THE PROJECT; USE OF PROCEEDS OF THE SERIES 2021 BONDS; USE OF PROCEEDS OF THE CAPITAL CAMPAIGN” herein.

² Cost of Issuance are inclusive of legal fees, Issuer fee, printing costs, Trustee fees, underwriter’s discount and other customary expenses.

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BONDHOLDERS' RISKS

General

The Series 2021 Bonds involve a certain degree of risk. Prospective investors in the Series 2021 Bonds should carefully review all of the information in this Limited Offering Memorandum, including the Appendices, as well as information incorporated herein by reference, prior to purchasing any of the Series 2021 Bonds. This Limited Offering Memorandum contains only summaries of the Indenture, the Loan Agreement, the Project Building Lease and the related documents. Prospective investors are urged to read such documents in their entirety prior to investing in the Series 2021 Bonds. Copies of drafts of such documents may be obtained from the Underwriter prior to the issuance of the Series 2021 Bonds. See APPENDIX A for a discussion of the financial condition and results of operations of the Institution, APPENDIX B for copies of the audited financial statements of the Institution.

Set forth below are certain risk factors affecting an investment in the Series 2021 Bonds, including, among others, risk factors that could adversely affect the Institution's operations, revenues and expenses, including those relating to the Facility, to an extent which cannot be determined at this time. Such risk factors should be considered before any investment in the Series 2021 Bonds is made. These risk factors should not be considered definitive or exhaustive.

Special Limited Revenue Obligations of the Issuer

The Series 2021 Bonds are special limited revenue obligations of the Issuer, payable as to principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on, solely from the payments made by the Institution under the Loan Agreement and the Promissory Notes, and from the Trust Estate. Neither the State nor any political subdivision thereof, including the City, shall be obligated to pay the principal of, Purchase Price 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, Purchase Price or Redemption Price of, Sinking Fund Installments for, or interest on, the Series 2021 Bonds against any member, officer, director, employee, servant or agent of the Issuer. The Issuer has no taxing power.

Revenues of the Institution

No representation or assurance can be made that revenues will be realized from the Institution in amounts sufficient to provide funds for payment of debt service on the Series 2021 Bonds when due and to make other payments necessary to meet the obligations of the Institution. Further, there is no assurance that the revenues of the Institution can be increased sufficiently to match increased costs that may be incurred.

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

Future revenues and expenses of the Institution may be affected by events and economic conditions, which may include an inability to control expenses in periods of inflation, as well as other conditions. Other factors that may affect revenues and expenses include the ability of the Institution to provide services required; economic and demographic developments in the United States; and changes in

interest rates that affect investment results and governmental regulations concerning payment. All of the above referred-to factors could affect the Institution's ability to make payments pursuant to the Loan Agreement and the Promissory Notes. See "APPENDIX A – THE SHEFA SCHOOL" and "APPENDIX B – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE INSTITUTION."

Additionally the future revenues of the Institution may be shared pursuant to the Pledge and Security Agreement. Under the Pledge and Security Agreement, the Institution is permitted to secure Indebtedness on a parity basis in the Shared Collateral with a Permitted Shared Lienor; provided that (y) the aggregate Indebtedness (other than the Secured Obligations) of the Institution which can at any time be secured by any such Lien shall not exceed the Maximum Permitted Shared Lien Indebtedness at any point in time, and (z) the underlying documentation with respect to any such Indebtedness of the Institution so secured shall expressly provide that the Trustee shall be a third party beneficiary of the Shared Collateral Protective Provisions to the same extent as provided to the Permitted Shared Lienor under the Pledge and Security Agreement. The Maximum Permitted Shared Lien Indebtedness shall mean \$5,000,000, as such amount shall be increased on July 1 of each year commencing July 1, 2022 by the percentage increase, if any, in the CPI Index, from the preceding May.

Charter Revocation

The Institution was granted a provisional charter from the New York State Education Department and began operation as a co-educational Jewish day school in September 2014. The Institution's provisional charter expired on March 12, 2021 and the Institution has applied for its absolute charter. The Institution anticipates receiving its absolute charter after the issuance of the Series 2021 Bonds. However, there can be no assurance that the Institution will receive its absolute charter at such time or at all. Under New York law, the Institution can continue to operate as an educational corporation until the Board of Regents notifies the Institution that it has revoked the Institution's charter. See "APPENDIX I - STATE EDUCATION DEPARTMENT LETTER" herein. Under the Loan Agreement, the Institution will covenant that, for so long as any Series 2021 Bonds shall be Outstanding, it must either be chartered or otherwise authorized and in good standing by the New York Board of Regents and registered with the New York State Department of Education. In the event the Institution's charter is revoked, the ability of the Institution to make payments under the Loan Agreement coming due thereafter would be significantly impaired.

The Institution's charter may be revoked by the Board of Regents for sufficient cause pursuant to Section 219 of the New York Education Law. Although, the Institution received a letter dated June 3, 2021, from the State Education Department stating that it "considers [the Institution] to be in good standing and has no concerns related to its educational charter," no assurance can be given that the Institution will be able to maintain such good standing in the future. A copy of the letter is attached as APPENDIX I hereto. In addition, even though the Institution does not anticipate any non-renewal or revocation of its charter, there can be no assurance that the Board of Regents will not revoke the charter in the future.

Enforceability of Remedies; Effect of Bankruptcy

The Series 2021 Bonds are payable from the sources and are secured as described in this Limited Offering Memorandum. The practical realization of value from the collateral for the Series 2021 Bonds described herein upon any default will depend upon the exercise of various remedies specified by the Indenture, the Loan Agreement or other Security Documents, if applicable, and the then-value of the collateral and other regulatory approvals. These and other remedies may, in many respects, require judicial actions which are often subject to discretion and delay.

Under existing law, the remedies specified by the Indenture, the Loan Agreement, the Leasehold Mortgages, the Assignments of Leases and Rents and the Pledge and Security Agreement may not be readily available or may be limited. A court may decide not to order the performance of the covenants contained in those documents. The legal opinions to be delivered concurrently with the delivery of the Series 2021 Bonds will be qualified as to the enforceability of the various agreements and other instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies and by bankruptcy, reorganization or other laws affecting the enforcement of creditors' rights generally.

The rights and remedies of the Holders of the Series 2021 Bonds are subject to various provisions of Title 11 of the United States Code (the "Bankruptcy Code"). If the Institution were to file a petition for relief under the Bankruptcy Code, the filing would automatically stay the commencement or continuation of any judicial or other proceedings against the Institution and its property, including the commencement of foreclosure proceedings under the Leasehold Mortgages. The Institution would not be permitted or required to make payments of principal or interest under the Loan Agreement unless an order of the United States Bankruptcy Court were issued for such purpose. In addition, without an order of the United States Bankruptcy Court, the automatic stay may serve to prevent the Trustee from applying amounts on deposit in the Funds and Accounts established under the Indenture from being applied in accordance with the provisions of the Indenture and the application of such amounts to the payment of principal of, and interest on, the Series 2021 Bonds. Moreover, any motion for an order terminating the automatic stay and permitting such accounts to be applied in accordance with the provisions of the Indenture would be subject to the discretion of the United States Bankruptcy Court, and may be subject to objection and/or comment by other creditors of the Institution, which could affect the likelihood or timing of obtaining such relief. In addition, if the value of the Mortgaged Property is less than the principal amount of the Institution's total loan repayment obligation at the time of a bankruptcy proceeding, the security interest of the Trustee in such Mortgaged Property is subject to the claims of creditors that the mortgaged indebtedness in excess of the then fair market value of the Mortgaged Property is unsecured and, therefore, such excess is not entitled to a secured priority position in the administration of the bankruptcy estate.

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

Enforceability of Lien on Collateral

The Loan Agreement provides that the Institution shall make payments to the Trustee sufficient to pay the principal of the Series 2021 Bonds and the interest thereon as the same become due. The obligation of the Institution to make such payments is evidenced by the Promissory Notes and secured by, among other things, a security interest granted to the Trustee in the Pledged Revenues of the Institution pursuant to the Pledge and Security Agreement. See "SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS – Security for the Series 2021 Bonds." Pledged Revenues paid by the Institution to other parties in the ordinary course might no longer be subject to the lien of the Pledge and Security Agreement and might therefore be unavailable to the Trustee.

In the event of bankruptcy of the Institution, transfers of property by the bankrupt entity, including the payment of debt or the transfer of any Pledged Revenues, including receivables, on or after the date which is 90 days (or, in some circumstances, one year) prior to the commencement of the case in bankruptcy court, may be subject to avoidance or recoupment as preferential transfers. Under certain circumstances a court may have the power to direct the use of certain Pledged Revenues to meet expenses of the Institution before paying debt service on the Series 2021 Bonds.

Pursuant to the New York Uniform Commercial Code, a security interest in the proceeds of the Pledged Revenues may not continue to be perfected if such proceeds are not paid over to the Trustee by the Institution under certain circumstances. See “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS – Security for the Series 2021 Bonds”

Leasehold Mortgages

Security Interests in Mortgaged Property under the Leasehold Mortgages: The security interests in the Mortgaged Property granted under the Leasehold Mortgages may be affected by various matters, including, (i) rights arising in favor of the United States of America or any agency thereof, (ii) present or future prohibitions against assignment in any applicable federal or state statutes or regulations, (iii) constructive trusts, equitable liens or other rights imposed or conferred by any state or federal court in the exercise of its equitable jurisdiction and rights of donors of property, (iv) claims that might obtain priority if continuation statements are not filed in accordance with applicable laws, (v) the rights of holders of prior perfected security interests in equipment and other goods owned by the Institution and included in the Mortgaged Property and the proceeds of sale of such property, (vi) statutory liens and other liens arising as a matter of law, (vii) the rights of parties secured by other liens or encumbrances permitted by the Loan Agreement, the Leasehold Mortgages or other Security Documents and (viii) claims by creditors that the mortgaged indebtedness in excess of the then-fair market value of the Mortgaged Property is unsecured to the extent of such excess.

Insufficiency of Mortgage Foreclosure; Environmental Impairment of Property: One of the remedies of the Trustee under the Indenture upon the occurrence of an Event of Default thereunder, is to institute foreclosure proceedings to enforce the mortgage liens of the Leasehold Mortgages on the Institution’s leasehold interest under the Project Building Lease in the Leased Premises. However, due to the limited uses for which the Leased Premises may be utilized, none of the Issuer, the Trustee, the Institution or the Underwriter makes any assurance or representation that the Trustee will be able to lease the Leased Premises or, if the Leased Premises are leased, that the rentals derived therefrom upon a foreclosure, along with all moneys of the Institution on deposit in the various Funds and Accounts established under the Indenture, will be sufficient to pay in full the principal of, and interest on, the Series 2021 Bonds.

In exercising the rights of foreclosure under the Leasehold Mortgages, the Trustee, in accordance with current commercial lending practices, may perform a Phase I Environmental Audit to determine the presence or likely presence of a release or a substantial threat of a release of any hazardous materials at, on, to, or from the Facility. If the audit indicates the existence of hazardous materials with respect to the Facility, the Trustee may conclude that it is not in the best interests of the Bondholders to foreclose on such property due to liability for removal of hazardous materials. In such an event, the Trustee may decline to exercise foreclosure with respect to the Facility under the Leasehold Mortgages without specific instructions from Bondholders and receipt of funds, security and/or indemnity from the Bondholders reasonably satisfactory to the Trustee to pay the costs, expenses, and liabilities which might be incurred by its compliance with such instructions. Consequently, the existence, after the issuance of the Series 2021 Bonds, of hazardous materials with respect to the Facility could severely limit the ability (when considered together with the economic liability associated with removal of such materials) of the Trustee to foreclose on such property and/or obtain the market value for such property in security for the

Series 2021 Bonds that would otherwise have been available absent the existence of such hazardous materials.

The value of the Facility may fluctuate over time. The value of a leasehold interest in the Leased Premises at any given time will be directly affected by market and financial conditions which are not in the control of the Institution. These conditions include the risk of adverse changes in general economic and local conditions; uninsured losses; lack of attractiveness of the property; cyclical nature of the real estate market; limited alternative use; suitability of the property; adverse changes in neighborhood values; and adverse changes in zoning and other laws and regulations. There is nothing associated with the Facility that would suggest that its value would remain stable or would increase if the general values of property in the community were to decline. There is no requirement that the value of the leasehold interest in the Leased Premises be equal to or greater than the Outstanding principal amount of the Series 2021 Bonds. Thus, upon any default, it may not be possible to realize the Outstanding principal of and interest on the Series 2021 Bonds from a lease, or a sale of the Facility or a sale of the Institution's leasehold interest in the Leased Premises. See also "BONDHOLDERS' RISKS – Project Building Lease Risks."

Construction Risks

Construction of the Facility improvements are subject to the usual risks associated with construction projects, including, but not limited to, delays in issuance of required building permits or other necessary approvals or permits, strikes, labor disputes, shortages of materials and/or labor, transportation delays, adverse weather conditions, fire, casualties, infectious disease outbreak, adverse conditions not reasonably anticipated or other causes beyond the control of the Institution or its contractors. Such events could result in delaying additional enrollment, substantial completion or occupancy of the Facility improvements. In addition, substantial completion of these improvements may be extended because of changes authorized by the Institution, delays due to acts or neglect of the Institution or by independent contractors. While it is anticipated by the Institution that the proceeds from the sale of the Series 2021 Bonds together with other moneys of the Institution will be sufficient to complete the Facility improvements, cost overruns could also result in the Institution not having sufficient moneys to complete the improvements, which would negatively impact the Institution's ability to effectuate its plans.

Matters Affecting the Value of the Facility

The Leased Premises do not comprise a general purpose building and would require renovations in order to be generally suitable for office or commercial use. Consequently, it could be difficult to find a lessee for the Leased Premises if it were necessary to foreclose on the Leasehold Mortgages. Thus, upon default, it may not be possible to realize proceeds at least equal to the principal amount of the Outstanding Series 2021 Bonds from a lease of the Leased Premises, or a sale of the leasehold interest in the Leased Premises, due to their purpose-built improvements or due to the real estate market generally.

The Facility is and will be subject to various federal, State and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability to the Institution (and to any beneficiary of the lien created by the Leasehold Mortgages, particularly following any foreclosure proceedings) for remediating adverse environmental conditions on or relating to the Facility, whether arising from pre-existing conditions or conditions arising as a result of activities conducted in connection with the operation of the Leased Premises. The presence of certain hazardous materials in sufficient quantities, at, under, or near the Facility may adversely affect the Institution's ability to use the Facility as a school, and may adversely affect its value for other uses. Costs incurred by the Institution with respect to environmental remediation or liability could adversely affect its financial condition. Excessive costs in connection with any such environmental remediation or any such liability to third parties could also make it difficult to successfully re-let the Leased Premises or sell the leasehold

interest therein. A Phase I Environmental Site Assessment was performed by VHB Engineering, Surveying, Landscape Architecture and Geology, P.C. (the “Consultant”) regarding the site of the Leased Premises to determine if there were any recognized environmental conditions (RECs) on the site of the Leased Premises. The Consultant issued its report on November 6, 2020 (the “Report”). The Report indicated that no RECs were identified on the subject property. In addition, all current building violations will be addressed either by the Project Building Landlord, or by the Institution in connection with the renovation of the Leased Premises.

Facility Damage

Damage from deliberate acts of destruction, vandalism, terrorism, natural causes, fire, severe weather or various facility system failures may have a material adverse impact on the Institution’s business and financial condition, especially if insurance is inadequate to cover resulting property and business losses.

Additional Indebtedness

Under the Loan Agreement, the Institution has the ability to incur additional debt. See “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 BONDS – Security for the Series 2021 Bonds - Financial Covenants of the Institution - Additional Indebtedness.” Pursuant to the terms of the Indenture, Additional Bonds may be issued by the Issuer at the request of the Institution upon the satisfaction of various requirements set forth in the Indenture. See “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Additional Bonds.”

Certain Risks Related to the Project Building Lease

The real property upon which the Leased Premises are located is subject to a 99-year ground lease pursuant to which the Institution is the tenant. Leasehold interests are subject to certain risks not implicated with interests secured by a lien on the underlying real property. The most significant of these risks is that if the Institution defaults under the Project Building Lease, then any security in the leasehold interest, including the Leasehold Mortgages, could be lost as would the Institution’s right to possess and operate the Leased Premises.

The risk of termination of the security provided by the Leasehold Mortgages is mitigated by, among other things, the obligation of the Project Building Landlord to provide (i) a notice of default to each Leasehold Mortgagee and (ii) an independent and extended opportunity for each Leasehold Mortgagee to cure the Institution’s default. If the Leasehold Mortgagee fails to cure an Event of Default under the Project Building Lease and the Project Building Lease is terminated, then the Project Building Landlord is to provide prompt notice to each Leasehold Mortgagee together with a statement of any and all sums that would be due under the Project Building Lease but for such termination and of all other defaults and Events of Default, then known to the Project Building Landlord. The Leasehold Mortgagee (or its designee) shall thereupon have the right to obtain a new Lease within 90 days after the giving of such notice by the Project Building Landlord, for the remainder of the lease term upon all the covenants, conditions, limitations and agreements of the Project Building Lease (subject to modifications reasonably requested by a Leasehold Mortgagee and acceptable to the Project Building Landlord) provided the Leasehold Mortgagee (A) shall pay to the Project Building Landlord, simultaneously with the delivery of the new Lease, all unpaid Rent and all reasonable expenses, incurred by the Project Building Landlord in connection with the default by the Institution or otherwise owing under the Project Building Lease, the termination of the Project Building Lease and the preparation of the new Lease, and (B) shall cure all defaults and Events of Default that are reasonably susceptible to being cured by such Leasehold Mortgagee, or such designee. There can again be no assurance, however, that the Leasehold Mortgagee

will timely provide the notices required for the new Lease, or will have sufficient funds available at such time to pay such amounts required to be paid and to complete any required cures.

In the event the Project Building Lease is terminated while the Series 2021 Bonds remain Outstanding, and no new lease is entered into with either the Trustee as Leasehold Mortgagee (or its designee), or with a purchaser upon foreclosure of the liens of the Leasehold Mortgages, (i) the Institution will cease to have any leasehold interest in the Leased Premises, (ii) such event will constitute an Event of Default under the Indenture, (iii) the liens of the Leasehold Mortgages upon the leasehold interest of the Institution under the Project Building Lease shall no longer attach to the Leased Premises, and (iv) the Leasehold Mortgages will no longer constitute collateral or security for the payment of the Series 2021 Bonds.

Because of the possible termination of a ground lease, whether arising from a bankruptcy, the expiration of a lease term or an uncured defect under the related ground lease, lending on a leasehold interest in a real property is riskier than lending on the fee interest in the property.

Restrictions on the Use of the Leased Premises

The terms of the Project Building Lease restrict the use of the Leased Premises. These restrictions may limit the ability of the Institution and any successor (including a purchaser at foreclosure) to convert the Leased Premises to an alternative use in the event that the operation of the Leased Premises for its original purpose becomes unviable for any reason. Under the terms of the Project Building Lease, the Leased Premises may be used for any legal use that is not a Prohibited Use (as defined in the Project Building Lease). Prohibit Uses include any use that (i) constitutes a nuisance, public or private, (ii) makes unobtainable from reputable insurance companies authorized to do business in New York State any fire insurance with extended coverage, or liability, elevator, boiler or other insurance at standard rates required to be obtained under the Project Building Lease or under any Leasehold Mortgage or any Fee Mortgage, or (iii) impairs the value of the fee estate or any portion thereof beyond a de minimis extent. The Project Building Lease provides a non-exhaustive list of uses that would constitute a Prohibit Use. Without an amendment to the Project Building Lease, the Institution or its successor will be unable to convert the Leased Premises to any other use than the permitted uses.

Casualty and Condemnation Proceeds Governed by the Project Building Lease and the Depository Agreement

Typically, in a financing transaction, the mortgagee would have the ability to collect and control all sums constituting insurance proceeds and condemnation awards (in either case, the "Funds") paid to a borrower in the event of a casualty or condemnation proceeding affecting the loan collateral. However, with respect to the Leased Premises, U.S. Bank National Association as both Trustee and as Build NYC Debt Depository, the Institution and the Project Building Landlord have entered into a separate Depository Agreement (a) under which the Build NYC Debt Depository holds and disburses any such Funds and (b) which sets forth certain procedures to determine the deposit, investment and disbursement of such Funds.

If a casualty occurs and neither the Institution, any Leasehold Mortgagee (including the Trustee) nor the Project Building Landlord acts to effect a Restoration in accordance with the terms of the Project Building Lease, then (in addition to all of the rights and remedies available to the Project Building Landlord under the Project Building Lease), the Build NYC Debt Depository shall disburse any Restoration Funds in accordance with the Depository Agreement as if the Project Building Lease shall have terminated because of a taking. See "BONDHOLDERS' RISKS – Notification to Bondholders Upon Trustee's Receipt of Notice of Default by the Institution under the Project Building Lease."

Under the Project Building Lease, if the Institution does not restore the Leased Premises, and no Leasehold Mortgagee (including the Trustee) cures the default, then the Project Building Lease will terminate and, as a result, the Leasehold Mortgages will terminate pursuant to their terms. The Project Building Lease and the Depositary Agreement provide the restoration proceeds will first be paid to the Build NYC Debt Depositary for reimbursement of expenses, then to the Project Building Landlord for the value of its fee interest in the Leased Premises and the Project Building Lease; and last to the Institution (or as required pursuant to any Leasehold Mortgage such as the Leasehold Mortgages securing the Series 2021 Bonds) for the value of the Institution's leasehold interest in the Leased Premises and the Project Building Lease. There can be no assurance that there will be sufficient restoration proceeds to pay in full the Series 2021 Bonds Outstanding.

In the case of a taking or condemnation of all or substantially all of the Leased Premises, the Project Building Lease will terminate. The Project Building Lease provides that the condemnation award will first be paid to the Build NYC Debt Depositary for reimbursement of expenses, then to the Project Building Landlord for the value of its fee interest in the Leased Premises and the Project Building Lease, and last to the Institution (or as required pursuant to any Leasehold Mortgage such as the Leasehold Mortgages securing the Series 2021 Bonds) for the value of the Institution's leasehold interest in the Leased Premises and the Project Building Lease. There can be no assurance that there will be sufficient condemnation proceeds to pay in full the Series 2021 Bonds Outstanding.

Sale of Fee Title to the Leased Premises by the Project Building Landlord May Create Complications

The Project Building Lease contemplates the possibility that the Project Building Landlord might sell its fee title interest in the Leased Premises. In the event the Institution (but not in the case of any affiliate) acquires such fee title, the Leasehold Mortgages require that their mortgage lien be spread to cover the fee title interest. If an affiliate of the Institution were to acquire the fee title interest, however, the Leasehold Mortgages would continue to encumber only the leasehold interest of the Institution under the Project Building Lease, and the Trustee as Leasehold Mortgagee would not have the ability to foreclose on the fee ownership interest of that affiliate of the Institution.

Successor Lessee Under the Project Building Lease Must Meet Certain Qualifications

In the event that the Trustee as Leasehold Mortgagee forecloses on the Institution's leasehold interest in the Leased Premises, any purchaser at foreclosure must meet certain qualifications under the Project Building Lease and comply with the requirements of the Project Building Lease relating to the assumption of the lessee's interest. These qualifications may include meeting certain net worth requirements and meeting, or retaining a developer or property manager that meets, certain experience requirements. This may reduce the number of parties likely to bid at a foreclosure sale and may adversely affect the proceeds realized from any foreclosure.

Leasehold Condominium and Real Estate Tax Exemption Risks

To avail itself of an exemption from payment of real estate taxes under New York Real Property Tax Law § 420-a, the Institution intends to subject its interest under the Project Building Lease to a condominium regime pursuant to the Condominium Act, and create and own two or more condominium units with respect to the Leased Premises. To form the leasehold condominium, the Institution will be required to make submissions to agencies of the City and the State. There can be no assurances that the Institution will be successful in making such submissions, or that the agencies will accept and approve such submissions. In the event that the leasehold condominium is formed, the Institution will need to apply to the City Department of Finance for the real estate tax exemption. No assurances can be given that the exemption application will be approved, or that such exemptions will continue to be granted by

the City Department of Finance in the case of leasehold condominium ownership. In the event of an approval, the Institution will need to apply for a renewal annually, and no assurance can be given that the Institution will be successful with respect to such renewals. In the event that the Institution cannot avail itself of an exemption, it will be responsible under the Project Building Lease for paying all real estate taxes for the Leased Premises.

Risk that the Bondholders Will Fail to Act Upon Default by the Institution under the Project Building Lease

Within three (3) Business Days following the receipt by the Trustee as a Leasehold Mortgagee of written notice (return receipt required) from the Project Building Landlord of a default by the Institution under the Project Building Lease, the Trustee will deliver a written notice to the Bondholders. The notice will state that:

“Notice has been received by the Trustee from the Project Building Landlord of a default by the Institution under the Project Building Lease. The Trustee is not obligated to take action to cure such default nor to exercise its remedies as a Leasehold Mortgagee under the Project Building Lease, unless (i) the Trustee has been directed to do so by the Holders of a majority in aggregate principal amount of the [Series 2021] Bonds Outstanding, and (ii) the Trustee has been indemnified to its satisfaction. A delay in action by the Trustee arising from the failure of the Bondholders to timely so direct and indemnify the Trustee may result in (a) the termination of the Project Building Lease, (b) the loss of the [Leasehold Mortgages] upon the [Project Building] Lease as collateral for the [Series 2021] Bonds, and (c) the mandatory redemption of the [Series 2021] Bonds for which there can be no assurance that the Institution will have funds available for such redemption. Copies of the Project Building Lease are available at the corporate trust office of the Trustee for review by Bondholders.”

The failure of the Bondholders to timely act upon receipt of such notice will expose the Bondholders to the risks identified therein, including, without limitation, the loss of collateral security for the Series 2021 Bonds. See “THE SERIES 2021 BONDS - Redemption Provisions - Mandatory Redemption Upon Termination of the Project Lease,” “PROJECT BUILDING LEASE AND SUBORDINATION AGREEMENT – Project Building Lease – Events of Default,” “- Project Building Landlord Curing Tenant’s Defaults; Fees and Expenses,” “- Leasehold Mortgagees and Right to Cure Defaults” and “APPENDIX H — SUMMARY OF CERTAIN PROVISIONS OF THE PROJECT BUILDING LEASE.” herein.

Letter of Credit and PPP Loan

The Institution has additional outstanding obligations and, under the Loan Agreement, the Institution may incur additional Indebtedness upon satisfaction of the conditions described therein. No representation or assurance can be made that revenues will be realized from the Institution in amounts sufficient to provide funds for payment of debt service on the Series 2021 Bonds when due and to make other payments necessary to meet the obligations of the Institution. Further, there is no assurance that the revenues of the Institution can be increased sufficiently to match increased costs that may be incurred. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT.”

The Institution’s current leased facility at 40 East 29th Street required a security deposit in the amount of \$1,250,000. In July 2017, the Institution secured a letter of credit from the United Jewish Appeal – Federation of Jewish Philanthropies of New York, Inc. (“UJA”) for a five-year term to satisfy the security deposit condition. As part of the agreement, the Institution is required to maintain a restricted brokerage account, which is subject to an account control agreement in favor of the UJA. The Institution was required to deposit \$250,000 at execution, and on an annual basis beginning in January 2018 through

January 2021. The final such deposit was made on January 28, 2021. No later than 61 days prior to the fifth anniversary of the issuance of the letter of credit, the Institution will be required to secure a replacement letter of credit or otherwise make arrangements with the landlord to secure the release of the letter of credit. Upon the landlord's release, the UJA will terminate its rights under the account control agreement on the restricted brokerage account. The Institution plans to terminate its existing lease at 40 East 29th Street when it relocates its operations to the Leased Premises. At such time, the Institution will request a cancellation of the letter of credit and of the restricted brokerage account. See "APPENDIX A – THE SHEFA SCHOOL –UJA Letter of Credit" for more information.

The Institution applied for a Paycheck Protection Program (PPP) loan under the Federal Government's Coronavirus Aid, Relief, and Economic Security Act (CARES Act), a \$669 billion business loan program established to help businesses keep their workforce employed during the Coronavirus pandemic. The Institution's First Draw PPP loan application was submitted on April 5, 2020 and its \$1,121,510 loan disbursement was received on April 10, 2020. The PPP loan was granted full forgiveness by the Small Business Association, and the outstanding PPP loan balance has been closed, as of April 28, 2021. These PPP funds effectively took the place of previously budgeted payroll and occupancy costs, allowing the Institution flexibility for funding the cost of re-opening in September of 2020 with in-person instruction. In addition, the Institution has also obtained \$55,000 in COVID-19 related grants. The Institution has been awarded \$52,000 in CARES Act funds from the initial government stimulus being administered through the NYC Department of Education. Most recently, the federal Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (the "CRRSA Act"), enacted in late 2020, sets aside funds for non-public schools to receive reimbursement for re-opening expenses. Pursuant to the CRRSA Act, \$248.9 million has been allocated to New York State. The Institution has applied for a share of these funds and has received an initial indication from the State that the Institution may be eligible for \$189,000 in CRRSA Act funds. The current expectations of the Institution are that these funds will be disbursed by early Fall 2021. See "APPENDIX A – THE SHEFA SCHOOL – Impact of COVID-19 – Financial Impact upon the School" for more information.

Fundraising

The Institution has raised funds to finance its operations and capital development programs from a variety of benefactors. Although it plans to continue these efforts in the future, including through its current Capital Campaign, there can be no assurance that these efforts will be successful. Such efforts may be adversely affected by a number of factors, including general economic conditions and tax law changes affecting the deductibility of charitable contributions. See "THE PROJECT; USE OF PROCEEDS OF THE SERIES 2021 BONDS; USE OF PROCEEDS OF THE CAPITAL CAMPAIGN" and "APPENDIX A – THE SHEFA SCHOOL – Fundraising: Annual Giving and Capital Campaigns" herein for more information, including more information with respect to the Capital Campaign.

Competition

The Institution currently faces competition from other similar schools in the City. If, as a result of competition or otherwise, the enrollment levels were to be materially lower than in past years, there could be a material adverse effect on the Institution's revenues. The Institution could face additional competition in the future from other educational institutions that offer comparable services and programs to the population that the Institution presently serves. This could include the establishment of new programs and the construction, renovation or expansion of competing educational institutions, as well as tuition discounting programs of competing educational institutions. See "APPENDIX A – THE SHEFA SCHOOL – Peer Institution Tuition Comparison" herein for more information.

Effect of Changes in Tax-Exempt Status; Continued Legal Requirements of Tax-Exempt Status

As an entity qualified under Section 501(c)(3) of the Code, the Institution is subject to various requirements affecting its operations. The failure of the Institution to maintain its tax-exempt status may affect its ability to receive funds from State and federal sources, which could adversely affect the Institution's ability to pay its loan payments under the Loan Agreement. Further, a loss of the Institution's status as a Section 501(c)(3) organization, failure of the Institution to comply with certain legal requirements of the Code, or adoption of amendments to the Code applicable to the Institution that restrict the use of proceeds of tax-exempt bonds for purposes such as the Project, could cause interest on the Series 2021A Bonds to be included in the gross income of the Bondholders or former Bondholders for federal income tax purposes, and such inclusion could be retroactive to the date of issuance of the Series 2021A Bonds. The opinion of Bond Counsel to the Issuer and the description of the tax law contained in this Limited Offering Memorandum are based on statutes, judicial decisions, regulations, rulings, and other official interpretations of law in existence on the date the Series 2021A Bonds are issued. No assurance can be given that such laws or the interpretation thereof will not change, or that new provisions of law will not be enacted or promulgated at any time while the Series 2021A Bonds are Outstanding, in a manner that would adversely affect the value or the tax treatment of ownership of the Series 2021A Bonds. See "TAX MATTERS." The interest rate on the Series 2021A Bonds will not change if the interest on the Series 2021A Bonds is included in the gross income of the Bondholders or former Bondholders although the Series 2021A Bonds are subject to mandatory redemption at one hundred and five percent (105%) of the greater of the principal amount of the Series 2021A Bonds to be redeemed or the Amortized Value thereof plus accrued interest to the redemption date. See "THE SERIES 2021 BONDS – Redemption Provisions - Mandatory Taxability Redemption."

Risk of Audit by Internal Revenue Service

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Series 2021A Bonds, or the consequence of any such audit or the effect of such audit on the then value of the Series 2021A Bonds.

Enrollment Projections and Assumptions

Projections of enrollment levels, among other projections and assumptions, may prove to be inaccurate or materially different from actual enrollment levels, and therefore, revenues generated from the operations of the Institution may be insufficient to support the Institution's ability to pay debt service on the Series 2021 Bonds. Revenues collected from the Institution depend on enrollment levels at the Institution and the tuition being charged for each student. Enrollment levels may be affected by a wide variety of factors, many of which are not within the Institution's control. Such factors include demographic changes, pandemics, economic growth, cultural and societal shifts, and competition from public or other private schools in the City area. Cultural and societal shifts include, for example, families choosing to leave the City area, or families choosing to instead use the City's public school system.

In calculating the revenue and enrollment projections included in APPENDIX A attached to this Limited Offering Memorandum, the Institution made numerous assumptions and forecasts and used various methodologies, in respect of certain of the above-listed factors. In particular, such projections assume the increase in the number of students, an increase in the average tuition, and an increase in the number of students at the maximum tuition level. Preparing enrollment and revenue projections for a school is a complex exercise due, in part, to the existence of free, well-regarded public schools in Manhattan and uncertainty related to long-term growth trajectories for families in the City. In particular,

the Institution notes that the revenue projections provided are uncertain due to the COVID-19 pandemic as there is currently insufficient data for the Institution to have confidence that the assumptions adopted by the Institution will prove to be accurate. Outcomes could differ materially from the assumptions and forecasts contained herein.

There can be no assurance that the revenue or other projections contained herein will prove to be accurate, and neither the Issuer nor the Underwriter assumes any responsibility for the accuracy thereof. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Series 2021 Bonds are cautioned not to place undue reliance upon the projections contained herein or upon future projections. The assumptions, forecasts and projections, including projections of enrollment contained herein, may prove to be inaccurate, and actual results may differ from those projected in ways that may be material. Therefore, future revenues generated from the operations of the Institution may be substantially lower than projected and insufficient to support the Institution's ability to pay debt service on the Series 2021 Bonds. In particular, the impact of the COVID-19 pandemic, as noted below, introduces material uncertainty regarding the reliability of future revenue projections.

Potential Impact of Coronavirus

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

By order of Governor Cuomo ("New York State on PAUSE"), as of Sunday, March 22, 2020, all essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. Based on metrics established by the State, the State began to lift certain PAUSE restrictions on a regional basis in phases as each region meets the criteria outlined by the Governor to protect the public health as businesses reopen and PAUSE restrictions began to be lifted in the City on June 8, 2020. As of June 15, 2021, the Governor has lifted most of the COVID-19 restrictions. The State's health guidance and New York Forward industry specific guidelines—including social gathering limits, capacity restrictions, social distancing, cleaning and disinfection, health screening, and contact information for tracing—are now optional for retail, food services, offices, gyms and fitness centers, amusement and family entertainment, hair salons, barber shops and personal care services, among other commercial settings. Unvaccinated individuals continue to be responsible for wearing masks. However, the State's health guidelines continue to be in effect for large-scale indoor event venues, pre-K to grade 12 schools, public transit, homeless shelters, correctional facilities, nursing homes, and health care settings per Center for Disease Control and Prevention guidelines.

The continued spread of COVID-19 and the continued impact on social interaction, travel, economies and financial markets may adversely impact the Institution's finances and operations. The continued spread of COVID-19 and its related impacts may (a) adversely affect the ability of the Institution to conduct its normal operations, and/or may adversely affect the cost of, or revenue derived from, operations, or both, and (b) adversely affect financial markets generally and consequently adversely affect the secondary market for, and value of, the Series 2021 Bonds. In addition, such factors may limit the sources of liquidity available in ordinary markets, and adversely impact the Institution's ability to access capital markets generally. The Institution is monitoring developments and the directives of federal, State and local officials to determine what additional precautions and procedures may need to be implemented by the Institution in the event of the continued spread of COVID-19. The potential impact that the pandemic may have on the finances and operations of the Institution cannot be predicted at this

time. No assurance can be provided that the pandemic and resulting economic disruption will not result in loss of revenues for the Institution in spite of the Institution continuing to provide its educational services.

Factors Generally Affecting Educational Institutions

The following factors, which are not all-inclusive, may adversely affect the operations of education institutions in the future, including the operations of the Institution, to an extent that cannot be determined at this time:

- The reduced demand for the Institution’s services arising from a change in demographics, or from continued adverse or declining economic conditions in the areas from which the Institution draws a significant portion of its enrollment. A significant decrease in the Institution’s enrollment could adversely affect the Institution’s financial position and results of operations;
- Cost increases without corresponding increases in revenue could result from, among other factors, increases in the salaries, wages and fringe benefits of the Institution’s employees and inflation;
- Future legislation and regulations affecting private schools, their tax-exempt status, and educational institutions in general could adversely affect the operations of the Institution;
- International events, including any acts of war and terrorism, which may have adverse effects on enrollment and investments; and
- Market conditions that negatively affect the Institution’s investments and therefore may adversely affect its debt coverage.

Cautionary Statements Regarding Forward-Looking Statements in this Limited Offering Memorandum

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “anticipate,” “budget,” “intend,” “projection” or other similar words. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those presently anticipated or projected. Readers are cautioned not to place undue reliance on any such forward-looking statements. SUCH RISKS AND UNCERTAINTIES INCLUDE, AMONG OTHERS, GENERAL ECONOMIC AND BUSINESS CONDITIONS, CHANGES IN POLITICAL, SOCIAL AND ECONOMIC CONDITIONS, REGULATORY INITIATIVES AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS, LITIGATION AND VARIOUS OTHER EVENTS, CONDITIONS AND CIRCUMSTANCES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE INSTITUTION. PURCHASERS SHOULD NOT EXPECT TO RECEIVE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENTS IF OR WHEN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Absence of Credit Rating

No rating of the creditworthiness of the Series 2021 Bonds has been requested. 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 normally prevail for bonds with comparable maturities and redemption provisions that have investment grade credit ratings.

Nevertheless, 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 of the Series 2021 Bonds with no likely ability to dispose of such investment.

Early Redemption Without Premium or Penalty

The Series 2021 Bonds are subject to certain optional, extraordinary and mandatory redemption provisions, most of which are at a Redemption Price equal to one hundred percent (100%) of the unpaid principal amount of Series 2021 Bonds to be redeemed, together with interest accrued thereon to the date of redemption. In other cases the Series 2021 Bonds are subject to optional and mandatory redemption provisions at different redemption prices as described herein. See “THE SERIES 2021 BONDS - Redemption Provisions” herein.

TAX MATTERS

Series 2021A Bonds

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

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

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2021A Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2021A Bonds.

Certain Ongoing Federal Tax Requirements and Covenants: The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2021A Bonds in order that interest on the Series 2021A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use

and expenditure of gross proceeds of the Series 2021A Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2021A Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Issuer and the Institution have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2021A Bonds from gross income under Section 103 of the Code.

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

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

Original Issue Discount: “Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Series 2021A Bonds. In general, the issue price for the maturity of Series 2021A Bonds is expected to be the initial public offering price set forth on the inside cover page of this Limited Offering Memorandum. Bond Counsel further is of the opinion that, for any Series 2021A Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2021A Bonds.

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

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

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

Information Reporting and Backup Withholding: Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2021A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2021A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2021A Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

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

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

The form of the approving opinion of Bond Counsel for the Series 2021A Bonds is attached to this Limited Offering Memorandum as “APPENDIX G – FORM OF APPROVING OPINION OF BOND COUNSEL”.

Series 2021B Bonds

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

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

Certain taxpayers that are required to prepare certified financial statements and file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

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

Original Issue Discount: In general, if original issue discount (“OID”) is greater than a statutorily defined *de minimis* amount, a U.S. Holder of a Taxable Bond must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such U.S. Holder holds such Taxable Bond) the daily portion of OID, as it accrues (generally on a constant-yield method) and regardless of the U.S. Holder’s method of accounting. “OID” is the excess of (i) the “stated redemption price at maturity” over (ii) the “issue price.” For purposes of the foregoing: “issue price” means the first price at which a substantial amount of the Taxable Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); “stated redemption price at maturity” means the sum of all payments, other than “qualified stated interest,” provided by such Taxable Bond; “qualified stated interest” is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and “*de minimis* amount” is an amount equal to 0.25 percent of the Taxable Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity. A U.S. Holder may irrevocably elect to include in gross income all interest that accrues on a Taxable Bond using the constant-yield method, subject to certain modifications.

Bond Premium: In general, if a Taxable Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Taxable Bond other than “qualified stated interest” (a “Taxable Premium Bond”), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the U.S. Holder of a Taxable Premium Bond elects to amortize the premium as “amortizable bond premium” over the remaining term of the Taxable Premium Bond, determined based on constant-yield principles (in certain cases involving a

Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to the U.S. Holder's basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the U.S. Holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the U.S. Holder's original acquisition cost.

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

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

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

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

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

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

The form of the approving opinion of Bond Counsel for the Series 2021B Bonds is attached to this Limited Offering Memorandum as "APPENDIX G – FORM OF APPROVING OPINION OF BOND COUNSEL."

ABSENCE OF LITIGATION

Issuer

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

The Institution

There is no litigation of any nature now pending, or to the knowledge of the Institution threatened, against the Institution restraining or enjoining the execution, sale or delivery of the Series 2021 Bonds or in any way contesting or affecting the validity of any of the Series 2021 Bonds, the Loan Agreement, the Promissory Notes, the Indenture, the Leasehold Mortgages, the Assignments of Leases and Rents, the Pledge and Security Agreement, the Depositary Agreement, the Project Building Lease, the Subordination Agreement, the Tax Regulatory Agreement, or the Continuing Disclosure Agreement (as hereinafter defined), any proceedings of the Institution taken concerning the execution or delivery of any of the above-mentioned documents, or the application of any moneys or security provided for the payment of the Series 2021 Bonds, or wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement or materially and adversely affect the financial conditions or operations of the Institution or the ability of the Institution to pay and perform its obligations under the above-mentioned documents.

As further described in "APPENDIX A – THE SHEFA SCHOOL – Litigation", the Institution is not aware of any litigation which may have a material adverse effect on the Institution.

LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2021 Bonds by the Issuer are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Issuer, whose approving opinion will be delivered with the Series 2021 Bonds. The proposed form of Bond Counsel's opinion is set forth in APPENDIX G hereto.

Certain legal matters will be passed upon for the Issuer by its General Counsel, for the Institution by Herrick, Feinstein LLP, New York, New York and for the Underwriter by McCarter & English, LLP, New York, New York.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the Institution will enter into a written agreement (the "Continuing Disclosure Agreement") for the benefit of the Holders of the Series 2021 Bonds with the Trustee, as dissemination agent. The proposed form of the Continuing Disclosure Agreement is attached as APPENDIX F hereto. Under the Continuing Disclosure Agreement, the Institution is required to file certain information annually with, and to provide notice of certain events to, the Municipal Securities Rulemaking Board using its Electronic Municipal Market Access system pursuant to Rule 15c2-12. The information to be provided on an annual basis, and the events that are required to be noticed on an occurrence basis, are set forth in the Continuing Disclosure Agreement. Failure of the Institution to provide such information will not constitute a default under the Loan Agreement, and the sole remedy available to the Holders of the Series 2021 Bonds in the event of any failure by the Institution to comply with the terms thereof shall be an action to compel performance.

The Institution has not been subject to a prior continuing disclosure undertaking pursuant to Rule 15c2-12.

UNDERWRITING

The Series 2021 Bonds are being purchased by Citigroup Global Markets Inc. (the “Underwriter”). The Underwriter has agreed, subject to certain conditions, to purchase the Series 2021 Bonds from the Issuer at a purchase price of \$72,488,385.10 with respect to the Series 2021A Bonds, and a purchase price of \$1,450,249.43 with respect to the Series 2021B Bonds, and to make a public offering of the Series 2021 Bonds at prices not in excess of the respective public offering prices set forth on the inside cover page of this Limited Offering Memorandum. The Underwriter will be obligated to purchase all Series 2021 Bonds if any Series 2021 Bonds are purchased. The Series 2021 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2021 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates may have, from time to time, performed, and may in the future perform, various investment banking services for the Issuer and the Institution for which they received or will receive customary fees and expenses.

The Underwriter has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, the Underwriter will compensate Fidelity for its selling efforts.

The Institution has agreed to indemnify the Underwriter and the Issuer with respect to certain liabilities, including certain liabilities under the federal securities laws.

NO RATING

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. See “BONDHOLDERS’ RISKS – Absence of Credit Rating.”

INDEPENDENT PUBLIC ACCOUNTANTS

The Institution has provided its financial statements as of and for the years ended June 30, 2020 and 2019. The financial statements included in APPENDIX B to this Limited Offering Memorandum have been audited by an independent certified public accounting firm as stated in their report appearing therein. Notwithstanding the receipt of the consent to append the financial statements to this Limited Offering Memorandum, the auditor has not performed any procedures relating to any of the information contained in this Limited Offering Memorandum.

MISCELLANEOUS

References in this Limited Offering Memorandum to the Indenture, the Loan Agreement, the Pledge and Security Agreement, the Leasehold Mortgages, the Assignments of Leases and Rents, the Tax Regulatory Agreement, the Continuing Disclosure Agreement, the Depositary Agreement, the Subordination Agreement and the Project Building Lease do not purport to be complete, and investors are directed to refer to such documents for full and complete details of their provisions. Copies of drafts of each of the above-mentioned documents are available from the Underwriter during the offering period.

The agreements of the Issuer with Holders of the Series 2021 Bonds are fully set forth in the Indenture. Neither any advertisement of the Series 2021 Bonds nor this Limited Offering Memorandum is to be construed as a contract with purchasers of the Series 2021 Bonds. Any statements made in this Limited Offering Memorandum involving matters of opinion or estimates, whether or not expressly stated, are intended as such, and not as representations of facts. No representation is made that any of the opinions or estimates will be realized.

The information contained in this Limited Offering Memorandum is the responsibility of the Institution, except for (i) the information regarding DTC and DTC's book-entry-only system which has been provided by DTC, (ii) the information under the headings "THE ISSUER" and "ABSENCE OF LITIGATION - The Issuer" which has been provided by the Issuer, and (iii) the information under the heading "UNDERWRITING" which has been provided by the Underwriter. The Issuer makes no representation, warranty or certification as to the adequacy, accuracy or completeness of the information set forth in this Limited Offering Memorandum, other than the information set forth under the headings "THE ISSUER" and "ABSENCE OF LITIGATION - The Issuer". It is a condition to the sale and delivery of the Series 2021 Bonds that (y) the Institution certify as of the dates of sale and delivery of the Series 2021 Bonds that this Limited Offering Memorandum (other than the information referenced in clauses (i), (ii) and (iii) of the first sentence of this paragraph) do not contain any untrue statement of a material fact and do not omit any material fact necessary to make the statements made therein, in light of the circumstances under which the statements are made, not misleading, and (z) the Institution agree to indemnify the Issuer and the Underwriter and certain others against losses, claims, damages and liabilities arising out of any untrue statements or omissions of statements of any material fact under this Limited Offering Memorandum.

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The Institution and the Issuer have authorized and approved the use and distribution of this Limited Offering Memorandum.

SHEFA SCHOOL

By: /s/ Ilana Ruskay-Kidd
Title: Head of School

BUILD NYC RESOURCE CORPORATION

By: /s/ Emily Marcus
Title: Deputy Executive Director

APPENDIX A

THE SHEFA SCHOOL

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APPENDIX A

The Shefa School

The Shefa School: An Introduction

The Shefa School (“Shefa” or the “School”) is a not-for-profit, independent, co-educational Jewish day school that provides specialized instruction for students in first through eighth grade with language-based learning disabilities. Shefa is the nation’s only stand-alone Jewish day school that serves exclusively a student population with language-based learning disabilities. The School is currently located on a campus in Midtown Manhattan in New York City. During the 2020-2021 academic year, the student enrollment of the School was 172, with its students residing in, and travelling to Shefa from, Manhattan, the Bronx, Brooklyn, Queens, Westchester, Long Island, and New Jersey.

The School was founded by its current Head of School, Ilana Ruskay-Kidd, in 2013. See “Governance and Administration – Administration” below for a brief biography of the Founder and Head of School. During the course of a planning year, the School received start-up financial support from Bikkurim, an “incubator” for Jewish not-for-profit start-up organizations. Additional start-up financial support was provided by various foundations and organizations, including the UJA-Federation of New York, the Leo Oppenheimer & Flora Oppenheimer Haas Foundation, the Lucius Littauer Foundation, the Poses Family Foundation, the Jacob Silverman Trust, and the Judy and Michael Steinhardt Foundation. Shefa commenced instruction to 24 students in September of 2014. For the first two academic years, the School was housed on the second floor of Lincoln Square Synagogue, located at 180 Amsterdam Avenue on Manhattan’s Upper West Side. After two academic years in this location, and in order to accommodate increased enrollment, the School relocated to its current location at 40 East 29th Street. From September 2016 to September 2020, the student enrollment of the School grew each year, necessitating the leasing of additional space at the School’s East 29th Street location in each of such years.

Mission and Culture

The School serves students who benefit from a specialized educational environment in order to develop their strengths while addressing their learning challenges. Specifically, Shefa serves students with language-based learning disabilities who have not yet reached their potential levels of success in traditional classroom settings. Language-based learning disabilities include dyslexia and language impairment. Shefa is a pluralistic community school, serving families across the range of Jewish involvement and observance, while not limiting admission to students of the Jewish faith.

Prior to the founding of Shefa, there existed an unmet need at the nexus of Jewish day schools and secular special education schools. Shefa fills this gap by offering families in the New York City area a school that provides excellent research-based instruction to children with language-based learning disabilities and that creates deep connections to the Jewish community, Jewish culture, and Jewish traditions. At the School, students experience a comprehensive Jewish-values-based education that prioritizes each individual child's learning needs. Values that are taught explicitly include kindness, caring for the community, and repairing our world.

“Shefa” is the Hebrew word for “abundance”, reflecting the belief that each child possesses abundant strengths. The School’s mission is to build upon these strengths while teaching students the skills to overcome their challenges in a caring and supportive school community that seamlessly integrates Jewish values and traditions into the Shefa educational experience. Embracing families from a range of Jewish backgrounds and practices, Shefa nurtures its students’ Jewish identity and teaches the skills to enable them to participate fully in Jewish life.

Shefa prioritizes each child’s learning needs by providing excellent, individualized, research-based instruction to foster academic, social, and emotional competence and confidence. The School empowers

students to become active, joyful, lifelong learners, critical thinkers, kind and responsible individuals, and contributing members of the Jewish community and the broader world.

Shefa operates at the front lines of implementing research-based best practices in special education. As a result, the School assists mainstream Jewish day schools across the country to meet the needs of their diverse student bodies. More specifically, the School, since its inception, has served a community of educators, families, and students beyond its own. The work toward inspiring change on a broader scale beyond the School's own educators, families, and students has taken several forms thus far, including "Day School Collaboration Meetings", summer training programs, community workshops, and 1-1 consultations with other Jewish day schools. The School currently is in the process of more formally launching "The Shefa Center", a center for professional development, consultation, partnership, and training, with an objective to empower and equip Jewish educators and catalyze change in Jewish day schools on a larger scale. The Shefa Center is not a separate legal entity but rather is included within the School's organizational structure. It is anticipated that additional faculty will be hired by the School to support the work of The Shefa Center, which will function in tandem with the School as a vehicle for sharing the School's teaching methodologies with the broader Jewish day school community.

Charter and Accreditation

The School was granted a provisional charter by the New York State Education Department (the "NYSED"), and began operation as a co-educational Jewish day school in September of 2014. The School's provisional charter was amended and extended by the NYSED on March 12, 2018. Such provisional charter expired on March 12, 2021. However, on January 7, 2021, prior to the expiration of its provisional charter, an application was submitted by the School to the NYSED for an absolute charter. The School currently anticipates receipt of its absolute charter from the NYSED after the issuance of the Series 2021 Bonds. However, there can be no assurance that the School will receive an absolute charter from the NYSED at such time or at all. Under New York law and regulations, the expiration of a charter does not constitute an automatic termination of such charter. A charter shall terminate and become null and void only upon notice of revocation by the Board of Regents. Therefore, the School can continue to operate as an educational corporation notwithstanding the expiration of its provisional charter and until such time as the Board of Regents notifies the School that it has revoked the School's charter. The School's charter may be revoked by the Board of Regents for sufficient cause pursuant to Section 219 of the New York Education Law. However, the School received a letter from the NYSED addressed to the Issuer and dated June 3, 2021 stating that the NYSED "considers [the School] to be in good standing and has no concerns related to its educational charter"; notwithstanding the provisions of such letter, no assurance can be given that the School will be able to maintain such good standing in the future. A copy of the letter from the NYSED is attached as Appendix I hereto. In addition, even though the School does not anticipate any revocation of its charter, there can be no assurance that the Board of Regents will not revoke the School's charter (including its absolute charter if and when granted by the NYSED) for sufficient cause (pursuant to State statute) at any time in the future.

The School was accredited by the New York State Association of Independent Schools ("NYSAIS") as a Provisional Member in 2019, five years following its founding. The fifth year following the founding of a school is the first year during which NYSAIS permits a new school to make application for provisional accreditation. Following five years as a Provisional Member (now extended beyond five years due to the COVID-19 pandemic), NYSAIS will permit the School to apply for permanent accreditation. The School intends to make application to NYSAIS for permanent accreditation following its occupancy of its new facilities.

In addition, the School is affiliated with several other organizations, such as Prizmah: The Center for Jewish Day Schools and UJA-Federation of New York. These affiliations serve the School's mission by helping to financially support the work of The Shefa Center, helping to publicize the work of The Shefa Center, and providing networks and connections on behalf of The Shefa Center with relevant schools and communities.

School Facilities

Since 2016, the School has been located in leased space at 40 East 29th Street in New York City. In order to accommodate increasing enrollment, the School has leased additional space within this building in each of the last four years. Currently, the School spans seven floors of leased space within the 29th Street building.

The School's current facilities include 21 full-sized classrooms and 21 "breakout rooms" which are used both for faculty work space and for small group instruction. The School space includes an art studio, science lab, gym/multipurpose room, cafeteria, nurse's office, and administrative offices.

The new School facility that will be financed with proceeds of the Series 2021 Bonds will provide appropriate classroom and breakout spaces fitted with state-of-the-art technology. Included will be 27 classrooms, each dividable into 2 sections, and 27 breakout rooms, 2 libraries, 2 art rooms, 2 science rooms, a music/movement room, and a maker space/STEM lab. Also provided will be 3 areas for the School to assemble and multiple additional areas for shared space. The new School facility will include a full catering kitchen in the cafeteria to allow for an in-house lunch program. The gymnasium will be full-sized and will allow the School to offer an enhanced physical education program and after-school activities while also acting as a large auditorium for school gatherings and events. The roof will be a customized outdoor play space with room for a garden. In addition, the facility will include dedicated space for launching The Shefa Center.

Governance and Administration

Board of Trustees

The Board of Trustees of the School (the "Board" or the "Board of Trustees") is responsible for the overall policy and direction of the School, and delegates responsibilities for day-to-day School operations to the Head of School. Generally, the Board meets on a bi-monthly basis. Pursuant to the terms of the bylaws of the School: (i) the number of trustees will be no more than twenty-five and no less than five; (ii) trustees are elected to serve three-year terms and can serve up to three consecutive terms; (iii) the standing committees of the Board consist of the Board Governance Committee, the Finance & Audit Committee, the Development Committee, and The Shefa Center Committee.

Table #1: Board of Trustees of The Shefa School

<u>Board Member</u>	<u>Term End Date</u>	<u>Professional Affiliation</u>
Robert Bernstein*	June 2022	Partner, Holland & Knight
Ariela Dubler	June 2023	Head of School, Abraham Joshua Heschel School
Jeff Feig*	June 2024	Investor, New York City
Robert Frost	June 2024	Managing Member, Signature Urban Properties
Rabbi Joy Levitt	June 2022	Executive Director, The Marlene Meyerson JCC
Avner Mendelson	June 2024	President & CEO, Bank Leumi
Dana Raucher*	June 2024	Executive Director, Samuel Bronfman Foundation
Judy Rosenberg	June 2024	Independent Finance Consultant
Howard Salzberg	June 2022	Owner & Director, Camp Modin
Joshua Schwalbe*	June 2023	Senior Vice President, ACREP
Simon Shemia*	June 2022	CEO, Home Health Holdings
Amy Verschleiser	June 2023	Philanthropist and Educator
Debra Wasserman	June 2023	President, Steel Wheels Consulting, LLC
Justin Zises	June 2024	Independent Equity and Options Broker

*Parent of a current or former enrolled Shefa student

Administration

Educational Leadership Team. The School channels all major school decisions and initiatives through the Educational Leadership Team (the “Team”), which is led by the Head of School, who then reports to the Board. The Team meets twice per week during the school year and several times during the summer to address the overall operation of the School. School-wide policies and procedures are examined by each member of the Team, and policy decisions are made by the Team by consensus. The Head of School also meets individually with each member of the Team on a weekly basis.

Ilana Ruskay-Kidd, Founder and Head of School. Before founding Shefa in 2013, Ms. Ruskay-Kidd served as the Director of The Saul and Carole Zabar Nursery School at the Jewish Community Center in Manhattan (the “JCC”). Prior to being named to this position in 2006, Ms. Ruskay-Kidd worked at the JCC as Director of Young Families and then as Senior Director of Family Life, supervising programs serving families and children from birth to 18 years old. Ms. Ruskay-Kidd began her teaching career at the Central Park East School, a public school in Harlem, and went on to become a founding teacher at the Ella Baker School, an alternative public school in Manhattan. She then worked as an Early Childhood Curriculum Consultant for the Children's Aid Society, where she developed curricula with directors and teachers in daycare, Head Start and private nursery school programs throughout New York City. Ms. Ruskay-Kidd received her Bachelor of Arts Degree from Harvard College and a Master's Degree in Education from Bank Street College. She was a recipient of the Covenant Award from The Covenant Foundation in 2016.

Dr. Yoni Schwab, Assistant Head of School. Dr. Schwab, a clinical psychologist, was part of the 3-member founding team that worked for a year to create Shefa in 2013. He has been involved in every aspect of Shefa's development, and currently oversees admissions, psychology, events, communications, tuition and financial aid, community outreach, IT, and many aspects of operations. He previously served as the Psychologist at The Windward School and on the faculty of the Windward Teacher Training Institute. He is an Adjunct Clinical Supervisor at Ferkauf Graduate School of Yeshiva University. Dr. Schwab's research has focused on social-emotional learning and behavior management and is a sought-after lecturer on these topics. He holds Bachelor of Arts Degrees from Columbia University and the Jewish Theological Seminary and earned his doctorate in clinical psychology at Rutgers University. Prior to his career in psychology, he was a management and development consultant to Jewish and Israeli nonprofits at Perry Davis Associates. Dr. Schwab recently completed a 3-year experience as a Wexner Foundation Field Fellow.

Rebecca Ritter, Head of Academics. Ms. Ritter designed the School's academic program in its inception, and now collaborates in support of the program's growth and further development. Ms. Ritter has taught multiple grade levels at a low-income New York City public school, where her classroom was the school's pilot inclusion classroom, serving as a model for meeting the needs of a diverse range of learners within a single class. She has worked in both public and private schools, mentoring and coaching teachers and overseeing the development of school-wide curriculum maps. Ms. Ritter has conducted and presented research on teachers' experiences of professional growth and has served as a co-instructor in the school leadership graduate program at Bank Street College. Ms. Ritter holds a Bachelor of Arts Degree from Harvard College and a Master's Degree in School Leadership from Bank Street College, as well as a New York State certification as a School Building Leader (SBL).

Dr. Ian Cohen, Head of Middle School. Dr. Cohen will join Shefa on July 1, 2021, as part of Shefa's senior leadership team. Dr. Cohen will be responsible for overseeing and enhancing all aspects of the school's Middle School culture, curriculum, instruction, and assessment. Prior to joining Shefa, Dr. Cohen worked at the Luria Academy of Brooklyn, where he served on their senior leadership team as Director of Support Services and School Psychologist. As an administrator at Luria, he worked to develop the advisory program and introduced the RULER curriculum. Prior to his time at Luria, Dr. Cohen spent 12 years as a psychologist in the Hewlett-Woodmere public schools, where he chaired Committees on Special Education and gained extensive experience with middle school pedagogy and curriculum, school culture and climate, and designing and monitoring special education programs and supports. Dr. Cohen holds a doctorate in School Psychology from Temple University, where he was also an adjunct faculty member.

James Halliday, Chief Financial Officer. Mr. Halliday joined Shefa in 2016 as Director of Finance and Operations, and was promoted to Chief Financial Officer in 2020. He oversees the maintenance of the School's facilities as well as the School's financial operations, including budget planning, financial reporting, treasury and audit functions. Previously, he served as the Assistant Business Director for the Eagle Hill School in Greenwich, Connecticut, and has over 18 years of experience working in finance and investments. Mr. Halliday holds a Bachelor of Arts Degree from Fordham University and a Master of Business Administration from the University of Notre Dame.

Rabbi Dov Lerea, Head of Judaic Studies. As the Head of Judaic Studies, Rabbi Lerea oversees the development and implementation of the Judaic Studies curriculum and all aspects of Jewish life at Shefa. Prior to joining Shefa in 2017 as the founding Head of Judaic Studies, Rabbi Lerea was the Dean and Mashgiach Ruchani at Yeshivat Chovevei Torah Rabbinical School. Rabbi Lerea served for many years as the Dean of Judaic Studies of the Abraham Joshua Heschel School in New York and as the Director of Education at Camp Yavneh in Northwood, New Hampshire. He has also served as the Director of Secondary Education at Boston Hebrew College, a faculty member at the Drisha Institute for Jewish Education, and a faculty member for the Wexner Heritage Foundation. He also served as the Director of KIVUNIM, an innovative gap-year program based in Jerusalem. Rabbi Lerea has an A.B. from Brown University in Religious Studies, a Masters of Arts Degree and a Rabbinic degree from the Jewish Theological Seminary, a Rabbinic degree from the Rabbi Isaac Elchanan Theological Seminary at Yeshiva University, a Master of Arts Degree in Learning and Teaching from the Harvard Graduate School of Education, and an Ed.D. from the Davidson Graduate School of Jewish Education at the Jewish Theological Seminary.

Victoria Messler, Head of Curriculum. Ms. Messler joined Shefa in July of 2020 to coordinate the School's curriculum to bring greater clarity and continuity across all grades and subjects. Previously, Ms. Messler worked at The Gateway School where she was Director of Curriculum, after having served there as Classroom Teacher, Admissions Coordinator, Assistant Director and then Director of the Middle School. During her 14-year tenure at the Gateway School, she built a scope and sequence of content and skills-based curriculum for subjects ranging from Math and Science to Physical Education. Prior to her time at The Gateway School, Ms. Messler worked as both a Special Education Teacher and Learning Specialist at The Smith School. She is known in her Manhattan neighborhood as an organizer of children's nature-based learning activities in local parks in partnership with the Jewish Community Center of Harlem and the Morningside Park Conservancy. Ms. Messler has earned a Master's Degree in Childhood Special Education from Hunter College where she was also an Adjunct Lecturer for the Special Education Department.

Dr. Naomi Schimmel, Head of Lower School. Dr. Schimmel oversees the Lower School program of the School, working closely with teachers, students, and parents. Dr. Schimmel has been both a classroom teacher and a learning specialist, and in her various prior roles she has provided differentiated instruction, implemented assessment models, and designed curriculum. She has supported teachers in enhancing their literacy instruction, presented workshops on instruction and literacy, and taught graduate courses at Fordham University. Prior to joining Shefa in 2015, Ms. Schimmel worked at the Churchill School, the Maret School, and Riverdale Country School. Ms. Schimmel received her Bachelor of Arts Degree in Psychology from George Washington University and her Master's Degree in Special Education from Hunter College. She earned her doctorate in Curriculum and Teaching from Fordham University.

Susan J Schwartz, Head of Admissions. Ms. Schwartz joined the School in June 2020 to support the admissions process as well as to organize and provide professional development via The Shefa Center. Ms. Schwartz's expertise is rooted in child development, reading and literacy. She has been on the forefront of interdisciplinary approaches to evaluate and remediate children and young adults with reading, writing, math and organizational difficulties. Ms. Schwartz has taught cognitive and language development as well as neuropsychology and advocacy to psychiatry and psychology trainees, and she has mentored and supervised psychology interns and postdoctoral neuropsychology fellows at the New York University Child Study Center and at the Child Mind Institute. She has worked with students of all ages as a learning specialist, most recently at the Lower School at Friends Seminary. Ms. Schwartz earned an undergraduate degree in Psychology from Harpur College at SUNY Binghamton, a Master's Degree in Early Childhood

Special Education from The George Washington University and studied Neuroscience and Education at Teachers College, Columbia University.

Dr. Roberta Solar, Director of Outplacement. Dr. Solar will step down as Head of Middle School at the conclusion of the 2020-21 academic year, but will continue to oversee Shefa's outplacement program. As Director of Outplacement, Dr. Solar oversees the outplacement process and helps to facilitate the placement of the School's graduating students into middle and high schools. Prior to joining Shefa in 2016, Dr. Solar served as Assistant Head of School at the Ramaz School and Head of the Lower School at the Windward School. Prior to that, she worked at the Dwight Englewood School in various administrative roles in the lower and middle schools. Dr. Solar created the resource room in the P'TACH program at Yeshiva University High School for Girls, and was an Adjunct Assistant Professor of Education at Teachers College, Columbia University. Dr. Solar has mentored and developed special educators throughout her career and has been at the forefront of developing curricula and instructional approaches to meet the needs of students with learning disabilities. Dr. Solar holds a Doctorate in Special Education, a Master's Degree in Instructional Practice in Special Education, and a Master's Degree in Special Education, all from Teachers College, Columbia University.

Demographic and Program Information

The School's student body is diverse across geographic, socio-economic, and religious lines. Students have come to Shefa from Manhattan, the Bronx, Brooklyn, Queens, Staten Island, Westchester, Long Island, and New Jersey. Students come from traditional Jewish yeshivas, Jewish day schools with Orthodox, Conservative, and Reform affiliations, independent schools, and public schools.

The School is a pluralistic community school, seeking to serve families across the Jewish spectrum. The School's goal is to make Shefa a welcoming place that integrates rich Jewish values, community, culture, traditions, and holidays, regardless of each family's particular practice or affiliation. The School serves only kosher food and observes all holidays in accordance with the Jewish calendar. Shefa nurtures its students' commitment to Jewish values and teaches the skills to enable them to participate fully in Jewish life. However, admission to Shefa is not limited to students of the Jewish faith.

Academic Programs:

Shefa's academic program is designed for students in first through eighth grade, although students enroll in, and exit, Shefa at various grade levels. As the School's mission is to prepare students for successful reentry into mainstream schools, students may be advised to "outplace" at any grade level. The most common exit points are after fifth grade and upon graduation after eighth grade. Students and their families may be referred to Shefa by their current school or by a neuropsychologist or other providers in the field (e.g., therapist, tutor, speech-language pathologist, occupational therapist). The vast majority of Shefa families learn about Shefa through word of mouth from families and professionals in their communities.

Students who learn differently are enabled to succeed academically, socially, and emotionally in a caring and supportive Jewish environment. All instruction throughout the day is specifically designed to maximize the learning of students with language-based learning disabilities. The Shefa program builds upon individual strengths while teaching students the skills they need to realize their academic potential, with the goal of enabling them to return confidently and successfully to mainstream settings. Features of the School's educational model include the following:

- Research-based multisensory instructional programs
- A structured, language-intensive learning environment
- Small class size
- An individualized, flexible approach to meet the needs of each student
- Reading and math taught in small homogenous groups to tailor instruction to individual learning styles and ability levels
- Jewish content, traditions, and culture, taught and lived every day

- Instruction that builds on students' strengths and interests
- Social-emotional learning that gives students the tools to build strong friendships, understand their learning styles, and self-advocate
- A warm, supportive environment that fosters community, confidence, and growth
- Thoughtful use of technology to support and enrich learning
- Speech-language and occupational therapists who offer services during the school day and collaborate closely with classroom teachers
- Trips, enrichment, and unique traditions that enhance students' learning experiences

School Divisions:

- Lower School (Grades 1-5): The Lower School is organized into mixed-age homerooms of 11-14 students with 2-3 teachers. The homeroom is the students' primary community at Shefa. Homeroom classes across the same age group will join together for special activities and events, physical education, and lunch and recess. Students are grouped homogeneously by skill level across homerooms for reading, writing, and math. The Lower School is infused with the philosophy of Responsive Classroom, which provides a social-emotional learning framework for the students. Beginning in 4th and 5th grade, students participate in a curriculum about learning disabilities led by the school psychologists, designed to empower them and give them the self-advocacy skills they need to be successful in mainstream schools.
- Middle School (Grades 6-8): The Middle School program at Shefa builds on the Lower School's curriculum and approach, and moves students toward becoming independent learners. Students are grouped into grade level advisories of 10-13 students with a primary advisor. The advisory groups meet daily and provide a forum for social-emotional learning, organizational skill development, and discussion of developmentally relevant topics. The academic program is departmentalized, with specialized teachers for each subject area: Language Arts, History, Writing, Math, Judaic Studies, Social Studies, and Science. Across subjects, there is an emphasis on research and study skills instruction.

Key Curricular Programs and Instructional Approaches:

- Language Arts: Shefa's highly structured and intensive language arts curriculum incorporates reading, writing, language skills, and study skills. The School uses *Preventing Academic Failure (PAF)*, a research-based, multisensory, direct-instruction approach to teaching reading. This program uses a sequential framework based on Orton-Gillingham methods and incorporates phonics, reading, handwriting, spelling, and grammar. The Orton-Gillingham approach is a direct, explicit, multisensory, structured, sequential, diagnostic, and prescriptive way to teach literacy when reading, writing, and spelling does not come easily to students, such as those with dyslexia.

Reading comprehension and vocabulary instruction are taught explicitly and integrated throughout. Reading instruction occurs in small groups of students with similar skills in order to maximize targeted learning time for each student. The School's writing curriculum uses *The Hochman Method*, an approach that helps students enhance their clarity, coherence, and precision as they structure their ideas in both expository and narrative writing. The program builds students' understanding and command of sentence and paragraph structure, syntax, and essay writing. The *Hochman Method* is an explicit and step-by-step approach to teaching writing, and helps students organize their writing in a clear and coherent manner.

- Mathematics: Shefa's mathematics curriculum is taught daily in small homogenous groups and focuses on developing students' mathematical reasoning, problem solving, and command of key language, concepts and procedures. Developed in consultation with language and math specialist Marilyn Zecher, the approach applies Orton-Gillingham multisensory instructional strategies to mathematics. For example, students use hands-on materials and gross motor movements when learning new concepts. Topics are presented with increasing depth and complexity, and are

consistently reviewed and practiced using manipulatives and other multisensory techniques, guiding students as they move from concrete to representational to abstract understandings of mathematical concepts. The concept-oriented, hands-on, and incremental approach enhances both concept integration and memory, and pays particular attention to the language of math.

- **Social Studies:** The social studies curriculum uses New York State Standards to teach students about the world around them. Students gain exposure to history, geography, culture, economics, and civics, and integrate content with language arts. The School's community service curriculum promotes social responsibility, citizenship, and the values of kindness and activism. The Middle School program integrates the social studies curriculum with a research and study skills curriculum.
- **Science:** In science, students engage their senses and hone their observation skills through hands-on investigations and experiments. Opportunities to participate in projects and explorations develop students' higher-order thinking skills as they question, predict, research, analyze, and draw conclusions. Curricular units of study are selected from the disciplines of earth science, chemistry, physical science, and life science to allow students to interact with high-interest topics, build upon previously learned concepts, and apply inquiry skills. Middle school students have science three times a week and are taught formal lab experimenting and reporting skills.
- **Judaic Studies:** Students engage Jewish learning through interactive learning experiences, such as joyous morning *tefillah* (prayer), explorations of *Shabbat* and holidays, and the study of *Torah*. Students also learn about Jewish life around the world, Jewish history, and the State of Israel. The Judaic studies curriculum is enhanced by the integration of music and the arts. As English language remediation is the priority and second languages can be especially challenging for students with language-based learning disabilities, Judaic studies is taught primarily in English. The School introduces Hebrew language instruction according to student ability. All students gain exposure to key Hebrew vocabulary orally, through prayer and from the Judaic Studies curriculum.

Admissions and Enrollment

The School accepts students with a documented language-based learning disability and a high potential for success in the School's program. Shefa accepts applications from students entering grades 1 through 7, subject to an available spot in the respective grade. Admissions are on a rolling basis, meaning prospective parents are welcome to submit an application at any time (as long as there is a spot available in the respective grade). The School application process is a thorough process in which parents submit an application that is extensively reviewed by the School's admissions committee. If a student is deemed to be a potential match for the School, the student participates in an admissions interview. An additional parent interview is thereafter conducted, after which a final admissions decision is made by the School.

The School admits students of any race, color, gender identity, sexual preference, religion, and national and ethnic origin to all of the rights and privileges, programs and activities generally accorded or made available to students at Shefa. The School does not discriminate on the bases of race, color, gender identity, sexual preference, religion, or national or ethnic origin in the administration of the School's educational and admissions policies and other School-administered programs.

Prospective family interest in the admission of their child to the School has increased every year since the School's founding in 2013 and commencing instruction in 2014. The number of available spots per year has increased to reflect increased School capacity. School capacity is determined by the physical space procured by the School, which physical space also has increased almost every year since the School commenced instruction in 2014. In all admissions seasons since its founding, the School has been able to enroll sufficient students to fill all available seats that year, with admissions inquiries outnumbering available open spots.

Table #2: Inquiries and Enrollment

School Year	Inquiries Received	New Student Enrolled	Total Enrollment
2014-2015	84	24	24
2015-2016	121	26	50
2016-2017	177	35	82
2017-2018	189	38	110
2018-2019	221	53	143
2019-2020	229	37	147
2020-2021	215	53	172
Total:	1,236	266	

The new facility will be designed to support the School’s growth up to a total student enrollment of 338 students.

Table #3: Projected Enrollment

School Year	2021 – 2022	2022 – 2023	2023 – 2024	2024 – 2025	2025-2026 and beyond
Total Enrollment	200	230	270	300	338

Tuition

The School's tuition for the current 2020-2021 academic year is \$66,000. Tuition is established annually by the Board of Trustees, and typically increases approximately 3-5% per year. The School’s tuition for the forthcoming 2021-2022 academic year has been determined by the Board of Trustees to be \$68,300. There are no additional required fees other than tuition. However, there are additional fees for such optional student services as the lunch program and transportation services from certain areas.

Table #4: Historical Tuition

School Year	2014 – 2015	2015 – 2016	2016 – 2017	2017 – 2018
Tuition	\$48,500	\$51,000	\$53,500	\$57,000

School Year	2018 – 2019	2019 – 2020	2020 - 2021	2021 - 2022
Tuition	\$59,700	\$63,000	\$66,000	\$68,300

Many families seek tuition reimbursement from their local public school district in reliance upon the federal “Individuals with Disabilities Education Act” (“IDEA”) that requires the public school district to provide a “Free and Appropriate Public Education” (“FAPE”) to each student. Pursuant to such federal law, families are entitled to seek reimbursement through an impartial hearing process when they believe that their public school district has not provided their child with a FAPE and that Shefa does provide an appropriate educational placement for their child. In many cases, the public school district will offer a settlement in order to avoid the hearing process that is required by federal law.

The School coordinates with each family's educational attorney (i) to provide all required documents in a timely fashion, (ii) to report on the child's special education needs at “Individualized Educational Plan” meetings, and (iii) when needed, to testify at the impartial hearing. Such tuition reimbursement typically excludes funding for the religious studies portions of a student's weekly schedule at Shefa, which is approximately 15%, depending on the student's specific schedule. This is a simple calculation based on the time in the student’s schedule that is devoted to religious studies and prayer.

Seeking tuition reimbursement, as described above, pursuant to the IDEA is a private process between the families and their local public school district. Therefore, the School is not always apprised of, or has knowledge of, the outcome of a family’s efforts with respect to such reimbursement process. However, to the knowledge of the School, nearly all families who seek reimbursement from the New York City Board of Education have been successful historically. In addition, some families in suburban public school districts have qualified for tuition reimbursement, as well.

For families who do not qualify for tuition reimbursement pursuant to the IDEA, need-based financial aid may be available from the School. Families apply for such need-based assistance using a third-party grants administrator (FACTS Management), and a School staff/volunteer committee reviews each such application for assistance. Below is a table that identifies (i) the percentage of School families that received need-based financial aid from the School each year, (ii) the average grant they received from the School, and (iii) the percentage of gross School tuition that was funded by financial aid in that year.

Table #5: Financial Aid Awarded by The Shefa School

<u>School Year</u>	<u>Percentage of Families Receiving Financial Aid Awards</u>	<u>Average Financial Aid Award</u>	<u>Percentage of Financial Aid as a Portion of Gross Tuition Across the School</u>
2014-2015	20.83%	\$24,800	10.65%
2015-2016	10.00%	\$36,528	7.16%
2016-2017	10.98%	\$33,278	6.89%
2017-2018	10.00%	\$35,455	6.22%
2018-2019	14.69%	\$33,819	8.32%
2019-2020	14.97%	\$37,386	8.91%
2020-2021	15.12%	\$39,558	9.06%

Tuition Collection

Historically, tuition collection has exceeded 98%.

Peer Institution Tuition Comparison

Shefa believes that its annual tuition is competitive relative to peer institutions. The School competes with other New York independent schools that serve students with language-based learning disabilities. The following table indicates the tuition (excluding fees) at these competitor institutions for the 2020-21 academic year in descending order.

Table #6: Peer Institution Tuition Comparison

<u>Institution</u>	<u>2020 – 2021 Tuition</u>
Stephen Gaynor School	\$71,300
The Gateway School	\$69,500
The Shefa School	\$66,000
The Windward School	\$61,900
Average among competitors:	\$67,567

Student Outplacement

The School has successfully graduated four eighth grade classes to date. All students in each of these four graduated eighth grade classes have been placed at a high school of their choice following an extensive outplacement process supported by the School’s Outplacement Team. In addition to the graduating eighth grade students, every year there are students in lower grade levels who are determined to be ready for

transition back to mainstream schools. These students also are supported by the School’s extensive outplacement process through the efforts of the Outplacement Team in order to assist such students and their families in identifying and applying to appropriate mainstream schools.

Following their tenure at the School, Shefa students have been admitted to the following schools.

Table #7: Shefa Student Outplacement School Admissions

Bay Ridge Prep	Short Hills Public School
Beacon High School	Shulamith School for Girls
Beit Rabban Day School	SKA High School for Girls
Central - Yeshiva University High School for Girls	Solomon Schechter Day School of Bergen County
Columbia Secondary School	Solomon Schechter Day School of Manhattan
Dwight School	Stephen Gaynor School
HAFTR - Hebrew Academy of Five Towns and Rockaway	Suffield Academy
HANC - Hebrew Academy of Nassau County	TABC High School
Heichel Hatorah	The Churchill School and Center
Luria Academy	The Frisch School
Ma'ayanot Yeshiva High School for Girls	The Heschel School
Magen David Yeshiva High School	The Leffell School
Mary McDowell Friends School	The Moriah School
MAY - Mesivta Ateres Yaakov	The Peddie School
MTA - Yeshiva University High School for Boys	The Pennington School
North Shore	The Ramaz School
North Shore Hebrew Academy	The Summit School
Posnack School	TMM - Bnos Bais Yaakov
Rosenbaum Yeshiva of North Jersey	Westchester Hebrew High School
Rye Brook Public School	Williston-Northampton School
SAR High School	

Faculty and Staff

The quality of the School’s faculty is at the center of the successful learning experience of Shefa students. Attracting and retaining qualified faculty are priorities of the School’s administration and the Board of Trustees. The School currently employs 62 full-time and 10 part-time faculty members, including 12 teacher residents and 5 school aides. Excluding teacher residents and school aides, 82% of the School’s faculty have advanced academic degrees. In addition, the School currently employs seven full-time administrators and thirteen administrative and office support staff. The School’s maintenance and security staff are outsourced.

Tenure is not offered to faculty by the School. Faculty members receive one-year offers of employment with renewal for each year based on satisfactory performance. The median salary for full-time faculty for the 2020-2021 school year is \$66,802. Management believes faculty salaries are competitive in the local market. There are no unions at this time, and the School is not aware of any active efforts to organize. The School considers relations with its employees to be excellent.

Impact of COVID-19

In the Spring of 2020, the School closed its School building and suspended in-person educational programming due to the COVID-19 pandemic and the applicable mandates of New York City and New York State health officials. Shefa@Home, a Zoom-based synchronous remote learning program, was launched by the School immediately and was well-received by students and families. No students withdrew from the School due to the COVID-19 pandemic and the resulting need to provide educational programming remotely via Shefa@Home. Students continued to make academic progress via Shefa@Home, especially in the core skill areas of reading and math. Based on the School’s success via

Shefa@Home during the Spring of 2020, Shefa offered its first summer program in July of 2020, which was offered via Shefa@Home. The virtual half-day learning program was very popular, attracting approximately one-third of the School's student population. This level of participation demonstrated how effective and engaging Shefa@Home had proven to be during the Spring of 2020.

In September 2020, Shefa commenced simultaneous in-person learning for all students for the 2020-2021 school year, and all actively-enrolled students returned to attending in-person. It should be noted that (i) the School offered an option to all students for remote learning on Fridays, and (ii) the School offered robust remote instruction for those individual students, as well as classes, that were required to quarantine for a period of time due to COVID-19 exposure. There also were (and continue to be) specific School plans in place to ensure a continuity of learning should the School building be required to close for a period of time, either because of a COVID-19 outbreak within the School community or because all schools in the region are closed, as required by New York City or New York State health officials.

Despite the safety demands of the COVID-19 pandemic, the School has consistently provided instruction that is fully consistent with the educational model and curriculum that was provided prior to the COVID-19 pandemic. Shefa's mission is at the core of its decisions. As a result, Shefa's Remote Learning Plan focuses on protecting the health and safety of everyone in the School community, maintaining the quality of instruction for students with learning disabilities, while caring for the whole child and strengthening the School community.

All instruction, whether in-person or virtual, continues to be specifically designed to maximize the learning of students with language-based learning disabilities and incorporates research-based multisensory instructional programs. Classes are small, and reading and math classes are grouped homogeneously to tailor instruction to individual learning styles and ability levels. Individualized scaffolds and supports, including the use of various manipulatives and movement breaks, are incorporated into all classes.

Preparing for Future School Closures:

Notwithstanding successful efforts to open the School building in September 2020 and on-going efforts to safely remain open, the School is prepared for the possibility of temporary closure due to a COVID-19 outbreak within the School community or within the region. The School has assigned every student a computing device (either a Chromebook or a Windows laptop), and classes have practiced how to use such devices effectively both in school and, importantly, during Zoom-based instruction on Fridays. In addition to Zoom, faculty and students are well-versed in educational platforms such as Google Classroom and G Suite, Seesaw, Learning Ally, EdPuzzle, Typing.com, Kahoot!, and others.

Health and Safety Measures:

Shefa's health and safety plan meets or exceeds all reopening guidelines from the New York State Department of Health and the New York State Education Department Guidance for Religious and Non-Public Schools. The School continuously reviews and updates its plan in response to the most current research findings and the latest New York State, New York City, and Centers for Disease Control ("CDC") regulations, as well as on the advice of the School's medical advisory team.

Safety measures in place include mandatory face coverings, physical distancing, daily symptom and exposure monitoring, hand washing, frequent cleaning and disinfection, improved air circulation and filtration, weekly whole-school testing, and increased health office staffing. Students and staff are in small pods throughout the day to minimize contact (notwithstanding mandatory face coverings and physical distancing) to minimize spread, should someone become infected with COVID-19. Students are kept home or are sent home with a range of suspicious symptoms, and are required to be tested before returning. Quarantine procedures after exposure and travel are more aggressive than CDC and New York State Department of Health requirements. Shefa's health office performs both rapid and PCR testing onsite, when needed. The School also offered vaccinations on site for all eligible students over the age of 12, as well as friends and family of School students, as soon as the vaccine was approved in May of 2021. In addition, prior to the return to in-person learning in September of 2020, all families and staff members

signed a community pledge to act responsibly in compliance with all School COVID-19 standards. Although a few members of the School community have tested positive for COVID-19 and many more have been quarantined for exposure or after travel, the School does not have knowledge of any contraction of COVID-19 within the School building.

Financial Impact upon the School:

The COVID-19 pandemic has not had an adverse effect on the School's enrollment. In fact, the School's enrollment grew by 25 students in September 2020, which is consistent with the School's pre-pandemic enrollment projections. Tuition collection to date, bolstered by the opportunity for families to receive tuition reimbursements (as described above), did not decline, despite the broader economic impact, regionally and nationally, of the COVID-19 pandemic.

In preparing the budget for the 2020-2021 school year, thirteen percent (13%) of the School's tuition revenues were earmarked for Financial Aid. It was anticipated by the School that the pandemic would result in an increase in financial aid requests by School families due to economic hardship. However, the School will not need to utilize all of the budgeted Financial Aid funds, as it has not received, to date, a significant increase in Financial Aid requests and tuition collection has been consistent as compared to prior years. Consistent with this experience, when budgeting for the 2021-2022 fiscal year, the 10.5% of tuition revenues earmarked for Financial Aid reflects an expectation of a return to pre-pandemic levels of need for financial assistance.

Other areas of operations also required higher and/or new budgeted expenses. These included additional leased space, personal protective equipment and other related health and cleaning services to minimize COVID-19 exposure risks. Additional faculty, teaching aides and health staff were also hired in order to maintain the School's ability to provide a tailored education in the context of the COVID-19 operational challenges. The School estimates these measures will add \$1.4 million in operating costs during the 2020-2021 fiscal year relative to operating the School pre-pandemic. In preparing the budget for the 2021-2022 fiscal year, the School does not anticipate significant additional operating costs related to COVID-19.

To offset these additional operating costs, the School successfully applied for a Paycheck Protection Program ("PPP") loan pursuant to the federal Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), a \$669 billion business loan program established to help businesses keep their workforce employed during the COVID-19 pandemic. The School's First Draw PPP loan application was submitted on April 5, 2020 and its \$1,121,510 million loan disbursement was received on April 10, 2020. This PPP loan was granted full forgiveness by the Small Business Association, and the outstanding PPP loan has been closed as of April 28, 2021. These PPP funds effectively took the place of previously budgeted payroll and occupancy costs, allowing the School flexibility for funding the cost of re-opening in September of 2020 with in-person instruction. In addition, the School also has been awarded (i) \$55,000 in COVID-19 related grants and (ii) \$52,000 in CARES Act funds from the initial government stimulus being administered through the NYC Department of Education. Most recently, the federal Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (the "CRRSA Act"), enacted in late 2020, sets aside funds for non-public schools to receive reimbursement for re-opening expenses. Pursuant to the CRRSA Act, \$248.9 million has been allocated to New York State. The School has applied for a share of these funds and has received an initial indication from the State that the School may be eligible for \$189,000 in CRRSA Act funds. The current expectations of the School are that these funds will be disbursed by early Fall 2021. The School intends to continue to pursue available government and private grants and other sources of assistance in order to assist in funding any potential budgetary shortfall as a result of the challenges associated with the COVID-19 pandemic.

Financial Information

The following summaries and discussions of financial matters relating to the School should be read in conjunction with the financial statements of the School and related notes, which are attached to this Limited Offering Memorandum as Appendix B. The School's financial statements have been audited by Billet, Feit & Preis, P.C.

Table #8
Statement of Activities
Summary of Income Statement (Revenues and Expenses) and
Consolidated Statement of Financial Positions

	2016	2017	June 30, 2018	2019	2020	QE (Unaudited) 3/31/2021	YE (Unaudited) 2021
Revenue							
Tuition and Fees (Net).....	\$2,322,689	\$3,987,904	\$5,800,200	\$7,613,500	\$8,375,599	\$7,639,413	\$10,228,250
Contributions (Total).....	5,358,637	1,460,365	2,104,667	2,138,533	3,898,736	7,877,828	9,162,352
Contributions (Capital).....	4,373,784	996,700	823,000	0	2,016,850	5,377,422	6,537,370
Contribution (Net of Capital).....	984,853	463,665	1,281,667	2,138,533	1,881,886	2,500,406	2,624,982
Other School Function Income.....	17,631	80,354	108,294	333,277	365,452	406,469	526,766
Investment Income.....	249	1,568	12,619	41,336	42,202	2,389	2,622
Total Revenue.....	\$7,699,206	\$5,530,191	\$8,025,780	\$10,126,646	\$12,681,989	\$15,926,099	\$19,919,990
Expenses							
Salaries and Wages.....	\$1,781,859	\$3,107,786	\$4,152,318	\$5,441,273	\$6,186,283	\$5,407,357	\$7,324,017
Payroll Taxes & Benefits.....	366,280	520,608	747,860	964,621	1,079,277	957,814	1,317,427
Rent.....	239,000	1,185,240	1,643,748	1,643,748	1,813,874	1,732,779	2,371,618
Other Occupancy Costs.....	101,910	227,198	275,573	323,172	334,273	410,362	522,494
Depreciation.....	27,393	364,873	492,690	532,073	534,568	435,338	586,350
Educational Program.....	217,741	344,711	407,342	577,496	430,360	394,289	572,704
Administration.....	118,489	263,906	253,927	304,858	297,240	399,661	533,938
Fundraising.....	16,141	26,068	76,048	166,060	205,767	121,632	133,073
Total Expenses.....	\$2,868,813	\$6,040,390	\$8,049,506	\$9,953,301	\$10,881,642	\$9,859,232	\$13,361,621
Surplus (Deficit).....	\$4,830,393	(\$510,199)	(\$23,726)	\$173,345	\$1,800,347	\$6,066,867	\$6,558,369
Plus Depreciation.....	27,393	364,873	492,690	532,073	534,568	435,338	586,350
Plus Change in Deferred Rent Expense.....	0	518,573	347,915	26,810	18,961	(12,108)	(16,144)
Less Contribution (Capital).....	(4,373,784)	(996,700)	(823,000)	0	(2,016,850)	(5,377,422)	(6,537,370)
Equals Surplus (Deficit) Available for Debt Service.....	\$484,002	(\$623,453)	(\$6,121)	\$732,228	\$337,026	\$1,112,675	\$591,205

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The following table sets forth the School's net assets at June 30 for each of the five most recent fiscal years.

**Table #9
Net Assets**

	2016	2017	June 30, 2018	2019	2020	QE (Unaudited) 3/31/2021	YE (Unaudited) 2021
Current Assets							
Cash and Cash							
Equivalents.....	\$2,320,077	\$2,155,969	\$2,364,005	\$2,122,706	\$3,789,645	\$4,723,928	\$3,656,051
Investments (Treasuries).....	0	0	497,922	1,759,819	2,338,042	1,279,932	759,977
Tuition Receivable (Net).....	375,053	752,964	1,100,994	1,643,193	1,910,398	1,980,072	2,064,590
Unconditional Promises to Give (Net).....	2,526,340	1,656,810	1,477,247	676,000	1,928,782	5,955,240	6,099,688
Other Receivables.....	16,027	8,810	0	0	0	0	0
Prepaid Expenses.....	76,310	13,500	0	1,067	18,628	313,725	22,253
Total Current Assets.....	\$5,313,807	\$4,588,053	\$5,440,168	\$6,202,785	\$9,985,495	\$14,252,897	\$12,602,559
Long Term Assets							
Property and Equipment.....	\$2,423,131	\$4,167,675	\$4,639,593	\$4,936,714	\$5,051,013	\$6,010,735	\$6,390,739
Accumulated Depreciation.....	(21,643)	(386,516)	(879,206)	(1,411,279)	(1,945,847)	(2,381,185)	(2,532,197)
Property and Equipment, Net.....	\$2,401,488	\$3,781,159	\$3,760,387	\$3,525,435	\$3,105,166	\$3,629,550	\$3,858,542
Other Assets							
Funds Held In Escrow.....	0	0	0	0	0	0	2,500,000
Security Deposit.....	810	810	810	810	810	810	810
Total Other Assets.....	810	810	810	810	810	810	2,500,810
Total Assets.....	\$7,716,105	\$8,370,022	\$9,201,365	\$9,729,030	\$13,091,471	\$17,883,257	\$18,961,911
Current Liabilities							
Accounts Payable.....	\$21,712	\$66,018	\$25,234	\$52,778	\$38,096	\$410,486	\$141,852
Payroll Liabilities.....	11,563	17,689	20,411	34,414	31,353	27,360	29,815
Refundable Advance.....	0	0	0	0	1,121,510	0	0
Deferred Rent Expense.....	0	518,573	866,488	893,298	912,259	900,151	896,115
Deferred Revenue.....	884,078	1,479,189	2,024,405	2,310,368	2,749,734	2,239,874	3,097,241
Total Current Liabilities.....	\$917,353	\$2,081,469	\$2,936,538	\$3,290,858	\$4,852,952	\$3,577,871	\$4,165,023
Net Assets.....	\$6,798,752	\$6,288,553	\$6,264,827	\$6,438,172	\$8,238,519	\$14,305,386	\$14,796,888

Budgeting Process

The School's operating budget provides the Head of School and Chief Financial Officer with a financial plan that is approved annually by the Board of Trustees and that is used to operate the School. The School's fiscal year extends from July 1 through June 30.

The formation of the School's annual operating budget begins each year in the Fall. Based on current and prior year operating results and with input from the School's leadership team, the Chief Financial Officer and the Head of School develop a preliminary budget that is presented to the Finance Committee of the Board of Trustees. The preliminary budget establishes the "drivers" for the School's operating performance: (i) tuition rates; (ii) financial aid levels; and (iii) salary and staffing increases. Once the Finance Committee's recommendations are incorporated and the preliminary budget approved thereby, it is then presented to the full Board of Trustees for approval in late December/early January of each year. The budget is further refined throughout the Spring and a final budget is established in May/June based on actual enrollment and staffing numbers. The final budget is similarly presented to the Finance Committee for approval and, thereafter, to the Board of Trustees for approval.

The Finance Committee is kept informed regarding the status of the current fiscal year's performance versus budget as well as forecasts regarding the full fiscal year. The Chief Financial Officer sends monthly updates to the Finance Committee regarding the School's performance and key metrics. In addition, the full Board receives financial performance updates at each scheduled meeting thereof.

Projected Financial Information

The Projections set forth below in Table #10 are based on the historical operations of, and forecasts for, the School and the School's assumptions regarding student enrollment, tuition, revenues and expenses. The Projections do not constitute a "Certified Financial Forecast." No assurance can be given that the results described in the Projections will be achieved. The Projections are only for the years ended June 30, 2021 through June 30, 2030, and do not cover the entire period during which the Series 2021 Bonds may be outstanding. The Underwriter has not independently verified these Projections, and makes no representations nor gives any assurances that such Projections, or the assumptions underlying them, are complete or correct.

See also "BONDHOLDERS' RISKS – Revenues of the Institution, "- Enrollment Projections and Assumptions" and "- Factors Generally Affecting Educational Institutions" herein.

A general overview of the Projections assumptions are below:

- a. Based on historical results, the School is expecting enrollment to increase 30 to 40 student every year, stabilizing at 338 from year 2025-26 onward. Tuition is projected to increase at an average of 3.5% annually.
- b. Financial Aid is projected at 10.5% of Gross Tuition Revenue for the 2021-22 fiscal year, and 11.0% of Gross Tuition Revenue for each fiscal year thereafter.
- c. Annual giving is estimated to be \$9,500 per student. The School has historically seen annual giving at a higher level (closer to \$11,000 per student), but remains conservative in its budgeting.
- d. Programmatic revenues and expenses are projected increase commensurate with enrollment, and are budgeted to increase 3% annually upon enrollment stabilization. Medical insurance expenses are expected to increase 8% annually.
- e. Facility/occupancy expenses, including security, utilities and other expenses, will increase when the School occupies the 60th Street facility, and are projected to increase 3% annually thereafter.

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Table #10
Operating Budget and Debt Service Coverage Ratio Projections

School Year.....	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fiscal Year.....	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Enrollment.....	172	200	230	270	300	338	338	338	338	338
Tuition.....	\$66,000	\$68,300	\$70,700	\$74,700	\$77,300	\$80,000	\$82,800	\$85,700	\$88,700	\$91,800
Number of Classrooms.....	13	15	18	21	23	26	26	26	26	26
REVENUES										
Tuition & Fees										
Tuition & Fees.....	\$11,399,500	\$13,660,000	\$16,261,000	\$20,169,000	\$23,190,000	\$27,040,000	\$27,986,400	\$28,966,600	\$29,980,600	\$31,028,400
Financial Aid.....	(\$1,165,000)	(\$1,434,300)	(\$1,778,700)	(\$2,218,590)	(\$2,550,900)	(\$2,974,400)	(\$3,078,504)	(\$3,186,326)	(\$3,297,866)	(\$3,413,124)
Net Tuition	\$10,234,500	\$12,225,700	\$14,482,300	\$17,950,410	\$20,639,100	\$24,065,600	\$24,907,896	\$25,780,274	\$26,682,734	\$27,615,276
Total Annual Giving (Net)	\$2,550,000	\$1,900,000	\$2,185,000	\$2,565,000	\$2,850,000	\$3,211,000	\$3,307,330	\$3,406,550	\$3,508,746	\$3,614,009
Sublease Income - 40 East 29th Street	\$0	\$0	\$0	\$0	\$555,596	\$570,639	\$95,697	\$0	\$0	\$0
Other Revenues										
Government Funding.....	\$220,127	\$132,500	\$125,000	\$143,750	\$168,750	\$187,500	\$211,250	\$217,588	\$224,115	\$230,839
Lunch Program.....	\$16,230	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Investment Income.....	\$2,622	\$2,500	\$10,000	\$32,400	\$36,000	\$40,560	\$41,777	\$43,030	\$44,321	\$45,651
PA Dues.....	\$24,450	\$45,000	\$51,750	\$60,750	\$67,500	\$76,050	\$78,332	\$80,681	\$83,102	\$85,595
After-School Program Fees.....	\$1,310	\$30,000	\$32,500	\$47,250	\$52,500	\$59,150	\$60,925	\$62,752	\$64,635	\$66,574
Summer Workshop (Net).....	\$0	\$32,500	\$35,000	\$0	\$45,000	\$50,700	\$52,221	\$53,788	\$55,401	\$57,063
Summer School Program (Net).....	\$46,282	\$0	\$0	\$0	\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	\$57,964
Other Revenues.....	\$18,244	\$19,600	\$21,640	\$25,110	\$27,900	\$32,409	\$33,381	\$34,383	\$35,414	\$36,477
Total Other Revenues	\$329,265	\$262,100	\$275,890	\$309,260	\$447,650	\$497,869	\$530,931	\$546,858	\$563,263	\$580,163
TOTAL REVENUES	\$13,113,765	\$14,387,800	\$16,943,190	\$20,824,670	\$24,492,346	\$28,345,108	\$28,841,854	\$29,733,682	\$30,754,743	\$31,809,448
EXPENSES										
Operations										
Salaries.....	\$7,249,717	\$8,347,354	\$9,318,565	\$10,831,686	\$12,218,950	\$13,682,027	\$14,092,488	\$14,515,263	\$14,950,721	\$15,399,242
Payroll Taxes.....	\$536,009	\$609,408	\$680,199	\$790,571	\$891,812	\$1,001,898	\$1,031,955	\$1,062,913	\$1,094,801	\$1,127,645
Professional Fees.....	\$37,594	\$40,000	\$52,500	\$67,500	\$75,000	\$84,500	\$87,035	\$89,646	\$92,335	\$95,105
Development & Fundraising.....	\$56,534	\$62,000	\$66,000	\$69,000	\$72,000	\$77,314	\$79,633	\$82,022	\$84,483	\$87,018
Education Program Expenses.....	\$410,506	\$471,424	\$540,702	\$1,013,481	\$1,125,911	\$1,261,881	\$1,299,737	\$1,338,729	\$1,378,891	\$1,420,258
Total Operations Costs	\$8,290,360	\$9,530,186	\$10,657,966	\$12,772,238	\$14,383,673	\$16,107,620	\$16,590,848	\$17,088,573	\$17,601,231	\$18,129,268
Benefits										
Medical Insurance, Net.....	\$434,117	\$564,968	\$680,760	\$869,781	\$1,036,252	\$1,223,792	\$1,321,695	\$1,427,431	\$1,541,625	\$1,664,955
Retirement (Employer Discretionary).....	\$274,774	\$324,382	\$361,621	\$423,685	\$478,413	\$536,153	\$552,238	\$568,805	\$585,869	\$603,445
Workers' Compensation.....	\$34,423	\$43,406	\$48,457	\$56,325	\$63,539	\$71,147	\$73,281	\$75,479	\$77,744	\$80,076
Other Benefit.....	\$91,466	\$120,604	\$164,966	\$171,605	\$197,322	\$203,244	\$209,341	\$215,621	\$222,090	\$228,753
Total Benefits Expenses	\$834,780	\$1,053,360	\$1,255,804	\$1,521,396	\$1,775,526	\$2,034,336	\$2,156,555	\$2,287,336	\$2,427,328	\$2,577,229
Administration										
Technology.....	\$98,325	\$140,000	\$161,000	\$189,000	\$210,000	\$236,600	\$243,698	\$251,009	\$258,539	\$266,295
Insurance.....	\$55,334	\$140,000	\$175,000	\$215,000	\$231,125	\$248,459	\$255,913	\$263,591	\$271,498	\$279,643
Other Administration Costs.....	\$333,918	\$201,025	\$227,125	\$280,800	\$312,000	\$351,520	\$362,066	\$372,928	\$384,115	\$395,639
Total Administration Costs	\$487,577	\$481,025	\$563,125	\$684,800	\$753,125	\$836,579	\$861,677	\$887,528	\$914,152	\$941,577
Occupancy Costs										
Rent Original Space (40 East 29th Street).....	\$1,248,716	\$1,269,011	\$1,307,081	\$218,910	\$0	\$0	\$0	\$0	\$0	\$0
Rent Additional Space (40 East 29th Street).....	\$580,889	\$597,447	\$617,317	\$636,416	\$653,643	\$671,340	\$112,585	\$0	\$0	\$0
Rent Temporary Space (40 East 29th Street).....	\$557,745	\$819,185	\$839,665	\$140,515	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax (40 East 29th Street).....	\$102,234	\$162,311	\$198,684	\$76,798	\$52,863	\$62,691	\$12,201	\$0	\$0	\$0
Rent (17 West 60th Street).....	\$0	\$0	\$2,678,000	\$2,758,340	\$2,841,090	\$2,926,323	\$3,014,113	\$3,104,536	\$3,197,672	\$3,293,602
Application of Capitalized Rent.....	\$0	\$0	(\$2,678,000)	(\$2,758,340)	(\$2,841,090)	\$0	\$0	\$0	\$0	\$0
Cleaning Services.....	\$222,298	\$250,000	\$257,500	\$45,000	\$0	\$0	\$0	\$0	\$0	\$0
Security.....	\$52,639	\$72,500	\$75,000	\$215,000	\$221,450	\$228,094	\$234,936	\$241,984	\$249,244	\$256,721
Utilities.....	\$79,779	\$85,000	\$87,550	\$225,000	\$231,750	\$238,703	\$245,864	\$253,239	\$260,837	\$268,662
Other Occupancy Costs.....	\$65,544	\$49,250	\$54,250	\$250,000	\$257,500	\$265,225	\$273,182	\$281,377	\$289,819	\$298,513
Total Occupancy Costs	\$2,909,844	\$3,304,704	\$3,437,047	\$1,807,639	\$1,417,206	\$4,392,376	\$3,892,881	\$3,881,136	\$3,997,572	\$4,117,498
TOTAL OPERATING EXPENSES	\$12,522,561	\$14,369,275	\$15,913,942	\$16,786,073	\$18,329,530	\$23,370,911	\$23,501,961	\$24,144,573	\$24,940,283	\$25,765,572
OPERATING SURPLUS/(DEFICIT)	\$591,204	\$18,525	\$1,029,248	\$4,038,597	\$6,162,816	\$4,974,197	\$5,339,893	\$5,589,109	\$5,814,460	\$6,043,876
Estimated Debt Service										
Principal.....	\$0	\$0	\$0	\$0	\$945,000	\$985,000	\$1,315,000	\$1,535,000	\$1,575,000	\$1,615,000
Interest.....	\$0	\$2,662,160	\$3,081,600	\$3,081,600	\$3,081,600	\$3,043,800	\$3,004,400	\$2,962,000	\$2,923,625	\$2,884,250
Application of Capitalized Interest.....	\$0	(\$2,662,160)	(\$3,081,600)	(\$1,677,760)	\$0	\$0	\$0	\$0	\$0	\$0
Application of DSRF Earnings*.....	\$0	(\$9,280)	(\$11,248)	(\$11,248)	(\$11,248)	(\$11,248)	(\$11,248)	(\$11,248)	(\$11,248)	(\$11,248)
Net Debt Service	-	-	-	\$1,392,592	\$4,015,352	\$4,017,552	\$4,308,152	\$4,485,752	\$4,487,377	\$4,488,002
Resulting DSCR	N/A	N/A	N/A	2.90x	1.53x	1.24x	1.24x	1.24x	1.30x	1.35x

* Debt service reserve fund earnings assumed at 0.25%.

Other Financial Information

Retirement Plan

The School maintains a defined contribution retirement plan, administered by Employee Fiduciary. All employees of the School, after satisfying certain initial eligibility requirements, are eligible to participate. The School contributes 4% of an eligible employee's base earnings towards the retirement plan each year. However, the School's contribution to the plan is discretionary; further, the School's contribution to the plan is not dependent on the employee making a contribution to the plan. Employees are fully vested when they join, and they own all retirement accumulations as soon as the School remits them to Employee Fiduciary. All contributions are subject to certain limitations imposed by the plan and the Internal Revenue Code. The School's retirement plan expenses were \$229,665 and \$202,170 for the years ended June 30, 2020 and 2019, respectively. The projected retirement plan expense for the year ending June 30, 2021 is \$274,774. Notwithstanding the discretion of the School with respect to its annual contributions to the retirement plan, the School has fully funded its contribution to the retirement plan each fiscal year since 2014.

Insurance

The School's risk management program is the responsibility of the Chief Financial Officer, under the oversight of the Head of School and the Board of Trustees. The School carries standard industry insurance policies, including real and personal property, general liability, workers' compensation, educators' legal liability, excess liability, cyber risk and student accidents. Coverage limits are reviewed annually by the Chief Financial Officer, in consultation with the Board of Trustees, to assess adequacy of coverage.

Current Liabilities

PPP Loan

The School applied for a Paycheck Protection Program (PPP) loan under the Federal Government's Coronavirus Aid, Relief, and Economic Security Act (CARES Act), a \$669 billion business loan program established to help businesses keep their workforce employed during the COVID-19 pandemic. The School's First Draw PPP loan application was submitted on April 5, 2020 and a \$1.12 million loan disbursement was received on April 10, 2020.

The School applied for PPP funds based on concerns that the COVID-19 pandemic would have a financial impact on operational performance. Based on the economic factors being observed in New York City, the School expected an increased need for tuition assistance for School families and a decline in annual donations to the School. The School also projected increased expenses related to the implementation of social distancing requirements for school instruction.

The PPP loan was fully forgiven by the Small Business Association, and the outstanding PPP loan balance has been closed, as of April 28, 2021.

UJA Letter of Credit

The School's initial lease agreement for its current 40 East 29th Street location required a security deposit in the amount of \$1.25 million. This condition was met through a "clean, irrevocable, and unconditional letter of credit" in the amount of the security deposit. Starting July 25, 2017, the letter of credit was provided through an agreement with the UJA-Federation of New York ("UJA") for a five-year term. As part of this agreement with the UJA, the School is required to maintain a restricted brokerage account, which is subject to an account control agreement in favor of the UJA. The School was required to deposit \$250,000 at execution and on an annual basis beginning in January 2018 through January 2021. The final deposit was made on January 28, 2021. The School has reimbursed the UJA for all costs and fees related to the letter of credit. No later than 61 days prior to the fifth anniversary of the issuance of the letter of credit, the School will be required to secure a replacement letter of credit or otherwise make arrangements with the landlord

to secure the release of the letter of credit. Upon the landlord's release of the letter of credit, the UJA will terminate its rights under the account control agreement on the restricted brokerage account. The School will then utilize the funds in the restricted brokerage account to meet any remaining building security deposit requirement.

Fundraising: Annual Giving and Capital Campaigns

The School's Development Office is responsible for all fundraising activities, as well as all marketing and public relations for the School. The School's Head of School and Director of Institutional Advancement, in close consultation with the Development Committee of the Board, are responsible for implementing the School's Annual Fund and Capital Campaign solicitations.

The donor base of the School includes private organizations and individuals that are active in funding causes in the Jewish community and educational field. Additionally, the School relies on the generous giving of the families of its student body, alumni, current and former faculty and staff, and past and present Board members. The School solicits donors for contributions to the School through targeted email campaigns, private receptions, a yearly phone-a-thon, an annual benefit established in 2018, and through direct mailings.

Annual Giving:

The mission of the School requires a highly specialized faculty, working with a small student-to-teacher ratio. As a result, tuition does not cover all of the School's annual operating expenses, and annual fundraising bridges the gap in the operating budget so as to sustain the School's financial requirements.

Annual Fund contributions support the School's annual operating budget and thereby assist the School in enhancing academic programming, attracting and retaining talented faculty and staff, providing financial aid for an economically diverse student body, and maintaining the physical space that the School occupies. The School also receives restricted Annual Fund gifts pursuant to which the donor wishes to direct the use of the donation for a particular School purpose. Historically, 10% to 20% of contributions to the Annual Fund in a given fiscal year are restricted by the donor. However, the School typically allocates these funds to the donor-restricted use during the fiscal year in which such contributions are received; therefore, such revenue and cash are recognized as without donor restriction in the statement of activities and the statement of net assets, respectively, of the School.

Capital Campaigns:

While annual giving through the Annual Fund helps to support the annual operating budget of the School, the School relies on Capital Campaigns to fund expansion projects, as well as the ability to use such Capital Campaign funds to bridge the operating budget as the School grows to scale.

The School previously has conducted a successful Capital Campaign to fund its relocation from its original location at 180 Amsterdam Avenue to its current location at 40 East 29th Street. The School is currently in the silent phase of another Capital Campaign, which campaign contributions will be used, together with proceeds of the Series 2021 Bonds, to fund the build-out of the School's new, permanent home at 17 West 60th Street. See below for a discussion of these Capital Campaigns.

The Campaign for Shefa:

In 2015, following the successful founding and launch of the School and increasing enrollment, Shefa launched *The Campaign for Shefa* with a goal to raise \$6 million. Funds from the Campaign were used to build out the current leased space at 40 East 29th Street to provide for dedicated classroom and breakout learning spaces fitted with state of the art technology, a cafeteria, a gymnasium/auditorium for School-wide gatherings, library space, and facilities for STEM programming. The goal at the time was to expand Shefa's enrollment from 50 students to 130 students, and a portion of the funds raised through the Campaign also were intended to support the annual operating budget as the School's enrollment grew to fit the acquired,

expanded space. The Campaign ultimately realized \$6.2 million in pledges, with pledge commitments payable through 2023. As of June 2021, \$6.1 million in pledges payments have been received by the School.

Sowing the Seeds of Abundance:

In 2020, the School began the silent phase of its current Capital Campaign, *Sowing the Seeds of Abundance*. The goal of this Capital Campaign is to raise \$20 million in charitable contributions in support of the School. A portion of Capital Campaign contributions received, together with a portion of the proceeds of the Series 2021 Bonds, will be used by the School to fund all costs associated with the leasehold renovation and the furnishing and equipping of the new School location.

In addition, a portion of the Capital Campaign contributions (i) will be used by the School to establish an endowment fund to provide financial resources to support the School well into future years, (ii) will provide funding for the operations of The Shefa Center, and (iii) will be allocated towards the funding of rent by the School in satisfaction of its lease obligations with respect to its new School location.

As of the date of this Limited Offering Memorandum, the School has received Capital Campaign pledge commitments of \$11,396,000 towards the Capital Campaign goal of \$20 million in charitable contributions.

Table #11
Capital Campaign, *Sowing the Seeds of Abundance*

<u>Pledged Amount</u>	<u>Received</u>	<u>Balance Outstanding</u>
\$11,396,000	\$2,901,000	\$8,495,000

The School has received and anticipates receiving the remaining Capital Campaign pledges over the next five years, as shown in Table #12, below.

Table #12
Actual and Anticipated Capital Campaign Pledge Payment Schedule

2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
\$500,000	\$2,401,000	\$2,185,000	\$1,935,000	\$1,880,000	\$1,775,000	\$720,000	\$11,396,000

Litigation

There is no action, suit, proceeding, investigation or litigation pending or, to the School’s knowledge, threatened, which either in any one instance or in the aggregate, would have a materially adverse effect on the School’s financial condition or its ability to perform its obligations under the terms of the Loan Agreement, the Lease or the Leasehold Mortgage.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE INSTITUTION

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SHEFA SCHOOL

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

SHEFA SCHOOL

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BILLET, FEIT AND PREIS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

42 BROADWAY, SUITE 1815, NEW YORK, N.Y. 10004
TEL (212) 425 – 3300 FAX (212) 425 - 3131

INDEPENDENT AUDITOR’S REPORT

To The Board of Directors of
Shefa School
New York, New York

We have audited the accompanying financial statements of Shefa School (a non-profit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Shefa School as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,

BILLET, FEIT & PREIS, P.C.

Handwritten signature in cursive script that reads "Billet, Feit & Preis".

Certified Public Accountants

New York, NY
November 25, 2020

SHEFA SCHOOL

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$3,789,645	\$2,122,706
Investments	2,338,042	1,759,819
Tuition receivable, net	1,910,398	1,643,193
Unconditional promises to give, net	1,928,782	676,000
Prepaid expenses	18,628	1,067
Total Current Assets	<u>9,985,495</u>	<u>6,202,785</u>
<u>Property and Equipment, Net</u>	3,105,166	3,525,435
<u>Other Asset</u>		
Security deposit	810	810
TOTAL ASSETS	<u>\$13,091,471</u>	<u>\$9,729,030</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payable	\$ 38,096	\$ 52,778
Payroll liabilities	31,353	34,414
Refundable advance	1,121,510	-
Deferred revenue	2,749,734	2,310,368
Deferred rent expense	912,259	893,298
Total Current Liabilities	<u>4,852,952</u>	<u>3,290,858</u>
<u>Commitments and Contingencies</u>		
<u>Net Assets</u>		
Without donor restrictions, board designated	4,698,424	4,260,001
Without donor restrictions, other	3,540,095	2,178,171
Total Net Assets	<u>8,238,519</u>	<u>6,438,172</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$13,091,471</u>	<u>\$9,729,030</u>

See accompanying notes to financial statements.

SHEFA SCHOOL

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
	<u>Without Donor Restrictions</u>	
<u>Revenue, Support and Other Income</u>		
Tuition and fees	\$8,375,599	\$7,613,500
Contributions	3,898,736	2,138,533
Other school function income	365,452	333,277
Investment income	42,202	41,336
Total Revenue, Support and Other Income	<u>12,681,989</u>	<u>10,126,646</u>
<u>Operating Expenses</u>		
Program services	8,872,925	8,229,218
Management and general	1,149,599	1,100,842
Fundraising	859,118	623,241
Total Operating Expenses	<u>10,881,642</u>	<u>9,953,301</u>
Net increase in net assets	1,800,347	173,345
Net assets at beginning of year	<u>6,438,172</u>	<u>6,264,827</u>
Net assets at end of year	<u>\$8,238,519</u>	<u>\$6,438,172</u>
<u>Summary of net assets, without donor restrictions:</u>		
Board designated restriction – capital campaign	\$4,698,424	\$4,260,001
Other	3,540,095	2,178,171
Net assets at end of year	<u>\$8,238,519</u>	<u>\$6,438,172</u>

See accompanying notes to financial statements.

SHEFA SCHOOL

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019				
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$5,004,703	\$729,981	\$451,599	\$6,186,283	\$4,401,990	\$740,013	\$299,270	\$5,441,273
Rent	1,576,257	175,946	61,671	1,813,874	1,479,373	123,281	41,094	1,643,748
Employee benefits	527,082	73,531	50,106	650,719	464,620	78,023	43,999	586,642
Depreciation	464,540	51,853	18,175	534,568	478,866	39,905	13,302	532,073
Payroll taxes	351,418	47,141	29,999	428,558	312,967	48,003	17,009	377,979
Fundraising	-	-	205,767	205,767	-	-	166,060	166,060
Repairs and maintenance	145,352	16,225	5,687	167,264	157,116	13,093	4,364	174,573
Other program expenses	101,882	-	-	101,882	87,815	-	-	87,815
Insurance	86,561	9,662	3,387	99,610	79,432	6,619	2,207	88,258
Bus transportation	89,584	-	-	89,584	64,943	-	-	64,943
Food and catering	75,892	-	-	75,892	130,486	-	-	130,486
Educational materials	67,621	-	-	67,621	86,059	-	-	86,059
IT and technology	52,645	4,494	7,062	64,201	44,909	9,623	9,624	64,156
Security	53,511	5,973	2,094	61,578	64,148	5,346	1,782	71,276
Other occupancy expenses	50,015	5,583	1,957	57,555	25,753	2,146	715	28,614
Utilities	41,604	4,644	1,628	47,876	43,838	3,653	1,218	48,709
Staff development	36,230	-	-	36,230	34,234	-	-	34,234
Bank and processing fees	16,884	3,377	13,506	33,767	12,281	2,064	16,015	30,360
Copier expenses	29,120	3,250	1,140	33,510	28,046	2,337	779	31,162
Special programming and events	27,140	-	-	27,140	35,626	-	-	35,626
Office supplies and expenses	12,135	7,281	4,854	24,270	11,224	11,224	5,612	28,060
Professional fees	10,473	9,857	205	20,535	14,267	11,673	-	25,940
School trips	16,878	-	-	16,878	120,784	-	-	120,784
Workshop expenses	15,133	-	-	15,133	17,549	-	-	17,549
Recruitment	9,698	-	-	9,698	18,401	-	-	18,401
Telephone	7,179	801	281	8,261	6,868	572	191	7,631
Conferences and travel	3,388	-	-	3,388	7,623	3,267	-	10,890
Totals	\$8,872,925	\$1,149,599	\$859,118	\$10,881,642	\$8,229,218	\$1,100,842	\$623,241	\$9,953,301

See accompanying notes to financial statements.

SHEFA SCHOOL

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Cash Flows from Operating Activities</u>		
Net increase in net assets	\$1,800,347	\$173,345
Adjustments to reconcile net increase in net assets, to net cash provided by operating activities:		
Depreciation	534,568	532,073
(Increase) decrease in operating assets:		
Tuition receivable, net	(267,205)	(542,199)
Unconditional promises to give, net	(1,252,782)	801,247
Prepaid expenses	(17,561)	(1,067)
Increase (decrease) in operating liabilities:		
Accounts payable	(14,682)	27,544
Payroll liabilities	(3,061)	14,003
Deferred rent expense	18,961	26,810
Deferred revenue	439,366	285,963
Refundable advance	1,121,510	-
Total Adjustments	559,114	1,144,374
Net Cash Provided by Operating Activities	2,359,461	1,317,719
<u>Cash Flows from Investing Activities</u>		
Acquisition of property and equipment	(114,299)	(297,121)
Increase in investments	(578,223)	(1,261,897)
Net Cash Used by Investing Activities	(692,522)	(1,559,018)
Net increase (decrease) in cash and cash equivalents	1,666,939	(241,299)
Cash and cash equivalents at beginning of year	2,122,706	2,364,005
Cash and cash equivalents at end of year	\$3,789,645	\$2,122,706
<u>Supplemental Disclosure</u>		
Interest paid during the year	\$ -	\$ -

See accompanying notes to financial statements.

SHEFA SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

School and Purpose

Shefa School (hereafter the “School”) is a Jewish community day school for children with language-based learning disabilities who have not yet reached their potential levels of success in traditional classroom settings. For more details about the School’s mission and programs visit their website at www.shefaschool.org.

Shefa School was incorporated in October 2013 in the State of New York under Section 402 of the Not-For-Profit Corporation Law and commenced operations as a school on July 9, 2014, the date it received a provisional charter from the New York State Department of Education. Pursuant to an IRS letter of determination dated May 21, 2015, the School is a not-for-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code effective as of July 9, 2014.

The School’s primary sources of revenue are tuition from educational programs and contributions from public support.

Basis of Accounting

The financial statements of the School have been prepared in accordance with accounting principles generally accepted in the United States of America. These statements were prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Tuition is recorded as earned, contributions as more fully described below and expenses are recognized when incurred.

Basis of Presentation

In accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, the School’s financial position and activities are presented as either one of two classes of net assets: with donor restrictions and without donor restrictions. (Donors include other types of contributors, including makers of certain grants.) Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

SHEFA SCHOOL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. As of June 30, 2020, the School had no significant net assets with donor restrictions. During the year ended June 30, 2020 and 2019 the amounts of \$352,689 and \$303,325, respectively, of contributions restricted by donors were received and the restrictions were met in the fiscal year in which the contributions were recognized. In accordance with generally accepted accounting principles, these contributions were reported as increases in “without donor restrictions”.

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. As of June 30, 2020 and 2019, all of the School’s net assets of \$8,238,519 and \$6,438,172, respectively, were without donor restrictions. Of these amounts, as of June 30, 2020 and 2019, the board of directors designated the amounts of \$4,698,424 and \$4,260,001, respectively, to be restricted for capital expenditures.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

During the year ended June 30, 2020 and 2019 the School has recognized a total of \$-0 and \$28,913, respectively, of donated merchandise and services. These donated goods and services are included in both contributions and in operating expenses on the statements of activities.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the

SHEFA SCHOOL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

programs and supporting services benefited on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of employment responsibilities and estimates of time and effort; occupancy costs and depreciation, which are allocated on an estimated usage basis; and technology and telephone costs, which are allocated based on estimated usage analysis conducted annually.

Contributions

In accordance with FASB Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which went into effect for annual reporting periods beginning after December 15, 2018, the School recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are accounted for as “refundable advances” until the conditions have been substantially met or explicitly waived by the donor.

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in “without donor restrictions” net assets if the restrictions are met or expire in the fiscal year in which the contributions are recognized. When a restriction expires, “with donor restriction” net assets are reclassified to “without donor restriction” net assets. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in “with donor restriction” net assets. Absent donor restrictions regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period, and disclosures. Accordingly, actual results could differ from those estimates and assumptions, and those differences could be material.

SHEFA SCHOOL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tuition Receivable and Unconditional Promises to Give, Net

Tuition receivable is stated net of scholarship tuition reductions at the amount management expects to collect from outstanding balances. Unconditional promises to give consist of amounts due from donors and grantors. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts and on prior years' experience. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge against revenues in the current period. Receivables due after one year and beyond are discounted to their present net value when the amount is significant (see Notes D and E).

Property and Equipment

The School records property and equipment additions over \$3,500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 10 years, or in the case of leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2020 and 2019 (see Note F).

Operating Leases

The lease agreements between the School and its landlord contain scheduled and specified rent increases that are not based on future usage as well as other lease incentives. Under the provisions of FASB ASC, the payments are accounted for on a straight-line basis over the term of the lease (see Note K).

Income Taxes

The School is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code. Gifts to the School are tax deductible by the donor. The federal and state information returns of the School for the tax

SHEFA SCHOOL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

years ended June 30, 2016 through 2019 are subject to examination by the Internal Revenue Service and New York State Office of the Attorney General, generally for three years after the filing date. At June 30, 2020, the School had no knowledge of any tax returns under examination. The School follows the pronouncement related to income taxes and there were no uncertain tax positions at the date of adoption or at June 30, 2020 and 2019. In addition, the School has no income tax related penalties or interest for the years ended June 30, 2020 and 2019. Management has determined that the entities are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the Internal Revenue Service.

Deferred Revenue

The School recognizes tuition and fee revenue in the period in which the related educational instruction is performed. Accordingly, tuition fees received for the 2020/2021 academic school year are deferred until the instruction commences (see Note I).

Cash and Cash Equivalents

Cash and cash equivalents include short-term, interest bearing, highly liquid investments with original maturities of three months or less.

Fair Value Presentation

The carrying amount of cash, investments and receivables approximate their fair value due to their short-term maturity.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of deposits held at commercial banking institutions as well as cash reserves and money market accounts in a brokerage account. See Note N with regard to concentration of credit risks.

NOTE C – INVESTMENTS

As of June 30, 2020, investments comprise of \$2,339,000 par value US Treasury T-Bills with a cost basis of \$2,330,696 with a fair market value of \$2,338,042.

As of June 30, 2019, investments comprise of \$1,770,000 par value US Treasury T-Bills with a cost basis of \$1,749,063 with a fair market value of \$1,759,819.

SHEFA SCHOOL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

NOTE C – INVESTMENTS (CONTINUED)

Investments in the amounts of \$1,000,000 and \$750,000, as of June 30, 2020 and 2019, respectively, were restricted towards certain commitments, more fully discussed in Note P.

NOTE D - TUITION RECEIVABLE, NET

Tuition receivable of \$1,910,398 and \$1,643,193, as of June 30, 2020 and 2019, respectively, is presented net of scholarship tuition reductions and an allowance for doubtful accounts. All tuition management and payment processing are provided by a third-party tuition administration provider. An allowance for doubtful accounts of \$126,000 and \$135,850 was created as of June 30, 2020 and 2019, respectively.

NOTE E – UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give, net of allowances for doubtful accounts, at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Unconditional promises to give	\$2,081,932	\$746,000
Discount for present value	(118,150)	-
Allowance for doubtful accounts	(35,000)	(70,000)
Unconditional promises to give, net	<u>\$1,928,782</u>	<u>\$676,000</u>

The unconditional promises to give are due as follows:

	<u>2020</u>	<u>2019</u>
Due within one year	\$936,932	\$367,500
Due after one years	630,000	283,500
Due after two years	515,000	80,000
Due after three years	-	15,000
Due after four years	-	-
Unconditional promises to give	<u>\$2,081,932</u>	<u>\$746,000</u>

The net present value rate used by the School is 4.0%, which reflects the School's incremental borrowing rate currently available from its line of credit.

SHEFA SCHOOL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

NOTE F - PROPERTY AND EQUIPMENT, NET

Property and equipment, net of accumulated depreciation, as of June 30, 2020 and 2019 are as follows:

	<u>Estimated Useful Life</u>	<u>2020</u>	<u>2019</u>
Leasehold improvements	10	\$4,700,986	\$4,594,598
Furniture, fixtures and equipment	5	350,027	342,116
Less: accumulated depreciation		<u>(1,945,847)</u>	<u>(1,411,279)</u>
Property and equipment, net		<u>\$3,105,166</u>	<u>\$ 3,525,435</u>

Leasehold improvements related to renovations at the School's new premises are being amortized over the life of the lease once the improvements are available for use. Depreciation expense for the years ended June 30, 2020 and 2019 was \$534,568 and \$532,073, respectively.

NOTE G - OTHER ASSET

The other asset as of June 30, 2020 and 2019 is a security deposit in the amount of \$810 with a utility company.

NOTE H - COMPENSATED ABSENCES

Employees of the School are entitled to Paid Time Off ("PTO") which includes paid vacation time, paid sick time, and paid personal time. Depending on their responsibilities, employees are eligible for a specific maximum of days of PTO each year, accrued on a monthly basis and must be used during the academic year (teaching staff) or employment contract year (administration/management) in which it has accrued. Because both the academic school year and administration/management employment contract years coincide with the School's fiscal year, no accrual for compensated absences has been made.

NOTE I - DEFERRED REVENUE

The \$2,749,734 and \$2,310,368 of deferred revenue as of June 30, 2020 and 2019, respectively, primarily represents prepaid school tuition, parent association dues and other school fees for the 2020/2021 and 2019/2020 academic school years, respectively, that will be recognized as income in that year.

SHEFA SCHOOL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019

NOTE J – REFUNDABLE ADVANCE FROM THE PAYCHECK PROTECTION PROGRAM

In April 2020, the School applied for and was approved a \$1,121,510 loan under the Paycheck Protection Program (“PPP”) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration under the Coronavirus Aid Relief and Economic Security Act (CARES Act). The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The School is eligible for loan forgiveness of up to 100% of the loan, if the loan proceeds are used to maintain compensation costs and employee headcount, and other qualifying expenses (rent and utilities) incurred following receipt of the loan. The loan is uncollateralized and is fully guaranteed by the Federal government. The School expects to meet the PPP’s eligibility criteria and concludes that the PPP loan represents, in substance, a government grant that is expected to be forgiven. In accordance with FASB ASC 958-605, the loan has been accounted for as a conditional contribution and is not recognized until the conditions are substantially met or explicitly waived. Specifically, the School has initially recorded the cash inflow from the PPP loan as a refundable advance. Subsequent to initial recognition it will reduce the advance and recognize the revenue once the conditions of release have been substantially met or explicitly waived.

NOTE K - RENT EXPENSE

In August 2015 the School entered into a ten-year lease agreement for premises at 40 East 29th Street in New York City. The agreement has a commencement date of September 1, 2016 and expires on August 31, 2026 with the first fixed annual charges totaling \$1,100,000 with 3% yearly escalations plus a percentage of the real estate taxes. The landlord agreed to defer the payment of \$300,000 of rent from the initial year, to be paid over the next three years. In May 2017 the lease agreement was amended to include a portion of the third-floor of the building with a commencement date of September 1, 2017 and expiring the same date as the initial agreement. The first fixed annual amount for the additional space on the third-floor totals \$162,000 with 2.5% yearly escalations. In June 2018 the lease agreement was again amended to include a portion of the sixth-floor of the building (south) with a commencement date of September 1, 2018 and expiring the same date as the initial agreement. The first fixed annual amount for the additional space on the sixth-floor (south) totals \$228,285 with 3.0% yearly escalations. In October 2019 the lease agreement was again amended to include a portion of the sixth-floor (north) of the building with a commencement date of November 1, 2019 and expiring the same date as the initial agreement. The first fixed annual amount for the additional space on the sixth-floor (north) totals \$163,273 with 3.0% yearly escalations.

SHEFA SCHOOL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

NOTE K - RENT EXPENSE (CONTINUED)

In accordance with FASB ASC the lease payments are accounted for on the straight-line basis over the term of the lease. A security deposit of \$1,250,000 was provided in the form of a line of credit (see Note P).

The following are the future minimum cash payments required under the lease agreement, as amended, as of June 30, 2020:

<u>For the year ended June 30,</u>	
2021	\$ 1,830,013
2022	1,866,878
2023	1,925,237
2024	1,983,091
2025	2,040,717
2026 and thereafter	2,451,848
Total	<u>\$12,097,784</u>

Rent expense for the years ended June 30, 2020 and 2019, not including additional charges for maintenance and utilities, totaled \$1,813,869 and \$1,643,748, respectively.

NOTE L - FUNDRAISING EXPENSE

The School uses advertising, its website and newsletters to promote the School and for fundraising purposes. Total fundraising expenses, including allocated salaries, for the years ended June 30, 2020 and 2019 was \$859,118 and \$623,241, respectively. Included in these amounts was advertising expenses totaling \$1,778 and \$1,864, respectively. Advertising costs are expensed as incurred.

NOTE M - EMPLOYMENT CONTRACTS

The School is liable on various employment contracts to teachers and administrative personnel.

NOTE N - CONCENTRATION OF CREDIT RISK

The School's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash in a number of financial institution and money market funds and investments in two brokerage accounts. The School places its cash with what it believes to be a quality financial institution. At times the balance in the School's cash accounts exceed FDIC and SIPC limits; however, the School has not experienced any losses in its cash accounts to date. Management believes that no significant concentration of credit risk exists with

SHEFA SCHOOL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

NOTE N - CONCENTRATION OF CREDIT RISK (CONTINUED)

respect to these cash balances at June 30, 2020. Credit risk associated with tuition and accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from individuals and foundations supportive of our mission.

NOTE O - PENSION PLAN

The School maintains a retirement plan under IRS Code Section 403(b) covering all full-time employees. In addition to the amounts contributed by the employee, the School contributes 4% of employees' base salaries for eligible employees (that have worked for at least one year, and/or worked a minimum of 1000 hours during the year). The cost of the plan to the School for the years ended June 30, 2020 and 2019 was \$229,665 and \$202,170, respectively.

NOTE P – COMMITMENTS AND CONTINGENCIES

The School had taken a \$1,250,000 irrevocable standby letter of credit naming the landlord as beneficiary in lieu of a security deposit. The letter of credit was renewable annually and expired on July 24, 2017.

Upon the expiration of the letter of credit in lieu of the lease security deposit, the School signed an agreement with the United Jewish Appeal – Federation of Jewish Philanthropies of New York, Inc. (“UJA”) in July 2017 in which the UJA agreed to provide a letter of credit for five years in the amount of \$1,250,000 for the benefit of the landlord. The School reimburses the UJA for all costs and fees related to the issuance of the letter of credit. As part of the agreement, the School is required to maintain a restricted brokerage account which is subject to an account control agreement in favor of the UJA and deposit therein the sum of \$250,000 on an annual basis, no later than February 1st of each calendar year from 2018 through 2021. No later than 61 days prior to the fifth anniversary of the original issuance of the letter of credit, the School will be required to secure the release of the letter of credit or make other arrangements, at which point the UJA will terminate its rights in connection with the restricted account. The covenants of the agreement also include various reporting requirements.

To assist in the funding of the annual \$250,000 deposit amount, in October 2017, the School received a pledge from an individual donor to contribute a total of \$625,000 to the School over the course of five years. The deposits are invested in US Treasury T-Bills (see Note C).

SHEFA SCHOOL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019

NOTE P – COMMITMENTS AND CONTINGENCIES (CONTINUED)

In May 2018 the School entered into an agreement with Bank Leumi USA under which the bank provided a \$1,000,000 discretionary line of credit to the School. The covenants of the agreement include various reporting and financial performance requirements. As of the date the financial statements were available to be issued, the School has not drawn down any funds on this line of credit facility.

NOTE Q – COVID-19 PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. Later in that month, the State of New York ordered the closure of the physical location of every “non-essential” business, which to included educational institutions. In May 2020 the governor of New York State announced a four-phase reopening plan for business, which was followed in October 2020 by a new plan which placed certain restrictions in geographic cluster areas that had spikes in COVID-19 cases.

In response to the pandemic, the School moved to a remote learning environment in March 2020 for the remainder of the 2019/2020 academic year. During this period and throughout the summer, the School prepared for an “in person” 2020/2021 academic year reopening while closely following the guidance of the CDC and the New York State and New York City Boards of Education and Departments of Health. Board and faculty lead planning committees were created to formulate a robust reopening plan while maintaining the goals of increased enrollment and school community safety. New budgeted expenses included additional leased space, personal protective equipment and other related health and cleaning services to minimize exposure risks. Additional faculty, teaching aides and health staff were also hired in order to maintain the School's ability to provide a tailored education responsibly.

Because of the School's focus on special education Management does not foresee any effect on future enrollment. However, there is some uncertainty with regard to a possible increased need for tuition assistance and a decrease in general contributions. In response, the School applied and received a PPP loan (see Note J). The School will continue to pursue available government and private grants and other channels to help fund any potential shortfall.

SHEFA SCHOOL

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020 AND 2019

NOTE R – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activities of the group through November 25, 2020 (the date the financial statements were issued) and concluded that no subsequent events have occurred.

NOTE S – INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The School regularly monitors liquidity required to meet its operating needs and other contractual commitments. The School has various sources of liquidity at its disposal, including cash and cash equivalents (Note B), pledges and accounts receivable (Notes D and E), the PPP loan (Note J) and a commercial line of credit (Note P).

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its educational programs, as well as the conduct of services undertaken to support those programs. The School manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-future operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The School has a goal to maintain liquid assets, which consist of cash and receivables, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$2,000,000. As more fully described in Note P, the School also has a committed line of credit in the amount of \$1,000,000, which it could draw upon in the event of an unanticipated liquidity need.

SHEFA SCHOOL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

NOTE S – INFORMATION REGARDING LIQUIDITY AND AVAILABILITY
(CONTINUED)

As of June 30, 2020, the following tables show the total financial assets held by the School and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

Financial assets at year-end:

Cash and cash equivalents	\$3,789,645
Tuition and pledges receivable, net	3,839,180
Investments	<u>2,338,042</u>
Total financial assets at year-end	<u><u>\$9,966,867</u></u>

Financial assets available to meet general expenditures
over the next 12 months:

Cash and cash equivalents	\$3,789,645
Tuition receivable, net	1,910,398
Pledges for general expenditures due in one year or less	901,932
Investments	<u>1,338,042</u>
	<u><u>\$7,940,017</u></u>

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APPENDIX C

CERTAIN DEFINITIONS

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APPENDIX C

CERTAIN DEFINITIONS

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

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

Additional Improvements shall mean alterations or additions to the Leased Premises or any part thereof from time to time as the Institution in its sole discretion may determine to be desirable for the Institution's uses and purposes, subject to certain restrictions and limitations set forth in the Loan Agreement.

Additional Indebtedness shall mean any Indebtedness incurred by the Institution subsequent to the Closing Date.

Affiliate shall mean, with respect to a given Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with such given Person.

Amortized Value shall mean the principal amount of the Series 2021A Bonds to be redeemed pursuant to the Indenture, multiplied by the price of such Series 2021A Bonds expressed as a percentage, calculated based on the industry standard method of calculating bond prices, with a delivery date equal to the date of redemption, a maturity date equal to (y) for Series 2021A Bonds originally offered at a premium, the earlier of (i) the scheduled maturity date of such Series 2021A Bonds, or (ii) for Series 2021A Bonds originally offered at a discount or par, the maturity date of such Series 2021A Bonds, and a yield equal to the original offering yield of such Series 2021A Bonds.

Annual Debt Service shall mean the Long-Term Debt Service Requirement for any Fiscal Year.

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

Approved Project Operations shall mean the facility located at 17 West 60th Street, New York, New York, for use by the Institution in operating a private Jewish day school for the providing of educational services for special need students from first grade through grade eight, subject to certain provisions of the Loan Agreement.

Assignment of ALR shall mean, collectively, the Assignment of Assignment of Leases and Rents (Acquisition Loan), the Assignment of Assignment of Leases and Rents (Building Loan) and the Assignment of Assignment of Leases and Rents (Indirect Loan) relating to the Leased Premises, each dated the Closing Date, and each from the Issuer to the Trustee, and

shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Assignment of Leases and Rents shall mean, collectively, the Assignment of Leases and Rents (Acquisition Loan), the Assignment of Leases and Rents (Building Loan) and the Assignment of Leases and Rents (Indirect Loan) relating to the Leased Premises, each dated as of August 1, 2021, 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.

Assignment of Mortgage shall mean, collectively, the Assignment of Leasehold Mortgage and Security Agreement (Acquisition Loan), the Assignment of Leasehold Mortgage and Security Agreement (Building Loan) and the Assignment of Leasehold Mortgage and Security Agreement (Indirect Loan) relating to the Mortgaged Property, each dated the Closing Date, 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.

Audited Financial Statements shall mean financial statements for a twelve-month period, or for such other period for which an audit has been performed, prepared in accordance with GAAP, which have been audited and reported upon by Independent Accountants.

Authorized Denomination shall mean, (i) in the case of each of the Series 2021A Bonds and the Series 2021B Bonds, \$100,000 or any integral multiple of \$5,000 in excess thereof, and (ii) in the case of any Series of Additional Bonds, such authorized denomination as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Series of Additional Bonds.

Authorized Principal Amount shall mean, (i) in the case of the Series 2021A Bonds, \$63,110,000, (ii) in the case of the Series 2021B Bonds, \$2,565,000, and (iii) in the case of any Series of Additional Bonds, such authorized principal amount as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Series of Additional Bonds.

Authorized Representative shall mean, (i) in the case of the Issuer, the Chairperson, Vice Chairperson, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, or any other officer or employee of the Issuer who is authorized to perform specific acts or to discharge specific duties, and (ii) in the case of the Institution, a person named under “Authorized Representative” attached as an exhibit 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, 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.

Balloon Long-Term Indebtedness shall mean Long-Term Indebtedness 25% or more of the principal amount of which is due in any 12-month period, which portion of the principal is not required by the documents pursuant to which such Indebtedness is issued to be amortized by redemption or sinking fund payments prior to such date.

Benefits shall mean the exemption from any applicable mortgage recording taxes, filing and recording fees.

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

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

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

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

Bond Index shall mean, as selected by an Authorized Representative of the Institution, either (i) The Bond Buyer thirty (30) year “Revenue Bond Index,” as then published most recently by The Bond Buyer, New York, New York or a comparable published index selected by an Authorized Representative of the Institution, if such first published index is no longer available or (ii) the SIFMA Index, or (iii) such other interest rate or interest index as may be certified in writing to the Trustee as appropriate to the situation by an Authorized Representative of the Institution.

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

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

Bond Resolution shall mean the resolution of the Issuer adopted on January 19, 2021 authorizing the Project and the issuance of the Initial Bonds.

Bonds shall mean the Initial Bonds and any Additional Bonds.

Build NYC Debt Depository shall mean U.S. Bank National Association, New York, New York, in its capacity as Build NYC Debt Depository under the Depository Agreement, and its successors and assigns in such capacity.

Building Loan Agreement shall mean the Building Loan Agreement, dated as of August 1, 2021, 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.

CapEx Agreement shall mean the Capital Expenditure Agreement, dated August 4, 2021, between the Project Building Landlord and the Institution, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Loan Agreement.

Capital Addition shall mean any addition, improvement or extraordinary repair to or replacement of any Property, whether, real, personal or mixed, the cost of which is properly capitalized under GAAP.

Capitalized Interest Account (Taxable) shall mean the special trust account of the Project Fund (Taxable) so designated, established pursuant to the Indenture.

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

Casualty shall mean an event resulting in the destruction or damage in whole or in part of the Premises by reason of a fire or other casualty of any kind or nature, whether ordinary or extraordinary, foreseen or unforeseen, insured or not insured.

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

Closing Date shall mean August 4, 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.

Common Charges shall have the meaning specified in the Condominium Declaration.

Common Elements shall have the meaning specified in the Condominium Declaration.

Completion Deadline shall mean December 31, 2023.

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

Condemnation Awards Fund shall mean the special trust fund created pursuant to the Depositary Agreement.

Condominium shall mean that certain leasehold condominium to be known as the “17 West 60th Street Leasehold Condominium” located at 17 West 60th Street, New York, New York, and to be established from the Institution’s Project Building Lease pursuant to the Condominium Act and the Condominium Declaration.

Condominium Act shall mean Article 9-B of the New York Real Property Law (339-d *et seq.*) of the State of New York and all modifications, supplements and replacements thereof and all regulations with respect thereto, now or hereafter enacted or promulgated.

Condominium By-Laws shall mean the by-laws of the Condominium annexed as an exhibit to the Condominium Declaration, as the same may be amended from time to time in accordance therewith and with the Loan Agreement.

Condominium Declaration shall mean that certain declaration establishing a leasehold condominium regime from the Project Building Lease, to be recorded in the Office of the City Register, New York County, as the same may hereafter be amended from time to time in accordance therewith and with the Loan Agreement.

Condominium Documents shall mean, collectively, the Condominium Declaration and all exhibits thereto, including the Condominium By-Laws.

Condominium Effective Date shall mean the later date of the occurrence of the following actions: (i) the recording of the Condominium Documents in the Office of the City Register, New York County, and (ii) the Institution shall have fulfilled the conditions set forth in the Loan Agreement.

Condominium Units shall mean, collectively or individually, as applicable, all of those units so designated in the Condominium Declaration along with each unit’s appurtenant interest in the Common Elements.

Conduct Representation shall mean any representation by the Institution under certain provisions of the Loan Agreement, or by any other Person in any Required Disclosure Statement delivered to the Issuer.

Construction Account (Taxable) shall mean the special trust account of the Project Fund (Taxable) so designated, established pursuant to the Indenture.

Construction Account (Tax-Exempt) shall mean the special trust account of the Project Fund (Tax-Exempt) so designated, established pursuant to the Indenture.

Construction Agreement shall mean that certain lump sum construction contract to be entered into by the Institution with a contractor with respect to the Project Improvements and

shall include any amendments thereof and supplements thereto thereafter entered into in conformity therewith and with the Loan Agreement.

Construction Monitor shall mean Helmes Consulting, Construction Monitoring and Advisory Services, and any such successor Person constituting an Independent Engineer and acting as Construction Monitor.

Construction Work shall mean the effecting of the renovations and improvements to the Leased Premises as part of the Project.

Consultant shall mean a firm or firms, selected by the Majority Holders or the Institution, as provided in the Loan Agreement, which is Independent, and which is a professional management consultant or investment banking firm or other financial institution of national repute for having the skill and experience necessary to render the particular report required by the Loan Agreement in which such requirement appears and which firm or firms is not unacceptable to the Trustee.

Continuing Disclosure Agreement shall mean, with respect to the Initial Bonds, the Continuing Disclosure Agreement, dated the Closing Date, between the Institution and U.S. Bank National Association, as dissemination agent, pursuant to the Loan Agreement and, as to any Series of Additional Bonds, the continuing disclosure agreement executed by the Institution, as each may be amended in accordance with their terms.

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.

Cost of Issuance Account (Taxable) shall mean the special trust account of the Project Fund (Taxable) so designated, established pursuant to the Indenture.

Cost of Issuance Account (Tax-Exempt) shall mean the special trust account of the Project Fund (Tax-Exempt) so designated, established pursuant to the Indenture.

Costs of Issuance shall mean issuance costs with respect to the Initial Bonds described in Section 147(g) of the Code and any regulations thereunder, including but not limited to the following: Underwriter’s spread (whether realized directly or derived through the purchase of the Series 2021A Bonds or the Series 2021B Bonds at a discount below the price at which they are expected to be sold to the public); counsel fees (including bond counsel, counsel to the Underwriter, Trustee’s counsel, Issuer’s counsel, counsel to the Institution, as well as any other specialized counsel fees incurred in connection with the borrowing); financial advisor fees of any financial advisor to the Issuer or the Institution incurred in connection with the issuance of the Initial Bonds; engineering and feasibility study costs; guarantee fees (other than Qualified Guarantee Fees, as defined in the Tax Regulatory Agreement); Rating Agency fees; Trustee and Paying Agent fees; accountant fees and other expenses related to the issuance of the Initial Bonds; printing costs for the Initial Bonds and for the preliminary and final offering documents relating

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

CPI Index shall mean the Consumer Price Index for all Urban Consumers, New York, N.Y. – Northern New Jersey – Long Island, 1982-84=100; provided, however, if the CPI Index or any successor index shall cease to be published, then such substitute index selected by the Trustee in its sole discretion.

Debt Service Coverage Ratio shall mean, for any period of time, the ratio determined by dividing the Income Available for Debt Service by Annual Debt Service.

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

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

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

Debt Service Reserve Fund Requirement (Tax-Exempt/Taxable) shall mean (i) with respect to the Initial Bonds, one hundred percent (100%) of the maximum annual principal and interest on the Outstanding Initial Bonds, and (ii) with respect to any Series of Additional Bonds, such amount or formula as shall be set forth in the Supplemental Indenture executed and delivered in connection with the issuance of such Series of Additional Bonds, provided, however, that in any case, the amount of the proceeds of the Series 2021A Bonds deposited into the Debt Service Reserve Fund (Tax-Exempt) shall not exceed the lesser of:

(i) ten percent (10%) of the Net Proceeds (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.

Debt Service Reserve Fund Valuation Date shall mean May 15 and November 15 of each year, commencing November 15, 2021.

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

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

Depository Agreement shall mean the Depository Agreement, dated as of August 4, 2021, among the Build NYC Debt Depository, the Project Building Landlord, the Institution and the Trustee (as Build NYC Debt Trustee), and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Derivative Agreement shall mean, without limitation:

(i) 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;

(ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices;

(iii) any contract to exchange cash flows or payments or series of payments;

(iv) 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; and

(v) any other type of contract or arrangement that the Institution determines is to be used, or is intended to be used, to manage or reduce the cost of Indebtedness, to convert any element of Indebtedness from one form to another, to maximize or increase investment return, or minimize investment risk or to protect against any type of financial risk or uncertainty.

Derivative Indebtedness shall mean Indebtedness with respect to which the Institution shall have entered into a Derivative Agreement in respect of all or a portion of such Indebtedness.

Derivative Period shall mean the period during which a Derivative Agreement is in effect.

Determination of Taxability shall mean the taking of, or the failure to take, any action on the part of the Institution after the date of issuance of a Series of Tax-Exempt Bonds (including, without limitation, the entry into a merger, consolidation or other sale or transfer) that results in:

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

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

(C) the admission in writing by the Institution;

in any case, to the effect that the interest payable on the Tax-Exempt Bond of a Holder or a former Holder thereof is includable in gross income for federal income tax purposes; or

(ii) the receipt by the Trustee of a written opinion of Nationally Recognized Bond Counsel to the effect that the interest payable on a Series of Tax-Exempt Bonds is includable in gross income for federal income tax purposes, or the refusal of Nationally Recognized Bond Counsel to render a written opinion that the interest on a Series of Tax-Exempt Bonds is not so includable when required pursuant to a request by a Bondholder;

provided, however, that there shall be no Determination of Taxability pursuant to clauses (i)(A) or (i)(B) above unless (1) the Holder or former Holder of a 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 in connection with the matters set forth in this definition, at the expense of the Institution, upon delivery by the Bondholder to the Institution of a letter from the Bondholder's professional tax advisor stating that, in his or her reasonable opinion, interest on a Series of 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.

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

Electronic Means shall mean the following communication methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services under the Indenture.

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

Environmental Audit shall mean that certain Phase I Environmental Site Assessment Report dated November 6, 2020, prepared by the Environmental Auditor.

Environmental Auditor shall mean VHB Engineering, Surveying, Landscape Architecture and Geology, P.C., New York, New York.

Escrowed Interest shall mean amounts of interest on Long-Term Indebtedness for which moneys or Defeasance Obligations that have been deposited in escrow and have been determined by an Independent Accountant or by a Consultant to be sufficient and available to pay such Escrowed Interest.

Escrowed Principal shall mean amounts of principal on Long-Term Indebtedness for which moneys or Defeasance Obligations that have been deposited in escrow and have been determined by an Independent Accountant or by a Consultant to be sufficient and available to pay such Escrowed Principal.

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

Excluded Use Agreement shall mean a license, lease or other use or occupancy agreements for a portion of the Leased Premises entered into or consented to by the Institution which (A) allows for the use of less than twenty percent (20%) of the square footage of the Leased Premises, when aggregated with all other simultaneous uses under then existing Excluded Use Agreements, and (B) is for a period not greater than fifty (50) days, such period to be determined by aggregating the total number of days of use contemplated by the applicable license, lease or other use or occupancy agreement (which days need not be consecutive), and any renewal, extension or replacement agreement or arrangement on materially similar terms with respect to use, space and duration.

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

Facility shall mean, collectively, the Facility Personalty and the Leased Premises.

Facility Personalty shall mean those items of machinery, equipment, furnishings, furniture and other items of personalty the acquisition and/or the installation of which is to be financed in whole or in part with the proceeds of the Bonds for installation or use at the Leased Premises as part of the Project pursuant to the Loan Agreement and described in "Description of the Facility Personalty" attached as an exhibit to the Loan Agreement and the Indenture, together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Personalty shall, in accordance with the Loan Agreement, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so substituted for or replaced, and further exclude all items of Facility Personalty removed as provided in the Loan Agreement.

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 the Loan Agreement upon completion of the Project.

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

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

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

Government Obligations shall mean the following:

- (i) direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America;
- (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States of America for the timely payment thereof; or
- (iii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in clauses (i) or (ii) above.

Governmental Restrictions shall mean limitations relating to maintenance of tax-exempt status.

Guaranty shall mean any obligation of the Institution guaranteeing in any manner, directly or indirectly, any obligation of any Person that is not the Institution, which obligation of such other Person would, if such obligation were the obligation of the Institution, constitute Indebtedness hereunder. For the purposes of the Loan Agreement, the aggregate annual principal and interest payments on any indebtedness in respect of which the Institution shall have executed and delivered its Guaranty shall, so long as no payments are required to be made thereunder and so long as such Guaranty constitutes a contingent liability under GAAP, be deemed to be equal to 20% of the amount which would be payable as principal of and interest on the indebtedness for which a Guaranty shall have been issued during the Fiscal Year for which any computation is being made (calculated in the same manner as the Long-Term Debt Service Coverage Ratio),

provided that if there shall have occurred a payment by the Institution on such Guaranty, then, during the period commencing on the date of such payment and ending on the day which is one year after such other Person resumes making all payments on such guaranteed obligation, 100% of the amount payable for principal and interest on such guaranteed indebtedness during the period for which the computation is being made shall be taken into account.

Hazardous Materials shall include any petroleum, flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 5101, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation.

Impositions shall mean all taxes and assessments, general and specific, if any, levied and assessed upon or against the Trust Estate, the Leased Premises, the Facility Personalty, or any part of any thereof, or interest of the Institution in the Facility, or against any of the loan payments or other payments or other amounts payable under the Loan Agreement, the Promissory Notes 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 Leased Premises.

Improvements shall mean the Project Improvements, and all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

Income Available for Debt Service shall mean, as to any period of time, excess of revenues over expenses (excluding Escrowed Interest) before depreciation, amortization and interest expense, as determined in accordance with GAAP; provided, that, (w) revenues shall include reasonably predictable annual giving (but shall not include capital campaign funds) and capitalized rent under the Project Building Lease, (x) revenues shall not include prepaid rent under the Project Building Lease, capitalized interest funded from Bond proceeds or earnings on amounts held in the Debt Service Reserve Funds, (y) prepayments of rent, either under the Project Building Lease or as held by the Institution in a designated account (or as restricted by the Institution for such purpose), otherwise due in a Fiscal Year shall be deemed an offset to such rent expense in such Fiscal Year, and (z) no determination thereof shall take into account (i) gifts, grants, bequests, donations or contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of principal of, redemption premium and interest on Indebtedness or the payment of operating expenses; (ii) the net proceeds of insurance (other than business interruption insurance) and condemnation awards; (iii) any gain or loss resulting from the extinguishment of Indebtedness; (iv) any gain or loss resulting from the sale, exchange or other disposition of assets not in the ordinary course of business; (v) any gain or loss resulting from any discontinued operations; (vi) any gain or loss resulting from pension terminations, settlements or curtailments; (vii) any unusual charges for employee severance; (viii) adjustments to the value of

assets or liabilities resulting from changes in GAAP; (ix) unrealized gains or losses on investments (which unrealized gains and losses (A) includes “other than temporary” declines in book values and (B) excludes investment returns included in operating revenues); (x) gains or losses resulting from changes in valuation of a Derivative Agreement or similar contract; (xi) any payment required to be paid to a counterparty by the Institution pursuant to a Derivative Agreement in connection with the termination thereof, tax gross-up payments, expenses, default interest, and any other payment or indemnification obligations to be paid to a counterparty by the Institution (excluding regularly scheduled payments thereon); (xii) unrealized gains or losses from the write-down, impairment, reappraisal or revaluation of assets; or (xiii) other nonrecurring or extraordinary (as determined in accordance with GAAP) items.

Indebtedness shall mean, without duplication, (i) all indebtedness of the Institution for borrowed money, (ii) all installment sales, conditional sales and capital lease obligations, (iii) all Guaranties, whether constituting Long-Term Indebtedness or Short-Term Indebtedness and (iv) Derivative Indebtedness. Indebtedness shall not include Non-Recourse Indebtedness, Subordinated Indebtedness or Subordinated Guaranties, and shall not include any Indebtedness or other obligations relating to Regulatory Collateral.

Indemnification Commencement Date shall mean January 19, 2021, the date on which the Issuer first adopted a resolution with respect to the Project.

Indenture shall mean the Indenture of Trust, dated as of August 1, 2021, 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, when used with respect to any specified Person, shall mean such a Person who (i) does not have any direct financial interest or any material indirect financial interest in the Institution or any Affiliate, and (ii) is not connected with either the Institution or any Affiliate as an officer, employee, promoter, trustee, partner, director or person performing similar functions. Whenever it is provided that any Independent Person’s opinion or certificate shall be furnished to the Issuer or the Trustee, such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning hereof.

Independent Accountant shall mean Billet, Feit & Preis, P.C., New York, New York, or such other 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 an Independent Person 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 or delayed).

Independent Insurance Consultant shall mean Austin & Co., Inc., Albany, New York, or such other Independent insurance consultant and/or risk management firm or an insurance broker or agent (which may be a consultant, firm, broker or agent with whom the Institution regularly transacts insurance business) selected by the Institution and approved by the Issuer and the Trustee (such approvals not to be unreasonably withheld or delayed).

Initial Bonds shall mean, collectively or individually, as applicable, the Series 2021A Bonds and/or the Series 2021B Bonds.

Insurance Proceeds Fund shall mean the special trust fund created pursuant to the Depositary Agreement.

Institution shall mean Shefa School, a not-for-profit education corporation organized and existing under the laws of the State of New York, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the Institution under the Loan Agreement.

Institution's Property shall mean all machinery, equipment and other personal property owned by the Institution installed at the Leased Premises and at the Institution's own cost and expense.

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

Interest Payment Date shall mean, with respect to the Initial Bonds, June 15 and December 15 of each year, commencing December 15, 2021 (or, if any such day is not a Business Day, the immediately succeeding Business Day), and with respect to any Series of Additional Bonds, the dates set forth therefor in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

IRS Determination Letter shall mean that certain ruling letter dated May 21, 2015 issued by the Internal Revenue Service to the Institution confirming that the Institution is a Tax-Exempt Organization.

Issuer shall mean Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State at the direction of the Mayor of the City, and its successors and assigns.

Issuer's Reserved Rights shall mean, collectively,

(i) the right of the Issuer in its own behalf to receive all Opinions of Counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Issuer under the Loan Agreement;

(ii) the right of the Issuer to grant or withhold any consents or approvals required of the Issuer under the Loan Agreement;

(iii) the right of the Issuer to enforce in its own behalf the obligation of the Institution under the Loan Agreement to complete the Project;

(iv) the right of the Issuer to enforce or otherwise exercise in its own behalf all agreements of the Institution under the Loan Agreement with respect to ensuring that the Facility shall always constitute the Approved Facility;

(v) the right of the Issuer to amend with the Institution the recapture of benefits provisions of the Loan Agreement without the consent of the Trustee or any Bondholder;

(vi) the right of the Issuer in its own behalf (or on behalf of the appropriate taxing authorities) to enforce, receive amounts payable under or otherwise exercise its rights under the Loan Agreement relating to, among other things, the maintenance of the Facility, alterations and improvements of the Facility, removal of property from the Facility, the Institution's obligations under the Loan Agreement, taxes, assessments and charges, damage, destruction and condemnation of the Facility, loss proceeds, rebuilding of the Facility, insurance, advances, compliance with Legal Requirements, indemnification, discharge of liens, certain redemptions, subletting of the facility and assignment and termination of the Loan Agreement; and

(vii) the right of the Issuer in its own behalf to declare a default with respect to any of the Issuer's Reserved Rights and exercise the remedies set forth in the Loan Agreement.

Land shall mean that certain lot, piece or parcel of land in the Borough of Manhattan, Block 1113 and Lot 13, generally known by the street address 17 West 60th Street, New York, New York, all as more particularly described in "Description of the Land" attached as an exhibit to the Loan Agreement and the Indenture, together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto.

Land Square Footage shall mean approximately 7,330 square feet.

Leased Premises shall mean the Land, the Project Building and the Condominium Units, and any such other premises as shall be the subject of the Project Building Lease. In the event of the acquisition of title to the Leased Premises by the Institution or any Affiliate as provided in the Loan Agreement, all references to "the Leased Premises" within the Loan Agreement and the other Project Documents shall be deemed to include the Land and the Project Building and all appurtenant real estate and interests therein so acquired.

Leased Premises Square Footage shall mean approximately 76,511 square feet upon the completion of the Project Work.

Legal Requirements shall mean the Constitutions of the United States and the State of New York and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, certificates of occupancy, directions and requirements (including zoning, land use, planning, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wage, living wage, prevailing wage, sick leave, healthcare, benefits and employment practices) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, including those of the City, foreseen or unforeseen,

ordinary or extraordinary, that are applicable now or may be applicable at any time hereafter to (i) the Institution, (ii) the Facility or any part thereof, or (iii) any use or condition of the Facility or any part thereof.

Letter of Representation and Indemnity Agreement shall mean the Letter of Representation and Indemnity Agreement, dated the Closing Date, from the Institution to the Issuer, the Trustee and the Underwriter.

Liens shall mean any lien, mortgage, pledge, security interest, encumbrance or charge 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 entered, made or issued.

Loan shall mean the loan of the proceeds from the sale of the Initial Bonds made by the Issuer to the Institution pursuant to the terms of the Loan Agreement.

Loan Agreement shall mean the Loan Agreement, dated as of August 1, 2021, between the Issuer and the Institution, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Loan Payment Date shall mean the third (3rd) Business Day immediately preceding the fifteenth (15th) calendar day of each month.

Long-Term Debt Service Coverage Ratio shall mean, for any period of time, the ratio determined by dividing the Income Available for Debt Service by Maximum Annual Debt Service.

Long-Term Debt Service Requirement shall mean, for any period of twelve (12) consecutive calendar months for which such determination is made, the aggregate of the scheduled payments to be made in respect of principal and interest (whether or not separately stated) on outstanding Long-Term Indebtedness of the Institution during such period, also taking into account:

(i) with respect to Balloon Long-Term Indebtedness which is not amortized by the terms thereof, at the option of the Institution either (a) the amount of principal which would be payable in such period if such principal were amortized over the remaining term to maturity of such indebtedness (not to exceed thirty (30) years), or (b) the term of refinancing if such Indebtedness is subject to a binding commitment for the refinancing of such Indebtedness, in each case with level annual debt service, at a rate of interest equal to that derived from the Bond Index, as determined by an Officer's Certificate;

(ii) with respect to Long-Term Indebtedness which is Variable Rate Indebtedness the interest on such Indebtedness shall be calculated at the election of the Institution at either (a) the rate at which is equal to the Bond Index at the time of computation; (b) the average of the actual interest rates which were in effect for the prior twelve (12) months, or (c) such rate as shall be specified in a written statement from an Independent investment banking firm or financial advisory firm selected by the Institution;

(iii) with respect to any line of credit or letter of credit, to the extent that such line of credit or letter of credit has not been used or drawn upon, the principal and interest relating to such line of credit or reimbursement obligations relating to such letter of credit shall not be included in the Long-Term Debt Service Requirement;

(iv) with respect to any guaranties, in accordance with the definition of “Guaranty” herein;

(v) with respect to Indebtedness for which the Institution shall have entered into a Derivative Agreement in respect of all or a portion of such Indebtedness, the principal or notional amount of such Derivative Agreement shall be disregarded, and interest on such Indebtedness during any Derivative Period and for so long as the counterparty of the Derivative Agreement has not defaulted on its payment obligations thereunder shall be calculated by adding (x) the amount of interest payable by the Institution on such underlying Indebtedness pursuant to its terms (provided that, with respect to new Variable Rate Indebtedness, and the incurrence thereof, the interest rate for such Indebtedness for the initial interest rate period shall be the initial rate at which such Indebtedness is issued), and (y) the amount of interest payable by the Institution under the Derivative Agreement (provided that, with respect to new Variable Rate Indebtedness, and the incurrence thereof; the interest rate for such Derivative Agreement for the initial interest rate period shall be the initial rate at which interest is payable under such Derivative Agreement), and subtracting (z) the amount of interest payable by the counterparty of the Derivative Agreement at the rate specified in the Derivative Agreement (provided that, with respect to new Variable Rate Indebtedness, and the incurrence thereof, the interest rate for such Derivative Agreement for the initial interest rate period shall be the initial rate at which interest is payable under such Derivative Agreement); provided, however, that to the extent that the counterparty of any Derivative Agreement is in default thereunder, the amount of interest payable by the Institution shall be the interest calculated as if such Derivative Agreement had not been executed; and

(vi) with respect to a Derivative Agreement that does not relate to underlying Indebtedness which has been entered into by the Institution, the principal or notional amount of such Derivative Agreement shall be disregarded (for so long as the Institution is not required to make any payment other than interest payments thereon) and interest on such Derivative Agreement during any Derivative Period, for so long as the counterparty of the Derivative Agreement has not defaulted on its payment obligations thereunder, shall be calculated by taking (y) the amount of interest payable by the Institution at the rate specified in the Derivative Agreement and subtracting (z) the amount of interest payable by the counterparty of the Derivative Agreement at the rate specified in the Derivative Agreement;

provided, however, that (x) Escrowed Interest and Escrowed Principal shall be excluded from the determination of Long-Term Debt Service Requirement, (y) with respect to interest due on Tax-Exempt Bonds, there shall be excluded from the determination of Long-Term Debt Service Requirement (A) that amount on deposit in the Capitalized Interest Account (Tax-Exempt) of the Bond Fund (Tax-Exempt) and available to be deposited in the Interest Account of the Bond Fund (Tax-Exempt), (B) that amount on deposit in the Earnings Fund and available to be deposited in

the Interest Account (Tax-Exempt) following the calculation of any Rebate Amount, (C) interest earnings on the Debt Service Reserve Fund (Tax-Exempt) following the calculation of any Rebate Amount, and (z) with respect to interest due on Taxable Bonds, there shall be excluded from the determination of Long-Term Debt Service Requirement (A) that amount on deposit in the Capitalized Interest Account (Taxable) of the Bond Fund (Taxable) and available to be deposited in the Interest Account of the Bond Fund (Taxable), and (B) interest earnings on the Debt Service Reserve Fund (Taxable).

Long-Term Indebtedness shall mean all Indebtedness having a maturity longer than one year incurred or assumed by the Institution, including:

- (i) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, longer than one year;
- (ii) leases which at the date originally incurred are required to be capitalized in accordance with GAAP (excluding operating leases required to be capitalized under Accounting Standard Code 842) having an original term, or renewable at the option of the lessee for a period from the date originally incurred, longer than one year;
- (iii) installment sale or conditional sale contracts having an original term in excess of one year;
- (iv) Short-Term Indebtedness at the election of the Institution if a commitment by a financial lender exists to provide financing to retire such Short-Term Indebtedness and such commitment provides for the repayment of principal on terms which would, if such commitment were implemented, constitute Long-Term Indebtedness; and
- (v) the current portion of Long-Term Indebtedness.

Loss Event shall mean an event by which the whole or part of the Facility shall be damaged or destroyed by fire or other casualty (including any casualty for which insurance was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, or taken or condemned by a competent authority for any public or quasi-public use or purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain, or by agreement to which the Project Building Landlord and/or the Institution, and those authorized to exercise such right, are parties, or if the temporary use of the Leased Premises shall be so taken by condemnation or agreement.

Majority Holders shall mean the Beneficial Owners of at least a majority in aggregate principal amount of the Bonds Outstanding, or, if the Bonds shall cease to be in book-entry form, the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding.

Maturity Date shall mean, in the case of the Series 2021A Bonds and the Series 2021B Bonds, those respective maturity dates set forth in the Indenture.

Maximum Annual Debt Service shall mean the highest Long-Term Debt Service Requirement for the then current or any succeeding Fiscal Year.

Maximum Permitted Shared Lien Indebtedness shall mean \$5,000,000, as such amount shall be increased on July 1 of each year commencing July 1, 2022 by the percentage increase, if any, in the CPI Index, from the preceding May.

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 Leasehold Mortgage and Security Agreement (Acquisition Loan), the Leasehold Mortgage and Security Agreement (Building Loan) and the Leasehold Mortgage and Security Agreement (Indirect Loan) relating to the Mortgaged Property, each dated as of August 1, 2021, 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 mean the Facility, together with the other property set forth in the Granting Clauses of the Mortgage.

MSRB shall mean the Municipal Securities Rulemaking Board or its successor entity.

Nationally Recognized Bond Counsel shall mean Hawkins Delafield & Wood LLP or other counsel acceptable to the Issuer and the Trustee and experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions.

Net 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.

Non-Recourse Indebtedness shall mean any Indebtedness incurred to finance the purchase of Property secured exclusively by a Lien on such Property or the revenues or net revenues derived from such Property (unless such revenues or net revenues would constitute Pledged Revenues) or both, the liability for which is effectively limited to the Property subject to such Lien with no recourse, directly or indirectly, to the Institution.

Notice Parties shall mean the Issuer, the Institution, the Bond Registrar, the Paying Agents and the Trustee.

Officer's Certificate shall mean a certificate signed by an Authorized Representative of the Institution. Each Officer's Certificate presented pursuant to the Loan Agreement shall state that it is being delivered pursuant to (and shall identify the Section or subsection of), and shall incorporate by reference and use in all appropriate instances all terms defined in, the Loan Agreement. Each Officer's Certificate shall state (i) that the terms thereof are in compliance with the requirements of the provision of the Loan Agreement pursuant to which such Officer's Certificate is delivered or, in the event of non-compliance, the Officer's Certificate

shall state in reasonable detail the nature of such non-compliance and the steps being taken to remedy such non-compliance and (ii) that the Officer's Certificate is being delivered together with any opinions, schedules, statements or other documents required in connection therewith.

Operating Assets shall mean any or all land, leasehold interests, buildings, machinery, equipment, hardware, inventory and other tangible and intangible Property owned or operated by the Institution and used in its respective trade or business, whether separately or together with other such assets, but not including cash, investment securities and other Property held for investment purposes.

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 Leased Premises are in fact being occupied, used and operated by the Institution for the Approved Project Operations.

Opinion of Counsel shall mean a written opinion of counsel for the Institution or any other Person (which counsel shall be reasonably acceptable to the Issuer and the Trustee) with respect to such matters as required under any Project Document or as the Issuer or the Trustee may otherwise reasonably require, and which shall be in form and substance reasonably acceptable to the Issuer and the Trustee.

Organizational Documents shall mean, (i) in the case of an Entity constituting a limited liability company, the articles of organization or certificate of formation, and the operating agreement of such Entity, (ii) in the case of an Entity constituting a corporation, the charter, articles of incorporation or certificate of incorporation, and the bylaws of such Entity, and (iii) in the case of an Entity constituting a general or limited partnership, the partnership agreement of such Entity.

Outstanding, when used with reference to a Bond or Bonds, as of any particular date, shall mean all Bonds which have been issued, executed, authenticated and delivered under the Indenture, except:

(i) Bonds cancelled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee under the Indenture for cancellation;

(ii) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with the defeasance provisions of the Indenture, there has been separately set aside and held in the Redemption Account of the Bond Fund (Tax-Exempt) or in the Redemption Account of the Bond Fund (Taxable), as applicable, either:

(A) moneys, and/or

(B) Defeasance Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys,

in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or Redemption Date, which payment or Redemption Date shall be specified in irrevocable instructions

given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under the applicable provisions 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.

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.

Person shall mean an individual or any Entity.

Permitted Encumbrances shall mean:

(i) the Condominium Declaration, the Project Building Mortgage, the Project Building Lease, the Subordination Agreement, the Mortgage (as assigned by the Assignment of Mortgage), the Assignment of Leases and Rents (as assigned by the Assignment of ALR), the Building Loan Agreement and any other Project Document;

(ii) Liens for real estate taxes, assessments, levies and other governmental charges or similar charges, the payment of which is not yet due and payable, or if such payment is being disputed pursuant to and in accordance with the Loan Agreement;

(iii) any mechanic's, workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' Lien, security interest, encumbrance or charge or right in respect thereof, or other like Liens arising in the ordinary course of business, placed on or with respect to the Facility or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to the Loan Agreement;

(iv) utility, access and other easements and rights-of-way, restrictions and exceptions that an Authorized Representative of the Institution certifies to the Issuer

and the Trustee will not materially interfere with or impair the Institution's use and enjoyment of the Facility as provided in the Loan Agreement;

(v) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to property similar in character to the Facility as do not, as set forth in a certificate of an Authorized Representative of the Institution delivered to the Issuer and the Trustee, either singly or in the aggregate, render the leasehold estate of the Institution to the Leased Premises unmarketable or materially impair the property affected thereby for the purpose for which it was acquired or purport to impose liabilities or obligations on the Issuer;

(vi) those exceptions to title to the Mortgaged Property enumerated in the title insurance policy delivered pursuant to the Loan Agreement insuring the Trustee's mortgagee interest in the Mortgaged Property, a copy of which is on file at the offices of the Issuer and at the designated corporate trust office of the Trustee;

(vii) Liens arising by reason of good faith deposits with the Institution in connection with the tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Institution to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(viii) any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Institution to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(ix) any judgment Lien against the Institution, so long as the finality of such judgment is being contested in good faith and execution thereon is stayed;

(x) any purchase money security interest in movable personal property, including equipment leases and financing, if the Indebtedness secured by the Lien is Additional Indebtedness permitted under the provisions of the Loan Agreement;

(xi) Liens on Pledged Revenues constituting Permitted Shared Liens or received by the Institution through gifts, grants or bequests of such Pledged Revenues, such Liens being due to restrictions on such gifts, grants or bequests of such Pledged Revenues;

(xii) Liens created on amounts deposited by the Institution pursuant to a security annex or similar document to collateralize obligations of the Institution under a Derivative Agreement;

(xiii) Liens in favor of banking or other depository institutions arising as a matter of law encumbering the deposits of the Institution held in the ordinary course of business by such banking institution (including any right of setoff or statutory bankers' liens) so long as such deposit account is not established or maintained for the purpose of providing such Lien, right of setoff or bankers' Lien;

(xiv) deposits of Property by the Institution to meet regulatory requirements for a governmental workers' compensation, unemployment insurance or social security program, other than any Lien created by the Employment Retirement Income Security Act of 1974, as amended;

(xv) deposits to secure the performance of another party with respect to a bid, trade contract, statutory obligation, surety bond, appeal bond, performance bond or lease, and other similar obligation incurred in the ordinary course of business of the Institution;

(xvi) any Lien in favor of a trustee or other agent on the proceeds of Indebtedness and any earnings thereon created by the irrevocable deposit of such monies for the purpose of refunding Indebtedness;

(xvii) any Lien relating to Regulatory Collateral and any Lien granted to secure the Institution's obligations to repay amounts drawn on Regulatory Collateral;

(xviii) Liens on property due to rights of governmental entities or third party payors for recoupment of excess reimbursement paid;

(xix) a pledge of Pledged Revenues to secure any Additional Indebtedness that may be incurred pursuant to the provisions of the Loan Agreement; provided, however, no such Lien may be senior to the Lien created by the Pledge and Security Agreement; and no such Lien may be granted unless (y) such Lien shall be a Permitted Shared Lien or (z) the Institution shall enter into an intercreditor agreement with the Trustee and each secured party relating to such Additional Indebtedness (other than in the case of the issuance of a Series of Additional Bonds) for the purpose of addressing the respective interests in the Pledged Revenues and ensuring that the Trustee's discretion in enforcing remedies under the Pledge and Security Agreement and the other Security Documents shall not be limited;

(xx) a Lien, restrictive declaration or performance mortgage with respect to the operation of the Facility arising by reason of a grant or other funding received by the Institution from the City, the State or any governmental agency or instrumentality; and

(xxi) any Lien, security interest, encumbrances or charge which exists in favor of the Trustee or to which the Trustee shall consent in writing.

Permitted Shared Lien shall mean a Lien on the Shared Collateral held in favor of a Permitted Shared Lienor.

Permitted Shared Lienor shall mean such Person(s) as shall have a Lien upon the Shared Collateral, provided that (y) the aggregate Indebtedness (other than the Secured Obligations) of the Institution which can at any time be secured by any such Lien shall not exceed the Maximum Permitted Shared Lien Indebtedness at any point in time, and (z) the underlying documentation with respect to any such Indebtedness of the Institution so secured shall expressly provide that the Trustee shall be a third party beneficiary of the Shared Collateral Protective Provisions to the same extent as provided to the Permitted Shared Lienor under the Pledge and Security Agreement.

Permitted Shared Lienor Indebtedness shall mean the outstanding unpaid principal Indebtedness of the Institution held by the Permitted Lienor.

Permitted Shared Lienor Loan Documents shall mean all documents, agreements, notes, security agreements or other instruments executed by the Institution in favor of the Permitted Shared Lienor with respect to the Permitted Shared Lienor Indebtedness.

Permitted Users shall mean those certain New York City public schools, not-for-profit community groups, governmental community groups and/or other qualifying groups which are permitted to have temporary use or other temporary possession of any portion of the Leased Premises pursuant to Excluded Use Agreements, to the extent such action is in compliance with the Tax Regulatory Agreement.

Person shall mean an individual or any Entity.

Plans and Specifications shall mean those plans and specifications for the Project Work which the Institution shall deliver to the Trustee and the Construction Monitor as provided in the Loan Agreement.

Pledge and Security Agreement shall mean the Pledge and Security Agreement, dated as of August 1, 2021, from the Institution to the Trustee, and shall include any and all amendments thereof and supplements thereto thereafter made in conformity therewith and with the Indenture.

Pledged Collateral shall mean the following Property, whether now owned or hereafter acquired, created or arising and wherever located:

- (i) all Pledged Revenues;
- (ii) all claims and causes of action arising from or otherwise related to any of the foregoing, and all rights and judgments related to any legal actions in connection with such claims or causes of action, and all cash (or evidences of cash or of rights to cash) or other property or rights thereto relating to such claims or causes of action; and
- (iii) all proceeds (including, without limitation, insurance proceeds and condemnation awards), whether cash or non-cash, of any of the above.

Pledged Revenues shall mean all accounts, tuition, fees, receipts, revenues, income and other moneys (other than proceeds of borrowing) received or receivable by or on behalf of the

Institution (except as provided below), including, without limitation, contributions, donations and pledges, whether in the form of money, securities, investment property or other personal property, and the rights to receive the same, whether in the form of accounts, payment intangibles, contract rights, general intangibles, chattel paper, deposit accounts, instruments, promissory notes, goods, letter-of-credit rights, letters of credit, including any such other property otherwise delivered to the Trustee, and the proceeds thereof, as such terms are presently or hereinafter defined in the Uniform Commercial Code in effect from time to time in the State, whether now existing or hereafter coming into existence and whether now owned or hereafter acquired; provided, however, Pledged Revenues shall not include (i) gifts, grants, bequests, donations and contributions heretofore or hereafter made, designated at the time of the making thereof by the donor or maker as being for a specific purpose, (ii) any Property or assets of the Institution constituting any Title IV funds or other governmental funds during such period in which such funds are held in trust by the Institution as fiduciary for the benefit of its students (or deposit accounts in which such funds are credited), (iii) any unrealized gains and losses on investments of the Institution, or (iv) any income for which the Institution has a contractual or statutory obligation to pay to other Persons.

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

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.

Pro Rata Basis shall mean, when used in the context of a deposit of moneys to be made:

(y) in any Account of a Bond Fund under the Indenture with respect to Tax-Exempt Bonds and Taxable Bonds, that portion of such deposit determined:

(i) with respect to Tax-Exempt Bonds, by multiplying such deposit by a fraction the numerator of which is the Outstanding principal amount of all Tax-Exempt Bonds, and the denominator of which is the Outstanding principal amount of all Bonds, and

(ii) with respect to Taxable Bonds, by multiplying such deposit by a fraction the numerator of which is the Outstanding principal amount of all Taxable Bonds, and the denominator of which is the Outstanding principal amount of all Bonds,

and then rounding the respective products down to the nearest whole dollar; and

(z) in the Debt Service Reserve Fund (Tax-Exempt) and in the Debt Service Reserve Fund (Taxable), that portion of such deposit determined:

(i) with respect to the Debt Service Reserve Fund (Tax-Exempt), by multiplying such deposit by a fraction the numerator of which is the Outstanding principal amount of all Tax-Exempt Bonds, and the denominator of which is the Outstanding principal amount of all Bonds, and

(ii) with respect to the Debt Service Reserve Fund (Taxable), by multiplying such deposit by a fraction the numerator of which is the Outstanding principal amount of all Taxable Bonds, and the denominator of which is the Outstanding principal amount of all Bonds,

and then rounding the respective products down to the nearest whole dollar.

Project shall mean the leasehold renovation, and the furnishing and equipping, of an approximately 76,511 square foot building to be leased under a long-term lease (subject to a leasehold condominium regime) to the Institution and in which the Institution will own two or more leasehold condominium units, located on the Land, to be used by the Institution for the Approved Project Operations.

Project Building shall mean that certain approximately 76,511 square foot eleven (11) floor building located at 17 West 60th Street, New York, New York on the Land, and shall include any and all alterations, structures and additions thereto and any replacements thereof.

Project Building Landlord shall mean 17 West 60th Street Holder LLC and 17 West 60th Street Owner LLC, as tenants-in-common, each being a limited liability company organized and existing under the laws of the State of Delaware, and shall include any successors and assigns and assigns thereto who shall become the landlord under the Project Building Lease.

Project Building Lease shall mean that certain Lease, dated August 4, 2021, between the Project Building Landlord and the Institution, and shall include any and all amendments thereof and supplements thereto thereafter made in conformity therewith and with the Loan Agreement.

Project Building Mortgage shall mean those mortgages and instruments referred to in the Loan Agreement secured by a lien on the Project Building Landlord's fee interest in the Project Building.

Project Building Mortgagee shall mean Deutsche Bank AG, New York Branch, as Mortgagee and Administrative Agent, and any successor or assign or other Entity for whose benefit a mortgage and/or assignment of leases and rents shall be in effect with respect to the fee title of the Project Building Landlord in the Project Building.

Project Building Square Footage shall mean, approximately 76,511 square feet.

Project Completion Date shall mean the date by which all of the following conditions have been satisfied: (i) the Issuer and the Trustee shall have received a signed and complete certificate of an Authorized Representative of the Institution in substantially the form set forth in the "Form of Project Completion Certificate" attached as an exhibit to the Loan Agreement, together with all attachments required thereunder, (ii) the Project Work shall have been finished and shall have been completed substantially in accordance with the plans and specifications therefor, (iii) the Issuer and the Trustee shall have received a copy of a temporary 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 Leased

Premises 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 Leased Premises 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 the “Project Cost Budget” attached as an exhibit to the Loan Agreement, 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 the Loan Agreement.

Project Costs shall mean, collectively, Project Costs (Taxable) and Project Costs (Tax-Exempt).

Project Costs (Taxable) shall mean the Costs of Issuance with respect to the Initial Bonds, or other Project Costs (Tax-Exempt) not paid from the Tax-Exempt Bonds, and shall not include (i) fees or commissions of real estate brokers, (ii) moving expenses, (iii) operational costs or (iv) rental or other payments due under the Project Building Lease.

Project Costs (Tax-Exempt) shall mean:

(i) all costs of engineering and architectural services with respect to the Project Work, including the cost of test borings, surveys, estimates, permits, plans and specifications and for supervising demolition, construction and renovation, as well as for the performance of all other duties required by or consequent upon the proper construction of, and the making of alterations, renovations, additions and improvements in connection with, the completion of the Project Work;

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

(iii) the interest on the Tax-Exempt Bonds during the construction and renovation of the Project and for such longer period, if any, not to exceed six (6) months, as permitted under the Tax Regulatory Agreement;

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

(v) all costs of title insurance as provided in the Loan Agreement;

(vi) the payment of the Costs of Issuance with respect to the Series 2021A Bonds;

(vii) the payment of the fees and expenses of the Trustee during the period of construction and renovation of the Project Work;

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

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

“Project Costs (Tax-Exempt)” shall not include (i) fees or commissions of real estate brokers, (ii) moving expenses, (iii) operational costs or (iv) rental or other payments due under the Project Building Lease.

Project Documents shall mean, collectively, the Condominium Documents, the Project Building Lease, the CapEx Agreement, the Continuing Disclosure Agreement, the Subordination Agreement and the Security Documents.

Project Funds shall mean, collectively or individually, as applicable, the Project Fund (Taxable) and/or the Project Fund (Tax-Exempt).

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

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

Project Improvements shall mean all structures, alterations, renovations, 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 the Loan 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 Notes shall mean, (i) with respect to the Initial Bonds, collectively, that certain Series 2021A Promissory Note and Series 2021B Promissory Note in substantially the forms attached as exhibits to the Loan Agreement, (ii) with respect to any Series of Additional Bonds, that certain Promissory Note in substantially the form of any related exhibit to an

amendment to the Loan Agreement, and (iii) with respect to the Bonds, collectively, those certain Promissory Notes described in clauses (i) and (ii) above, and shall include in each case any and all amendments thereof and supplements thereto made in conformity with the Loan Agreement and the Indenture.

Property shall mean any and all rights, titles and interests in and to any and all property, whether real or personal, tangible or intangible, and wherever situated.

Property, Plant and Equipment shall mean all Property which is property, plant and equipment under GAAP.

Property Transfer shall mean any act or occurrence the result of which is to dispossess any Person of any asset or interest therein, including, specifically, but without limitation, the forgiveness of any debt; provided, however, the expenditure of funds or the acquisition or disposition of Property (including investments) in the ordinary course of business shall not be deemed a Property Transfer for purposes of the Loan Agreement.

Purchase Price shall mean an amount equal to the Redemption Price that would be applicable to the Series 2021A Bonds being purchased pursuant to the purchase in lieu of optional redemption provisions of the Indenture if such Series 2021A Bonds were being optionally redeemed pursuant to the Indenture on the date such Series 2021A Bonds are being so purchased, plus accrued interest thereon to the date of purchase.

Qualified Investments shall mean, to the extent permitted by applicable law, any of the following:

(a) United States Government Obligations: both (i) direct obligations of, or obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by, the United States of America, including Treasury Receipts and STRIPS (Separate Trading of Registered Interests in Principal of Securities) held for the account of the Trustee by a custodian, and (ii) evidences of ownership of proportionate interests in future interest and principal payments on direct and general obligations of the United States of America, if (x) a bank or trust company holds the underlying obligations as custodian, (y) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations, and (z) the underlying obligations are held by the custodian in a special account, segregated from its general assets, and are not available to satisfy any claim of the custodian, any Person claiming through the custodian, or any Person to whom the custodian may be obligated;

(b) State or Municipal Obligations: debt obligations that are (i) issued or fully guaranteed by any state or political subdivision thereof or any agency or instrumentality or authority of such state or political subdivision, including pre-refunded municipal bonds, and (ii) at the time of purchase, rated in one of the three highest Rating Categories (without regard to any refinement or gradation of Rating Category by numerical modifier or otherwise) assigned by at least one nationally recognized rating agency to

obligations of that nature; provided, where there are split ratings, the obligation's rating may be the highest rating for purposes of this definition;

(c) Agencies: any bond, debenture, note, participation certificate or other similar obligation issued by a government sponsored agency (such as the Federal National Mortgage Association, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation or the Federal Farm Credit Bank) which is either (i) at the time of purchase, rated in one of the three highest Rating Categories (without regard to any refinement or gradation of Rating Category by numerical modifier or otherwise) assigned by at least one nationally recognized rating agency, or (ii) backed by the full faith and credit of the United States of America; provided, where there are split ratings, the obligation's rating may be the highest rating for purposes of this definition;

(d) Certificates of Deposit, Banker's Acceptances, Etc.: U.S. denominated deposit accounts, certificates of deposit and banker's acceptances of any bank, trust company, or savings and loan association, including the Trustee or its affiliates, which have a rating on their short-term certificates of deposit on the date of purchase in one of the three highest short-term Rating Categories (without regard to any refinement or gradation of Rating Category by numerical modifier or otherwise) assigned by at least one nationally recognized rating agency, and, which mature not more than 365 days after the date of purchase; provided, where there are split ratings, the obligation's rating may be the highest rating for purposes of this definition;

(e) Mutual Funds: shares of a "management company" that is both an "open-end company" and a "diversified company" (as such terms are defined in the Investment Company Act of 1940) and also a money market fund, including those of the Trustee and its affiliates and with respect to which the Trustee or its affiliates may receive compensation, if such shares are registered with the United States Securities and Exchange Commission under the Securities Act, and are rated, at the time of purchase, by at least one nationally recognized rating agency in any of the three highest Rating Categories (without regard to any refinement or gradation of Rating Category by numerical modifier or otherwise);

(f) Money Market Accounts: any money market account with a commercial bank having a combined capital, surplus and undivided profits of at least \$100,000,000 and subject to supervision or examination by federal or state authority;

(g) Commercial Paper: commercial paper which is rated at the time of purchase in one of the three highest short-term Rating Categories (without regard to any refinement or gradation of Rating Category by numerical modifier or otherwise) assigned by at least one nationally recognized rating agency, and which matures not more than 270 days after the date of purchase; provided, where there are split ratings, the obligation's rating may be the highest rating for purposes of this definition;

(h) Corporate Debt: bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by a corporation which are, at the time of purchase, rated by at least one nationally recognized rating agency in any of the three highest Rating

Categories (without regard to any refinement or gradation of Rating Category by numerical modifier or otherwise); provided, where there are split ratings, the obligation's rating may be the highest rating for purposes of this definition;

(i) **Asset Backed Securities:** asset-backed securities, commercial mortgage-backed securities, or mortgage-backed securities which are, at the time of purchase, rated by at least one nationally recognized rating agency in any of the three highest Rating Categories (without regard to any refinement or gradation of Rating Category by numerical modifier or otherwise); provided, where there are split ratings, the obligation's rating may be the highest rating for purposes of this definition;

(j) **Investment Agreements:** investment agreements with any financial institution, the long-term debt, the claims paying ability or the financial program strength of which is rated by at least one nationally recognized rating agency in any of the three highest Rating Categories (without regard to any refinement or gradation of Rating Category by numerical modifier or otherwise). If the investment agreement is guaranteed by a third-party, then the above rating requirements will apply to the guarantor only. In all cases, the above rating requirements will apply only at the time the investment agreement is executed;

(k) **Repurchase Agreements:** repurchase agreements with respect to and secured by obligations described in paragraph (a), (b) or (c) above, which agreements may be entered into with a bank (including the Trustee or its affiliates), a trust company, insurance company, financial services firm or a broker dealer which is a member of the Securities Investors Protection Corporation, provided that (i) the Trustee or a custodial agent of the Trustee has possession of the collateral and that the collateral is free and clear of third-party claims, (ii) a master repurchase agreement or specific written repurchase agreement governs the transaction, (iii) the collateral securities are valued no less frequently than daily, (iv) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 102%, and (v) such obligations must be held in the custody of the Trustee or the agent of the Trustee; and

(l) **Forward Agreements:** forward agreements with respect to obligations described in paragraphs (a), (b) or (c) above in which a bank (including the Trustee or its affiliates), a trust company, insurance company, financial services firm or a broker dealer which is a member of the Securities Investors Protection Corporation has a continual obligation to deliver or purchase the obligations at an agreed upon price or yield. The forward agreement provider must have long-term debt, claims paying ability or financial program strength ratings in one of the three highest Rating Categories (without regard to gradations within such category) by at least one nationally recognized rating agency at the time of entering into the agreement. If the forward agreement provider's obligation is guaranteed by a third-party, then the above rating requirements will apply to the guarantor only.

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 the Indenture.

Record Date shall mean, with respect to any Interest Payment Date for the Initial Bonds, the close of business on the first calendar day of the month of such Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day.

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

Redemption Date shall mean the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

Redemption Price shall mean, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

Refunding Bonds shall mean Additional Bonds that may be issued under the Indenture to refund all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds.

Regulatory Collateral shall mean any letter of credit, account, deposit amount, surety, bond or other similar security granted to or deposited with any governmental or regulatory entity (including the United States Department of Education (or any successor thereto)) or accrediting organization, required in order to maintain the eligibility of the Institution to participate in governmental or regulatory or other financial support programs and/or to maintain such approval of any governmental or regulatory entity or authority to do business or accreditation as the Institution may deem necessary or advisable, in such amount and in such duration as required by the beneficiary thereof.

Reimbursement Resolution shall mean the resolution adopted by the Institution on January 12, 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 the Indenture.

Required Disclosure Statement shall mean that certain Required Disclosure Statement in the “Form of Required Disclosure Statement” attached as an exhibit to the Loan Agreement.

Restoration shall mean the rebuilding, replacement, repair or restoration of the Facility to substantially its condition immediately prior to a Casualty, or to a condition of at least equivalent value, operating efficiency and function.

Restoration Funds shall mean funds from the Condemnation Awards Fund or the Insurance Proceeds Fund, as applicable, including any investment earnings thereon, together with any amounts paid by the Institution to effect the Restoration of the Premises.

S&P shall mean S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, a Delaware limited liability company, its successors and assigns, and if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Secured Obligations shall mean (i) any and all Indebtedness, liabilities, payments, obligations, covenants and agreements of the Institution, including the performance and observance of all obligations, under the Security Documents including the Pledge and Security Agreement, (ii) the payment of the Promissory Notes and the Indebtedness represented thereby, according to their tenor and effect, (iii) the payment of the principal or Redemption Price of, Sinking Fund Installments for, and interest on, the Initial Bonds, and (iv) in the event of any proceeding by the Trustee for the collection or enforcement of any Indebtedness, payments, obligations, covenants, agreements or liabilities under the Promissory Notes, the Initial Bonds, the Loan Agreement, the Pledge and Security Agreement or any of the other Security Documents, all fees and expenses incurred by the Trustee in re-taking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on any of the Mortgaged Property, the Pledged Collateral or the other security provided for in the Security Documents, or in exercising its rights under the Pledge and Security Agreement or under the other Security Documents, together with all attorneys’ fees and expenses and court costs relating thereto.

Securities Act shall mean the Securities Act of 1933, as amended, together with any rules and regulations promulgated thereunder.

Securities Exchange Act shall mean the Securities Exchange Act of 1934, as amended, together with any rules and regulations promulgated thereunder.

Security Documents shall mean, collectively, the Indenture, the Promissory Notes, the Pledge and Security Agreement, the Loan Agreement, the Tax Regulatory Agreement, the Depositary Agreement, the Building Loan Agreement, the Mortgage, the Assignment of Mortgage, the Assignment of Leases and Rents and the Assignment of ALR.

Series shall mean all of the Bonds designated as being of the same series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Indenture.

Series 2021A Bonds shall mean the Issuer's \$63,110,000 Revenue Bonds (Shefa School Project), Series 2021A authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Series 2021A Promissory Note shall mean the Series 2021A Promissory Note dated the Closing Date with respect to the Loan made under the Loan Agreement relating to the Series 2021A Bonds, in substantially the form attached as an exhibit to the Loan Agreement.

Series 2021B Bonds shall mean the Issuer's \$2,565,000 Revenue Bonds (Shefa School Project), Series 2021B (Taxable) authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Series 2021B Promissory Note shall mean the Series 2021B Promissory Note dated the Closing Date with respect to the Loan made under the Loan Agreement relating to the Series 2021B Bonds, in substantially the form attached as an exhibit to the Loan Agreement.

Shared Collateral shall mean all or such portion of the Pledged Collateral as shall also be subject to the Permitted Shared Lien of a Permitted Shared Lienor.

Shared Collateral Protective Provisions shall mean those provisions set forth in Pledge and Security Agreement providing for the rights of a Permitted Shared Lienor in respect of its parity Lien on the Shared Collateral.

Short-Term Indebtedness shall mean all Indebtedness having a maturity of one year or less, other than the current portion of Long-Term Indebtedness, incurred or assumed by the Institution, including:

- (i) money borrowed for an original term, or renewable at the option of the Institution for a period from the date originally incurred, of one year or less;
- (ii) leases which at the date originally incurred are capitalized in accordance with GAAP (excluding operating leases required to be capitalized under Accounting Standard Code 842) having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and
- (iii) installment purchase or conditional sale contracts having an original term of one year or less.

SIFMA shall mean the Securities Industry and Financial Markets Association, or successor thereto.

SIFMA Index shall mean, as of any particular date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by SIFMA, or any person acting in cooperation with or under the sponsorship of SIFMA, and effective as of such date.

Sinking Fund Installment shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds

pursuant to the Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to the Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

Sinking Fund Installment Account shall mean the special trust account of the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable), as applicable, so designated, which is established pursuant to the Indenture.

Sinking Fund Installment Account (Taxable) shall mean the special trust account of the Bond Fund (Taxable) so designated, which is established pursuant to the Indenture.

Sinking Fund Installment Account (Tax-Exempt) shall mean the special trust account of the Bond Fund (Tax-Exempt) so designated, which is established pursuant to the Indenture.

State shall mean the State of New York.

Subordinated Guaranties shall mean any Guaranty under which the obligation of the Institution to make payment is subordinated in priority and right of payment to the obligation of the Institution to make payments under the Project Building Lease, the Loan Agreement and the other Security Documents.

Subordinated Indebtedness shall mean Indebtedness of the Institution which shall be expressly subordinate in priority and right of payment to the Indebtedness of the Institution under the Project Building Lease, the Loan Agreement and the other Security Documents.

Subordination Agreement shall mean the Fee Mortgage Subordination Agreement, dated August 4, 2021, among the Project Building Mortgagee, the Project Building Landlord and the Institution, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

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.

Taking shall mean an event by which the whole or part of the Facility is taken or condemned by a competent authority for any public or quasi-public use or purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain, or by agreement to which the Project Building Landlord and/or the Institution, and those authorized to exercise such right, are parties, or if the temporary use of the Leased Premises shall be so taken by condemnation or agreement.

Taxable Bonds shall mean the Series 2021B Bonds and any Additional Bonds which are not Tax-Exempt Bonds.

Tax-Exempt Bonds shall mean the Series 2021A Bonds and any Additional Bonds as to which, at the time of original issuance, there shall be delivered to the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that the interest on such Bonds is excluded from gross income for federal income tax purposes.

Tax-Exempt Organization shall mean an Entity organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of Code, or corresponding provisions of federal income tax laws from time to time in effect.

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

Total Operating Revenues shall mean, with respect to the Institution, as to any period of time, total operating revenues less all deductions from revenues, as determined in accordance with GAAP consistently applied.

Trustee shall mean U.S. Bank National Association, New York, New York, in its capacity as trustee under the Indenture, and its successors in such capacity and their assigns hereafter appointed in the manner provided in the Indenture.

Trust Estate shall mean all property, interests, revenues, funds, contracts, rights and other security granted to the Trustee under the Security Documents.

Underwriter shall mean Citigroup Global Markets Inc., as underwriter of the Initial Bonds.

Variable Rate Indebtedness shall mean any portion of Indebtedness the interest rate on which has not been established at a fixed or constant rate to maturity.

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

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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

Agreement to Undertake Project. The Institution covenants and agrees to undertake and complete the Project Work in accordance with the Loan Agreement, and the requirements of the Condominium Documents, the Project Building Lease and the CapEx Agreement, including, without limitation: (i) effecting the Project Work, (ii) making, executing, acknowledging and delivering any contracts, orders, receipts, writings and instructions with any other Persons, and in general doing all things which may be requisite or proper, all for the purposes of undertaking the Project Work, (iii) paying all fees, costs and expenses incurred in the Project Work from funds made available therefor in accordance with or as contemplated by the Loan Agreement and the Indenture, and (iv) asking, demanding, suing for, levying, recovering and receiving all such sums of money, debts due and other demands whatsoever that may be due, owing and payable to 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.

Manner of Project Completion. The Institution covenants and agrees that it 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. In undertaking the Project Work, the Institution shall take such action and institute such proceedings as shall be commercially reasonable and 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.

Subject to the terms of the Loan Agreement, the Indenture and the Tax Regulatory Agreement, (i) Project Costs (Tax-Exempt) shall be paid from the Project Fund (Tax-Exempt), and (ii) Project Costs (Taxable) shall be paid from the Project Fund (Taxable), or in either case from funds provided by the Institution. In the event that moneys in the Project Fund (Tax-Exempt) and in the Project Fund (Taxable) 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 Funds 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 the Loan Agreement, under the Promissory Notes or under any other Project Document. The Institution shall pay all costs, charges, fees, expenses or claims incurred in connection with the Project Work.

The Institution will perform or cause to be performed the Project Work (x) in accordance with all applicable Legal Requirements, the Plans and Specifications and all applicable requirements of the Condominium Documents, the Project Building Lease and the CapEx Agreement, (y) in coordination with the Construction Monitor, and (z) with the conditions and requirements of all policies of insurance with respect to the Facility and the Project Work.

The Institution shall have the right to commence the Construction Work prior to delivering to the Trustee and the Construction Monitor an executed copy of the Construction Agreement, the Plans and Specifications for such Construction Work, and any update to the Project Cost Budget. However, the Institution shall not requisition from the Construction Account of the Project Fund (Tax-Exempt) an amount which, together with all prior such requisitions, shall exceed \$8,000,000 in the aggregate (the “**Initial Permissible Construction Account Draw Amount**”) unless and until it shall first deliver to the Trustee and the Construction Monitor an executed copy of the Construction Agreement, the Plans and Specifications for the Construction Work and the Project Cost Budget. With each such further requisition, the Institution shall further deliver a certificate of an Authorized Representative of the Institution certifying that it reasonably anticipates having sufficient funds, including the proceeds of the Initial Bonds (but limited to the extent that amounts in the respective Project Funds can only be utilized for eligible costs), to complete the Project Work by the Completion Deadline in accordance with the Plans and Specifications, the Project Building Lease, the CapEx Agreement, the Project Cost Budget and the Loan Agreement. The Institution shall not submit a requisition for disbursement of amounts from the Construction Account of the Project Fund (Tax-Exempt) for the costs of the Construction Work after it has withdrawn the Initial Permissible Construction Account Draw Amount unless it shall have delivered to the Trustee and the Construction Monitor the documents and certificate set forth above. The Institution shall further deliver to the Trustee and the Construction Monitor all other construction or purchase contracts relating to the Project Work showing the direct and indirect construction costs, the costs of acquiring and installing the Facility Personalty, and such other information and documents as may be reasonably requested by the Trustee or the Construction Monitor, including the names of the general contractor(s) or the construction manager(s) and each subcontractor to be used (or, if any such contractor or subcontractor shall not then be identified, the Institution shall identify such contractor(s) or subcontractor(s) promptly upon its selection).

Upon revision, if any, to the Plans and Specifications or the Project Budget, the Institution shall deliver a certified copy of same to the Trustee and the Construction Monitor, and to the extent required by applicable law, file same with all governmental authorities having jurisdiction for the purpose of obtaining all necessary approvals of the Plans and Specifications and all necessary building permits from such governmental authorities.

The Institution shall provide to the Construction Monitor such information as the Construction Monitor may reasonably request to determine whether the Project Work is being effected in accordance with the Plans and Specifications and in substantial conformance with the Construction Agreement and the Project Cost Budget, and upon a schedule which will allow for the Project to be completed by the Completion Deadline.

The Construction Monitor shall:

(A) monitor the Project Work on a monthly basis, unless requested more frequently by the Institution or the Trustee, to endeavor to confirm to the best of its ability that the Institution is performing the Construction Work or causing it to be performed in accordance with all applicable Legal Requirements, including the Project Cost Budget, the Plans and Specifications and all applicable requirements of the Condominium Documents, the Loan Agreement, the Project Building Lease and the CapEx Agreement, and with the conditions and requirements of all policies of insurance with respect to the Facility and the Construction Work;

(B) review the Indenture, the Loan Agreement, the Plans and Specifications, the Condominium Documents, the Project Building Lease and the CapEx Agreement and insurance;

(C) review the Construction Agreement, the related Plans and Specifications for such Construction Work, and any update to the Project Cost Budget;

(D) review the certificate of an Authorized Representative of the Institution to endeavor to confirm to the best of its ability that the Institution reasonably anticipates having sufficient funds, including the proceeds of the Series 2021 Bonds (but limited to the extent that amounts in the respective Project Funds can only be utilized for eligible costs), to complete the Project Work by the Completion Deadline in accordance with the Loan Agreement, the Plans and Specifications, the Project Building Lease, the CapEx Agreement, the Project Cost Budget (the Project Cost Budget will delineate items that are allowed to be paid from the proceeds of the Series 2021A Bonds and items that are not allowed to be paid from the proceeds of the Series 2021A Bonds but instead are to be paid from the Institution's equity and other sources of funds);

(E) endeavor to confirm to the best of its ability that the Institution does not submit a requisition for disbursement of amounts from the Construction Account of the Project Fund (Tax-Exempt) for the costs of the Construction Work unless (y) the Institution shall have not received in disbursements from such Account more than the Initial Permissible Construction Account Draw Amount, and (z) the Institution shall have delivered to the Trustee and the Construction Monitor the documents and certificate set forth in the Loan Agreement;

(F) review and sign all requisition forms from the Construction Account of the Project Fund (Tax-Exempt) and certify to the best of its information and belief that, in accordance with the Indenture, the item of cost being requisitioned for payment in the requisition is consistent in all material respects with the Project Cost Budget, the Loan Agreement, the Construction Agreement and the Plans and Specifications, including eligible costs to be paid from the proceeds of the Series 2021A Bonds;

(G) monitor the progress of the Construction Work on a monthly basis, unless requested more frequently by the Institution or the Trustee, and the related certificates and requisition from an Authorized Representative of the Institution delivered to the Trustee and the Construction Monitor pursuant to the Indenture;

(H) review all other construction or purchase contracts as deemed appropriate by the Construction Monitor relating to the Project Work showing the direct and indirect construction costs, the costs of acquiring and installing the Facility Personalty, and such other information and documents as may be reasonably requested by the Trustee or the Construction Monitor, including the names of the general contractor(s) or the construction manager(s) and each subcontractor to be used (or, if any such contractor or subcontractor shall not then be identified, the Institution shall identify such contractor(s) or subcontractor(s) promptly upon its selection);

(I) upon revision, if any, to the respective Plans and Specifications or the Project Budget, the Construction Monitor shall review such revisions, and endeavor to confirm to the best of its ability, that the Institution, to the extent required by applicable law, files same with all governmental authorities having jurisdiction for the purpose of obtaining all necessary approvals of the Plans and Specifications and all necessary building permits from such governmental authorities;

(J) request such information as the Construction Monitor may reasonably deem necessary from the Institution to determine whether the Project Work is being affected in accordance with the Plans and Specifications and in substantial conformance with the Construction Agreement and the Project Cost Budget, and upon a schedule which will allow for the Project to be completed by the Completion Deadline;

(K) commencing on or about September 1, 2021, and although monthly reports will most likely be provided and available to the Institution and the Trustee, quarterly thereafter until the Project Completion Date, the Construction Monitor shall deliver a report to the Trustee setting forth its opinion as to the status of the Project Work consistent with the preceding requirements; and

(L) monitor the progress of construction to endeavor to confirm to the best of its ability that promptly upon the finishing of the Project Work and the completion of the Project Improvements, the Institution obtains or causes to be obtained all required permits, authorizations and licenses from appropriate authorities, if any be required, authorizing the occupancy, operation and use of the Leased Premises 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.

Promptly upon the 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 Leased Premises 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. 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., Tax-Exempt Bond proceeds, Taxable Bond proceeds, campaign fund contributions, 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 Project

completion certificate of an Authorized Representative of the Institution in substantially the form required under the Loan Agreement, together with all attachments required thereunder.

Maintenance. During the term of the Loan Agreement, the Institution will (i) keep the Facility in good and safe operating order and condition, ordinary wear and tear excepted, (ii) occupy, use and operate the Facility, or cause the Facility to be occupied, used and operated, as the Approved Facility and in accordance with the Condominium Documents and the Project Building Lease, and (iii) make or cause to be made all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to ensure that (x) the interest on the Tax-Exempt Bonds shall not cease to be excludable from gross income for federal income tax purposes, (y) the operations of the Institution at the Facility shall not be materially impaired or diminished in any way, and (z) the security for the Bonds shall not be materially impaired. All replacements, renewals and repairs shall be similar in quality, class and value to the original work and be made and installed in compliance with all applicable Legal Requirements and with all applicable requirements of the Condominium Documents and the Project Building Lease. The Issuer shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Facility, to effect the replacement of any inadequate, obsolete, worn out or unsuitable parts of the Facility, or to furnish any utilities or services for the Facility, and the Institution hereby agrees to assume full responsibility therefor.

Alterations and Improvements. The Institution shall have the privilege of making such alterations of or additions to the Leased Premises (“**Additional Improvements**”) or any part thereof from time to time as it in its sole discretion may determine to be desirable for the Institution’s uses and purposes, provided that:

(i) as a result of the Additional Improvements, the fair market value of the Facility is not reduced below its fair market value immediately before the Additional Improvements are made and the usefulness, structural integrity or operating efficiency of the Facility is not materially impaired,

(ii) the Additional Improvements are effected with due diligence, in a good and workmanlike manner and in compliance with all applicable Legal Requirements, and with all applicable requirements of the Condominium Documents and the Project Building Lease,

(iii) in the case of any Additional Improvements having a cost in excess of \$250,000, the Institution shall first deliver to the Trustee evidence, reasonably satisfactory to the Trustee, that the Institution has sufficient funds necessary to pay in full the cost of such Additional Improvements,

(iv) the Additional Improvements are promptly and fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor, and

(v) the Additional Improvements do not change the nature of the Facility so that it would not constitute the Approved Facility.

In addition to the Facility Personalty, the Institution shall have the right to install or permit to be installed at the Leased Premises, machinery, equipment and other personal property owned by the Institution and in any event at the Institution's own cost and expense (the "**Institution's Property**"). Once so installed, the Institution's Property shall not constitute part of the Facility Personalty and shall not be subject to the Loan Agreement, nor constitute part of the Facility, or subject to the Lien and security interest of the Mortgage, provided that the same is not made fixtures appurtenant to the Leased Premises. 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, subject, however, to the terms of the Loan Agreement.

Removal of Property of the Facility. The Institution shall have the right from time to time to remove from that property constituting part of the Facility any fixture constituting part of the Leased Premises or any machinery, equipment or other item of personal property constituting part of the Facility Personalty (in any such case, the "**Existing Facility Property**") and thereby removing such Existing Facility Property from that property constituting part of the Facility and the Lien and security interest of the Mortgage, provided, however:

(i) such Existing Facility Property is substituted or replaced by property (y) having equal or greater fair market value, operating efficiency and utility and (z) free of all mortgages, Liens, charges, encumbrances, claims and security interests other than Permitted Encumbrances, or

(ii) if such Existing Facility Property is not to be substituted or replaced by other property but is instead to be sold, scrapped, traded-in or otherwise disposed of in an arms'-length bona fide transaction for consideration, the Institution shall pay to the Trustee for deposit in the Redemption Account of the Bond Fund (Tax-Exempt) and thereby cause a redemption of the Series 2021A Bonds (and, if any excess amount shall exist, in the Redemption Account of the Bond Fund (Taxable) and thereby cause a redemption of the Series 2021B Bonds) to be effected in an amount (to the nearest integral multiple of Authorized Denomination) equal to the amounts derived from such sale or scrapping, the trade-in value credit received or the proceeds received from such other disposition; provided that no such redemption shall be required when such amount received in connection with any removal or series of removals does not exceed, in the aggregate, \$25,000.

No such removal set forth in paragraph (i) or (ii) above shall be effected if (v) such removal would cause the interest on the Tax-Exempt Bonds to cease to be excludable from gross income for federal income tax purposes, (w) such removal would change the nature of the Facility as the Approved Facility, (x) such removal would materially impair the usefulness, structural integrity or operating efficiency of the Leased Premises, (y) such removal would materially reduce the fair market value of the Facility below its fair market value immediately before such removal (except by the amount by which the applicable Series of 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.

The removal from the Facility of any Existing Facility Property pursuant to the provisions of this heading shall not entitle the Institution to any abatement or reduction in the loan payments and other amounts payable by the Institution under the Loan Agreement, under the Promissory Notes or under any other Project Document.

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 Project Building, (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 aggregate 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 Project Building 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 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, such proceeds shall be transferred by the Trustee and deposited Pro Rata in the Redemption Account of each of the Bond Fund (Tax-Exempt) and the Bond Fund (Taxable) and used to redeem an equivalent principal amount of the Initial Bonds to the nearest integral multiple of Authorized Denominations.

Loan of Proceeds; Notice of Mortgage to Project Building Landlord. The Issuer agrees, upon the terms and conditions contained in the Loan Agreement and the Indenture, to loan the proceeds from the sale of the Initial Bonds to the Institution (the "**Loan**"). The Loan shall be made by depositing on the Closing Date the proceeds from the sale of (y) the Series 2021A Bonds into (1) the Cost of Issuance Account (Tax-Exempt), the Capitalized Interest Account (Tax-Exempt) and the Construction Account (Tax-Exempt) of the Project Fund (Tax-Exempt), and (2) the Debt Service Reserve Fund (Tax-Exempt), and (z) the Series 2021B Bonds into (1) the Cost of Issuance Account (Taxable), the Capitalized Interest Account (Taxable) and the Construction Account (Taxable) of the Project Fund (Taxable), and (2) the Debt Service Reserve Fund (Taxable), all in accordance with the provisions of the Indenture. Such proceeds shall be disbursed to or on behalf of the Institution as provided in the applicable provisions of the Indenture. Concurrently with the issuance of the Initial Bonds, the Institution shall take all action required under the Project Building Lease to cause the Mortgage to be deemed a "Leasehold Mortgage", and the Trustee a "Leasehold Mortgage", under the Project Building Lease.

Promissory Notes. The Institution's obligation to repay the Loan shall be evidenced by the Loan Agreement and the Promissory Notes. On the Closing Date, the Institution shall execute and deliver the Promissory Notes payable to the Issuer, and the Issuer will endorse the Promissory Notes to the Trustee. The Institution acknowledges that the original principal amount payable under the Promissory Notes may be more or less than the original principal amount of the Loan if

the Series 2021A Bonds and/or the Series 2021B Bonds are sold at a discount or at a premium, respectively, and agrees that repayment of the Loan and the Promissory Notes will be made in accordance with the next following heading.

Loan Payments; Pledge of the Loan Agreement and of the Promissory Notes. The Institution covenants to pay the Series 2021A Promissory Note and repay the Loan made pursuant to the Loan Agreement with respect to the Series 2021A Bonds by making loan payments in immediately available funds which the Issuer agrees shall be paid by the Institution directly to the Trustee no later than on each Loan Payment Date (except as provided in clauses (4) and (5) below which shall be paid on the respective due dates thereof) for deposit in the Bond Fund (Tax-Exempt) (except to the extent that amounts are on deposit in the Bond Fund (Tax-Exempt) and available therefor) in an amount equal to the sum of:

(1) with respect to interest due and payable on the Series 2021A Bonds, an amount equal to the quotient obtained by dividing the amount of interest on the Series 2021A Bonds Outstanding payable on the first Interest Payment Date (after taking into account any amount on deposit in the Interest Account of the Bond Fund (Tax-Exempt), and as shall be available to pay interest on the Series 2021A Bonds on the first Interest Payment Date) by the number of Loan Payment Dates between the Closing Date and the first Interest Payment Date, and thereafter in an amount equal to one-sixth (1/6) of the amount of interest which will become due and payable on the Series 2021A Bonds on the next succeeding Interest Payment Date (after taking into account any amounts on deposit in the Interest Account of the Bond Fund (Tax-Exempt), and as shall be available to pay interest on the Series 2021A Bonds on such next succeeding Interest Payment Date); provided that in any event the aggregate amount so paid with respect to interest on the Series 2021A Bonds on or before the Loan Payment Date immediately preceding an Interest Payment Date shall be, together with the amount on deposit in the Interest Account of the Bond Fund (Tax-Exempt) and available therefor, sufficient to pay the interest next becoming due on the Series 2021A Bonds on such immediately succeeding Interest Payment Date;

(2) with respect to principal due on the Series 2021A Bonds (other than such principal amount as shall become due as a mandatory Sinking Fund Installment payment), commencing on that Loan Payment Date as shall precede the first principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the principal of the Series 2021A Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within the next succeeding thirteen (13) month period (or, if the first principal payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first principal amount, an amount equal to the quotient obtained by dividing such principal amount by the number of Loan Payment Dates between the Closing Date and such first principal payment date), and thereafter for each principal payment date commencing on that Loan Payment Date as shall precede such principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the principal of the Series 2021A Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within such next succeeding thirteen (13) month period; provided that in any

event the aggregate amount so paid with respect to principal on the Series 2021A Bonds on or before the Loan Payment Date immediately preceding a principal payment date of the Series 2021A Bonds shall be an amount sufficient to pay the principal of the Series 2021A Bonds Outstanding becoming due on such next succeeding principal payment date of the Series 2021A Bonds; provided further that in the event of the acceleration of the principal of the Series 2021A Bonds, a loan payment in the amount of the principal amount of the Series 2021A Bonds Outstanding (together with all interest accrued thereon to the date of payment), shall be due and payable on such date of acceleration;

(3) with respect to Sinking Fund Installment payments due on the Series 2021A Bonds, commencing on that Loan Payment Date as shall precede the first Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the Sinking Fund Installment on the Series 2021A Bonds first becoming due within the next succeeding thirteen (13) month period (or, if the first Sinking Fund Installment payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first Sinking Fund Installment, an amount equal to the quotient obtained by dividing such Sinking Fund Installment by the number of Loan Payment Dates between the Closing Date and such first Sinking Fund Installment payment date), and thereafter for each Sinking Fund Installment payment date commencing on that Loan Payment Date as shall precede such Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the Sinking Fund Installment of the Series 2021A Bonds Outstanding becoming due within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to Sinking Fund Installments on the Series 2021A Bonds on or before the Loan Payment Date immediately preceding a Sinking Fund Installment payment date of the Series 2021A Bonds shall be an amount sufficient to pay the Sinking Fund Installment of the Series 2021A Bonds Outstanding becoming due on such next succeeding Sinking Fund Installment payment date;

(4) on each Redemption Date, with respect to the Redemption Price (other than by Sinking Fund Installments) due and payable on the Series 2021A Bonds, whether as an optional or mandatory redemption, an amount equal to the Redemption Price together with accrued interest on the Series 2021A Bonds being redeemed on such Redemption Date; and

(5) upon receipt by the Institution of notice from the Trustee pursuant to the Indenture that a deficiency exists in the Debt Service Reserve Fund (Tax-Exempt) with the result that the aggregate amount on deposit in the Debt Service Reserve Fund (Tax-Exempt) and the Debt Service Reserve Fund (Taxable) shall be less than the Debt Service Reserve Fund Requirement (Tax-Exempt/Taxable), the Institution shall pay to the Trustee for deposit in the Debt Service Reserve Fund (Tax-Exempt) on the first day of the month immediately following the receipt by the Institution of notice of such deficiency, and on the first day of each of the thirty-five (35) succeeding months, or over such longer time period as shall be consented to in writing by the Majority Holders, an amount equal to one thirty-sixth (1/36th) of such deficiency in the Debt Service Reserve Fund (Tax-Exempt); provided, further, that if any additional deficiency occurs prior to the restoration of the

original deficiency, such additional deficiency shall be restored in equal monthly installments over the remainder of the restoration period for the original deficiency.

The Institution covenants to pay the Series 2021B Promissory Note and repay the Loan made pursuant to the Loan Agreement with respect to the Series 2021B Bonds by making loan payments in immediately available funds which the Issuer agrees shall be paid by the Institution directly to the Trustee no later than on each Loan Payment Date (except as provided in clauses (4) and (5) below which shall be paid on the respective due dates thereof) for deposit in the Bond Fund (Taxable) (except to the extent that amounts are on deposit in the Bond Fund (Taxable) and available therefor) in an amount equal to the sum of:

(1) with respect to interest due and payable on the Series 2021B Bonds, an amount equal to the quotient obtained by dividing the amount of interest on the Series 2021B Bonds Outstanding payable on the first Interest Payment Date (after taking into account any amount on deposit in the Interest Account of the Bond Fund (Taxable), and as shall be available to pay interest on the Series 2021B Bonds on the first Interest Payment Date) by the number of Loan Payment Dates between the Closing Date and the first Interest Payment Date, and thereafter in an amount equal to one-sixth (1/6) of the amount of interest which will become due and payable on the Series 2021B Bonds on the next succeeding Interest Payment Date (after taking into account any amounts on deposit in the Interest Account of the Bond Fund (Taxable), and as shall be available to pay interest on the Series 2021B Bonds on such next succeeding Interest Payment Date); provided that in any event the aggregate amount so paid with respect to interest on the Series 2021B Bonds on or before the Loan Payment Date immediately preceding an Interest Payment Date shall be, together with the amount on deposit in the Interest Account of the Bond Fund (Taxable) and available therefor, sufficient to pay the interest next becoming due on the Series 2021B Bonds on such immediately succeeding Interest Payment Date;

(2) with respect to principal due on the Series 2021B Bonds (other than such principal amount as shall become due as a mandatory Sinking Fund Installment payment), commencing on that Loan Payment Date as shall precede the first principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the principal of the Series 2021B Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within the next succeeding thirteen (13) month period (or, if the first principal payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first principal amount, an amount equal to the quotient obtained by dividing such principal amount by the number of Loan Payment Dates between the Closing Date and such first principal payment date), and thereafter for each principal payment date commencing on that Loan Payment Date as shall precede such principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the principal of the Series 2021B Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to principal on the Series 2021B Bonds on or before the Loan Payment Date immediately preceding a principal payment date of the Series 2021B Bonds shall be an amount sufficient to pay the principal of the Series

2021B Bonds Outstanding becoming due on such next succeeding principal payment date of the Series 2021B Bonds; provided further that in the event of the acceleration of the principal of the Series 2021B Bonds, a loan payment in the amount of the principal amount of the Series 2021B Bonds Outstanding (together with all interest accrued thereon to the date of payment), shall be due and payable on such date of acceleration;

(3) with respect to Sinking Fund Installment payments due on the Series 2021B Bonds, commencing on that Loan Payment Date as shall precede the first Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the Sinking Fund Installment on the Series 2021B Bonds first becoming due within the next succeeding thirteen (13) month period (or, if the first Sinking Fund Installment payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first Sinking Fund Installment, an amount equal to the quotient obtained by dividing such Sinking Fund Installment by the number of Loan Payment Dates between the Closing Date and such first Sinking Fund Installment payment date), and thereafter for each Sinking Fund Installment payment date commencing on that Loan Payment Date as shall precede such Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the Sinking Fund Installment of the Series 2021B Bonds Outstanding becoming due within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to Sinking Fund Installments on the Series 2021B Bonds on or before the Loan Payment Date immediately preceding a Sinking Fund Installment payment date of the Series 2021B Bonds shall be an amount sufficient to pay the Sinking Fund Installment of the Series 2021B Bonds Outstanding becoming due on such next succeeding Sinking Fund Installment payment date;

(4) on each Redemption Date, with respect to the Redemption Price (other than by Sinking Fund Installments) due and payable on the Series 2021B Bonds, whether as an optional or mandatory redemption, an amount equal to the Redemption Price together with accrued interest on the Series 2021B Bonds being redeemed on such Redemption Date; and

(5) upon receipt by the Institution of notice from the Trustee pursuant to the Indenture that a deficiency exists in the Debt Service Reserve Fund (Taxable) such that the aggregate amount on deposit in the Debt Service Reserve Fund (Tax-Exempt) and in the Debt Service Reserve Fund (Taxable) shall be less than the Debt Service Reserve Fund Requirement (Tax-Exempt/Taxable), the Institution shall pay to the Trustee for deposit in the Debt Service Reserve Fund (Taxable) on the first day of the month immediately following the receipt by the Institution of notice of such deficiency, and on the first day of each of the thirty-five (35) succeeding months, or over such longer time period as shall be consented to in writing by the Majority Holders, an amount equal to one thirty-sixth (1/36th) of such deficiency in the Debt Service Reserve Fund (Taxable); provided, further, that if any additional deficiency occurs prior to the restoration of the original deficiency, such additional deficiency shall be restored in equal monthly installments over the remainder of the restoration period for the original deficiency.

The Institution has the option to make advance loan payments for deposit in the Bond Fund (Tax-Exempt) to effect the retirement, defeasance or redemption of the Series 2021A Bonds in whole or in part, all in accordance with the terms of the Indenture; provided, however, that no partial redemption of the Series 2021A Bonds may be effected through advance loan payments under the Loan Agreement if there shall exist and be continuing an Event of Default. The Institution shall exercise its option to make such advance loan payments by delivering a written notice of an Authorized Representative of the Institution to the Trustee in accordance with the Indenture, with a copy to the Issuer, setting forth (u) the amount of the advance loan payment, (v) the principal amount of Series 2021A Bonds Outstanding requested to be redeemed with such advance loan payment (which principal amount shall be in such minimum amount or integral Authorized Denomination as shall be permitted in the Indenture), and (w) the date on which such principal amount of Series 2021A Bonds are to be redeemed (which date shall be not earlier than forty-five (45) days after the date of such notice). Such advance loan payment shall be paid to the Trustee in legal tender, for deposit in the Redemption Account of the Bond Fund (Tax-Exempt) on or before the Redemption Date and shall be an amount which, when added to the amounts on deposit in the Bond Fund (Tax-Exempt) and available therefor, will be sufficient to pay the Redemption Price of the Series 2021A 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.

The Institution has the option to make advance loan payments for deposit in the Bond Fund (Taxable) to effect the retirement, defeasance or redemption of the Series 2021B Bonds in whole or in part, all in accordance with the terms of the Indenture; provided, however, that no partial redemption of the Series 2021B Bonds may be effected through advance loan payments under the Loan Agreement if there shall exist and be continuing an Event of Default. The Institution shall exercise its option to make such advance loan payments by delivering a written notice of an Authorized Representative of the Institution to the Trustee in accordance with the Indenture, with a copy to the Issuer, setting forth (u) the amount of the advance loan payment, (v) the principal amount of Series 2021B Bonds Outstanding requested to be redeemed with such advance loan payment (which principal amount shall be in such minimum amount or integral Authorized Denomination as shall be permitted in the Indenture), and (w) the date on which such principal amount of Series 2021B Bonds are to be redeemed (which date shall be not earlier than forty-five (45) days after the date of such notice). Such advance loan payment shall be paid to the Trustee in legal tender, for deposit in the Redemption Account of the Bond Fund (Taxable) on or before the Redemption Date and shall be an amount which, when added to the amounts on deposit in the Bond Fund (Taxable) and available therefor, will be sufficient to pay the Redemption Price of the Series 2021B 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 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 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 Leased Premises for its intended purposes.

In the event the Bonds are to be redeemed in whole or otherwise retired, the Institution shall further pay on or before such Redemption Date, in legal tender, to the Issuer, the Trustee, the Bond Registrar and the Paying Agent, all fees and expenses owed such party or any other party entitled thereto under the Loan Agreement or the Indenture together with (x) all other amounts due and payable under the Loan Agreement and the other Security Documents, and (y) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding the date any Bonds of a Series are to be redeemed from mandatory Sinking Fund Installments, the 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 inverse chronological order, and the principal amount of Bonds to be redeemed by operation of the mandatory Sinking Fund Installments shall be accordingly reduced.

In the event Defaulted Interest shall become due on any Initial Bond, the Institution shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on such Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the applicable provisions 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.

No further loan payments need be made to the Issuer on account of the Bonds when and so long as the amount of cash and/or Defeasance Obligations on deposit in the Bond Fund is sufficient to satisfy and discharge the obligations of the Issuer under the Indenture and pay the Bonds as provided in the defeasance provisions of the Indenture.

Any amounts remaining in the Earnings Fund, the Rebate Fund, the Bond Fund (Tax-Exempt), the Bond Fund (Taxable), the Debt Service Reserve Fund (Tax-Exempt), the Debt Service Reserve Fund (Taxable), the Project Fund (Tax-Exempt) or the Project Fund (Taxable) after payment in full of (w) the Bonds (in accordance with the defeasance provisions 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 Security Document, shall have been so paid, shall belong to and be paid to the Institution by the Trustee as overpayment of the loan payments.

In the event that the Institution fails to make any loan payment required in this heading, the payment so in default shall continue as an obligation of the Institution until the amount in default shall have been fully paid.

If the amount on deposit and available in the Bond Fund (Tax-Exempt) (after making any required transfers thereto from the Debt Service Reserve Fund (Tax-Exempt)) is not sufficient to pay the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Tax-Exempt Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Institution shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in the Bond Fund (Tax-Exempt); and if the amount on deposit and available in the Bond Fund (Taxable) (after making any required transfers thereto from the Debt Service Reserve Fund (Taxable)) is not sufficient to pay the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the Taxable Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Institution shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in the Bond Fund (Taxable).

Loan Payments and Other Payments Payable Absolutely Net. The obligation of the Institution to pay the loan payments and other payments under the Loan Agreement and under the Promissory Notes shall be absolutely net to the Issuer and to the Trustee without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that the Loan Agreement and the Promissory Notes shall yield, net, to the Issuer and to the Trustee, the loan payments and other payments provided for in the Loan Agreement, and all costs, expenses and charges of any kind and nature relating to the Facility, arising or becoming due and payable under the Loan Agreement, shall be paid by the 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.

Nature of Obligation of Institution is Unconditional. The obligation of the Institution under the Loan Agreement and under the Promissory Notes to pay the loan payments and all other payments provided for in the Loan Agreement and in the Promissory Notes shall be absolute, unconditional and a general obligation of the 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 the Institution 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 (i) the Project has been completed as provided in the Loan Agreement, (ii) any provider of a credit facility or liquidity facility or swap arrangement with respect to the Bonds shall be honoring its obligations thereunder, (iii) the Project Building Lease continues in full force and effect, and (iv) the authorization of the Institution to operate as an educational corporation shall be revoked or rescinded. The Institution will not suspend or discontinue any such payment or terminate the Loan Agreement (other than such termination as is provided for thereunder), or suspend the performance or observance of any covenant or agreement required on the part of the Institution thereunder, for any cause whatsoever, and the Institution waives all rights conferred by statute or otherwise to quit, terminate, cancel or surrender the Loan Agreement or any obligation of the Institution under the Loan Agreement except as provided in the Loan Agreement or to any abatement, suspension, deferment, diminution or reduction in the loan payments or other payments under the Loan Agreement or under the Promissory Notes.

Advances by the Issuer or the Trustee. In the event the Institution fails to make any payment or to perform or to observe any obligation required of it under the Loan Agreement, under the Promissory Notes 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 commercially reasonable judgment of the Issuer or the Trustee, necessitates immediate action), may (but shall not be obligated to), and without waiver of any of the rights of the Issuer or the Trustee under the Loan Agreement or any other Security Document to which the Issuer or the Trustee is a party, make such payment or otherwise cure any failure by the Institution to perform and to observe its other obligations thereunder. All amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Institution to the Issuer or the Trustee, as the case may be, which amounts, together with interest thereon at the rate of twelve percent (12%) per annum, compounded daily, from the date advanced, the Institution will pay upon demand therefor by the Issuer or the Trustee, as applicable. Any remedy vested in the Issuer or the Trustee in the Loan Agreement or in any other Security Document for the collection of the loan payments or other payments or other amounts due under the Loan Agreement, under the Promissory Notes or under any other Security Document shall also be available to the Issuer or the Trustee for the collection of all such amounts so advanced. No advance shall be made by the Trustee except as specified in the Indenture.

Recapture of Benefits. For purposes of this heading, 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 Leased Premises are in fact being occupied, used and operated by the Institution for the Approved Project Operations.

Recapture Event shall mean any one of the following events:

(i) The Institution shall have failed to cause the Project Completion Date to occur by the Completion Deadline.

(ii) Except as permitted by written consent of the Issuer pursuant to and in accordance with the heading below entitled "*Restrictions on Dissolution and Merger*", the Institution shall have liquidated all or substantially all of its operating assets or shall have ceased all or substantially all of its operations.

(iii) The Institution shall have transferred all or substantially all of its employees to a location outside of the City.

(iv) The Facility has ceased to be the Approved Facility and/or the Institution shall have substantially changed the scope and nature of its operations at the Leased Premises.

(v) Except as permitted by written consent of the Issuer pursuant to and in accordance with the heading below entitled "*Restrictions on Dissolution and Merger*",

the Institution shall have sold, leased or otherwise disposed of all or substantially all of its interest in the Leased Premises.

(vi) The Institution shall have subleased all or part of the Leased Premises in violation of the heading below entitled "*Assignment of Loan Agreement or Lease of Facility*".

(vii) The Institution shall have relocated all or substantially all of its operations at the Leased Premises to another site; provided, however, and notwithstanding the foregoing, such relocation shall not be a Recapture Event if (A) the Institution has relocated its operations at the Leased Premises and at least 90% of its employees employed at the Leased Premises prior to the relocation, to another site within the City, (B) the Institution maintains, for the remaining balance of the Recapture Period, an employment level equal to at least 90% of the number of employees employed by the Institution at the Leased Premises prior to relocation, and (C) the Institution shall satisfy such other additional conditions as the Issuer may from time to time impose provided such additional conditions are reasonable and uniformly imposed, at the time, to other similar transactions under similar circumstances. There shall arise another Recapture Event upon the failure of the Institution to satisfy continuously the foregoing requirements for the remaining balance of the Recapture Period. Upon the occurrence of such subsequent Recapture Event, the Issuer shall have the right to demand payment of all amounts due as provided below under this heading, and the calculation of interest as also provided below 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 provided in the heading below entitled "*Force Majeure*", (y) a taking or condemnation by governmental authority of all or substantially all of the Leased Premises, or (z) the inability at law of the Project Building Owner and the Institution to rebuild, repair, restore or replace the Leased Premises after the occurrence of a Loss Event to substantially their condition prior to such Loss Event, which inability shall have arisen in good faith through no fault on the part of the Project Building Owner, 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.

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 below. 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).

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.

Damage, Destruction and Condemnation. In the event that the whole or part of the Facility shall be damaged or destroyed by fire or other casualty (including any casualty for which insurance was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen (each, a “**Casualty**”), or taken or condemned by a competent authority for any public or quasi-public use or purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain, or by agreement to which the Project Building Landlord and/or the Institution, and those authorized to exercise such right, are parties, or if the temporary use of the Leased Premises shall be so taken by condemnation or agreement (a “**Taking**”, and, together with a Casualty, a “**Loss Event**”):

(i) the Issuer shall have no obligation to rebuild, replace, repair or restore the Facility or to advance funds therefor,

(ii) there shall be no abatement, postponement or reduction in the loan payments or other amounts payable by the Institution under the Loan Agreement or the Promissory Notes or any other Security Document to which the Institution is a party, and the Institution waives, to the extent permitted by law, any provisions of law which would permit the Institution to terminate the Loan Agreement, the Promissory Notes or any other Security Document, or eliminate or reduce its payments under the Loan Agreement, under the Promissory Notes or under any other Security Document,

(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, and, if applicable, the estimated costs of repairs, restorations, replacements and rebuilding (including temporary repairs or the protection of other property pending the completion of

any repair, restoration, replacement or rebuilding thereof), and, in the case of a Taking, whether such Taking shall result in the termination of the Project Building Lease, and

(iv) the Institution shall promptly file all required documents and instruments with its insurers, including, without limitation, all necessary proofs of loss, receipts, vouchers and releases (and submit a copy thereof to the Trustee), make such claims with its insurers as shall be necessary or advisable, and take such steps as shall be necessary or advisable to preserve any undamaged portion of the Facility and to insure that portions of the Facility that are accessible to the public shall be safe and free from conditions hazardous to life and property.

Loss Event Net Proceeds. The Issuer, the Trustee and the Institution shall reasonably cooperate and consult with each other in all matters pertaining to the settlement, compromise, arbitration or adjustment of any claim or demand on account of any Loss Event, and the settlement, compromise, arbitration or adjustment of any such claim or demand shall, as between the Issuer and the Institution, be subject to the written approval of the Institution and the Trustee (such approvals not to be unreasonably withheld, conditioned or delayed). The Net Proceeds with respect to the Facility shall be paid to the Build NYC Debt Depository under the Depository Agreement and applied as provided therein, except that to the extent the Net Proceeds shall be less than the Restoration Proceeds Threshold Amount (as defined in the Depository Agreement), such amount shall be paid to the Institution and applied by the Institution (together with its own funds to the extent required) to the Restoration of the Facility. The Institution shall be entitled to the Net Proceeds of any insurance proceeds or condemnation award, compensation or damages attributable to any of the Institution's Property.

Restoration of the Facility Following a Casualty or Taking.

In the event a Casualty shall occur, the Institution shall:

(i) use its best efforts within ninety (90) days after the occurrence of the Casualty to deliver to the Issuer and the Trustee a statement prepared by an Independent Engineer setting forth an estimate as to the time and cost required to rebuild, replace, repair or restore the Facility to substantially its condition immediately prior to the Casualty, or to a condition of at least equivalent value, operating efficiency and function (collectively, a "**Restoration**"); and

(ii) at its own cost and expense (except to the extent paid from the Net Proceeds), within one (1) year of the Casualty, promptly and diligently effect the Restoration of the Facility in accordance with the Loan Agreement and the Project Building Lease, regardless of whether or not the Net Proceeds derived from the Casualty 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 the Loan Agreement or the Promissory Notes or any other Security Document be abated, postponed or reduced.

In the event a Taking shall occur:

(i) and the Taking shall be of all or substantially all of the Leased Premises so as to result in the termination of the Project Building Lease or to render Leased Premises unsuitable for use by the Institution as contemplated under the Loan Agreement, the Institution shall be obligated to exercise its option to terminate the Loan Agreement; or

(ii) the Taking shall be less than all or substantially all of the Leased Premises with the result that the Project Building Lease shall continue in full force and effect and the Leased Premises shall continue to be suitable for use by the Institution as contemplated under the Loan Agreement, the Institution shall

(A) use its best efforts within ninety (90) days after the occurrence of the Taking, to deliver to the Issuer and the Trustee a statement prepared by an Independent Engineer setting forth an estimate as to the time and cost required to effect the Restoration of the Facility, and

(B) at its own cost and expense (except to the extent paid from Net Proceeds) within one (1) year of the date of Taking (such date being deemed to be the earlier of (y) the date on which actual possession of less than all or substantially all of the Leased Premises is acquired by any lawful power or authority pursuant to applicable provisions of federal or State law, or (z) the date on which title to less than all or substantially all of the Leased Premises shall have vested in any lawful power or authority pursuant to applicable provisions of federal or State law), promptly and diligently effect the Restoration of the Facility in accordance with the Loan Agreement, the Depositary Agreement and the Project Building Lease, regardless of whether or not the Net Proceeds derived from the Taking 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 the Loan Agreement or the Promissory Notes or any other Security Document be abated, postponed or reduced.

If the Taking or Casualty shall result in the termination of the Project Building Lease, the Restoration Proceeds paid by the Build NYC Debt Depositary to the Trustee shall be deposited on a Pro Rata Basis in the Redemption Account of the Bond Fund (Tax-Exempt) and in the Redemption Account of the Bond Fund (Taxable), and the Institution shall thereupon pay to the Trustee for deposit in the Redemption Account of each of the Bond Fund (Tax-Exempt) and the Bond Fund (Taxable) an amount which, when added to any amounts then in each such Redemption Account of each Bond Fund and available for that purpose, shall be sufficient to retire and redeem the Bonds in whole at the earliest possible date (including, without limitation, principal and interest to the maturity or Redemption Date and redemption premium, if any), and shall pay the expenses of redemption, the fees and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents, together with all other amounts due under the Indenture, under the Loan Agreement and under each other Security Document, as well as any amounts required to be rebated to the federal government pursuant to the Indenture or the Tax Regulatory Agreement and such amount so

deposited shall be applied, together with such other available amounts in the applicable Bond Fund, to such redemption or retirement of the Bonds on said redemption or Maturity Date. If the Taking or Casualty shall not result in the termination of the Project Building Lease, and the completion of the Restoration of the Facility shall result in the payment of the remaining Restoration Proceeds by the Institution or the Build NYC Debt Depository to the Trustee, such excess remaining Restoration Proceeds shall be deposited on a Pro Rata Basis in the Redemption Account of each of the Bond Fund (Tax-Exempt) and the Bond Fund (Taxable) to be applied, to the nearest Authorized Denomination, to the redemption of the Bonds.

Effect of Restoration.

All rebuilding, replacements, repairs or restorations of the Facility in respect of or occasioned by a Loss Event shall:

(i) automatically be deemed a part of the Facility under the Loan Agreement, the Condominium Documents and the Project Building Lease, and, with respect to Mortgaged Property, shall be subject to the Liens and security interests of the Mortgage and the Assignment of Leases and Rents,

(ii) be effected only if the Institution shall deliver to the Issuer and the Trustee a certificate from an Authorized Representative of the Institution acceptable to the Issuer and the Trustee to the effect that such rebuilding, replacement, repair or restoration shall not change the nature of the Facility as the Approved Facility,

(iii) be effected with due diligence in a good and workmanlike manner, in compliance with the Depository Agreement and all applicable Legal Requirements and all applicable requirements of the Condominium Documents and the Project Building Lease, and be promptly and fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor,

(iv) restore the Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, and to a state and condition that will permit the Institution to use and operate the Facility as the Approved Facility,

(v) be effected only if the Institution shall have complied with the liability insurance provisions of the Loan Agreement,

(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 \$500,000, be effected under the supervision of an Independent Engineer.

The date of completion of the rebuilding, replacement, repair or restoration of the Facility shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Institution stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith

have been paid for or arrangement for payment, reasonably satisfactory to the Trustee, has been made, (iii) that the Facility has been rebuilt, replaced, repaired or restored to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, in accordance with all applicable Legal Requirements and with all applicable requirements of the Condominium Documents, the Depositary Agreement and the Project Building Lease, (iv) that all property constituting part of the Facility is subject to the Loan Agreement, the Condominium Documents and the Project Building Lease and, if applicable, subject to the mortgage Liens and security interests of the Mortgage and the Assignment of Leases and Rents, subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required payment to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use and operation for its intended purposes.

The certificate delivered above shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if it is a temporary certificate of occupancy, the Institution will proceed with due diligence to obtain a permanent certificate of occupancy), if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by the Loan Agreement; (ii) a certificate of an Authorized Representative of the Institution that all costs of rebuilding, repair, restoration and reconstruction of the Facility have been paid in full, together with releases of mechanics' Liens by all contractors and materialmen who supplied work, labor, services, materials or supplies in connection with the rebuilding, repair, restoration and reconstruction of the Facility (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence to the Trustee that such costs have been appropriately bonded or that the Institution shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company, or other evidence satisfactory to the Trustee, indicating that there has not been filed with respect to the Leased Premises any mechanic's, materialmen's or any other Lien in connection with the rebuilding, replacement, repair and restoration of the Facility and that there exist no encumbrances other than Permitted Encumbrances and those encumbrances consented to by the Issuer and the Trustee.

Assignment of Promissory Notes, and of Mortgage and of Assignment of Leases and Rents. On the Closing Date, the Issuer will endorse and assign the Promissory Notes to the Trustee, and execute and deliver to the Trustee the Assignment of Mortgage and the Assignment of ALR.

Issuance of Series 2021A Bonds and Series 2021B 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 Series 2021A Bonds and the Series 2021B Bonds in the respective Authorized Principal Amount under and pursuant to the Bond Resolution and under and pursuant to the Indenture. The proceeds of sale of the Series 2021A Bonds and of the Series 2021B Bonds shall be deposited and applied in accordance with the provisions of the Indenture.

Issuance of Additional Bonds. Under the provisions of and subject to the conditions set forth in the Indenture, the Issuer is authorized to enter into a Supplemental Indenture and issue one or more Series of Additional Bonds on a parity with the Initial Bonds for the purpose of (w) completing the Project, (x) providing funds in excess of the Net Proceeds of insurance or

eminent domain to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (y) providing extensions, additions or improvements to the Facility, or (z) refunding Outstanding Bonds. If the Institution is not in default under the Loan Agreement or under any other Project Document, the Issuer will consider the issuance of a Series of Additional Bonds in a principal amount as is specified in a written request in accordance with the applicable provisions set forth in the Indenture.

Pledge and Assignment to Trustee. As security for the payment of the Bonds and the obligations of the Institution under the Security Documents:

(i) the Institution shall, pursuant to the Mortgage, grant to the Issuer and the Trustee, for the benefit of the Bondholders, a mortgage Lien on and security interest in its leasehold interest in the Mortgaged Property;

(ii) the Issuer shall assign its right, title and interest in the Mortgage to the Trustee pursuant to the Assignment of Mortgage;

(iii) the Institution shall, pursuant to the Assignment of Leases and Rents, assign to the Issuer and the Trustee, as security for the benefit of the Bondholders, all leases and rents with respect to the Leased Premises;

(iv) the Issuer shall assign its right, title and interest in the Assignment of Leases and Rents to the Trustee pursuant to the Assignment of ALR; and

(v) the Issuer shall pledge and assign to the Trustee, for the benefit of the Bondholders, pursuant to the Indenture all of the Issuer's right, title and interest in the Promissory Notes and all of the Issuer's right, title and interest in the Loan Agreement (except for the Issuer's Reserved Rights), including all loan payments under the Loan Agreement and under the Promissory Notes, and in furtherance of such pledge, the Issuer will unconditionally assign such loan payments to the Trustee for deposit in the applicable Bond Fund in accordance with the Indenture.

Commercial General Liability Insurance.

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 Leased Premises, including the Project Work or any other construction, reconstruction, restoration, alteration and/or repair required under the Loan Agreement in connection with the Leased Premises.

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.

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 this heading.

SIR means self-insured retention.

U/E means Umbrella or Excess Liability insurance.

Workers' Compensation means Workers' Compensation, disability and employer liability insurance.

Except during periods of Construction, the Institution 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 Policy 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, whether auto liability coverage is provided by endorsement to the Institution'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 Institution 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 Leased Premises.

(v) Property insurance in the amount required under the Mortgage.

Notwithstanding the preceding, during Construction aggregate minimum coverage in the amount of \$15,000,000 (combined CGL and U/E required above) may be achieved by any combination of coverage amounts between the Institution on the one hand and the GC or CM on the other.

Each Policy under this heading 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; (iii) 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; (iv) not be cancellable without at least thirty (30) days' prior written notice to the Issuer and the Trustee as additional insureds; and (v) 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.

If insurance industry standards applicable to properties similar to the Leased Premises 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 heading become inadequate in the reasonable judgment of the Issuer or the Trustee for the purpose of protecting the Issuer and the Trustee against third-party claims, then the Issuer or the Trustee shall have the right to supplement and/or otherwise modify such requirements, provided, however, that such supplements or modifications (including, without limitation, in respect of coverages and limits) shall be commercially reasonable. The Issuer, in its sole discretion and without obtaining the consent of the Trustee or any other party to the transactions contemplated by the Loan Agreement, may make exceptions to the requirements under this heading 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 heading, 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.

Indemnity. 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 the Loan Agreement, arising upon, about, or in any way connected with the Facility, the Project Building, the Leased Premises or the Condominium, or any portion of any thereof, or the Project, or any of the transactions with respect thereto, including:

(i) the financing of the costs of the Facility or the Project and the marketing, offering, issuance, sale, 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 statement 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, installation or completion of the Project or any part thereof or the effecting of any work done in or about the Facility, the Project Building, the Leased Premises or the Condominium, or any portion of any thereof, or any defects (whether latent or patent) in the Facility, the Project Building, the Leased Premises or the Condominium, or any portion of any thereof,

(v) the maintenance, repair, replacement, restoration, rebuilding, construction, renovation, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Facility, the Project Building, the Leased Premises or the Condominium, or any portion of any thereof, or the payment of any Common Charges or other costs in connection with the Condominium or the Project Building,

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

(vii) any act or omission of the Institution, the Project Building Landlord or the Project Building Mortgagee, or any of their respective Affiliates, or any of the student, faculty, administrators, visitors, employees, servants, tenants or licensees in connection with the Project, the Facility, the Project Building, the Leased Premises or the Condominium, or any portion of any thereof, or the operation of any 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 Facility, the Project Building, the Leased Premises or the Condominium, or any portion of any thereof,

(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 Facility, the Project Building, the Leased Premises or the Condominium, or any portion of any 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.

The Institution releases each Indemnified Party from, and agrees that no Indemnified Party shall be liable to the Institution or any of their respective Affiliates for, any Claim or Liability arising from or incurred as a result of action taken or not taken by such Indemnified Party with respect to any of the matters set forth above including any Claim or Liability arising from or incurred as a result of the negligence or gross negligence of such Indemnified Party, or at the direction of the Institution with respect to any of such matters above referred to.

Compensation and Expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents; Administrative and Project Fees. 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 the Loan Agreement or any other Project Document (including fees and disbursements of lawyers and other consultants). 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 and the Consultant.

Environmental Matters. The Institution shall not cause or permit the Facility or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Legal Requirements, nor shall the Institution cause or permit, as a result of any intentional or unintentional act or omission on the part of the Institution or any occupant or user of the Leased Premises, a release of Hazardous Materials onto the Project Building or onto any other property.

The Institution shall comply with, and shall take all reasonable steps to ensure compliance by, all occupants and users of the Leased Premises with all applicable Legal Requirements pertaining to Hazardous Materials, whenever and by whomever triggered, and shall obtain and comply with, and shall take all reasonable steps to ensure compliance by all occupants and users of the Leased Premises obtain and comply with, any and all approvals, registrations or permits required thereunder. The Institution shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Facility in accordance with all applicable Legal Requirements.

Assignment of the Loan Agreement or Lease of Facility. The Institution shall not at any time, except as permitted under the heading below entitled “*Restrictions on Dissolution and Merger*”, assign or transfer the Loan Agreement without the prior written consents of the Issuer and the Trustee (which consents may be withheld by the Issuer or the Trustee in their absolute discretion); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such assignment or transfer:

(i) the Institution shall have delivered to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution to the effect that the transfer or assignment to the assignee or transferee (the “**Assignee**”) shall not cause the Facility to cease being the Approved Facility;

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

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

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

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

(y) the Loan Agreement and each of the other Project Documents to which the 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) each such assignment shall contain such other provisions as the Issuer or the Trustee may reasonably require; and

(ix) an opinion of Nationally Recognized Bond Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such assignment or transfer shall not affect the exclusion of the interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income tax purposes.

The Institution shall furnish or cause to be furnished to the Issuer and the Trustee a copy of any such assignment or transfer in substantially final form at least thirty (30) days prior to the date of execution thereof.

The Leased Premises have been leased in their entirety by the Project Building Landlord, as landlord, to the Institution, as tenant, pursuant to the Project Building Lease. The Institution shall not at any time (y) sublease all or substantially all of the Facility, without the prior written consents of the Issuer and the Trustee (which consents may be withheld by the Issuer or the Trustee in their absolute discretion); or (z) with the exception of Permitted Users (as defined below) sublease part (*i.e.*, not constituting substantially all) of the Facility without the prior written consents of the Issuer and the Trustee (which consents shall, in such case, not be unreasonably withheld and, (A) 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, and (B) in the case of the Trustee, be delivered upon the satisfaction of the conditions set forth below); 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 sublease is permitted under the Project Documents and shall not cause the Facility to cease being the Approved Facility;

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

(iii) any sublessee in whole or substantially in whole of the Facility shall have assumed in writing (and shall have executed and delivered to the Issuer and the Trustee such document) and have agreed to keep and perform all of the terms of the Loan Agreement and each other Project Document on the part of the Institution to be kept and performed, shall be jointly and severally liable with the Institution for the performance

thereof, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

(iv) any sublessee shall utilize the Facility as the Approved Facility and shall constitute a Tax-Exempt Organization;

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

(vi) with respect to any subletting in part of the Facility, no more than an aggregate of twenty percent (20%) of the Leased Premises Square Footage shall be subleased 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 sublease shall constitute the legally valid, binding and enforceable obligation of the sublessee and shall not legally impair in any respect the obligations of the Institution for the payment of all loan or other payments nor for the full performance of all of the terms, covenants and conditions of the Loan Agreement, of the Promissory Notes 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 sublease shall in no way diminish or impair the obligation of the Institution to carry the insurance required under the Project Building Lease, the Condominium Documents, the Mortgage or the Loan Agreement, and the Institution shall furnish written evidence satisfactory to the Issuer and the Trustee that such insurance coverage shall in no manner be diminished or impaired by reason of such sublease;

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

(x) each such sublease shall contain such other provisions as the Issuer or the Trustee may reasonably require; and

(xi) an opinion of Nationally Recognized Bond Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such sublease shall not affect the exclusion of the interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income tax purposes.

The Institution shall furnish or cause to be furnished to the Issuer and the Trustee a copy of any such sublease in substantially final form at least thirty (30) days prior to the date of execution thereof.

For purposes of this heading, any license or other right of possession or occupancy granted by the Institution with respect to the Leased Premises shall be deemed a sublease subject to the provisions of this heading, other than Excluded Use Agreements with users of the Facility permitted by the Institution to facilitate the Institution's compliance with the heading below entitled "*Private School Requirements*", pursuant to which, the Institution permits, if such action

is in compliance with the Tax Regulatory Agreement, certain New York City public schools, not-for-profit community groups, governmental community groups and/or other qualifying groups are to have temporary use or other temporary possession of any portion of the Leased Premises (such users being, collectively, “**Permitted Users**”). All Permitted Users shall (i) comply with all applicable covenants, restrictions and limitations described in the Tax Regulatory Agreement including, without limitation, nongovernmental/private use and loan restrictions set forth in the Tax Regulatory Agreement, and (ii) the Institution’s commercial general liability insurance shall cover all Permitted Users or the Institution shall require that all Permitted Users (who are not covered by the Institution’s commercial general liability insurance) provide commercial general liability and excess/umbrella insurance covering such Permitted Users prior to the commencement of the applicable lease, license or other use or occupancy agreement and throughout the term of such lease, license or other use or occupancy agreement.

Retention of Title to or of Interest in Facility; Grant of Easements. The Institution shall not sell, assign, encumber (other than Permitted Encumbrances), convey or otherwise dispose of its leasehold interest in the Leased Premises, nor the Institution’s title interest in the Facility Personalty, or any part or interest therein, except as expressly set forth in the Loan Agreement, without (i) the prior written consents of the Issuer and of the Trustee and (ii) the Institution delivering to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that such action pursuant to this Section will not affect the exclusion of the interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income taxes. Any purported disposition without such consents and opinion shall be void. The Institution may, without the consents of the Issuer or the Trustee, so long as there exists no Event of Default under the Loan Agreement, grant such rights-of-way or easements over, across, or under, the Leased Premises, or grant such permits or licenses in respect to the use thereof, free from the Liens and security interests of the Mortgage and the Assignment of Leases and Rents, as shall be necessary or convenient in the opinion of the Institution for the operation or use of the Facility, or required by any utility company for its utility business, provided that, in each case, such rights-of-way, easements, permits or licenses shall not adversely affect the use or operation of the Facility as the Approved Facility, and provided, further, that any consideration received by the Institution from the granting of said rights-of-way, easements, permits or licenses shall be paid to the Trustee and deposited on a Pro Rata Basis in the Redemption Account of the Bond Fund (Tax-Exempt) and in the Redemption Account of the Bond Fund (Taxable). No conveyance effected under the provisions of this heading shall entitle the Institution to any abatement or diminution of the loan payments or any other payments required to be made by the Institution under the Loan Agreement or any other Project Document to which it shall be a party.

Discharge of Liens. If any lien, mortgage, pledge, security interest, 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, mortgages, pledges, security interests, 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 Pledged Revenues, the Leased Premises or the Facility Personalty, or any part thereof, or the interest therein of the Institution, or against any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, other than Liens for Impositions

not yet payable, Permitted Encumbrances, or Liens being contested as permitted below, the Institution forthwith upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such notice) shall give written notice thereof to the Issuer and the Trustee and take all action (including the payment of money and/or the securing of a bond with respect to any such Lien) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full of such Lien and to remove or nullify the basis therefor.

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 Pledged Revenues, the Leased Premises or the Facility Personalty, or any part thereof or interest therein, or against any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, (ii) neither the Leased Premises nor the Facility Personalty, nor any part of either thereof or interest therein, the Trust Estate or the Pledged Revenues or any portion of either thereof, the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Project Documents, or the interest of the Issuer or 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 (or such greater amount as may be required by the Project Building Landlord pursuant to the Project Building Lease, as notice of such amount shall be delivered in writing by the Institution to the Trustee) to protect the security intended to be offered by the Security Documents (which amount so deposited with the Trustee, in the absence of the removal or discharge of such Lien by the Institution, may be applied by the Trustee to remove or discharge such Lien).

Filing. The security interest granted by the Issuer to the Trustee pursuant to the Indenture in the rights and other intangible interests described therein, shall be perfected by the filing of financing statements at the direction of the Issuer (at the sole cost and expense of the Institution) in the office of the Secretary of State of the State in the City of Albany, New York, which financing statements shall be in accordance with Article 9 (Secured Transactions) of the New York State Uniform Commercial Code.

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 Leased Premises or the Facility Personalty, or any part of either thereof or interest therein, or the interest of the Institution in the Facility, except for Permitted Encumbrances, or (ii) the Trust Estate or any portion thereof, the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes or any of the other Project Documents or the interest of the Issuer or the Institution in any Project Document. The Institution covenants that it shall take or cause to be taken all action, including all filing and recording, as may be necessary to ensure that there are no mortgage liens on, or security interests in, the Facility (other than Permitted Encumbrances) or any interest therein prior to the mortgage liens thereon, and security interests therein, granted by the Mortgage and the Assignment of Leases and Rents.

Taxes, Assessments and Charges. The 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 Leased Premises, the Facility Personalty, or any part of any thereof, or interest of the Institution in the Facility, or against any of the loan payments or other payments or other amounts payable under the Loan Agreement, the Promissory Notes 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 Leased Premises, 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. In the event the Leased Premises are exempt from Impositions solely due to the Issuer’s involvement with the Project and the Leased Premises, the Institution shall pay all Impositions to the appropriate taxing authorities equivalent to the Impositions that would have been imposed on the Leased Premises as if the Issuer had no involvement with the Project and the Leased Premises.

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 Leased Premises or the Facility Personalty, or any part of any thereof, or interest of the Institution in the Facility, or against any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes 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 Leased Premises or the Facility Personalty, or any part of any thereof, or interest of the Institution in the Facility, or any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes 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.

Compliance with Legal Requirements. The Institution shall not occupy, use or operate the Leased Premises, or allow the Leased Premises or any part thereof, to be occupied, used or operated, for any unlawful purpose or in violation of any certificate of occupancy affecting the Leased Premises or for any use which may constitute a nuisance, public or private, or make void or voidable any insurance then in force with respect thereto. At its sole cost and expense, 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 Facility, any occupant, user or operator of the Leased Premises 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 Leased Premises or any part thereof.

The Institution may at its sole cost and expense contest in good faith the validity, existence or applicability of any Legal Requirements if (i) such contest shall not result in the Trust Estate, the Leased Premises or the Facility Personalty, or any part of any thereof, or interest of the Institution in the Facility, or any of the loan payments or other amounts payable under the Loan Agreement, the Promissory Notes 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 (or such greater amount required by the Project Building Landlord as provided in the Project Building Lease, and as so advised in writing by the Institution to the Trustee) to protect the security intended to be offered by the Security Documents for failure to comply therewith.

Operation as Approved Facility. The Institution will not take any action, or suffer or permit any action, if such action would cause the Facility not to be the Approved Facility. The Institution will not fail to take any action, or suffer or permit the failure to take any action, if such failure would cause the Facility not to be the Approved Facility.

If, during the term of the Loan Agreement, the Institution seeks to submit a written request to the Issuer to approve in writing a modification to the Approved Project Operations by adding school grades to be utilized by the Institution at the Facility (in addition to the first grade through grade eight set forth in the definition of Approved Project Operations), any such request will be reviewed by the Issuer in its sole and absolute discretion and may require approval by the Issuer's Board of Directors. Any such request by the Institution shall be accompanied by, at the sole cost and expense of the Institution, such opinions, certificates and other documents as the Issuer may request. If the Issuer approves the proposed modification to Approved Project Operations, in writing, such writing shall be deemed to amend the defined term Approved Project Operations as of the date of such writing, and notice of such approval shall be promptly provided by the Issuer to the Institution and the Trustee.

The Institution will permit the Trustee and its duly authorized agents, at all reasonable times upon three (3) Business Days prior written notice, to enter upon the Leased Premises and to examine and inspect the Facility and exercise its rights under the Loan Agreement, under the Indenture and under the other Security Documents with respect to the Facility. The Institution will further permit the Issuer, or its duly authorized agent, upon reasonable notice, at all reasonable times, to enter the Leased Premises, but solely for the purpose of assuring that the Institution is operating the Facility, or is causing the Facility to be operated, as the Approved Facility consistent with the Approved Project Operations and with the corporate purposes of the Issuer.

Restrictions on Dissolution and Merger.

The Institution covenants and agrees that at all times during the term of the Loan Agreement:

(i) it shall maintain its existence as a not-for-profit education corporation constituting a Tax-Exempt Organization, and as a validly existing educational institution registered with the New York State Department of Education and chartered, or otherwise authorized to operate as an educational corporation, by the New York Board of Regents, and will take no action which would cause such authorization to be terminated or revoked,

(ii) it will continue to be subject to service of process in the State,

(iii) it will continue to be organized under the laws of, or qualified to do business in, the State,

(iv) it will 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 below in this heading,

(v) it will not consolidate with or merge into another Entity or permit one or more Entities to consolidate with or merge into it (“**Merge**” or “**Merger**”), except as provided below in this heading, and

(vi) it will not change or permit the change of any Principal of the Institution, or a change in the relative Control of the Institution or of any of the existing Principals of the Institution, except in each case as provided below in this heading.

Notwithstanding the preceding, 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, and the Institution shall deliver to the Trustee an Officer’s Certificate demonstrating 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 Long-Term Debt Service Coverage Ratio for such Fiscal Year would have been not less than 1.25, and the conditions described in the heading below entitled “*Limitations on Indebtedness*” would have been satisfied for the incurrence of an additional one dollar (\$1.00) of Additional Indebtedness,

(2) the Institution shall continue to be a not-for-profit education corporation constituting a Tax-Exempt Organization, and as a validly existing

educational institution registered with the New York State Department of Education and chartered, or otherwise authorized to act as an educational corporation, by the New York Board of Regents,

(3) if required under the Project Building Lease, the Project Building Landlord shall have given its prior written consent thereto,

(4) the Institution shall deliver to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such action will not cause the interest on the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes, and

(5) 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 Entity**”),

(1) the Institution shall not have been in default under the Loan Agreement or under any other Project Document,

(2) the Successor Entity shall be a not-for-profit education corporation constituting a Tax-Exempt Organization, shall be solvent and subject to service of process in the State and organized under the laws of the State, or under the laws of any other state of the United States and duly qualified to do business in the State, and shall be a validly existing educational institution registered with the New York State Department of Education and chartered, or otherwise authorized to act as an educational corporation, by the New York Board of Regents, and authorized by applicable governmental authorities to operate the Facility for the Approved Project Operations,

(3) the Successor Entity shall have assumed in writing all of the obligations of the Institution contained in the Loan Agreement and in all other Project Documents to which the Institution shall have been a party,

(4) the Successor Entity shall have delivered to the Issuer a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion,

(5) if required under the Project Building Lease, the Project Building Landlord shall have given its prior written consent thereto,

(6) each Principal of the Successor Entity shall have delivered to the Issuer a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion,

(7) the Successor Entity shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer and the Trustee, an Opinion of Counsel to the effect that (y) the Loan Agreement and all other Project Documents to which the Institution shall be a party constitute the legal, valid and binding obligations of the Successor Entity and each is enforceable in accordance with their respective terms to the same extent as it was enforceable against the Institution, and (z) such action does not legally impair the security for the Holders of the Bonds afforded by the Security Documents,

(8) the Successor Entity shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer and the Trustee, (A) an opinion of an Independent Accountant to the effect that the Successor Entity has a net worth (as determined in accordance with GAAP) after the Merger or Transfer at least equal to that of the Institution immediately prior to such Merger or Transfer, and (B) an Officer's Certificate demonstrating 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 Long-Term Debt Service Coverage Ratio for such Fiscal Year would have been not less than 1.25, and the conditions described in the heading below entitled "*Limitations on Indebtedness*" and (ii) would have been satisfied for the incurrence of an additional one dollar (\$1.00) of Additional Indebtedness,

(9) the Successor Entity delivers to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such action will not cause the interest on the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes.

Preservation of Exempt Status. The Institution agrees that it shall: (i) not perform any acts, enter into any agreements, carry on or permit to be carried on at the Facility, or permit the Facility to be used in or for any trade or business, which shall adversely affect the basis for the exemption of the Institution under Section 501 of the Code; (ii) not use more than three percent (3%) of the proceeds of the Tax-Exempt Bonds or permit the same to be used, directly or indirectly, in any trade or business that constitutes an unrelated trade or business as defined in Section 513(a) of the Code or in any trade or business carried on by any Person or Persons who are not governmental units or Tax-Exempt Organizations; (iii) not directly or indirectly use the proceeds of the Tax-Exempt Bonds to make or finance loans to Persons other than governmental units or Tax-Exempt Organizations, provided that no loan shall be made to another Tax-Exempt Organization unless such organization is using the funds for a purpose that is not an unrelated trade or business for any of the Institution or the recipient of the loan; (iii) 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; (iv) conduct its operations in a manner that will result in its continued qualification as an organization described in Section 501(c)(3) of the Code and timely file or cause to be filed all materials, returns, reports and other documents which are required to be filed with the Internal Revenue Service; and (v) use its best efforts to maintain the tax-exempt status of the Tax-Exempt Bonds.

Securities Law Status. The Institution covenants that: (i) the Facility shall be operated (y) exclusively for civic or charitable purposes and (z) not for pecuniary profit, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act, (ii) 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 (iii) it shall not perform any act nor enter into any agreement which shall change such status as set forth in this Section.

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 the Loan Agreement and any rights of the Issuer or the Trustee under the Loan Agreement, under the Indenture or under any other Security Document.

Tax Regulatory Agreement. The 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. Promptly following receipt of notice from the Trustee 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. The Institution agrees to pay all costs of compliance with the Tax Regulatory Agreement and costs of the Issuer relating to any examination or audit of any Tax-Exempt Bonds by the Internal Revenue Service (including fees and disbursements of lawyers and other consultants).

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.

Reporting Information for the Trustee.

The Institution shall furnish or cause to be furnished to the Trustee:

(i) as soon as available and in any event within one hundred and fifty (150) days after the close of each Fiscal Year, a copy of the annual Audited 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, and

(ii) a copy of any notice given to Bondholders or 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, promptly after the same is so given.

The Institution shall deliver to the Trustee with each delivery of annual financial statements required by clause (i) above:

(a) a certificate of an Authorized Representative of the Institution: (1) setting forth the information required of the Institution under Section 4(a) of the Continuing Disclosure Agreement; (2) 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 the Loan Agreement and in any other Project Document to which the Institution shall be a party, (3) as to whether or not a Determination of Taxability has occurred, and (4) if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default or Determination of Taxability, he or she 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

(b) a certificate of an Authorized Representative of the Institution that the insurance maintained by the Institution complies with the provisions of the Loan Agreement and the Mortgage, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and the Trustee and are in full force and effect.

In addition, upon twenty (20) days prior request by the Trustee, the 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.

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.

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 the Loan Agreement, failure of the Institution to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Holders of at least twenty-five percent (25%) aggregate principal amount in Outstanding Bonds, shall, upon receipt of reasonable indemnification for its fees and costs acceptable to it), and any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Institution to comply with its obligations under this heading. The Institution agrees that the Issuer shall have no continuing disclosure obligations.

Special Covenants. The Institution covenants that, for so long as any Bonds shall be Outstanding, it must also be chartered or otherwise authorized and in good standing by the New York Board of Regents and registered with the New York State Department of Education. The Institution further covenants that it shall not discriminate in admissions, hiring, the granting of scholarships or loans, or the administration of educational policies generally. Annually, by August 1 of each year, commencing on August 1, 2021, until the termination of the Loan Agreement, the Institution shall deliver to the Issuer an annual compliance certificate, substantially in the form of attached to the Loan Agreement, with respect to the most recently completed academic year or Fiscal Year, as applicable.

Living Wage. The Institution acknowledges and agrees that it has received “financial assistance” as defined in the LW Law. The Institution agrees to comply with all applicable requirements of the LW Law unless it shall be exempt therefrom. The Institution acknowledges that the terms and conditions set forth in this heading are intended to implement the Mayor’s Executive Order No. 7 dated September 30, 2014.

M/WBE Program. The Institution has submitted to the Issuer an M/WBE Participation Plan which states the 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. The Institution agrees that from the Indemnification Commencement Date until the Completion Deadline, the 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 and to comply with the M/WBE Program Requirements.

Private School Requirements.

The Institution represents, warrants and covenants that the Project will: (i) create jobs; (ii) continue or augment services to a needy population; (iii) promote a purpose that would not be feasible if undertaken on a for-profit basis; (iv) provide a service that will reduce the City's cost of providing that service, thus promoting efficiency and resulting in cost savings to the City; (v) continue or enhance the quality of cultural life in the City; or (vi) encourage substantial employment and capital investment in geographic areas in which the City seeks to promote economic development. The Institution represents, warrants and covenants that it will not discriminate in admissions, employment matters, the granting of scholarships or loans, the administration of educational policies, the providing of services or otherwise in the administration of its programs and operations on the basis of race, color, national origin, age, sex, religion, gender identity, disability or any other category to the extent protected by federal, State or City law. The Institution covenants and agrees that at least 50 percent of the total enrollment of the Institution's school will consist of New York City residents. The Institution represents and warrants that it is registered by the New York State Department of Education and chartered or otherwise authorized and in good standing by the New York Board of Regents. The Institution covenants and agrees to comply with the Issuer's Private Schools Policy adopted on January 12, 2016, as amended from time to time; provided, however, that the Institution shall not be required to comply with Section 7 of such Private School Policy. Annually, by August 1 of each year, commencing on August 1, 2021, until the termination of the Loan Agreement, the Institution shall deliver to the Issuer an annual Private School Compliance Certificate, with respect to the most recently completed academic and fiscal year.

Project Building Lease. The Institution represents and warrants that it has delivered to the Issuer and the Trustee on the Closing Date a true, correct and complete copy of the Project Building Lease. The Institution covenants and agrees with respect to the Project Building Lease (subject in greater detail, and in the event of conflict with the above, to the applicable provisions of the Mortgage, the provisions of which are incorporated herein as if made a part hereof) that:

(i) the Institution 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 Institution as tenant under the Project Building Lease, within the periods provided in the Project Building Lease, and will do all things necessary to preserve and keep unimpaired the rights of the Institution under the Project Building Lease;

(ii) the Institution will not waive any of its rights under the Project Building Lease, nor refrain from exercising any right or remedy accorded to it under the Project Building Lease on account of any default by the Project Building Landlord as landlord thereunder, or release the Project Building Landlord as landlord thereunder from any liability or condone or excuse any improper actions of the Project Building Landlord as landlord thereunder, without first obtaining the prior written consent of the Issuer and the Trustee;

(iii) the Institution shall promptly deliver written notice to the Issuer and the Trustee of the occurrence or continued existence of a default by the Project Building Landlord as landlord, or the Institution, under the Project Building Lease, together with copies of any default notice that it shall receive or deliver thereunder;

(iv) the Institution, upon the request of the Trustee, shall cause the Project Building Landlord to deliver to the Trustee an estoppel certificate of the Project Building Landlord as provided in the Project Building Lease;

(v) the Institution shall not surrender the leasehold estate created by the Project Building Lease, whether in whole or in part, nor terminate or cancel the Project Building Lease, and any such surrender of the leasehold estate created by the Project Building Lease or termination or cancellation of the Project Building Lease, without the prior written consent of the Trustee, shall be void and of no force and effect;

(vi) the Institution shall not enter into any modification, amendment or supplement to the Project Building Lease (a “**Proposed Project Building Lease Amendment**”) which shall have the effect of (A) reducing the term of the Project Building Lease, (B) adding a new right to terminate without (y) preserving the Trustee’s cure and foreclosure rights provided in the Project Building Lease, or (z) granting the Trustee cure and foreclosure rights that are no less protective of the Trustee than those provided in the Project Building Lease, (C) increasing the amount of the rentals or other amounts payable by the Institution under the Project Building Lease, (D) effecting the voluntary surrender of the Project Building Lease, or (E) materially impairing the security intended to be provided to the Holders of the Bonds; provided, further, that the Institution shall not enter into any Proposed Project Building Lease Amendment unless (1) the Institution deliver to the Issuer and the Trustee a substantially final draft of the Proposed Project Building Lease Amendment at least fourteen (14) days prior to the execution thereof, and (2) the Issuer and the Trustee receive, at the sole cost and expense of the Institution, an opinion of Nationally Recognized Bond Counsel to the effect that the Proposed Project Building Lease Amendment will not cause the interest on any Tax-Exempt Bonds to become includable in gross income of the Holders thereof for federal income tax purposes; and

(vii) the Institution shall not claim or assert any conflict or inconsistency with (y) the Project Building Lease as a defense to any obligation under the Loan Agreement or any other Security Document, or (z) the Loan Agreement as a defense to any obligation under the Project Building Lease.

Representations and Obligations with Respect to the Condominium Documents and the Condominium. The Institution represents, warrants and covenants that it is the intention of the Institution that, promptly following the Closing Date, (i) the Institution will subject its leasehold estate under the Project Building Lease to a condominium regime under the Condominium Act consisting of at least two Condominium Units, (ii) the Board of Managers of the Condominium will be under common Control of the Institution, (iii) the Condominium Documents will be substantially in the form attached to the Project Building Lease, and (iv) the Condominium Documents and the transactions contemplated thereby are expressly permitted under the Project Building Lease and the Project Building Mortgage. Promptly following the

creation of the Condominium through the recording of the Condominium Declaration and Condominium By-laws in the Office of the New York City Register in New York County, and the constituting of the Board of Managers, the Institution shall deliver to the Issuer and the Trustee the following: (i) a copy of the Condominium Documents certified by an Authorized Representative of the Institution as being true, complete and correct and as being substantially in the form of the documents attached to the Project Building Lease; (ii) a certificate of an Authorized Representative of the Institution to the effect that (x) the Condominium Units (along with their appurtenant interests in the Common Elements of the Condominium) created pursuant to the Condominium Documents, are owned by the Institution, comprise the entirety of the Leased Premises and of those premises leased by the Project Building Owner to the Institution pursuant to the Project Building Lease, and constitute part of the Mortgaged Property, (y) the Board of Managers of the Condominium are under common Control of the Institution, and (z) the Condominium Declaration has been recorded in the Office of the City Register, New York County, accompanied by evidence of such due recording; and (iii) an Opinion of Counsel to the Institution addressed to the Issuer and the Trustee to the effect that the Condominium Declaration has created valid condominium units under the Condominium Act, and the Condominium Documents do not conflict in any material respect with any of the provisions of the other Project Documents. The Institution further covenants and agrees that (i) the Institution shall not enter into, consent, permit or approve an amendment, supplement or modification to, or termination of, any of the Condominium Documents which would (x) adversely affect the Issuer, without the prior written consent of the Issuer, or (y) materially and adversely affect the security for the Bonds, without the prior written consent of the Trustee, and (ii) the Institution shall pay all costs, fees, charges and expenses (including, without limitation, all Common Charges) required of it when due under any of the Condominium Documents.

Acquisition of Title to the Project Building. In the event that the Institution or any Affiliate shall acquire title to the Project Building and any related or appurtenant real property interests, the Institution shall promptly deliver written notice thereof to the Issuer and the Trustee, the payments, obligations, covenants and agreements of the Institution under the Loan Agreement and the remaining Project Documents shall continue in full force and effect, and all references to “the Leased Premises” within the Loan Agreement and the other Project Documents shall be deemed to include the Project Building and all appurtenant real estate and interests therein so acquired.

General Covenants as to Corporate Existence; Maintenance of Properties, Etc.
The Institution hereby covenants:

(i) Except as otherwise expressly provided in the Loan Agreement, to preserve its corporate or other legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs, including, without limitation, its authorization to operate as an educational corporation, and be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualifications.

(ii) The Institution will maintain, or cause to be maintained, the Institution’s Property, Plant and Equipment 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, Plant and Equipment and shall pay all costs of such maintenance, repair and insurance. At all times use commercially reasonable efforts to cause its Property to be maintained, preserved and kept in good repair, working order and condition, and all needed and proper repairs, renewals and replacements thereof to be made; provided, however, that, nothing contained in this paragraph shall be construed to (i) prevent it from ceasing to operate any portion of its Property, if in its judgment (evidenced in the case of such a cessation by an Officer's Certificate) it is advisable not to operate the same, or if it intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such sale or other disposition, or (ii) obligate it to retain, preserve, repair, renew or replace any Property, leases, rights, privileges or licenses no longer used or, in the judgment of its Governing Body, useful in the conduct of its business.

(iii) 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 Institution 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.

(iv) 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; provided, further, that, if by nonpayment of any such sums, the security for the Bonds will be impaired or any material Property of the Institution will be subject to imminent loss or forfeiture, then such sums shall be paid immediately.

(v) 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; provided that, if by non-payment of any such sums, the security for the Bonds will be impaired or any material Property of the Institution will be subject to imminent loss or forfeiture, then such sums shall be paid immediately.

(vi) 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 its facilities, conduct of its operations and performance of its obligations hereunder.

(vii) So long as the Loan 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.

(viii) At all times to comply with all terms, covenants and provisions of any Liens at such time existing upon its Property or any part thereof or securing any of its Indebtedness.

Limitations on Indebtedness. The Institution covenants and agrees that it will not incur any Additional Indebtedness if, after giving effect to all other Indebtedness incurred by the Institution, such Indebtedness could not be incurred pursuant to any one of paragraph (a) through (g), inclusive, of this heading. Any Indebtedness may be incurred only in the manner and pursuant to the terms set forth in such paragraphs. The Institution further covenants and agrees that it will not incur any Additional Indebtedness (including Additional Bonds) other than refunding Indebtedness incurred in compliance with this heading, unless it delivers an Officer's Certificate to the Trustee prior to the incurrence of such Additional Indebtedness certifying that following the incurrence of such Additional Indebtedness, there shall be no default or Event of Default under the Loan Agreement or any other Project Document.

(a) Long-Term Indebtedness may be incurred if, prior to incurrence of the Long-Term Indebtedness, there is delivered to the Trustee:

(i) An Officer's Certificate certifying that the Long-Term Debt Service Coverage Ratio for each of the immediately preceding two (2) Fiscal Years for which there are Audited Financial Statements of the Institution available (the "**Test Period**"), and also taking into account for the most recent Fiscal Year of the Test Period (y) all Long-Term Indebtedness incurred after the end of such most recent Fiscal Year comprising the Test Period, and (z) the proposed Long-Term Indebtedness, is not less than 1.25, and further giving effect to the refunding of any Indebtedness with the proposed issuance of the Long-Term Indebtedness; or

(ii) (A) an Officer's Certificate demonstrating that the Long-Term Debt Service Coverage Ratio for the Test Period, including in the most recent Fiscal Year of the Test Period any Long-Term Indebtedness incurred after the end of such Fiscal Year but excluding the proposed Long-Term Indebtedness, is at least 1.25, and (B) an Officer's Certificate demonstrating that the forecasted Long-Term Debt Service Coverage Ratio is not less than 1.25 for each of the two (2) full Fiscal Years succeeding the date on which the Indebtedness is incurred, as shown by forecasted financial statements for the Institution for each such period, accompanied by a statement of the relevant assumptions upon which such forecasted financial statements for the Institution are based; provided, however, that if the report of a Consultant states that Governmental Restrictions have been imposed which make it impossible for the coverage requirements of this subsection to be met, then such coverage requirements shall be reduced to the maximum coverage permitted by such Governmental Restrictions but in no event less than 1.00.

(b) Long-Term Indebtedness incurred for the purpose of refunding any Outstanding Long-Term Indebtedness may be incurred if, prior to the incurrence of such Long-Term Indebtedness, there is delivered to the Trustee an Officer's Certificate demonstrating that after giving effect to the disposition of the proceeds thereof, the Long-Term Debt Service Coverage Ratio would not have been less than 1.25 for the prior Test Period on a pro forma basis.

(c) Short-Term Indebtedness may be incurred in the ordinary course of business subject to the limitation set forth in the definition of Maximum Permitted Shared Lien Indebtedness. For purposes of this paragraph, Short-Term Indebtedness shall include any Guaranty of Short-Term Indebtedness.

(d) Non-Recourse Indebtedness may be incurred without limit, provided such Non-Recourse Indebtedness is limited in Lien to the property which is the subject of the financing and limited in dollar amount to the amount of such financing.

(e) Indebtedness may be incurred in an amount limited to the cost of completion for the purpose of financing the completion of the acquisition or construction of a Capital Addition with respect to which Indebtedness has theretofore been incurred, provided there shall be delivered to the Trustee an Officer's Certificate to the effect that (i) the Institution did reasonably expect at the time the initial Indebtedness was incurred that the proceeds of such Indebtedness, together with other available funds, would be sufficient to complete the Capital Addition, and (ii) such additional Indebtedness is expected to be sufficient to complete the Capital Addition.

(f) The incurrence of the payment or reimbursement obligations with respect to Regulatory Collateral shall not constitute Indebtedness and may be incurred without limitation.

(g) Indebtedness containing a "put" or "tender" provision pursuant to which the holder of such Indebtedness may require that such Indebtedness be purchased prior to its maturity shall not be considered Balloon Long-Term Indebtedness, solely by reason of such "put" or "tender" provision, and the put or tender provision shall not be taken into account in testing compliance with any debt incurrence test pursuant to this heading.

Debt Service Coverage Ratio. The Institution covenants to maintain a Debt Service Coverage Ratio of the Institution based on the Audited Financial Statements of the Institution, commencing with the Fiscal Year ending June 30, 2024, and calculated at the end of each such Fiscal Year, of not less than 1.20; provided, however, that in any case where Long-Term Indebtedness has been incurred to acquire or construct capital improvements, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account in making the foregoing calculation until the first Fiscal Year commencing after the occupation or utilization of such capital improvements unless the Long-Term Debt Service Requirement with respect thereto is required to be paid from sources other than the proceeds of such Long-Term Indebtedness prior to such first Fiscal Year.

If, based upon the Audited Financial Statements of the Institution commencing with the Audited Financial Statement for the Fiscal Year ending June 30, 2024, at any time the Debt Service Coverage Ratio set forth in the first sentence of this heading is less than 1.20, (i) the Institution shall immediately deliver written notice of such fact to the Trustee, (ii) the Trustee shall

provide notice of same to the Holders, and (iii) the Majority Holders shall have the right to select the Consultant. If the Majority Holders do not exercise such right within forty-five (45) days of receipt of such notice, then, the Institution covenants to retain the Consultant within thirty (30) days thereafter. The Consultant shall be engaged to make a report and recommendations with respect to the operations, policies, tuition, fees and charges of the Institution to bring the Debt Service Coverage Ratio into compliance with the provisions of the Loan Agreement, as applicable, in the following Fiscal Year or, if in the opinion of the Consultant the attainment of such ratio is impracticable, to the highest level attainable. Any Consultant so retained shall be required to submit such recommendations within ninety (90) days after being so retained. The Institution agrees that it will, to the extent such recommendations do not violate Governmental Restrictions, follow the recommendations of the Consultant. So long as a Consultant shall be retained and the Institution shall follow such Consultant's recommendations to the extent such recommendations do not violate Governmental Restrictions, this coverage covenant shall be deemed to have been complied with even if non-compliance continues for the following Fiscal Year. The Institution shall not be considered to be in default under this covenant by reason of not meeting the Debt Service Coverage Ratio set forth in the first sentence of this heading for any Fiscal Year commencing with the Fiscal Year ending June 30, 2024, for so long as (y) the Long-Term Debt Service Coverage Ratio, as measured by the first sentence of this heading, is at least 1.00 as of the end of any such Fiscal Year, and (z) the Institution shall be continuing to employ, and following the recommendations of, the Consultant.

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 under the Loan Agreement with respect to the Bonds which results in an Event of Default under the Indenture;

(b) Failure of the Institution to pay any amount (except as set forth in paragraph (a) above) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under those headings under the Loan Agreement relating to Recapture of Benefits, Insurance, Indemnity, Compensation of the Issuer and the Trustee, Assignment of Loan Agreement or Lease of Facility, Discharge of Liens, No Further Encumbrances, Taxes, Assessments and Charges, Compliance with Legal Requirements, Restrictions on Dissolution and Merger, Preservation of Exempt Status, Securities Law Status, Reporting Information for the Trustee, Project Building Lease, Limitations on Indebtedness, Debt Service Coverage Ratio, Agreement to Pay Fees and Expenses of Attorneys and Other Consultants, Determination of Taxability, Mandatory Redemption of Bonds as Directed by the Issuer or as a Result of the Termination of the Project Building Lease or Damage, Destruction or Condemnation 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 paragraphs (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 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 under the heading above entitled “*Restrictions on Dissolution and Merger*”;

(f) Any representation or warranty made by the Institution (i) in the application and related materials submitted to the Issuer or the initial purchaser(s) of the Bonds for approval of the Project or its financing, or (ii) in the Loan Agreement or in any other Project Document, or (iii) in the Letter of Representation and Indemnity Agreement, 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 occurrence and continuance of an Event of Default under the Project Building Lease;

(h) The commencement of proceedings to appoint a receiver or to foreclose any mortgage Lien on or security interest in the Leased Premises, including the Mortgage;

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

(j) The occurrence of an LW Event of Default; or

(k) The failure of the Institution to pay the amount required of it to replenish amounts drawn from either the Debt Service Reserve Fund (Tax-Exempt) or the Debt Service Reserve Fund (Taxable).

Remedies on Default. Whenever any Event of Default referred to above shall have occurred and be continuing, the Issuer, or the Trustee where so provided, may, take any one or more of the following remedial steps:

(i) The Trustee, as and to the extent provided in the Indenture, may cause all principal installments of loan payments payable under the Loan Agreement 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 and continuance of an Event of Default under paragraph (d) or (e) above, all principal installments of loan payments payable under the Loan Agreement until the Bonds are no longer Outstanding, together with the accrued interest thereon, shall immediately become due and payable without any declaration, notice or other action of the Issuer, the Trustee, the Holders of the Bonds or any other Person being a condition to such acceleration;

(ii) The Issuer or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the loan payments then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Institution under the Loan Agreement; and

(iii) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder.

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 either or both of 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.

No action taken pursuant to this heading or by operation of law or otherwise shall, except as expressly provided herein, relieve the Institution from its obligations under the Loan Agreement, all of which shall survive any such action.

Bankruptcy Proceedings. In case proceedings shall be pending for the bankruptcy or for the reorganization of the Institution under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee (other than the Trustee under the Indenture) shall have been appointed for the property of the Institution or in the case of any other similar judicial proceedings relative to the Institution or the creditors or property of the Institution, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to the Loan Agreement and the Promissory Notes, irrespective of whether the principal of the Bonds (and the loan payments payable pursuant to the Promissory Notes and the Loan Agreement) shall have been accelerated by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand for payment 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.

Remedies Cumulative. The rights and remedies of the Issuer or the Trustee under the Loan Agreement shall be cumulative and shall not exclude any other rights and remedies of the Issuer or the Trustee allowed by law with respect to any default under the Loan Agreement. Failure by the Issuer or the Trustee to insist upon the strict performance of any of the covenants and agreements set forth in the Loan Agreement or to exercise any rights or remedies upon default by the Institution under the Loan Agreement shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy the strict compliance by the Institution with all of the covenants and conditions of the Loan Agreement, or of the rights to exercise any such rights or remedies, if such default by the Institution be continued or repeated.

No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in the Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Loan Agreement. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Issuer and/or the Trustee and/or the Institution or any delay or omission on the part of the Issuer and/or the Trustee in exercising any rights under the Loan Agreement or under the Indenture or under any other Security Document shall operate as a waiver. To the extent permitted by applicable law, the Institution waives the benefit and advantage of, and covenants not to assert against the Issuer or the Trustee, any valuation, inquisition, stay, appraisal, extension or redemption laws now existing or which may hereafter exist.

Effect on Discontinuance of Proceedings. In case any proceeding taken by the Issuer or the Trustee under the Indenture or the Loan Agreement or under any other Security Document on account of any Event of Default thereunder shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Issuer or the Trustee,

then, and in every such case, the Issuer, the Trustee and the Holders of the Bonds shall be restored, respectively, to their former positions and rights thereunder, and all rights, remedies, powers and duties of the Issuer and the Trustee shall continue as in effect prior to the commencement of such proceedings.

Agreement to Pay Fees and Expenses of Attorneys and Other Consultants. In the event the Institution should default under any of the provisions of the Loan Agreement, and the Issuer or the Trustee should employ outside attorneys or other consultants or incur other expenses for the collection of loan payments or other amounts payable under the Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Institution contained in the Loan Agreement 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.

Certain Continuing Representations. If at any time during the term of the Loan 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 the Loan 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 .

Issuer Approval of Certain Nonforeclosure Remedies. Notwithstanding any provision of the Loan Agreement or under any other Security Document, no remedy or other action (whether exercised by the Trustee, the Majority Holders or the Holders of the Bonds) shall have the effect of (x) continuing the exemption from the mortgage recording tax of the Mortgage or the Assignment of Leases and Rents upon the substitution of other indebtedness to be secured by the Mortgage or the Assignment of Leases and Rents (a “**Mortgage Restructuring**”), (y) amending or terminating any Mortgage (a “**Mortgage Action**”), or (z) substituting for the Institution a new Entity to either be a counterparty to the Issuer under the Loan Agreement or as a user or lessee of all or a portion of the Facility (a “**Substitution Action**”), unless, (i) in the case of clause (x) or (z) described herein, a reasonable description of such Mortgage Restructuring and/or Substitution Action shall have been set forth in a writing delivered to the Issuer by the Institution, together with a request for approval and the Mortgage Restructuring and/or Substitution Action shall be approved in writing by the Issuer, such approval not to be unreasonably withheld or delayed (and which approval may, in the sole discretion of the Issuer, be subject to action by the Issuer’s Board of Directors); (ii) in the case of clause (y) as described herein, the Issuer is provided with thirty (30) days’ advance written notice by the Institution prior to the effective date of such Mortgage Action, and (iii) in each case, there shall be delivered by the Institution to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel, if required, to the effect that such Mortgage Restructuring, Mortgage Action and/or Substitution Action shall not cause the interest on any Outstanding Tax-Exempt Bonds to become subject to federal income taxation by reason of any such Mortgage Restructuring, Mortgage Action and/or Substitution Action. For the avoidance of doubt, no Issuer consent is required for (i) the entry into a forbearance agreement by the Trustee,

(ii) the exercise by the Trustee of any remedies under, or enforcement of, the Mortgage, including the commencement of a foreclosure action, (iii) the granting of a waiver of a default or Event of Default to the extent permitted under the Loan Agreement or the Mortgage, by the Trustee, or (iv) the appointment of a receiver for the Institution or for any collateral securing the Bonds.

Termination of the Loan Agreement. After full payment of the Bonds or provision for the payment in full thereof having been made in accordance with the Indenture, but not later than the receipt by the Institution of ten (10) days prior written notice from the Issuer directing termination of the Loan Agreement, the Institution shall terminate the Loan Agreement by giving the Issuer notice in writing of such termination and thereupon such termination shall forthwith become effective, subject, however, to the delivery of specified documents and the survival of certain obligations of the Institution.

Survival of Obligations of the Institution. Upon the termination of the Loan Agreement, all obligations of the Institution hereunder shall be terminated except certain specified obligations of the Institution shall survive such termination.

Issuance of Additional Bonds. If a Series of Additional Bonds is to be issued pursuant to the Indenture, the Issuer and the Institution shall enter into an amendment to the Loan Agreement, and the Institution shall execute and deliver new Promissory Notes, in each case providing, among other things, for the payment by the Institution of such additional loan payments as are necessary in order to amortize in full the principal of and interest on such Series of Additional Bonds and any other costs in connection therewith. Any such completion, repair, relocation, replacement, rebuilding, restoration, additions, extensions or improvements shall become a part of the Facility and shall be included under the Loan Agreement to the same extent as if originally included thereunder.

Determination of Taxability. Not later than one hundred eighty (180) 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 (Tax-Exempt) and available for such purpose, to retire and redeem all Tax-Exempt Bonds then Outstanding, in accordance with the Indenture. The Tax-Exempt Bonds shall be redeemed in whole unless redemption of a portion of the Tax-Exempt Bonds Outstanding would have the result that interest payable on the Tax-Exempt Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Tax-Exempt Bond. In such event, the Tax-Exempt Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

Mandatory Redemption of Bonds as Directed by the Issuer or as a Result of the Termination of the Project Building Lease. Upon the determination by the Issuer that (i) the Institution is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project Operations in accordance with the Loan Agreement and the failure of the Institution within thirty (30) days of the receipt by the Institution of written notice of such noncompliance from the Issuer to cure such noncompliance together with a copy of such resolution (a copy of which notice shall be sent to the Trustee), (ii) the Institution, any Principal of the Institution or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Institution has committed a material violation of a material

Legal Requirement and the failure of the Institution within thirty (30) days of the receipt by the Institution of written notice of such determination from the Issuer to cure such material violation (which cure, in the case of a Principal who shall have committed the material violation of a material Legal Requirement, may be effected by the removal of such Principal), (iii) 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 in accordance with the Indenture. 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.

(h) In the event the Institution fails to obtain or maintain the liability insurance with respect to the Facility required under the Loan Agreement, and the Institution shall fail to cure such circumstance within ten (10) days of the receipt by the Institution of written notice of such noncompliance from the Issuer and a demand by the Issuer on the Institution to cure such noncompliance, upon notice or waiver of notice as provided in the Indenture, the Institution shall pay to the Trustee advance loan payments in immediately available funds in an amount sufficient to redeem the Bonds Outstanding in whole at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Bonds, together with interest accrued thereon to the date of redemption, in accordance with the Indenture.

(i) In the event the Project Building Lease shall terminate or the Institution shall no longer have a leasehold estate and legal right to occupy the Leased Premises, with the effect of the Institution no longer having a leasehold interest in the Leased Premises, the Institution shall deliver immediately to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating such occurrence, and shall cause the redemption of all of the Outstanding Bonds pursuant to the Indenture.

Mandatory Redemption As a Result of Project Gifts or Grants. If, prior to completion of the construction of a component of the Project, the Institution receives any gift or grant required by the terms thereof to be used to pay any item which is a cost of such component of the Project, the Institution shall apply such gift or grant to completion of the construction of such component of the Project. In the event that the amount of such gift or grant is in excess of the amount necessary to complete such component of the Project, and if proceeds of the Tax-Exempt Bonds (i) have been expended on such component of the Project more than eighteen (18) months prior to the receipt of such gift or grant, or (ii) (A) have been expended on such component of the Project not more than eighteen (18) months prior to the receipt of such gift or grant and (B) the aggregate amount of Project Costs (Tax-Exempt) not otherwise provided for is less than the amount of Tax-Exempt Bond proceeds expended on such component of the Project, the Institution shall cause the Trustee to effect a redemption of Tax-Exempt Bonds in a principal amount equal to such excess (together with accrued interest to the Redemption Date) only to the

extent to which proceeds of the Tax-Exempt Bonds were expended for such component in accordance with the Indenture.

If, after completion of the construction of a component of the Project, the Institution receives any gift or grant which prior to such completion it reasonably expected to receive and which is required by the terms thereof to be used to pay any item which is a cost of such component of the Project, and if proceeds of the Tax-Exempt Bonds (i) have been expended on such component of the Project more than eighteen (18) months prior to the earlier of the date on which Tax-Exempt Bond proceeds were expended thereon or the placed in service date of such component, or (ii) (A) have been expended on such component of the Project not more than eighteen (18) months prior to the earlier of the date on which Tax-Exempt Bond proceeds were expended thereon or the placed in service date of such component and (B) the aggregate amount of Project Costs (Tax-Exempt) not otherwise provided for is less than the amount of Tax-Exempt Bond proceeds expended on such component of the Project, the Institution shall, to the extent not inconsistent with the terms of such gift or grant, deposit an amount equal to such gift or grant with the Trustee for deposit into the Redemption Account of the Bond Fund (Tax-Exempt) and cause the Trustee to effect a redemption of the Tax-Exempt Bonds in a principal amount (together with accrued interest to the Redemption Date) equal to such gift or grant in accordance with the Indenture, but only to the extent to which proceeds of Tax-Exempt Bonds were expended for such component.

The Institution shall, prior to directing the redemption of any Tax-Exempt Bonds in accordance with this Section 11.4, consult with Nationally Recognized Bond Counsel for advice as to a manner of selection of Tax-Exempt Bonds for redemption that will not affect the exclusion of interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income tax purposes.

Right to Cure Issuer Defaults. The Issuer grants the Institution full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged to constitute a default in any notice received by the Institution, in the name and stead of the Issuer, with full power of substitution.

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

Investment of Funds. Any moneys held as part of the Rebate Fund, the Earnings Fund, the Project Fund (Tax-Exempt), the Project Fund (Taxable), the Bond Fund (Tax-Exempt), the Bond Fund (Taxable), the Debt Service Reserve Fund (Tax-Exempt) or the Debt Service Reserve Fund (Taxable) or in any special fund provided for in the Loan Agreement or in the Indenture to be invested in the same manner as in any said Fund shall, at the written request of an Authorized Representative of the Institution, be invested and reinvested by the Trustee as provided in the Indenture (but subject to the provisions of the Tax Regulatory Agreement). None of the Issuer, the Trustee or 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.

Force Majeure. In case by reason of *force majeure* either the Issuer or the Institution shall be rendered unable wholly or in part to carry out its obligations under the Loan Agreement, then except as otherwise expressly provided in the Loan Agreement, if the Issuer or the Institution, as applicable, 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 of the Loan Agreement, or (ii) the obligations of the Institution to comply with those provisions of the Loan Agreement relating to the recapture of Benefits, insurance and indemnity), 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. However, in no event shall the financial condition of the Institution, 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.

Amendments. The Loan Agreement may be amended only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture, except in connection with any amendment relating to the recapture of Benefits, and only by a written instrument executed by the parties thereto.

Recourse Under The Loan Agreement. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Loan Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer, and not of any member, director, officer, employee or agent of the Issuer or any natural person executing the Loan Agreement on behalf of the Issuer in such person’s individual capacity, and no recourse shall be

had for any reason whatsoever under the Loan Agreement against any member, director, officer, employee or agent of the Issuer or any natural person executing the Loan Agreement on behalf of the Issuer. No recourse shall be had for the payment of the principal of, redemption premium, if any, Sinking Fund Installments for, Purchase Price or interest on the Bonds or for any claim based thereon or thereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. In addition, in the performance of the agreements of the Issuer contained in the Loan Agreement, any obligation the Issuer may incur for the payment of money shall not subject the Issuer to any pecuniary or other liability or create a debt of the State or the City, and neither the State nor the City shall be liable on any obligation so incurred and any such obligation shall be payable solely out of amounts payable to the Issuer by the Institution under the Loan Agreement and under the Promissory Notes.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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

Defaulted Interest. Interest on any Initial Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Initial Bond on the relevant Record Date and shall be payable to the owner in whose name such Initial Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. It is provided in the Loan Agreement that the Institution shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment. Money deposited with the Trustee on account of Defaulted Interest shall be held in trust for the benefit of the owners of the Initial Bonds entitled to such Defaulted Interest as provided in this paragraph. 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.

Additional Bonds. So long as the Project Building Lease, the Promissory Notes, the Loan Agreement and the other Security Documents are each in effect, and no Event of Default has then occurred and is continuing, one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of (i) completing the Project, (ii) providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (iii) providing extensions, additions or improvements to the Facility, the purpose of which shall be for the Approved Project Operations, or (iv) refunding Outstanding Bonds. Such Additional Bonds shall be payable from the loan payments, receipts and revenues of the Facility including such extensions, additions and improvements thereto. Prior to the issuance of a Series of Additional Bonds and the execution of a Supplemental Indenture in connection therewith, the Issuer and the Institution shall enter into an amendment to the Loan Agreement, and the Institution shall execute a new Promissory Note, which shall provide, among other things, that the loan payments payable by the Institution under the Loan Agreement and the aggregate amount to be paid under all Promissory Notes shall be increased and computed so as to amortize in full the principal of and interest on

such Additional Bonds (and on any other Outstanding 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.

Each such Series of Additional Bonds shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of such Series of Additional Bonds, they shall be made available by the Trustee for pick-up by the order of the purchaser or purchasers thereof, but only upon receipt by the Trustee of:

(1) a copy of the resolution, duly certified by the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel of the Issuer, authorizing, issuing and awarding the Series of Additional Bonds to the purchaser or purchasers thereof and providing the terms thereof and authorizing the execution of any Supplemental Indenture and any amendments of or supplements to the Loan Agreement and any other Security Document to which the Issuer shall be a party;

(2) original executed counterparts of the Supplemental Indenture and an amendment of or supplement to the Loan Agreement expressly providing that, to the extent applicable, for all purposes of the Supplemental Indenture, the Promissory Notes, the Loan Agreement, the Pledge and Security Agreement, the Mortgage and the Assignment of Leases and Rents, the Facility referred to therein and the premises related or subject thereto shall include the buildings, structures, improvements, machinery, equipment or other facilities being financed, and the Bonds referred to therein shall mean and include the Series of Additional Bonds being issued as well as the Initial Bonds and any Series of Additional Bonds theretofore issued;

(3) a written opinion by Nationally Recognized Bond Counsel, to the effect that the issuance of the Series of Additional Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled and that the issuance of the Series of Additional Bonds will not cause the interest on any Series of Tax-Exempt Bonds Outstanding to become includable in gross income for federal income tax purposes;

(4) except in the case of a Series of Refunding Bonds (defined below) refunding all Outstanding Bonds, a certificate of an Authorized Representative of the Institution to the effect that (y) 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, and (z) the Project Building Lease continues in full force and effect without default by the Institution thereunder;

(5) written evidence from each Rating Agency by which any Series of Outstanding Bonds are then rated, if any, to the effect that it has reviewed the documentation pertaining to the issuance of the Series of Additional Bonds, and that the issuance of such Series of Additional Bonds will not result in a withdrawal, a suspension or a reduction of the long and short-term ratings, if applicable, then assigned to any Series of Outstanding Bonds by such Rating Agency;

(6) an original, executed counterpart of the new Promissory Note and the amendment to each Security Document;

(7) a written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and make available for pick-up the Series of Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price therein specified, plus accrued interest, if any;

(8) an amount of money for deposit in the Debt Service Reserve Fund (Tax-Exempt) and/or the Debt Service Reserve Fund (Taxable) such that the aggregate amount on deposit in such Fund(s) shall be at least equal to the applicable Debt Service Reserve Fund Requirement after giving effect to the issuance of such Series of Additional Bonds; and

(9) evidence satisfactory to the Trustee that the Additional Indebtedness of the Institution incurred in connection with the issuance of the Additional Bonds complies with the incurrence of Additional Indebtedness requirements of the Loan Agreement.

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 the Indenture and of the resolution authorizing said Series of Refunding Bonds. In the case of the refunding of less than all Bonds Outstanding of any Series or of any maturity within such Series, the Trustee shall proceed to select such Bonds in accordance with the applicable provisions of the Indenture.

A Series of Refunding Bonds may be authenticated and made available for pick-up only upon receipt by the Trustee (in addition to the receipt by it of the documents otherwise required above for the issuance of a Series of Additional Bonds) of:

(1) Irrevocable instructions from the Issuer to the Trustee, satisfactory to it, to give due notice of redemption pursuant to the Indenture to the Holders of all the Outstanding Bonds to be refunded prior to maturity on the Redemption Date specified in such instructions; and

(2) Either:

(i) moneys in an amount sufficient to effect payment at maturity or upon redemption at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or Redemption Date, which moneys shall be held by the Trustee or any Paying Agent in a separate account irrevocably in trust for and assigned to the respective Holders of the Outstanding Bonds being refunded, or

(ii) Defeasance Obligations in such principal amounts, having such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the defeasance provisions of the Indenture, and any moneys required pursuant to such defeasance provisions (with respect to all Outstanding Bonds or any part of one or more Series of Outstanding Bonds being refunded), which Defeasance Obligations and moneys shall be held in trust and used only as provided in the Indenture.

(3) The Institution shall furnish to the Trustee and the Issuer at the time of delivery of the Series of Refunding Bonds a certificate of an Independent Accountant stating that the Trustee and/or the Paying Agent (and/or any escrow agent as shall be appointed in connection therewith) hold in trust the moneys or such Defeasance Obligations and moneys required to effect such payment at maturity or earlier redemption.

Each Series of Additional Bonds issued pursuant to the Indenture shall be equally and ratably secured under the Indenture with the Initial Bonds and all other Series of Additional Bonds, if any, issued under the Indenture, without preference, priority or distinction of any Bond over any other Bonds except as expressly provided in or permitted by the Indenture (including, without limitation, the exception that the Project Fund (Taxable), the Debt Service Reserve Fund (Taxable) and the Bond Fund (Taxable) shall only secure the Taxable Bonds, and the Project Fund (Tax-Exempt), the Debt Service Reserve Fund (Tax-Exempt), the Earnings Fund and the Bond Fund (Tax-Exempt) shall only secure the Tax-Exempt Bonds).

No Series of Additional Bonds shall be issued unless the Project Building Lease, the Promissory Notes, the Loan Agreement, the Mortgage and the other Security Documents are in effect and, at the time of issuance, there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default.

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

Payments Due on Saturdays, Sundays and Holidays. In any case where any payment date of principal, Purchase Price, Sinking Fund Installment and/or interest on the Bonds, or the Redemption Date of any Bonds, shall be a day other than a Business Day, then payment of such principal, Purchase Price, Sinking Fund Installment and/or interest or the Redemption Price, if applicable, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the principal, Purchase Price, Sinking Fund Installment and/or Interest Payment Date or the Redemption Date, as the case may be, except that interest shall continue to accrue on any unpaid principal.

Creation of Funds and Accounts. The Issuer establishes and creates under the Indenture the following special trust Funds, and Accounts comprising such Funds:

- (1) Project Fund (Tax-Exempt)
 - (a) Cost of Issuance Account
 - (b) Capitalized Interest Account
 - (c) Construction Account
- (2) Project Fund (Taxable)
 - (a) Cost of Issuance Account
 - (b) Capitalized Interest Account
 - (c) Construction Account
- (3) Bond Fund (Tax-Exempt)
 - (a) Principal Account
 - (b) Interest Account
 - (c) Redemption Account
 - (d) Sinking Fund Installment Account
- (4) Bond Fund (Taxable)
 - (a) Principal Account
 - (b) Interest Account
 - (c) Redemption Account
 - (d) Sinking Fund Installment Account
- (5) Earnings Fund
- (6) Rebate Fund
- (7) Debt Service Reserve Fund (Tax-Exempt)
- (8) Debt Service Reserve Fund (Taxable)

All of the Funds and Accounts created under the Indenture are to shall be held by the Trustee. All moneys required to be deposited with or paid to the Trustee for the credit of any

Fund or Account under any provision of the Indenture and all investments made therewith shall be held by the Trustee in trust and applied only in accordance with the provisions of the Indenture, and while held by the Trustee shall constitute part of the Trust Estate (subject to the granting clauses of the Indenture), other than the Rebate Fund, and be subject to the Lien of the Indenture.

Project Fund. There shall be deposited in the applicable Account of the related Project Fund, so indicated, any and all amounts required to be deposited therein pursuant to the Loan Agreement or the Indenture. The Trustee shall apply the amounts on deposit in the Project Fund (Tax-Exempt) 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 (Tax-Exempt) (including interest on the Series 2021A Bonds during the period of Project construction and renovation) as provided in the Indenture. The Trustee shall apply the amounts on deposit in the Project Fund (Taxable) 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 (Taxable) (including interest on the Series 2021B Bonds during the period of Project construction and renovation) as provided in the Indenture.

The Trustee shall apply the amounts in the Capitalized Interest Account of the Project Fund (Tax-Exempt) for the payment of interest on the Tax-Exempt Bonds as the same shall become due until the earlier of the completion of the Project (as evidenced in accordance with the applicable provisions of the Loan Agreement; such date of completion being referred to as the “**Project Completion Date**”), or the exhaustion of amounts in such Account (the “**Capitalized Interest Period**”). On the Business Day preceding each Loan Payment Date during the Capitalized Interest Period, the Trustee shall transfer an amount from the Capitalized Interest Account of the Project Fund (Tax-Exempt) to the Interest Account of the Bond Fund (Tax-Exempt) equal to that portion of each Loan payment allocable to interest as provided in the Loan Agreement. Upon the Project Completion Date, the Trustee shall transfer any balance remaining in the Capitalized Interest Account of the Project Fund (Tax-Exempt), first, to the Interest Account of the Bond Fund (Tax-Exempt) in an amount sufficient to pay (after taking into account any amounts on deposit in the Interest Account of the Bond Fund (Tax-Exempt)) unpaid interest on the Tax-Exempt Bonds through and including December 31, 2023, and, second, the balance to the Construction Account of the Project Fund (Tax-Exempt) to pay any remaining Project Costs (Tax-Exempt).

The Trustee shall apply the amounts in the Capitalized Interest Account of the Project Fund (Taxable) for the payment of interest on the Taxable Bonds as the same shall become due during the Capitalized Interest Period. On the Business Day preceding each Loan Payment Date during the Capitalized Interest Period, the Trustee shall transfer an amount from the Capitalized Interest Account of the Project Fund (Taxable) to the Interest Account of the Bond Fund (Taxable) equal to that portion of each Loan payment allocable to interest as provided in the Loan Agreement. Upon the Project Completion Date, the Trustee shall transfer any balance remaining in the Capitalized Interest Account of the Project Fund (Taxable), first, to the Interest Account of the Bond Fund (Taxable) in an amount equal to three (3) months of interest next payable on the Taxable Bonds after the Project Completion Date, and, second, the balance to the Construction Account of the Project Fund (Taxable) to pay any remaining Project Costs (Taxable).

The Trustee is authorized to disburse from the Cost of Issuance Account of the Project Fund (Tax-Exempt) amounts required to pay (in whole or in part) the Costs of Issuance with respect to the Tax-Exempt Bonds, and is directed to issue its checks (or, at the direction of

the Institution, make wire transfers) for each disbursement from the Cost of Issuance Account of the Project Fund (Tax-Exempt) for such Costs of Issuance, upon a requisition submitted to the Trustee and signed by an Authorized Representative of the Institution. Any amounts remaining in the Cost of Issuance Account of the Project Fund (Tax-Exempt) as of September 1, 2021 shall be transferred by the Trustee to the Construction Account of the Project Fund (Tax-Exempt). The Trustee is further authorized to disburse from the Cost of Issuance Account of the Project Fund (Taxable) amounts required to pay (in whole or in part) the Costs of Issuance with respect to the Initial Bonds, and is directed to issue its checks (or, at the direction of the Institution, make wire transfers) for each disbursement from the Cost of Issuance Account of the Project Fund (Taxable) for such Costs of Issuance, upon a requisition submitted to the Trustee and signed by an Authorized Representative of the Institution. Any amounts remaining in the Cost of Issuance Account of the Project Fund (Taxable) as of September 1, 2021 shall be transferred by the Trustee to the Capitalized Interest Account of the Project Fund (Taxable).

The Trustee is authorized to disburse from the Construction Account of the Project Fund (Tax-Exempt) amounts required to pay (in whole or in part) the Project Costs (Tax-Exempt), and is directed to issue its checks (or, at the direction of the Institution, make wire transfers) for each disbursement from the Construction Account of the Project Fund (Tax-Exempt) for the payment of Project Costs (Tax-Exempt), upon a requisition submitted to the Trustee (with a copy to the Construction Monitor) and signed by an Authorized Representative of the Institution; provided, however, that (A) the Trustee shall not disburse any amounts from the Construction Account of the Project Fund (Tax-Exempt) for the Construction Work in excess of \$8,000,000 in the aggregate unless the Institution shall have delivered to the Trustee and the Construction Monitor an executed copy of the Construction Agreement and the Plans and Specifications and the current Project Cost Budget, (B) the Trustee shall retain ten percent (10%) of the costs of the Construction Agreement until the Institution shall certify to the Trustee and the Construction Monitor to such effect, that at least fifty percent (50%) of the Construction Work is complete, and thereafter five percent (5%) of the cost of the Construction Agreement until the Construction Work is fully completed, in each case as evidenced by a certificate of an Authorized Representative of the Institution delivered to the Trustee and the Construction Monitor to such effect, and (C) in any event, the Trustee shall retain in the Construction Account of the Project Fund (Tax-Exempt) an amount equal to the greater of (a) \$60,000 or (b) the lesser of (i) one percent (1%) of the original principal amount of the Initial Bonds or (ii) \$500,000, until an Authorized Representative of the Institution shall have delivered the completion certificate and other documents required by the Loan Agreement.

The Trustee is further authorized to disburse from the Construction Account of the Project Fund (Taxable) amounts required to pay (in whole or in part) the Project Costs (Taxable), and is directed to issue its checks (or, at the direction of the Institution, make wire transfers) for each disbursement from the Construction Account of the Project Fund (Taxable) for the payment of Project Costs (Taxable), upon a requisition submitted to the Trustee and signed by an Authorized Representative of the Institution.

In addition to the foregoing, any requisition submitted to the Trustee for costs of construction, improving and/or renovating the Leased Premises shall be accompanied by

(i) a notice of title continuation or an endorsement to the title insurance policies theretofore delivered pursuant to Section 3.7 of the Loan Agreement, indicating that since the last preceding disbursement of any amounts held in either Construction Account of a 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; and

(ii) if submitted after the disbursement of the first \$8,000,000 in the aggregate from the Construction Account of the Project Fund (Tax-Exempt), a certificate of the Construction Monitor to the effect that the item of cost being requisitioned is consistent in all material respects with the Construction Agreement, the Plans and Specifications, the Project Cost Budget, the Loan Agreement, the Project Building Lease and the CapEx Agreement.

The completion of the Project shall be evidenced as set forth in the Loan Agreement including the filing of the certificate of an Authorized Representative of the Institution referred to therein. Upon the filing of such certificate, the balance in the Project Fund (Tax-Exempt) in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the Project Costs (Tax-Exempt) or transferred to the Interest Account of the Bond Fund (Tax-Exempt) pursuant to the Indenture, shall, 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 (Tax-Exempt). Upon payment of all the costs and expenses incident to the completion of the Project, any balance of such remaining amount in the Project Fund (Tax-Exempt), together with any amount on deposit in the Earnings Fund derived from transfers made thereto from the Project Fund (Tax-Exempt), shall, after making any such transfer to the Rebate Fund, and after depositing in the Debt Service Reserve Fund (Tax-Exempt) an amount equal to any deficiency therein, be deposited in the Redemption Account of the Bond Fund (Tax-Exempt) to be applied to the redemption of Series 2021A Bonds at the earliest practicable date.

In addition, upon the filing of such Project completion certificate as described above, the balance in the Project Fund (Taxable) in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the Project Costs (Taxable) and transferred to the Interest Account of the Bond Fund (Taxable) pursuant to the Indenture, shall be deposited by the Trustee in the Redemption Account of the Bond Fund (Taxable). Upon payment of all the costs and expenses incident to the completion of the Project, any balance of such remaining amount in the Project Fund (Taxable), shall, after depositing in the Debt Service Reserve Fund (Taxable) an amount equal to any deficiency therein, be deposited in the Redemption Account of the Bond Fund (Taxable) to be applied to the redemption of Series 2021B Bonds at the earliest practicable date.

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 each 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 each Debt Service Reserve Fund shall be deposited in the Redemption Account of the applicable Bond Fund. In the event the unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default hereunder, the balance in each 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 each Debt Service Reserve Fund shall be deposited in the applicable Bond Fund as provided in the heading below entitled "*Application of Revenues and Other Moneys After Default*".

Except as provided in the Indenture, all earnings on amounts held in the Project Fund (Tax-Exempt) shall be transferred by the Trustee and deposited in the Earnings Fund. Any transfers by the Trustee of amounts to the Rebate Fund shall first be drawn by the Trustee from the Earnings Fund prior to drawing any amounts from the Project Fund (Tax-Exempt).

Net Proceeds; Restoration of the Facility. The Net Proceeds resulting from any Loss Event with respect to the Facility, together with any other amounts so required to be deposited therein under the Loan Agreement or the Mortgage, shall be deposited with the Build NYC Debt Depository in accordance with the Depository Agreement (except as otherwise provided in the Mortgage and in the Depository Agreement).

The date of completion of the restoration of the Facility shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Institution stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, furniture, furnishings, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment, reasonably satisfactory to the Trustee, has been made, (iii) that the Facility has been rebuilt, replaced, repaired or restored to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, (iv) that all property constituting part of the Facility is subject to the terms of the Loan Agreement, that all property constituting part of the Leased Premises is subject to the Project Building Lease, and that all property constituting part of the Mortgaged Property is subject to the mortgage Lien and security interest of the Mortgage, subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use and operation for its intended purposes.

Such certificate shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if is a temporary certificate of occupancy, the Institution will proceed with due diligence to obtain a permanent certificate of occupancy), if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by the Loan Agreement; (ii) a certificate of an Authorized Representative of the Institution that all costs of rebuilding, repair, restoration and reconstruction of the Facility have been paid in full, together with releases of mechanics' Liens by all contractors and materialmen who supplied work, labor,

services, materials or supplies in connection with the rebuilding, repair, restoration and reconstruction of the Facility (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence satisfactory to the Trustee that such costs have been appropriately bonded or that the Institution shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company, or other evidence satisfactory to the Trustee, indicating that there has not been filed with respect to the Facility any mechanic's, materialmen's or any other Lien in connection with the rebuilding, replacement, repair and restoration of the Facility and that there exist no encumbrances other than those encumbrances consented to by the Issuer and the Trustee or Permitted Encumbrances.

Any surplus of Restoration Funds transferred by the Build NYC Debt Depository to the Trustee pursuant to the Depository Agreement after the completion of the rebuilding, replacement, repair and restoration of the Facility shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and the Indenture, and after depositing in the applicable Debt Service Reserve Fund (or on a Pro Rata Basis to each Debt Service Reserve Fund in the event of a deficiency in each Fund) an amount equal to any deficiency therein, be transferred by the Trustee on a Pro Rata Basis to the Redemption Account of each Bond Fund.

Payments into Bond Funds. The Trustee shall promptly deposit the following receipts into the Bond Fund (Tax-Exempt):

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

(ii) Amounts disbursed from the Capitalized Interest Account or the Construction Account of the Project Fund (Tax-Exempt) for the payment of interest on the Tax-Exempt Bonds, which shall be credited to the Interest Account of the Bond Fund (Tax-Exempt) and applied to the payment of interest on the Series of Tax-Exempt Bonds;

(iii) Excess or remaining amounts in the Project Fund (Tax-Exempt) required to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and the Indenture, or to the Debt Service Reserve Fund (Tax-Exempt) to the extent of any deficiency therein) (y) in the Redemption Account of the Bond Fund (Tax-Exempt) pursuant to the Indenture, which shall be kept segregated from any other moneys within such Account, or (z) in the Bond Fund (Tax-Exempt) as provided in the heading below entitled "*Application of Revenues and Other Moneys After Default*".

(iv) Loan payments received by the Trustee pursuant to the Loan Agreement, which shall be deposited in and credited, to the extent necessary, first to the Interest Account, second to the Principal Account, and third to the Sinking Fund Installment Account of the Bond Fund (Tax-Exempt).

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

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

(vii) Certain excess amounts in the Redemption Account of the Bond Fund (Tax-Exempt), which shall be deposited in and credited to the Interest Account of the Bond Fund (Tax-Exempt).

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

(ix) Amounts required by the Indenture or by the Mortgage to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and the Indenture, and after depositing in the applicable Debt Service Reserve Fund, or on a Pro Rata Basis to each Debt Service Reserve Fund in the event of a deficiency in each Fund, to the extent of any deficiency therein) to the Redemption Account of the Bond Fund (Tax-Exempt).

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

(xi) 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 (Tax-Exempt), which shall be credited (except as provided in the heading below entitled "*Application of Revenues and Other Moneys After Default*") to the Redemption Account of the Bond Fund (Tax-Exempt).

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

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

(ii) Amounts disbursed from the Capitalized Interest Account or the Construction Account of the Project Fund (Taxable) for the payment of interest on the Taxable Bonds, which shall be credited to the Interest Account of the Bond Fund (Taxable) and applied to the payment of interest on the Series of Taxable Bonds.

(iii) Excess or remaining amounts in the Project Fund (Taxable) required to be deposited (subject to any transfer required to be made to the Debt Service Reserve Fund (Taxable) to the extent of any deficiency therein (y) in the Redemption Account of the Bond Fund (Taxable) pursuant to the Indenture), which shall be kept segregated from any other moneys within such Account, or (z) in the Bond Fund (Taxable) as provided in the heading below entitled “*Application of Revenues and Other Moneys After Default*”.

(iv) Loan payments received by the Trustee pursuant to the Loan Agreement, which shall be deposited in and credited, to the extent necessary, first to the Interest Account, second to the Principal Account, and third to the Sinking Fund Installment Account of the Bond Fund (Taxable).

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

(vi) Certain excess amounts in the Redemption Account of the Bond Fund (Taxable), which shall be deposited in and credited to the Interest Account of the Bond Fund (Taxable).

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

(viii) Amounts required by the Indenture or by the Mortgage to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and the Indenture, and after depositing in the applicable Debt Service Reserve Fund, or on a Pro Rata Basis to each Debt Service Reserve Fund in the event of a deficiency in each Fund, to the extent of any deficiency therein) to the Redemption Account of the Bond Fund (Taxable).

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

(x) 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 (Taxable), which shall be credited (except as provided in the heading below entitled “*Application of Revenues and Other Moneys After Default*”) to the Redemption Account of the Bond Fund (Taxable).

Application of Bond Fund Moneys. The Trustee shall on each Interest Payment Date pay or cause to be paid to the respective Paying Agents therefor out of the Interest Account in the Bond Fund (Tax-Exempt) the interest due on the Tax-Exempt Bonds, and further pay out of the Interest Account of the Bond Fund (Tax-Exempt) any amounts required for the payment of

accrued interest upon any purchase or redemption (including any mandatory Sinking Fund Installment redemption) of Tax-Exempt Bonds. Further, the Trustee shall on each Interest Payment Date pay or cause to be paid to the respective Paying Agents therefor out of the Interest Account in the Bond Fund (Taxable) the interest due on the Taxable Bonds, and further pay out of the Interest Account of the Bond Fund (Taxable) any amounts required for the payment of accrued interest upon any purchase or redemption (including any mandatory Sinking Fund Installment redemption) of Taxable Bonds.

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

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

Amounts in the Redemption Account of the Bond Fund (Tax-Exempt) shall be applied, at the written direction of the Institution, as promptly as practicable, to the purchase of Tax-Exempt Bonds at prices not exceeding the Redemption Price thereof applicable on the earliest date upon which the Tax-Exempt Bonds are next subject to optional redemption, plus accrued

interest to the Redemption Date. Any amount in the Redemption Account of the Bond Fund (Tax-Exempt) not so applied to the purchase of Tax-Exempt Bonds by forty-five (45) days prior to the next date on which the Tax-Exempt Bonds are so redeemable shall be applied to the redemption of Tax-Exempt Bonds on such Redemption Date. Any amounts deposited in the Redemption Account of the Bond Fund (Tax-Exempt) and not applied within twelve (12) months of their date of deposit to the purchase or redemption of Tax-Exempt Bonds (except if held in accordance with the defeasance provisions of the Indenture) shall be transferred to the Interest Account of the Bond Fund (Tax-Exempt). Upon the purchase of any Tax-Exempt Bonds out of advance loan payments as provided in this paragraph, or upon the redemption of any Tax-Exempt Bonds, an amount equal to the principal of such Tax-Exempt Bonds so purchased or redeemed shall be credited against the next ensuing and future Sinking Fund Installments for such Tax-Exempt Bonds in chronological order of the due dates of such Sinking Fund Installments until the full principal amount of such Tax-Exempt Bonds so purchased or redeemed shall have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such Sinking Fund Installment of the Tax-Exempt Bonds for the purposes of any calculation thereof under the Indenture. The Tax-Exempt Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in the Indenture. Amounts in the Redemption Account of the Bond Fund (Tax-Exempt) to be applied to the redemption of Tax-Exempt Bonds shall be paid to the respective Paying Agents on or before the Redemption Date and applied by them on such Redemption Date to the payment of the Redemption Price of the Tax-Exempt Bonds being redeemed plus interest on such Tax-Exempt Bonds accrued to the Redemption Date.

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

payment of the Redemption Price of the Taxable Bonds being redeemed plus interest on such Taxable Bonds accrued to the Redemption Date.

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

The Issuer shall receive a credit in respect of Sinking Fund Installments for any Tax-Exempt Bonds which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Issuer or the Institution to the Trustee on or before the forty-fifth (45th) day next preceding any Sinking Fund Installment payment date for such Tax-Exempt Bonds and for any Tax-Exempt Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installment Account of the Bond Fund (Tax-Exempt)) and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment. Each Tax-Exempt Bond so delivered, cancelled or previously purchased or redeemed shall be credited by the Trustee at one hundred per cent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date with respect to Tax-Exempt Bonds of such Series and maturity and the principal amount of such Tax-Exempt Bonds to be redeemed by operation of the Sinking Fund Installment Account of the Bond Fund (Tax-Exempt) on the due date of such Sinking Fund Installment shall be reduced accordingly, and any excess over such principal amount shall be credited on future Sinking Fund Installments in inverse chronological order, and the principal amount of Tax-Exempt Bonds to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

The Issuer shall receive a credit in respect of Sinking Fund Installments for any Taxable Bonds which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Issuer or the Institution to the Trustee on or before the forty-fifth (45th) day next preceding any Sinking Fund Installment payment date for such Taxable Bonds and for any Taxable Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installment Account of the Bond Fund (Taxable)) and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment. Each Taxable Bond so delivered, cancelled or previously purchased or redeemed shall be credited by the Trustee at one hundred per cent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date with respect to Taxable Bonds of such Series and maturity and the principal amount of such Taxable Bonds to be redeemed by operation of the Sinking Fund Installment Account of the Bond Fund (Taxable) on the due date of such Sinking Fund Installment shall be reduced accordingly, and any excess over such principal amount shall be credited on future Sinking Fund Installments in inverse chronological order, and

the principal amount of Taxable Bonds to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

The Institution shall on or before the forty-fifth (45th) day next preceding each Sinking Fund Installment payment date for the Tax-Exempt Bonds furnish the Trustee with the certificate of an Authorized Representative of the Institution indicating whether or not and to what extent the above provisions 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 for the Tax-Exempt Bonds will be paid on or prior to the next succeeding Sinking Fund Installment payment date for the Tax-Exempt Bonds. Further, the Institution shall on or before the forty-fifth (45th) day next preceding each Sinking Fund Installment payment date for the Taxable Bonds 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 for the Taxable Bonds will be paid on or prior to the next succeeding Sinking Fund Installment payment date for the Taxable Bonds.

Moneys in the Redemption Account of the Bond Fund (Tax-Exempt) which are not set aside or deposited for the redemption or purchase of Tax-Exempt Bonds shall be transferred by the Trustee to the Interest Account, to the Principal Account or to the Sinking Fund Installment Account of the Bond Fund (Tax-Exempt), as directed by an Authorized Representative of the Institution. Further, moneys in the Redemption Account of the Bond Fund (Taxable) which are not set aside or deposited for the redemption or purchase of Taxable Bonds shall be transferred by the Trustee to the Interest Account, to the Principal Account or to the Sinking Fund Installment Account of the Bond Fund (Taxable), as directed by an Authorized Representative of the Institution.

Payments into Earnings Fund; Application of Earnings Fund. All investment income or earnings on amounts held in the Project Fund (Tax-Exempt), the Debt Service Reserve Fund (Tax-Exempt) or any other special fund (other than the Rebate Fund, the Project Fund (Taxable), the Debt Service Reserve Fund (Taxable), the Bond Fund (Tax-Exempt) or the Bond Fund (Taxable)) shall be deposited upon receipt by the Trustee into the Earnings Fund. On the first Business Day following each Computation Period (as defined in the Tax Regulatory Agreement), the Trustee shall withdraw from the Earnings Fund and deposit to the Rebate Fund an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of the last day of the Computation Period. In the event of any deficiency, the balance required shall be provided by the Institution pursuant to the Tax Regulatory Agreement. Computations of the amounts on deposit in each Fund and of the Rebate Amount shall be furnished to the Trustee by the Institution in accordance with the Tax Regulatory Agreement. The foregoing notwithstanding, the Trustee shall not be required to transfer amounts from the Earnings Fund to the Rebate Fund (and shall instead apply such amounts in the Earnings Fund as provided in the immediately following sentence), if the Institution shall deliver to the Trustee a certificate of an Authorized Representative of the Institution to the effect that (x) the applicable requirements of a

spending exception to rebate has been satisfied as of the relevant semiannual period as set forth in the Tax Regulatory Agreement, (y) the proceeds of the Tax-Exempt Bonds have been invested in obligations the interest on which is not included in gross income for federal income tax purposes under Section 103 of the Code or (z) the proceeds of the Tax-Exempt Bonds have been invested in obligations the Yield on which (calculated as set forth in the Tax Regulatory Agreement) does not exceed the Yield on such Tax-Exempt Bonds (calculated as set forth in the Tax Regulatory Agreement). Any amounts on deposit in the Earnings Fund following the transfers to the Rebate Fund required by this heading shall be deposited in the Project Fund (Tax-Exempt) until the completion of the Project as provided in the Loan Agreement, and thereafter in the Interest Account of the Bond Fund (Tax-Exempt).

Payments into Rebate Fund; Application of Rebate Fund. The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, Lien or charge in favor of the Trustee, any Bondholder or any other Person. The Trustee, upon the receipt of a certification of the Rebate Amount (as defined in the Tax Regulatory Agreement) from an Authorized Representative of the 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 or the restoration of the Facility pursuant to the Loan Agreement, at any time during a Bond Year, the Trustee shall deposit in the Rebate Fund at that time an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated at the completion of the Project or the restoration of the Facility as aforesaid. The amount deposited in the Rebate Fund pursuant to the previous sentences shall be withdrawn from the Earnings Fund. If the amount on deposit in the Rebate Fund following such deposit is less than the Rebate Amount, the Trustee shall promptly deliver a notice stating the amount of such deficiency to the Institution. It is provided in the Loan Agreement that promptly upon receipt of such notice, the Institution shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund. If within sixty (60) days following any Computation Date, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, shall withdraw such excess amount and deposit it in the Project Fund (Tax-Exempt) until the completion of the Project as provided in the Loan Agreement, or, after the completion of the Project, deposit it in the Interest Account of the Bond Fund (Tax-Exempt).

The Trustee, upon the receipt of written instructions from an Authorized Representative of the 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 Series 2021A Bonds as of the date of such payment and (ii) notwithstanding the defeasance provisions of the Indenture, not later than thirty (30) days after the date on which all Series 2021A Bonds have been paid in full, 100% of the Rebate Amount as of the date of payment.

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

Investment of Funds and Accounts. Amounts in any Fund or Account established under the Indenture may, if and to the extent then permitted by law, be invested only in Qualified Investments provided that any Qualified Investment shall not have a maturity date greater than five (5) years from the date of the making of such investment unless such Qualified Investment may be put at par at any time at the option of the owner thereof, and provided, further, that any investment of amounts held in either Debt Service Reserve Fund shall be limited to Government Obligations. Any investment authorized under the Indenture is subject to the condition that no portion of the proceeds derived from the sale of the Tax-Exempt Bonds shall be used, directly or indirectly, in such manner as to cause any Tax-Exempt Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code. In particular, unexpended Tax-Exempt Bond proceeds transferred from the Project Fund (Tax-Exempt) (or from the Earnings Fund with respect to amounts deposited therein from the Project Fund (Tax-Exempt)) to the Redemption Account of the Bond Fund (Tax-Exempt) pursuant to the Indenture may not be invested at a Yield (as defined in the Tax Regulatory Agreement) which is greater than the Yield on the applicable Series of Tax-Exempt Bonds. Such investments shall be made by the Trustee only at the written request of an Authorized Representative of the 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 under the Indenture 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 (Tax-Exempt) with respect to the investment of amounts held in the Bond Fund (Tax-Exempt), (iii) the Bond Fund (Taxable) with respect to the investment of amounts held in the Bond Fund (Taxable), (iv) the Earnings Fund with respect to the investment of amounts held in the Project Fund (Tax-Exempt) or the Debt Service Reserve Fund (Tax-Exempt), and (v) each other Fund not enumerated in clauses (xi) through (iv) above with respect to the investment of amounts held in any such other Fund.

Upon the written direction of an Authorized Representative of the Institution, the Trustee shall sell at the best price reasonably obtainable, or present for redemption or exchange, any obligations in which moneys shall have been invested to the extent necessary to provide cash in the respective Funds or Accounts, to make any payments required to be made therefrom, or to facilitate the transfers of moneys or securities between various Funds and Accounts as may be required from time to time pursuant to the provisions of the Indenture. Neither the Trustee nor the Issuer shall be liable for any loss arising from, or any depreciation in the value of any obligations in which moneys of the Funds and Accounts shall be invested in accordance with the Indenture. The investments authorized by the Indenture shall at all times be subject to the provisions of applicable law, as amended from time to time.

In computing the amount in any Fund or Account, obligations purchased as an investment of moneys therein shall be valued at fair market value as determined by the Trustee one month prior to each Interest Payment Date. The fair market value of Qualified Investments shall be determined as follows:

(i) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*), the average bid and asked prices for such investments so published on or most recently prior to such time of determination;

(ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*, the average bid price at such nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or as quoted in the Interactive Data Service; and

(iii) as to certificates of deposit and bankers acceptances and other investments, the face amount thereof, plus accrued interest.

If more than one provision of this definition of “fair market value” shall apply at any time to any particular investment, the fair market value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment.

In the case of the Debt Service Reserve Fund (Tax-Exempt) and the Debt Service Reserve Fund (Taxable), a “surplus” means that amount by which the amount on deposit in such Funds in the aggregate is in excess of the Debt Service Reserve Fund Requirement (Tax-Exempt/Taxable), and a “deficiency” means that amount by which the amount on deposit in such Funds in the aggregate is less than the Debt Service Reserve Fund Requirement (Tax-Exempt/Taxable). On each Debt Service Reserve Fund Valuation Date (or the succeeding Business Day if such day is not a Business Day), and upon any withdrawal from the Debt Service Reserve Fund (Tax-Exempt), the Trustee shall determine the amount on deposit in the Debt Service Reserve Fund (Tax-Exempt); provided, that, if there is a deficiency in the Debt Service Reserve Fund (Tax-Exempt) by reason either of a withdrawal therefrom or an investment loss, the Trustee shall determine the value of the amounts on deposit in the Debt Service Reserve Fund (Tax-Exempt) on a monthly basis until such deficiency is cured. If on any such date a deficiency in the Debt Service Reserve Fund 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 the Loan Agreement. The Institution shall, in no more than thirty-six (36) consecutive equal monthly installments, commencing 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 thirty-five (35) succeeding months, pay an amount equal to such deficiency to the Trustee for deposit in the Debt Service Reserve Fund (Tax-Exempt) to equal the Debt Service Reserve Fund Requirement (Tax-Exempt); provided, further, that if any additional decline occurs prior to the restoration of any deficiency, such additional decline shall be restored in equal monthly installments over the remainder of the restoration period for the initial decline. If a surplus in the Debt Service Reserve Fund (Tax-Exempt) 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 Construction Account of the Project Fund (Tax-Exempt) until the completion of the Project as provided in the Loan Agreement, and thereafter shall transfer such amount to the Interest Account of the Bond Fund (Tax-Exempt).

In the case of the Debt Service Reserve Fund (Taxable) and the Debt Service Reserve Fund (Tax-Exempt), a “surplus” means that amount by which the amount on deposit in such Funds in the aggregate is in excess of the Debt Service Reserve Fund Requirement (Tax-Exempt/Taxable), and a “deficiency” means that amount by which the amount on deposit in such Funds in the aggregate is less than the Debt Service Reserve Fund Requirement (Tax-Exempt/Taxable). On each Debt Service Reserve Fund Valuation Date (or the succeeding Business Day if such day is not a Business Day), and upon any withdrawal from the Debt Service Reserve Fund (Taxable), the Trustee shall determine the amount on deposit in the Debt Service Reserve Fund (Taxable); provided, that, if there is a deficiency in the Debt Service Reserve Fund (Taxable) by reason of either a withdrawal therefrom or an investment loss, the Trustee shall determine the value of the amounts on deposit in the Debt Service Reserve Fund (Taxable) on a monthly basis until such deficiency is cured. 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 the Loan Agreement. The Institution shall, in no more than thirty-six (36) consecutive equal monthly installments, commencing 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 thirty-five (35) succeeding months, pay an amount equal to such deficiency to the Trustee for deposit in the Debt Service Reserve Fund (Taxable) to equal the Debt Service Reserve Fund Requirement (Taxable); provided, further, that if any additional decline occurs prior to the restoration of any deficiency, such additional decline shall be restored in equal monthly installments over the remainder of the restoration period for the initial decline. If a surplus in the Debt Service Reserve Fund (Taxable) exists, the Trustee shall notify the Issuer and the Institution thereof and shall, upon written instructions of the Institution, transfer an amount equal to such surplus to the Construction Account of the Project Fund (Taxable) until the completion of the Project as provided in the Loan Agreement, and thereafter shall transfer such amount to the Interest Account of the Bond Fund (Taxable).

If a deficiency exists in each of the Debt Service Reserve Fund (Tax-Exempt) and the Debt Service Reserve Fund (Taxable), and the monthly installment payment received from the Institution shall be less than the aggregate monthly payment required in the Loan Agreement, such payment shall be apportioned between the Debt Service Reserve Fund (Tax-Exempt) and the Debt Service Reserve Fund (Taxable) in proportion to the respective amounts drawn from and due from each such Fund.

Application of Moneys in Certain Funds for Retirement of Bonds.

Notwithstanding any other provisions of the Indenture, if on any Interest Payment Date or Redemption Date the amounts held in the Funds established under the Indenture (other than the Earnings Fund and the Rebate Fund) are sufficient to pay one hundred percent (100%) of the principal or Redemption Price, as the case may be, of all Outstanding Bonds and the interest accruing on such Bonds to the next date on which such Bonds are redeemable or payable, as the case may be, whichever is earlier, the Trustee shall so notify the Issuer and the 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 the Indenture.

Repayment to the Institution from the Funds. After payment in full of the Bonds (in accordance with the defeasance provisions of the Indenture) and the payment of all fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents and all other amounts required to be paid under the Indenture and under each of the other Security Documents, and the payment of any amounts which the Trustee is directed to rebate to the federal government pursuant to the Indenture and the Tax Regulatory Agreement, all amounts remaining in any Fund shall be paid to the Institution upon the expiration or sooner termination of the term of the Loan Agreement as provided in the Loan Agreement.

Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the Redemption Date thereof, or otherwise, and funds sufficient to pay any such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, together with interest to the date on which principal is due, all liability of the Issuer to the Holder thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to pay such funds to the Person entitled thereto or if the Person is not known to the Trustee, to hold such funds, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under the Indenture or on, or with respect to, such Bond. Such amounts so held shall, pending payment to the Holder of such Bond, (y) be subject to any rebate requirement as set forth in the Tax Regulatory Agreement or the Indenture, and (z) shall be uninvested, or, if invested, invested or re-invested only in Government Obligations maturing within thirty (30) days. Funds remaining with the Trustee as above and unclaimed for the earlier of two (2) years or one month less than the applicable statutory escheat period shall be paid to the 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.

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

If on any Interest Payment Date or Redemption Date on the Taxable Bonds, the amount in the Interest Account of the Bond Fund (Taxable) (after taking into account amounts available to be transferred to the Interest Account of the Bond Fund (Taxable) from the Project Fund (Taxable)) shall be less than the amount of interest then due and payable on the Taxable Bonds, or if on any principal payment date on the Taxable Bonds, the amount in the Principal Account of the Bond Fund (Taxable) shall be less than the amount of principal of the Taxable Bonds then due and payable, or if on any Sinking Fund Installment payment date for the Taxable Bonds, the amount in the Sinking Fund Installment Account of the Bond Fund (Taxable) shall be less than the amount of the Sinking Fund Installment then due and payable on the Taxable 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 on account of such interest, principal or Sinking Fund Installment, then, the Trustee forthwith shall transfer moneys from the Debt Service Reserve Fund (Taxable), first, to such Interest Account, second to such Principal Account, and third, to such Sinking Fund Installment Account of the Bond Fund (Taxable), all to the extent necessary to make good any such deficiency.

Notwithstanding the foregoing, (y) amounts on deposit in the Debt Service Reserve Fund (Tax-Exempt) may be applied to pay principal, interest and Sinking Fund Installments due on the Tax-Exempt Bonds during the twelve (12) months immediately preceding and including the final payment at maturity of the Tax-Exempt Bonds, and (z) amounts on deposit in the Debt Service Reserve Fund (Taxable) shall not be applied to pay principal, interest and Sinking Fund Installments on the Taxable Bonds during the twelve (12) months immediately preceding and including the payment at maturity of the Taxable Bonds and, upon the Taxable Bonds no longer remaining outstanding, the amount on deposit in the Debt Service Reserve Fund (Taxable) shall be transferred to, and deposited within, the Debt Service Reserve Fund (Tax-Exempt).

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

Upon any redemption or defeasance of all or any portion of a Series of Tax-Exempt Bonds or a Series of Taxable Bonds, moneys no longer required to remain on deposit in the Debt Service Reserve Fund (Tax-Exempt) in the case of the Tax-Exempt Bonds, or but not in the Debt Service Reserve Fund (Taxable) in the case of the Taxable Bonds), may be used for the purposes of such redemption or defeasance; provided, however, the amount remaining in the Debt Service Reserve Fund (Tax-Exempt) following such use shall not be less than the reduced Debt Service Reserve Fund Requirement (Tax-Exempt/Taxable) as will be applicable to the remainder of such Tax-Exempt Bonds Outstanding. Upon the final maturity of (y) the Tax-Exempt Bonds, the Trustee shall transfer the balance on deposit in the Debt Service Reserve Fund (Tax-Exempt) to the Bond Fund (Tax-Exempt) for payment of the Tax-Exempt Bonds, and (z) the Taxable Bonds, the Trustee shall transfer the balance on deposit in the Debt Service Reserve Fund (Taxable) to the Debt Service Reserve Fund (Tax-Exempt).

The Debt Service Reserve Fund (Tax-Exempt) is exclusively for the benefit of the Holders of Tax-Exempt Bonds and is not available to any Holder of any Taxable Bonds. The Debt Service Reserve Fund (Taxable) is exclusively for the benefit of the Holders of Taxable Bonds and is not available to any Holder of any Tax-Exempt Bonds. No other Person shall have any right, claim or access to either Debt Service Reserve Fund.

Upon the occurrence of an Event of Default under the Indenture and the exercise by the Trustee of remedies in the Loan Agreement and the Indenture, any moneys in each Debt Service Reserve Fund shall be transferred by the Trustee to the applicable Bond Fund and applied in accordance with the heading below entitled "*Application of Revenues and Other Moneys After Default*", notice of which shall be given by the Trustee to the Institution, the Issuer and the Bondholders.

Payment of Redeemed Bonds. Notice of redemption having been given in the manner provided in the Indenture, the Bonds or portions thereof so called for redemption shall become due and payable on the Redemption Dates so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date. If, on the Redemption Date, moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the Redemption Date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date, (i) interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (ii) the Bonds or portions thereof so called for redemption shall cease to be entitled to any lien, benefit or security under the Indenture, and (iii) the Holders of the Bonds or portions thereof so called for redemption shall have no rights in respect thereof, except to receive payment of the Redemption Price together with interest accrued to the Redemption Date. If said moneys shall not be so available on the Redemption Date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption. Payment of the Redemption Price plus interest accrued to the Redemption Date shall be made to or upon the order of the registered owner only upon presentation of such Bonds for cancellation and exchange as provided in the Indenture; provided, however, that any Holder of at least \$1,000,000 in original aggregate principal amount of the Initial Bonds may, by written request to the Trustee no later than five (5) days prior to the Redemption Date, direct that payments of Redemption Price and accrued interest to the Redemption Date be made by wire transfer as soon as practicable after tender of the Bonds in federal funds at such wire transfer address as the owner shall specify to the Trustee in such written request.

Cancellation of Redeemed Bonds. All Bonds redeemed in full under the Indenture shall forthwith be cancelled and returned to the Issuer and no Bonds shall be executed, authenticated or issued under the Indenture in exchange or substitution therefor, or for or in respect of any paid portion of a Bond. If there shall be drawn for redemption less than all of a Bond, 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 the Authorized Denomination.

No Partial Redemption After Default. Anything in the Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default under the Indenture, there shall be no redemption of less than all of the Bonds Outstanding.

Payment of Principal and Interest. The Issuer covenants that it will from the sources contemplated in the Indenture promptly pay or cause to be paid the interest, principal, Purchase Price or Redemption Price of, and Sinking Fund Installments for, the Bonds, together with interest accrued thereon, at the place, on the dates and in the manner provided in the Indenture and in the Bonds according to the true intent and meaning thereof.

Performance of Covenants; Authority. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture 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 by, and to execute, the Indenture, to make the Loan to the Institution pursuant to the Loan Agreement and the Promissory Notes, to assign the Loan Agreement and the Promissory Notes, to execute and deliver the Assignment of Mortgage and the Assignment of ALR, and to pledge the loan payments, revenues and receipts pledged by the Indenture in the manner and to the extent set forth in the Indenture; that all action on its part for the issuance of the Bonds and the execution and delivery of the Indenture has been duly and effectively taken; and that the Bonds in the hands of the Holders thereof are and will be the valid and enforceable special limited revenue obligations of the Issuer according to the import thereof.

Books and Records; Certificate as to Defaults. The Issuer and the Trustee each covenant and agree that, so long as any of the Bonds shall remain Outstanding, proper books of record and account will be kept showing complete and correct entries of all transactions relating to the Project and the Facility, and that the Bondholders shall have the right at all reasonable times to inspect all records, accounts and data relating thereto. Within thirty (30) days after receiving the no-default certificate from the Institution as provided in the Loan Agreement, the Trustee shall render to the Issuer a statement that moneys received by the Trustee pursuant to the Loan Agreement and the Promissory Notes were applied by it to the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds, at the place, on the dates and in the manner provided in the Indenture and that the Trustee has no knowledge of any defaults under the Indenture, the Promissory Notes or the Loan Agreement or any other Security Document or specifying the particulars of such defaults which may exist.

Loan Agreement. 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 granted the right, to the extent provided therefor in the Indenture, 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 upon compliance or noncompliance by the Institution and the Issuer with the provisions of the Loan Agreement relating to the same.

Creation of Liens; Indebtedness. It is the intention of the Issuer and the Trustee that the Mortgage is and will continue to be a mortgage Lien upon the Mortgaged Property (subject only to Permitted Encumbrances). The Issuer shall not create or suffer to be created, or incur or issue any evidences of indebtedness secured by, any Lien or charge upon or pledge of the Trust Estate, except the Lien, charge and pledge created by the Indenture and the other Security Documents.

Ownership; Instruments of Further Assurance. The Trustee on behalf of the Institution, subject to the provisions of the Indenture and only upon the written direction of any Bondholder, shall defend the interest of the Institution in the Project Building Lease, the Facility and the Pledged Collateral and every part of each thereof for the benefit of the Holders of the Bonds, to the extent permitted by law, against the claims and demands of all Persons whomsoever. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the property described in the Indenture and in the remainder of the Trust Estate, subject to the Liens, pledge and security interests of the Indenture and of the other Security Documents and the loan payments, revenues and receipts pledged by the Indenture to the payment of the principal, Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds.

Security Agreement; Filing. The 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 the Indenture, in the rights and other intangible interests described therein, 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, the 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 thereof. 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.

The Issuer and the Trustee 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 above 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.

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 heading, 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. All costs (including reasonable attorneys’ fees and expenses) incurred in

connection with the effecting of the requirements specified in this heading shall be paid by the Institution.

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 Tax-Exempt Bonds to become includable in gross income for federal income tax purposes; provided, however, the breach of this covenant shall not result in any pecuniary liability of the Issuer and the only remedy to which the Issuer shall be subject shall be specific performance.

Events of Default; Acceleration of Due Date. Each of the following events is hereby defined as and shall constitute an “Event of Default”:

(1) Failure in the payment of the interest on any Bond when the same shall become due and payable;

(2) Failure in the payment of the principal, Purchase Price or redemption premium, if any, of, or Sinking Fund Installment for, any Bonds, when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon to the Redemption Date after notice of redemption therefor or otherwise;

(3) Failure of the Issuer to observe or perform any covenant, condition or agreement in the Bonds or under the Indenture on its part to be performed (except as set forth in clauses (1) or (2) above) and (A) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Issuer and the Institution specifying the nature of same from the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, or (B) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Issuer or the Institution fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice; or

(4) The occurrence of an “Event of Default” under the Loan Agreement or any other Security Document.

Upon the happening and continuance of any Event of Default, unless the principal of all the Bonds shall have already become due and payable, either the Trustee (by notice in writing to the Issuer and the Institution) or the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding (by notice in writing to the Issuer, the Institution and the Trustee) may declare the principal or Redemption Price, if any, of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything in the Indenture or in any of the Bonds contained to the contrary notwithstanding.

If there shall occur an Event of Default under the Loan Agreement involving bankruptcy or related events involving the Institution, the unpaid principal of all the Bonds (and

all principal installments of loan payments under the Loan Agreement) and the interest accrued thereon shall be due and payable immediately without the necessity of any declaration or other action by the Trustee or any other Person.

The right of the Trustee or of the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding to make any such declaration as aforesaid, however, is subject to the condition that if, at any time before such declaration, all overdue installments of principal of and interest on all of the Bonds which shall have matured by their terms and the unpaid Redemption Price of the Bonds or principal portions thereof to be redeemed has been paid by or for the account of the Issuer, and all other Events of Default have been otherwise remedied, and the reasonable and proper charges, expenses and liabilities of the Trustee, shall either be paid by or for the account of the Issuer or provision satisfactory to the Trustee shall be made for such payment and the Facility shall not have been sold or otherwise encumbered, and all defaults have been otherwise remedied as provided in the Indenture, then and in every such case any such default and its consequences shall ipso facto be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Pursuant to the Loan Agreement, the Issuer has granted to the Institution full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged in any notice received by the Institution to constitute a default under the Indenture, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts with power of substitution. The Trustee agrees to accept such performance by the Institution as performance by the Issuer.

Enforcement of Remedies. Upon the occurrence and continuance of any Event of Default, then and in every case the Trustee may proceed, and upon the written request of the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Bonds, the Loan Agreement, the Indenture and under any other Security Document forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in the Indenture or in any other Security Document or in aid of the execution of any power granted in the Indenture or in any other Security Document or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under the Indenture or under any other Security Document. In addition to any rights or remedies available to the Trustee under the Indenture or elsewhere, upon the occurrence and continuance of an Event of Default the Trustee may take such action, without notice or demand, as it deems advisable.

In the enforcement of any right or remedy under the Indenture or under any other Security Document, the Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due from the Issuer, for principal, interest, Sinking Fund Installments, Redemption Price, or otherwise, under any of the provisions of the Indenture, of any other Security Document or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with

any and all costs and expenses of collection and of all proceedings under the Indenture, under any such other Security Document and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Issuer, but solely as provided in the Indenture and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the moneys in the applicable Bond Fund and other moneys available therefor to the extent provided in the Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable. The Trustee shall file proof of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the Institution or the Issuer or their creditors or property.

Regardless of the occurrence of an Event of Default, the Trustee, if requested in writing by the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture or under any other Security Document by any acts which may be unlawful or in violation of the Indenture or of such other Security Document or of any resolution authorizing any Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; provided, that such request shall not be otherwise than in accordance with the provisions of law and of the Indenture and shall not be unduly prejudicial to the interests of the Holders of the Bonds not making such request.

Application of Revenues and Other Moneys After Default. All moneys received by the Trustee pursuant to any right given or action taken under the remedial provisions of the Indenture or under any other Security Document, and all moneys held in all Funds and Accounts (other than the Rebate Fund), shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances (including legal fees and expenses) incurred or made by the Trustee, and after making any required deposits to the Rebate Fund in accordance with the Tax Regulatory Agreement, be deposited on a Pro Rata Basis in the Bond Fund (Tax-Exempt) and the Bond Fund (Taxable); provided however, that (y) the amounts on deposit in the Bond Fund (Tax-Exempt) shall remain in such Fund and (z) the amounts on deposit in the Bond Fund (Taxable) shall remain in such Fund. Any and all moneys so deposited and available for payment of the Bonds shall be applied, subject to the payment of the fees and expenses of the Trustee, as follows (provided, however, that the amounts on deposit in the Bond Fund (Tax-Exempt) and the Debt Service Reserve Fund (Tax-Exempt) shall only be applied to the payment of Tax-Exempt Bonds until the Tax-Exempt Bonds are paid in full, and the amounts on deposit in the Bond Fund (Taxable) and the Debt Service Reserve Fund (Taxable) shall only be applied to the payment of Taxable Bonds until the Taxable Bonds are paid in full, and thereafter, to the other Bond Fund):

- (i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First - To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in

full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the Persons entitled thereto of the unpaid principal, Purchase Price or Redemption Price, if any, of any of the Bonds or principal installments which shall have become due (other than Bonds or principal installments called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds or principal installments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

- (ii) If the principal of all the Bonds shall have become or have been declared due and payable, to the payment to the Bondholders of the principal and interest (at the rate or rates expressed in the Bonds) then due and unpaid upon the Bonds and if applicable to the Redemption Price of the Bonds without preference or priority of principal over interest or of interest over principal, Sinking Fund Installments, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.
- (iii) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Indenture, then, subject to the provisions of clause (ii) above which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the moneys shall be applied in accordance with the provisions of clause (i) above.

Whenever moneys are to be applied pursuant to the above provisions of this heading, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; provided, however, that if the principal or Redemption Price of the Bonds Outstanding, together with accrued interest thereon, shall have been declared to be due and payable as provided above, such date of declaration shall be the date from which interest shall cease to accrue. The Trustee shall give such written notice to all Bondholders as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Actions by Trustee. All rights of actions under the Indenture, under any other Security Document or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall, subject to the provisions of the above heading entitled “*Application of Revenues and Other Moneys After Default*”, be for the equal benefit of the Holders of the Outstanding Bonds.

Majority Holders Control Proceedings. Anything in the Indenture to the contrary notwithstanding, the Majority Holders shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Individual Bondholder Action Restricted. No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity (i) with respect to the Bonds, the Indenture or any other Security Document, (ii) for the enforcement of any provisions of the Bonds, the Indenture or any other Security Document, (iii) for the execution of any trust under the Indenture or (iv) for any remedy under the Bonds, the Indenture or any other Security Document, unless such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default as provided in the Indenture, and the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in the Bonds, the Indenture or in such other Security Document or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his, its or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Bonds or the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and, subject to the provisions of the heading above entitled “*Application of Revenues and Other Moneys After Default*”, be for the equal benefit of all Holders of the Outstanding Bonds.

Nothing in the Indenture, in any other Security Document or in the Bonds contained shall affect or impair the right of any Bondholder to payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on each of the Bonds to the respective Holders thereof at the time, place, from the source and in the manner in the Indenture and in said Bonds expressed.

Effect of Discontinuance of Proceedings. In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case, the Institution, the Issuer, the Trustee and the Bondholders shall be restored, respectively, to their former positions and rights under the Indenture, and all rights, remedies, powers and duties of the Trustee shall continue as in effect prior to the commencement of such proceedings.

Remedies Not Exclusive. No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

Delay or Omission. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon any default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the Indenture to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

Notice of Default. The Trustee shall promptly mail to the Issuer, to registered Holders of Bonds and to the 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 heading.

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

Issuer Approval of Certain Nonforeclosure Remedies. Notwithstanding any provision of the Indenture or of under any other Security Document, no remedy or other action (whether exercised by the Trustee, the Majority Holders or the Holders of the Bonds) shall have the effect of (x) continuing the exemption from the mortgage recording tax of the Mortgage or the Assignment of Leases and Rents upon the substitution of other indebtedness to be secured by the Mortgage or the Assignment of Leases and Rents (a “**Mortgage Restructuring**”), (y) amending or terminating any Mortgage (a “**Mortgage Action**”), or (z) substituting for the Institution a new Entity to either be a counterparty to the Issuer under the Loan Agreement or as a user or lessee of

all or a portion of the Facility (a “**Substitution Action**”), unless, (i) in the case of clause (x) or (z) described herein, a reasonable description of such Mortgage Restructuring and/or Substitution Action shall have been set forth in a writing delivered to the Issuer by the Institution, together with a request for approval and the Mortgage Restructuring and/or Substitution Action shall be approved in writing by the Issuer, such approval not to be unreasonably withheld or delayed (and which approval may, in the sole discretion of the Issuer, be subject to action by the Issuer’s Board of Directors); (ii) in the case of clause (y) as described herein, the Issuer is provided with thirty (30) days’ advance written notice by the Institution prior to the effective date of such Mortgage Action, and (iii) in each case, there shall be delivered by the Institution to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel, if required, to the effect that such Mortgage Restructuring, Mortgage Action and/or Substitution Action shall not cause the interest on any Outstanding Tax-Exempt Bonds to become subject to federal income taxation by reason of any such Mortgage Restructuring, Mortgage Action and/or Substitution Action. For the avoidance of doubt, no Issuer consent is required for (i) the entry into a forbearance agreement by the Trustee, (ii) the exercise by the Trustee of any remedies under, or enforcement of, the Mortgage, including the commencement of a foreclosure action, (iii) the granting of a waiver of a default or Event of Default to the extent permitted under the Loan Agreement or the Mortgage, by the Trustee, or (iv) the appointment of a receiver for the Institution or for any collateral securing the Bonds.

Indemnity of Trustee. The Trustee shall be under no obligation to institute any suit, or to take any remedial or legal action under the Indenture or under or pursuant to any other Security Document or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts created by the Indenture or in the enforcement of any rights and powers or fulfillment of any extraordinary duties under the Indenture, or under any other Security Document, until it shall be indemnified to its satisfaction against any and all reasonable compensation for services, costs and expenses, outlays, and counsel fees and other disbursements, and against all liability not due to its willful misconduct or gross negligence.

Responsibilities of Trustee. The Trustee, prior to the occurrence of an Event of Default and after curing of all Events of Default which may have occurred, if any, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise as a prudent man would exercise under the circumstances in the conduct of his own affairs. The Trustee shall not be charged with knowledge of the occurrence of an Event of Default unless, (i) the Trustee has not received any certificate, financial statement, insurance notice or other document regularly required to be delivered to the Trustee under the Loan Agreement or any other Security Document, (ii) the Trustee has not received payment of any amount required to be remitted to the Trustee under the Loan Agreement or any other Security Document, (iii) a Responsible Officer of the Trustee has actual knowledge thereof, or (iv) the Trustee has received written notice thereof from the 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. The permissive right of the Trustee to do things enumerated in the Indenture or the other Security Documents shall not be construed as a duty, and in doing or not

doing so the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

Resignation or Removal of Trustee. The Trustee may resign and thereby become discharged from the trusts created under the Indenture for any reason by giving written notice by first class mail, postage prepaid, to the Issuer, to the Institution and to the Holders of all Bonds not less than sixty (60) days before such resignation is to take effect, but such resignation shall not take effect until the appointment and acceptance thereof of a successor Trustee pursuant to the Indenture. 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 the Indenture.

If the Trustee shall resign or shall be removed, such Trustee must transfer and assign to the successor Trustee, not later than the date of the acceptance by the successor Trustee of its appointment as such, or thirty (30) days from the date specified in the instrument of removal or resignation, if any, whichever shall last occur, (i) all amounts (including all investments thereof) held in any Fund or Account under the Indenture, together with a full accounting thereof, (ii) all records, files, correspondence, registration books, Bond inventory, all information relating to the Indenture and to Bond payment status (i.e., outstanding principal balances, principal payment and interest payment schedules, Sinking Fund Installment schedules, pending notices of redemption, payments made and to whom, delinquent payments, default or delinquency notices, deficiencies in any Fund or Account balance, etc.) and all such other information (in whatever form) relating to all Funds and Accounts in the possession of the Trustee being removed or resigning, and (iii) all Security Documents and other documents or agreements, including, without limitation, all Uniform Commercial Code Financing Statements, all insurance policies or certificates, letters of credit or other instruments provided to the Trustee being removed or resigning (clauses (i), (ii) and (iii), together with the Trust Estate, being collectively referred to as the “**Trust Corpus**”).

Successor Trustee. If at any time the Trustee shall be dissolved or otherwise become incapable of acting or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator thereof, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason or if the Trustee shall resign, the 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 (or, if the Issuer shall not have appointed the successor Trustee within such sixty (60) day period, the Majority Holders or their attorneys-in-fact duly authorized may appoint the successor Trustee). Within twenty (20) days after such appointment and acceptance, the Issuer shall notify in writing the Institution and the Holders of all Bonds.

In the event of any such vacancy or resignation and if a successor Trustee shall not have been appointed within sixty (60) days of such vacancy or notice of resignation, the Majority

Holder, by an instrument or concurrent instruments in writing, signed by such Bondholders or their attorneys-in-fact thereunto duly authorized and filed with the Issuer, may appoint a successor Trustee which shall, immediately upon its acceptance of such trusts, and without further act, supersede the predecessor Trustee. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this heading, within ninety (90) days of such vacancy or notice of resignation, the Holder of any Bond then Outstanding, the Issuer or any retiring Trustee or the Institution may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any successor Trustee appointed under this heading shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States authorized to exercise corporate trust powers under the laws of the State and authorized by law and its charter to perform all the duties imposed upon it by the Indenture and each other Security Document. At the time of its appointment, any successor Trustee shall (i) have a capital stock and surplus aggregating not less than \$100,000,000 and (ii) have an investment grade rating of at least “Baa3” or “P-3”. Any predecessor Trustee shall transfer to any successor Trustee appointed under this heading as a result of a vacancy in the position the Trust Corpus by a date not later than thirty (30) days from the date of the acceptance by the successor Trustee of its appointment as such.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States and shall be authorized by law and its charter to perform all the duties imposed upon it by the Indenture and each other Security Document shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

Certain Trustee Obligations. The Trustee shall not unreasonably (i) refuse to enter into any Supplemental Indenture as permitted under the Indenture, or (ii) withhold its consent to any amendment, change or modification of any Related Security Document or Project Document; provided, however, that any such refusal or withholding shall not be deemed unreasonable if the Trustee shall reasonably believe that such Supplemental Indenture, or such amendment, change or modification, affects adversely the rights, protections and immunities of, or increase the obligations or duties of, the Trustee.

Notification to Bondholders upon Trustee’s Receipt of Notice of Default by the Institution under the Project Building Lease. Within three (3) Business Days following the receipt by the Trustee of notice from the Project Building Landlord of a default by the Institution under the Project Building Lease, the Trustee shall deliver a written notice to the Bondholders in substantially the following form:

“NOTICE HAS BEEN RECEIVED BY THE TRUSTEE FROM THE PROJECT BUILDING LANDLORD OF A DEFAULT BY THE INSTITUTION UNDER THE PROJECT BUILDING LEASE. THE TRUSTEE IS NOT OBLIGATED TO TAKE ACTION TO CURE SUCH

DEFAULT NOR TO EXERCISE ITS REMEDIES AS A LEASEHOLD MORTGAGEE UNDER THE PROJECT BUILDING LEASE, UNLESS (I) THE TRUSTEE HAS BEEN DIRECTED TO DO SO BY THE HOLDERS OF A MAJORITY IN AGGREGATE PRINCIPAL AMOUNT OF THE BONDS OUTSTANDING, AND (II) THE TRUSTEE HAS BEEN INDEMNIFIED TO ITS SATISFACTION. A DELAY IN ACTION BY THE TRUSTEE ARISING FROM THE FAILURE OF THE BONDHOLDERS TO TIMELY SO DIRECT AND INDEMNIFY THE TRUSTEE MAY RESULT IN (A) THE TERMINATION OF THE PROJECT BUILDING LEASE, (B) THE LOSS OF THE MORTGAGE UPON THE LEASE AS COLLATERAL FOR THE BONDS, AND (C) THE MANDATORY REDEMPTION OF THE BONDS FOR WHICH THERE CAN BE NO ASSURANCE THAT THE INSTITUTION WILL HAVE FUNDS AVAILABLE FOR SUCH REDEMPTION. COPIES OF THE PROJECT BUILDING LEASE ARE AVAILABLE AT THE CORPORATE TRUST OFFICE OF THE TRUSTEE FOR REVIEW BY BONDHOLDERS.”

Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, interest and all other amounts due or to become due thereon or in respect thereof, at the times and in the manner stipulated therein and in the Indenture, and all fees and expenses and other amounts due and payable under the Indenture and the Loan Agreement, and any other amounts required to be rebated to the federal government pursuant to the Tax Regulatory Agreement or the Indenture, shall be paid in full, then the pledge of any loan payments, revenues or receipts from or in connection with the Security Documents or the Facility under the Indenture and the estate and rights granted by the Indenture, and all covenants, agreements and other obligations of the Issuer to the Bondholders under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied and the Bonds shall thereupon cease to be entitled to any Lien, benefit or security under the Indenture, except as to moneys or securities held by the Trustee or the Paying Agents as provided below in this heading. At the time of such cessation, termination, discharge and satisfaction, (1) the Trustee shall cancel and discharge the Liens of the Indenture, of the Mortgage and of the Assignment of Leases and Rents and execute and deliver to the Institution all such instruments as may be appropriate to satisfy such Liens and to evidence such discharge and satisfaction, and (2) the Trustee and the Paying Agents shall pay over or deliver to the Institution or on its order all moneys or securities held by them pursuant to the Indenture which are not required (i) for the payment of the principal or Redemption Price, if applicable, Sinking Fund Installments for, or interest on Bonds not theretofore surrendered for such payment or redemption, (ii) for the payment of all such other amounts due or to become due under the Security Documents, or (iii) for the payment of any amounts the Trustee has been directed to pay to the federal government under the Tax Regulatory Agreement or the Indenture.

Bonds or interest installments for the payment or redemption of which moneys (or Defeasance Obligations which shall not be subject to call or redemption or prepayment prior to maturity and the full and timely payment of the principal of and interest on which when due, together with the moneys, if any, set aside at the same time, will provide funds sufficient for such payment or redemption) shall then be set aside and held in trust by the Trustee or Paying Agents, whether at or prior to the maturity or the Redemption Date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in the paragraph above, if (i) in case any such Bonds are to be redeemed prior to the maturity thereof, all action necessary to redeem such Bonds shall have been taken and notice of such redemption shall have been duly given or

provision satisfactory under the requirements of the Indenture to the Trustee shall have been made for the giving of such notice, and (ii) if the maturity or Redemption Date of any such Bond shall not then have arrived, (y) provision shall have been made by deposit with the Trustee or other methods satisfactory to the Trustee for the payment to the Holders of any such Bonds of the full amount to which they would be entitled by way of principal or Redemption Price, Sinking Fund Installments, and interest and all other amounts then due under the Security Documents to the date of such maturity or redemption, and (z) provision satisfactory to the Trustee shall have been made for the mailing of a notice to the Holders of such Bonds that such moneys are so available for such payment on such maturity or Redemption Date.

Defeasance Opinion and Verification. Prior to any defeasance becoming effective as provided in the heading above, there shall have been delivered to the Issuer and to the Trustee (A) an opinion of Nationally Recognized Bond Counsel to the effect that the Indenture has been discharged and satisfied, and that interest on any Tax-Exempt Bonds being discharged by such defeasance will not become subject to federal income taxation by reason of such defeasance, and (B) a verification from an Independent Accountant (reasonably satisfactory to the Issuer and the Trustee) to the effect that the moneys and/or Defeasance Obligations are sufficient, without reinvestment, to pay the principal of, Sinking Fund Installments for, interest on, and redemption premium, if any, of the Bonds to be defeased.

Supplemental Indentures Without Bondholders' Consent. The Issuer and the Trustee may, from time to time and at any time, enter into Supplemental Indentures without the consent of the Bondholders for any of the following purposes:

(1) To cure any formal defect, omission or ambiguity in the Indenture or in any description of property subject to the Lien of the Indenture, if such action is not materially adverse to the interests of the Bondholders. The Issuer and the Trustee may request an Opinion of Counsel with respect to any of the foregoing matters.

(2) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as theretofore in effect.

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

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

(5) To confirm, as further assurance, any pledge under, and the subjection to any Lien or pledge created or to be created by, the Indenture, of the properties of the Facility, or revenues or other income from or in connection with the Facility or of any other moneys, securities or funds, or to subject to the Lien or pledge of the Indenture additional revenues, properties or collateral.

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

(7) To provide for the issuance of a Series of Additional Bonds in accordance with the applicable provisions of the Indenture.

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

(9) To modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to this heading, there shall have been filed with the Trustee an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms.

Supplemental Indentures With Bondholders' Consent. Subject to the terms and provisions contained in this heading, the Majority Holders shall have the right from time to time, to consent to and approve the entering into by the Issuer and the Trustee of any Supplemental Indenture as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture. Nothing contained in the Indenture shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of, Sinking Fund Installments for, Purchase Price or redemption premium, if any, or interest on any Outstanding Bonds, a change in the terms of redemption, purchase or maturity of the principal of or the interest on any Outstanding Bonds, or a reduction in the principal amount of or the Purchase Price or the Redemption Price of any Outstanding Bond or the rate of interest thereon, or any extension of the time of payment thereof, without the consent of the Holder of such Bond, (ii) the creation of a Lien upon or pledge of the Trust Estate other than the Liens or pledge created by the Indenture and the other Security Documents, except as provided in the Indenture with respect to Additional Bonds, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, or (v) a modification, amendment or deletion with respect to any of the terms set forth in this heading, without, in the case of items (ii) through and including (v) of this paragraph, the written consent of one hundred percent (100%) of the Holders of the Outstanding Bonds.

If at any time the Issuer shall determine to enter into any Supplemental Indenture for any of the purposes of this heading, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders. Within one year after the date of such notice, the Issuer and the Trustee may enter into such Supplemental Indenture in substantially the form described in such notice only if there shall have first been filed with the Trustee (i) the written consents of the Majority Holders or the Holders of not less than 100%, as the case may be, in aggregate principal amount of the Bonds then Outstanding and (ii) an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture (A) is authorized or permitted by the Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms and (B) will not cause the interest on any Tax-Exempt Bonds to become includable in gross income for federal income tax purposes. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee prior to the execution of such Supplemental Indenture.

If the Holders of not less than the percentage of Bonds required by this heading shall have consented to and approved the execution thereof as above 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.

Upon the execution of any Supplemental Indenture pursuant to the provisions of this heading, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Issuer, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments.

Rights of Institution. Any Supplemental Indenture entered into pursuant to the above headings 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.

Amendments of Related Security Documents Not Requiring Consent of Bondholders. The Issuer and the Trustee may, without the consent of or notice to the Bondholders, consent (if required) to any amendment, change or modification of any of the Related Security Documents for any of the following purposes: (i) to cure any ambiguity, inconsistency, formal defect or omission therein; (ii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may be lawfully granted or conferred; (iii) to subject thereto additional revenues, properties or collateral; (iv) to evidence the succession of a successor Trustee or to evidence the appointment of a separate or co-Trustee or the succession of a successor separate or co-Trustee; (v) to make any change required

in connection with a permitted amendment to a Related Security Document or a permitted Supplemental Indenture; (vi) to provide for changes to the recapture of benefits provisions of the Loan Agreement; (vii) to provide for the issuance of a Series Additional Bonds in accordance with the applicable provisions of the Indenture; and (viii) 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. Before the Issuer or the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Tax-Exempt Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

Amendments of Related Security Documents Requiring Consent of Bondholders.

Except as provided in the heading above, the Issuer and the Trustee shall not consent to any amendment, change or modification of any of the Related Security Documents, without mailing of notice and the written approval or consent of the Majority Holders given and procured as provided above with respect to Supplemental Indentures; 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 Notes or (ii) the Tax Regulatory Agreement, without the delivery of an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change, modification, reduction or postponement will not cause the interest on any Tax-Exempt Bonds to become includable in gross income for federal income tax purposes. If at any time the Institution shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change or modification to be mailed in the same manner as is provided in the headings above 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. Before the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Tax-Exempt Bonds to cease to be excluded from gross income for federal income tax purposes under the Code.

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

Every agreement, covenant and obligation of the Issuer under the Indenture is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall not create a debt of the State or the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor but shall be a limited revenue obligation of the Issuer payable by the Issuer solely from the loan payments, revenues and receipts pledged to the payment thereof in the manner and to the extent in the Indenture specified and nothing in the Bonds, in the Loan Agreement, in the Indenture or in any other Security Document shall be considered as pledging any other funds or assets of the Issuer. The Issuer shall not be required under the Indenture or the Loan Agreement or any other Security Document to expend any of its funds other than (i) the proceeds of the Bonds, (ii) the loan payments, revenues and receipts and other moneys pledged to the payment of the Bonds, (iii) any

income or gains therefrom, and (iv) the Net Proceeds with respect to the Facility. No provision, covenant or agreement contained in the Indenture or in the Bonds or any obligations therein imposed upon the Issuer or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit.

All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Indenture shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, director, officer, employee or agent of the Issuer in his individual capacity, and no recourse shall be had for the payment of the principal or Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, or interest on the Bonds or for any claim based thereon or thereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. None of the Bonds, the interest thereon, the Sinking Fund Installments therefor, or the Purchase Price or the Redemption Price thereof shall ever constitute a debt of the State or of the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor.

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is dated as of August 4, 2021 and is executed and delivered by Shefa School (the “Institution”) and U.S. Bank National Association (the “Dissemination Agent”) in connection with the issuance of \$63,110,000 Build NYC Resource Corporation Revenue Bonds (Shefa School Project), Series 2021A (the “Series 2021A Bonds”) and \$2,565,000 Build NYC Resource Corporation Revenue Bonds (Shefa School Project), Series 2021B (Taxable) (the “Series 2021B Bonds,” and together with the Series 2021A Bonds, the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of August 1, 2021 (the “Indenture”), between Build NYC Resource Corporation (the “Issuer”) and U.S. Bank National Association, as Trustee (the “Trustee”). The proceeds of the Bonds are being loaned by the Issuer to the Institution pursuant to a Loan Agreement dated as of August 1, 2021, between the Issuer and the Institution (the “Loan Agreement”).

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Dissemination Agent and the Institution covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Institution and the Dissemination Agent for the benefit of the Bondholders and the Beneficial Owners of the Bonds, and in order to assist the Underwriter in complying with the Rule. The Institution and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any Person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture and in the Loan Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section or above, the following capitalized terms shall have the following meanings:

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

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

“Dissemination Agent” shall mean the initial Dissemination Agent hereunder, which is U.S. Bank National Association, or any successor Dissemination Agent designated in writing by the Institution and which has filed with the Trustee a written acceptance of such designation.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(15) and Section 5(a)(16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which

a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“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.

“GAAP” shall mean 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, 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 Financial Accounting Standards Board) in order to continue as a generally accepted accounting principle or practice may be so changed.

“Limited Offering Memorandum” shall mean the final Limited Offering Memorandum, dated July 21, 2021, prepared for use in connection with the offering and sale of the Bonds to the public by the Underwriter, including all appendices thereto, and as the same may be amended, supplemented or modified from time to time.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement.

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

“Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

SECTION 3. Provision of Annual Reports.

(a) Annual Reports.

(i) The Institution shall, as soon as available and in no event later than one hundred fifty (150) days after the end of each Fiscal Year commencing with the Fiscal Year ending June 30, 2021, file or cause the Dissemination Agent to file with the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. On or prior to said date (except that in the event the Institution elects to have the Dissemination Agent file such report, five (5) Business Days prior to such date), such Annual Report shall be provided by the Institution to the Dissemination Agent together with either (A) a letter authorizing the Dissemination Agent to file the Annual Report with the MSRB, or (B) a certificate stating that the Institution has provided the Annual Report to the MSRB and the date on which such

Annual Report was provided. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Institution may be submitted separately from the balance of the Annual Report; and provided further that if audited financial statements of the Institution are not available in accordance with the dates described above, unaudited financial statements shall be provided and such audited financial statements shall be submitted as soon as practicable after the audited financial statements become available. The Institution shall promptly notify the Dissemination Agent of any change in the Institution's Fiscal Year.

(ii) If by fifteen (15) days prior to the date specified in subsection (i) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Institution to request a report regarding compliance with the provisions governing the Annual Report.

(iii) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (i), the Dissemination Agent shall send a reminder notice to the Institution and in a timely manner shall send a notice to the MSRB in substantially the form attached as Exhibit A hereto (with a copy to the Trustee if, at the time of such notice, the Dissemination is not also the Trustee).

(iv) If at any time the Dissemination Agent is not the Trustee, then within thirty (30) days after each (y) receipt of the Annual Report or notice that it has been filed or (z) end of the applicable Fiscal Year, the Dissemination Agent shall provide a certification to the Institution and the Trustee certifying that the Institution has filed a report (directly or through the Dissemination Agent) purporting to be an Annual Report pursuant to this Disclosure Agreement, and stating the date it was provided (if such report was provided).

(b) Notice of Change in Fiscal Year. The Institution shall, or shall cause the Dissemination Agent to, promptly file with the MSRB a notice of a change in its accounting principles applied in the preparation of the annual financial statements of the Institution or any change in the dates on which the Fiscal Year of the Institution begins and ends.

For each type of filing under (a) or (b) above, the report or notice must be filed in word-searchable portable document format (.pdf) or any other format as may be required or acceptable to the MSRB and the Dissemination Agent, and the report or notice may be filed as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement. In any case in which the Dissemination Agent is to make a filing with the MSRB, the Institution shall be responsible to provide the filing to the Dissemination Agent at least five (5) Business Days prior to the date such report or notice is to be filed with the MSRB; and if the Institution fails to timely provide such filing to the Dissemination Agent, then the Institution shall be responsible to make such filing.

SECTION 5. Content of Annual Reports; Additional Information. The Institution's Annual Report shall contain or incorporate by reference the following:

(a) Annual Reports.

(i) Audited financial statements (including footnotes) of the Institution, which financial statements may be individual, combined or consolidated, prepared in accordance with GAAP, consisting of: (1) statement of financial position as of the close of the most recent Fiscal Year of the Institution (with comparative totals for the immediately preceding Fiscal Year); (2) statement of activities for the most recent Fiscal Year of the Institution (with comparative totals for the immediately preceding Fiscal Year); and (3) statement of cash flows for the most recent Fiscal Year of the Institution (with comparative totals for the immediately preceding Fiscal Year); and

(ii) To the extent not included in the audited financial statements of the Institution, the Annual Report shall also include operating data of the Institution for such preceding Fiscal Year, prepared from the records of the Institution, regarding the following financial and operating data included in the Limited Offering Memorandum in "Appendix A": the tables titled "Inquiries and Enrollment," "Historical Tuition," "Financial Aid Awarded by the Shefa School," "Capital Campaign, Sowing the Seeds of Abundance" and "Actual and Anticipated Capital Campaign Pledge Payment Schedule," together with a narrative explanation, if necessary, to avoid misunderstanding, regarding the presentation of financial and operating data concerning the Institution and the financial and operating condition of the Institution; provided, however, that the references above to specific section headings of Appendix A of the Limited Offering Memorandum used in connection with the Bonds as a means of identification shall not prevent the Institution from reorganizing such material in subsequent official statements or Annual Reports; and

(b) Incorporation by Reference; EMMA. Any or all of the items listed above may be incorporated by reference from other documents, including financial statements provided under (a) above, the original Limited Offering Memorandum for the Bonds, or other official statements of debt issues with respect to which the Institution is an "obligated person" (as defined by the Rule), which have been (i) made available to the public on the MSRB's Electronic Municipal Markets Access (EMMA) System, the current internet web address of which is www.emma.msrb.org, or (ii) filed with the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Institution shall clearly identify each such other document so incorporated by reference.

SECTION 6. Reporting of Listed Events. (a) The Institution shall, or shall cause the Dissemination Agent to, give notice of the occurrence of any of the following Listed Events relating to the Bonds to the MSRB in a timely manner not later than ten (10) Business Days after the occurrence of any such Listed Event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;

- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2021A Bonds, or other material events affecting the tax status of the Series 2021A Bonds;
- (7) Modifications to the rights of the security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Institution (or any other obligated person, as defined in the Rule);

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Institution (or any other obligated person, as defined in the Rule) in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Institution (or any other obligated person, as defined in the Rule), 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 Institution (or any other obligated person, as defined in the Rule);

- (13) The consummation of a merger, consolidation, or acquisition involving the Institution (or any other obligated person, as defined in the Rule) or the sale of all or substantially all of the assets of the Institution (or any other obligated person, as defined in the Rule), 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 the name of the Trustee, if material;
- (15) Incurrence of a Financial Obligation of the Institution, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Institution, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Institution, any of which reflect financial difficulties.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence or possible occurrence of any of the Listed Events set forth in subsection (a) above, contact the Disclosure Representative and inform such person of the event. “Actual knowledge” for purposes of this subsection (b) shall mean actual knowledge of an officer of the Corporate Trust Administration of the Dissemination Agent.

(c) Whenever the Institution obtains knowledge of the occurrence of a Listed Event set forth in clauses (2), (6), (7), (8), (10), (13), (14), or (15) of subsection (a) above, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Institution shall as soon as possible determine if such event would constitute material information for Bondholders, and if such event is determined by the Institution to be material, the Institution shall, or shall cause the Dissemination Agent to, give notice of such event to the MSRB not later than ten (10) Business Days after the occurrence of such event.

(d) If the Institution elects to have the Dissemination Agent file notice of any Listed Event, the Institution will provide the notice to the Dissemination Agent within five (5) Business Days after the occurrence of the Listed Event, along with an instruction to file the notice with the MSRB.

SECTION 7. Termination of Reporting Obligation. The Institution’s and the Dissemination Agent’s obligations under this Disclosure Agreement shall automatically terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Institution’s obligations under the Loan Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Institution. The original Institution shall have no further responsibility hereunder

only to the extent that the Institution ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

In addition, the Institution's obligations under the provisions of this Disclosure Agreement shall terminate (in whole or in part, as the case may be) in the event that (1) the Institution delivers to the Dissemination Agent and the Trustee (if then not serving as the Dissemination Agent) an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Dissemination Agent and the Trustee (if then not serving as the Dissemination Agent), to the effect that those portions of the Rule which require the provisions of this Disclosure Agreement, or any of such provisions, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion (but such termination of the Institution's obligations shall be effective only to the extent specifically addressed by such opinion), and (2) the Dissemination Agent delivers copies of such opinion to (i) the MSRB, and (ii) the Trustee (if then not serving as the Dissemination Agent). The Dissemination Agent shall so deliver such opinion promptly.

SECTION 8. Dissemination Agent. The Institution may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

The Dissemination Agent, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Institution and the registered Holders of the Bonds, specifying the date when such resignation shall take effect.

In case the Dissemination Agent, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Dissemination Agent or of its property shall be appointed, or if any public officer shall take charge of control of the Dissemination Agent, or of its property or affairs, the Institution may forthwith appoint a Dissemination Agent to act. The Institution shall give or cause to be given written notice of any such appointment to the registered Holders of the Bonds, the Trustee (if the Trustee is not the Dissemination Agent), and the Issuer.

Any company into which the Dissemination Agent may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Dissemination Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Dissemination Agent, without any further act or deed.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Institution and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment not modifying or otherwise affecting its duties, obligations or liabilities in such a way as they are expanded or increased) and any provision of this Disclosure Agreement may be waived, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances

that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, (2) this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Institution shall have delivered an opinion of counsel, addressed to the Institution, the Issuer, the Dissemination Agent and the Trustee (if then not serving as the Dissemination Agent), to the same effect as set forth in clause (2) above, (4) either (i) the Institution shall have delivered to the Trustee and the Dissemination Agent an opinion of counsel, or a determination by a person, in each case unaffiliated with the Institution (such as bond counsel) and acceptable to the Institution, to the effect that the amendment does not materially impair the interests of the Holders of the Bonds or (ii) the Holders of the Bonds consent to the amendment to this Disclosure Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of the Holders of the Bonds pursuant to the Indenture as in effect on the date of this Disclosure Agreement, and (5) the Institution shall have delivered copies of such opinion(s) and amendment to the MSRB. The Dissemination Agent may rely and act upon such opinions.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Institution from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Institution chooses to include any information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Institution shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of the occurrence of a Listed Event. Nothing in this Disclosure Agreement shall be deemed to prevent U.S. Bank National Association from providing a notice or disclosure as it may deem appropriate pursuant to any other capacity it may be acting in relation to the Bonds.

SECTION 11. Default. In the event of a failure of the Institution or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may and, at the request of the Majority Holders who have provided security and indemnity deemed acceptable to the Dissemination Agent, shall, or any party who can establish beneficial ownership of any of the Bonds, or any Bondholder may, after providing fifteen (15) days written notice to the Institution to give the Institution opportunity to comply within such fifteen (15)-day period, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Institution to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or under the Loan Agreement, and the sole remedy available to the Dissemination Agent, any beneficial owners of the Bonds or the Bondholders under this Disclosure Agreement in the event of any failure of the Institution or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure

Agreement. To the extent that the Dissemination Agent is required under the terms of this Disclosure Agreement to report any information, it is only required to report information that it receives from the Institution in the form in which it is received, and the Dissemination Agent shall be under no responsibility or duty with respect to the accuracy and content of the information which it receives from the Institution. The Institution agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liability which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's willful misconduct or gross negligence. The obligations of the Institution under this Section shall survive resignation or removal of the Dissemination Agent.

Unless otherwise provided by contract with the Dissemination Agent, the Institution shall pay or cause to be paid to the Dissemination Agent after reasonable notice to the Institution in light of the reimbursement sought to be received, reasonable reimbursement for its reasonable expenses, charges, counsel fees and expenses and other disbursements and those of its attorneys, agents, and employees, incurred in and about the performance of its powers and duties hereunder. The Institution shall indemnify and save the Dissemination Agent harmless against any expenses and liabilities which the Dissemination Agent may incur in the exercise and performance of its powers and duties hereunder which are not due to its willful misconduct or gross negligence. None of the provisions contained in this Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The obligations of the Institution under this Section to compensate the Dissemination Agent, to pay or reimburse the Dissemination Agent for reasonable expenses, disbursements, charges and counsel fees and to indemnify and hold harmless the Dissemination Agent shall survive the termination of this Disclosure Agreement.

In no event shall the Dissemination Agent be liable for incidental, indirect, special, consequential or punitive damages (including, but not limited to, lost profits), even if the Dissemination Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

SECTION 13. Transmission of Notices, Documents and Information. Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB pursuant to this Disclosure Agreement shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) System, the current internet web address of which is www.emma.msrb.org.

All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Institution, the Trustee (if then not serving as the Dissemination Agent), the Dissemination Agent, the Underwriter, parties who can establish beneficial ownership of the

Bonds and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. Delivery of a signature page by facsimile or other electronic transmission shall be effective as delivery of manually executed counterpart.

SECTION 16. Notices. The parties hereto may be given notices required hereunder at the addresses set forth for them in the Loan Agreement or the Indenture.

SECTION 17. Applicable Law. This Disclosure Agreement shall be governed by the laws of the State of New York, and by applicable federal laws, without regard to conflict of laws principles.

SECTION 18. Consent to Jurisdiction. Each party hereto irrevocably and unconditionally (i) agrees that any action to compel performance arising out of or related to this Disclosure Agreement 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 19. 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 Disclosure Agreement or any matters whatsoever arising out of or in any way connected with this Disclosure Agreement. The provisions of this Disclosure Agreement relating to waiver of trial by jury shall survive the termination or expiration of this Disclosure Agreement.

SECTION 20. Severability. If any one or more of the provisions of this Disclosure 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 Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

SECTION 21. Legal Counsel; Mutual Drafting. Each party acknowledges that this Disclosure Agreement is a legally binding contract and that it was represented by legal counsel in connection with the drafting, negotiation and preparation of this Disclosure Agreement. Each party acknowledges that it and its legal counsel has cooperated in the drafting, negotiation and preparation of this Disclosure Agreement and agrees that this Disclosure 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 Disclosure Agreement against the party that has drafted it

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INSTITUTION:

SHEFA SCHOOL

By: _____

Name:

Title:

DISSEMINATION AGENT:

U.S. BANK NATIONAL ASSOCIATION

By: _____

Name:

Title:

EXHIBIT A

To Continuing Disclosure Agreement

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Bond Issue: \$63,110,000 Build NYC Resource Corporation Revenue Bonds (Shefa School Project), Series 2021A (the “Series 2021A Bonds”) and \$2,565,000 Build NYC Resource Corporation Revenue Bonds (Shefa School Project), Series 2021B (Taxable) (the “Series 2021B Bonds,” and together with the Series 2021A Bonds, the “Bonds”).

Names of Institution: Shefa School

Date of Issuance: August 4, 2021

NOTICE IS HEREBY GIVEN that Shefa School (the “Institution”) has not yet provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement by and between the Institution and U.S. Bank National Association (the “Dissemination Agent”) dated as of August 4, 2021. The Institution has informed the Dissemination Agent that the Annual Report will be filed with the Dissemination Agent by _____, 20__.

Dated: _____, 20__

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Name:
Title:

cc: Shefa School

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APPENDIX G

FORM OF APPROVING OPINION OF BOND COUNSEL

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APPENDIX G

FORM OF BOND COUNSEL OPINION

Upon delivery of the Series 2021 Bonds, Bond Counsel to the Issuer proposes to issue its approving opinion in substantially the following form:

Hawkins Delafield & Wood LLP

7 WORLD TRADE CENTER
250 GREENWICH STREET
NEW YORK, NY 10007
WWW.HAWKINS.COM

[Date of Closing]

Build NYC Resource Corporation
New York, New York

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of the Revenue Bonds (Shefa School Project), Series 2021A in the aggregate principal amount of \$63,110,000 (the “Series 2021A Bonds”) and the Revenue Bonds (Shefa School Project), Series 2021B (Taxable) in the aggregate principal amount of \$2,565,000 (the “Series 2021B Bonds”; together with the Series 2021A Bonds, the “Bonds”) of Build NYC Resource Corporation, a local development corporation organized pursuant to the Not-For-Profit Corporation Law of the State of New York (the “NFP Corporation Law”) at the direction of the Mayor of The City of New York (the “Issuer”).

The Bonds are issued under and pursuant to an Indenture of Trust, dated as of August 1, 2021 (the “Indenture”), between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”), and a resolution of the Issuer adopted on January 19, 2021 authorizing the Bonds.

The Bonds are dated the date hereof and are issuable as fully registered bonds. The Bonds shall mature and shall bear interest at fixed rates payable on June 15 and December 15 of each year commencing December 15, 2021, all as set forth in the Indenture. The Bonds are subject to optional and mandatory redemption prior to maturity in the manner and upon the terms and conditions set forth in the Indenture.

The Bonds are issued for the purpose of financing a portion of the cost of the leasehold renovation, and the furnishing and equipping, of an approximately 76,511 square foot building (the “Leased Premises”) to be leased under a long-term lease (as the same may be amended or supplemented, the “Project Building Lease”) to Shefa School, a not-for-profit education corporation, organized and existing under the laws of the State of New York (the “Institution”), to be used by the Institution in operating a private Jewish day school for the providing of educational services for special need students from first grade through grade eight (the “Project”). The Leased Premises and those items of machinery, equipment, furnishings, furniture and other items of personalty, the acquisition and/or installation of which is to be financed with the proceeds of the Bonds, is hereinafter referred to as the “Facility”.

The Issuer and the Institution have entered into a Loan Agreement, dated as of August 1, 2021 (the “Loan Agreement”), providing, among other things, for the financing of the Project and the loan of the proceeds of the Bonds to the Institution. The obligation of the Institution to repay the loan is

evidenced by a certain Series 2021A Promissory Note with respect to the Series 2021A Bonds, and a certain Series 2021B Promissory Note with respect to the Series 2021B Bonds, each dated the date hereof, each from the Institution in favor of the Issuer, and each endorsed by the Issuer to the Trustee (collectively, the “Promissory Notes”).

The Bonds are secured by mortgage liens on and security interests in the leasehold interest of the Institution in the Leased Premises under the Project Building Lease, and the other Mortgaged Property (as such term is defined in the Mortgages as hereinafter defined) pursuant to a Leasehold Mortgage and Security Agreement (Acquisition Loan), a Leasehold Mortgage and Security Agreement (Building Loan) and a Leasehold Mortgage and Security Agreement (Indirect Loan), each dated as of August 1, 2021, and each from the Institution, as mortgagor, to the Issuer and the Trustee, as mortgagees (collectively, the “Mortgages”). Pursuant to an Assignment of Leasehold Mortgage and Security Agreement (Acquisition Loan), an Assignment of Leasehold Mortgage and Security Agreement (Building Loan) and an Assignment of Leasehold Mortgage and Security Agreement (Indirect Loan), each dated the date hereof (collectively, the “Assignments of Mortgages”), the Issuer has assigned to the Trustee all of the Issuer’s right, title and interest in and to the Mortgages. The Bonds are further secured by a collateral assignment of leases and rents with respect to the Leased Premises, including any future leases regarding the Leased Premises, pursuant to an Assignment of Leases and Rents (Acquisition Loan), an Assignment of Leases and Rents (Building Loan) and an Assignment of Leases and Rents (Indirect Loan), each dated as of August 1, 2021, and each from the Institution, as assignor, to the Issuer and the Trustee, as assignees (collectively, the “Assignments of Leases and Rents”). Pursuant to an Assignment of Assignment of Leases and Rents (Acquisition Loan), an Assignment of Assignment of Leases and Rents (Building Loan) and an Assignment of Assignment of Leases and Rents (Indirect loan), each dated the date hereof (collectively, the “Assignments of ALR”), the Issuer has assigned to the Trustee all of the Issuer’s right, title and interest in and to the Assignments of Leases and Rents. The Bonds are additionally secured by a pledge and security interest in the Institution’s Pledged Revenues (as defined in the Pledge and Security Agreement as hereinafter defined) pursuant to a Pledge and Security Agreement, dated as of August 1, 2021, from the Institution to the Trustee (the “Pledge and Security Agreement”).

It is provided in the Indenture that, upon complying with certain prescribed conditions, the Issuer may issue additional bonds from time to time on the terms and conditions and for the purposes stated in the Indenture, and said additional bonds, if issued, will be equally and ratably secured under the Indenture with the Outstanding (as defined in the Indenture) Bonds.

We are of the opinion that:

1. The Issuer is duly organized and validly existing under the NFP Corporation Law and has the right and power thereunder to enter into the Indenture, and the Indenture has been duly authorized, executed and delivered by the Issuer, is in full force and effect, and is valid and binding upon the Issuer and enforceable against the Issuer in accordance with its terms.

2. The Issuer has the right and power under the NFP Corporation Law to enter into the Loan Agreement, and the Loan Agreement has been duly authorized, executed and delivered by the Issuer, is in full force and effect, and constitutes a valid and binding agreement of the Issuer enforceable against the Issuer in accordance with its terms.

3. The Issuer has the right and power under the NFP Corporation Law to enter into the Assignments of Mortgages, and the Assignments of Mortgages have been duly authorized, executed and delivered by the Issuer, are in full force and effect, and constitute valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their terms.

4. The Issuer has the right and power under the NFP Corporation Law to enter into the Assignments of ALR, and the Assignments of ALR have been duly authorized, executed and delivered by the Issuer, are in full force and effect, and constitute valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their terms.

5. The Bonds have been duly authorized and issued by the Issuer in accordance with law and in accordance with the Indenture and are the valid and binding special limited revenue obligations of the Issuer, payable solely from the loan payments, revenues and receipts derived from the Loan Agreement and the Promissory Notes and pledged under the Indenture. The Bonds are secured pursuant to the liens and security interests of the Mortgages in the Mortgaged Property, and the assignments of leases and rents with respect to the Leased Premises pursuant to the Assignments of Leases and Rents. The Bonds are further secured pursuant to the Pledge and Security Agreement. The Bonds are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the benefit of the Indenture. All conditions precedent to the delivery of the Bonds under the Indenture have been fulfilled.

6. Under existing statutes and court decisions, and assuming continuing compliance with certain tax covenants described below, (i) interest on the Series 2021A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Series 2021A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2021A Bonds in order that, for federal income tax purposes, interest on the Series 2021A Bonds be not included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Series 2021A Bonds, restrictions on the investment of proceeds of the Series 2021A Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Series 2021A Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Series 2021A Bonds, the Issuer, the Institution and the Trustee have executed the Tax Regulatory Agreement (the “Tax Regulatory Agreement”) containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Regulatory Agreement, the Issuer and the Institution covenant that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that the interest paid on the Series 2021A Bonds will, for federal income tax purposes, be excluded from gross income.

7. Under existing statutes, the interest on Series 2021A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York.

In rendering the opinions in paragraphs 6 and 7 above, we have (i) relied upon and assumed the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Issuer Tax Certification delivered on the date hereof by the Issuer and in the Tax Regulatory Agreement with respect to the use of proceeds of the Series 2021A Bonds and the investment of certain funds, and other matters affecting the exclusion of interest on the Series 2021A Bonds from gross income for federal income tax purposes under Section 103 of the Code, (ii) relied upon the opinion of Herrick, Feinstein LLP, special counsel to the Institution, dated the date hereof, regarding, among other matters, the current qualifications of the Institution as being an organization described in

Section 501(c)(3) of the Code, and (iii) relied upon and assumed compliance by the Issuer and the Institution with the procedures and ongoing covenants set forth in the Tax Regulatory Agreement and with the ongoing tax covenants set forth in the Loan Agreement. We note that the opinion of special counsel to the Institution is subject to a number of qualifications and limitations. The Institution has covenanted that it will do nothing to impair its status as a tax-exempt organization, and that it will comply with the requirements of the Code and any applicable regulations throughout the term of the Series 2021A Bonds. Failure of the Institution to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of the Institution's status as an organization described in Section 501(c)(3) of the Code or to use the assets being financed with the proceeds of the Series 2021A Bonds in activities of the Institution that do not constitute unrelated trades or businesses within the meaning of Section 513 of the Code may result in interest on the Series 2021A Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Series 2021A Bonds.

Further, under the Code, failure to comply with such procedures and covenants may cause the interest on the Series 2021A Bonds to be included in gross income for federal income tax purposes, retroactive to the date of issuance of the Series 2021A Bonds, irrespective of the date on which such noncompliance occurs or is ascertained. Compliance with certain of such requirements may necessitate that persons not within the control of the Issuer or of the Institution take or refrain from taking certain actions.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2021A Bonds, or the ownership or disposition thereof, except as stated in paragraphs 6 and 7 above. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2021A Bonds.

The foregoing opinions are qualified only to the extent that the enforceability of the Bonds, the Indenture, the Tax Regulatory Agreement, the Promissory Notes, the Mortgages, the Assignments of Mortgages, the Assignments of Leases and Rents, the Assignments of ALR, the Pledge and Security Agreement and the Loan Agreement may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and is subject to general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

In rendering this opinion, we have assumed the due recording of the Mortgages, the Assignments of Mortgages, the Assignments of Leases and Rents, the Assignments of ALR and the due filing and sufficiency of financing statements under the New York State Uniform Commercial Code.

In rendering this opinion, we have relied as to matters of title of the leasehold interest of the Institution under the Project Building Lease in the Leased Premises constituting a part of the Mortgaged Property under the Mortgages on the mortgagee title insurance policies issued by First American Title Insurance Company insuring the Trustee's and the Issuer's mortgagee interests under the Mortgages in the Institution's leasehold interest in the Leased Premises under the Project Building Lease constituting a part of the Mortgaged Property, dated the date hereof.

In rendering this opinion, with respect to the due authorization, execution and delivery of the Loan Agreement, the Promissory Notes, the Mortgages, the Assignments of Leases and Rents, the Pledge and Security Agreement and the Tax Regulatory Agreement by the Institution, and the enforceability of each of the same against the Institution as a valid, binding and enforceable obligation, we have relied upon the opinion of Herrick, Feinstein LLP, special counsel to the Institution, dated the date hereof.

In rendering this opinion, with respect to the due authorization, execution and delivery of the Indenture, the Pledge and Security Agreement and the Tax Regulatory Agreement by the Trustee, and the enforceability of each of the same against the Trustee as its legal, valid and binding obligation, we have relied upon the opinion of Paparone Law PLLC, counsel to the Trustee, dated the date hereof.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Institution other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser or purchasers of the Series 2021A Bonds or of the Series 2021B Bonds.

In rendering this opinion, we express no opinion as to the necessity for obtaining any licenses, permits or other approvals relating to the Facility or the Project or the application or effect of any environmental laws, ordinances, rules, regulations or other requirements of any governmental authority with respect to the Facility, the Project or the transactions contemplated under the Indenture.

The foregoing opinions are further subject, however, to the qualification that we express no opinion as to matters relating to the rights in, title to or sufficiency of the description of any property or collateral described in the Security Documents (as defined in the Indenture) or the creation, perfection or relative priority of any lien or security interest created with respect to such property or collateral thereunder.

We have examined a Series 2021A Bond in fully registered form numbered AR-1, and a Series 2021B Bond in fully registered form numbered BR-1, and, in our opinion, the form of each said Bond and its execution are regular and proper.

We undertake no responsibility for the accuracy, completeness or fairness of any offering memorandum or other offering materials relating to the Bonds and express herein no opinion relating thereto.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

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APPENDIX H

SUMMARY OF CERTAIN PROVISIONS OF THE PROJECT BUILDING LEASE

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SUMMARY OF PROJECT BUILDING LEASE

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

Defined terms that are used in this summary and not otherwise defined herein shall have the meanings ascribed thereto in the Project Building Lease.

Landlord	17 West 60 th Street Holder LLC, a Delaware limited liability company, and 17 West 60 th Street Owner LLC, a Delaware limited liability company, as tenants-in-common, each having an office at c/o Extell Development Company, 805 Third Avenue, New York, New York 10022
Tenant	Shefa School, a New York not-for-profit educational corporation, having an office at 40 East 29th Street, New York, New York 10016
Date of Lease	To be dated and effective as of or prior to the date of issuance of the Series 2021 Bonds.
Commencement Date	The date of the Project Building Lease.
Term and Expiration Date (Section 3.1)	The term of the Project Building Lease (the “Term”) shall commence on the Commencement Date and shall expire on July 31st of the calendar year in which occurs the day immediately preceding the ninety-ninth (99th) anniversary of the Rent Commencement Date (such date, the “Expiration Date”), or on such earlier date on which the Term shall terminate pursuant to any of the other terms of the Project Building Lease or pursuant to law.
Extension/Renewal Option	None
Rent Commencement Date	August 15, 2022
Demised Premises (Section 2.2)	The Building known as 17 West 60 th Street, New York, New York and the land on which the Building is located, designated as Block 1113, Lot 13 on the New York County tax maps, together with all improvements and appurtenances that, as of the Commencement Date or at any time during the Term, are attached thereto or installed therein. (<i>Exhibit A of Lease</i>).
Fixed Rent (Section 4.1 and Exhibit B)	<u>Initial Fixed Rent Period</u> : \$2,600,000.00 per annum

First Lease Year: The product of (i) \$2,600,000.00 and (ii) the First Escalation Factor.

Each Subsequent Lease Year (other than the 32nd Lease Year and the 65th Lease Year): Fixed Rent shall increase, as of each Adjustment Date, to the product of (a) Fixed Rent for the Lease Year immediately preceding the Lease Year in question, and (b) the Escalation Factor for the Lease Year in question.

32nd Lease Year: The greater of: (a) the product of (i) \$2,600,000.00 and (ii) the sum of one (1), plus the First Reset Escalation Factor, and (b) 101.5% of Fixed Rent for the immediately preceding Lease Year

65th Lease Year: The greater of (a) the product of (i) the Lease Year 32 Fixed Rent, and (ii) the sum of one (1), plus the Second Reset Escalation Factor, and (b) 101.5% of Fixed Rent for the immediately preceding Lease Year.

Defined terms with respect to the calculation of Fixed Rent:

“Adjustment Date”: With respect to each Lease Year subsequent to the first Lease Year, each anniversary of the Rent Commencement Date that occurs during each respective Lease Year.

“Escalation Factor”: With respect to each Lease Year subsequent to the first Lease Year, the greater of (i) 101.5% and (ii) a fraction expressed as a percentage, the numerator of which is the CPI Index one month prior to the Adjustment Date for the Lease Year in question, and the denominator of which is the CPI Index one month prior to the date one year prior to the Adjustment Date for the Lease Year in question, but in no event shall the Escalation Factor be more than 103.5% in any Lease Year.

“First Escalation Factor”: With respect to the first Lease Year, the greater of (i) 101.5% and (ii) a fraction expressed as a percentage, the numerator of which is the CPI Index one month prior to the Rent Commencement Date, and the denominator of which is the CPI Index one month prior to the Commencement Date, but in no event shall the First Escalation Factor be more than 103.5%.

“First Reset Escalation Factor”: An amount equal to the quotient obtained by dividing (a) a fraction, the numerator of which is the CPI Index one month prior to the Adjustment Date for the 32nd Lease Year minus the CPI Index one month prior to the Commencement Date, and the denominator of which is the CPI Index one month prior to the Commencement Date, by (b) 32.

“Initial Fixed Rent Period”: The period commencing on the Commencement Date and ending on the day immediately preceding the Rent Commencement Date.

“Lease Year”: (a) with respect to the first Lease Year, a period of 12 consecutive months commencing on the Commencement Date; provided, however, that if the Commencement Date is not the first calendar day of a month, then the first Lease Year shall commence on the Commencement Date and end on the calendar day immediately preceding the first anniversary of the first calendar day of the month following the month in which the Commencement Date occurs; and (b) with respect to successive Lease Years, each successive 12-month period after the last day of the first Lease Year; provided, however, that if the Expiration Date is not the last day of a Lease Year, then the last Lease Year shall end on the Expiration Date.

“Lease Year 32 Fixed Rent”: The Fixed Rent payable with respect to the 32nd Lease Year.

“Second Reset Escalation Factor”: An amount equal to the quotient obtained by dividing (a) a fraction, the numerator of which is the CPI Index one month prior to the Adjustment Date for the 65th Lease Year, minus the CPI Index one month prior to the Adjustment Date for the 32nd Lease Year, and the denominator of which is the CPI Index one month prior to the Adjustment Date for the 32nd Lease Year, by (b) 32.

Administrative Charge for Payment After Due Date: If Fixed Rent is not paid on or before the due date, Tenant shall pay, in addition to the overdue Fixed Rent, an administrative charge of \$10,000 (subject to CPI increase). An administrative charge will not accrue if, with respect to the 1st occurrence of a late payment in any calendar year, Fixed Rent is paid within 5 days after written notice.

Late Payment: If Fixed Rent is not paid on or by the last day of the calendar month in which due (each a “Late Payment”), the following late charges will accrue:

- A late charge in the amount of 0.75% of the Late Payment for each unpaid month following the month in which due, compounded monthly;
- The late charge increases to 1% of the Late Payment following the occurrence of 3 Late Payments, and 1.5% following the occurrence of 4 Late Payments. If there are no Late Payments thereafter at any time for a period of 12 consecutive months, then the late charge will be reduced to 0.75% (but subject to increase again for subsequent Late Payments).

Rent Abatement (Section 4.2)	<p>The Fixed Rent shall be abated for the Fixed Rent Abatement Period provided that no monetary default or material non-monetary Event of Default shall have occurred and be continuing.</p> <p>The Fixed Rent Abatement Period means the period commencing on the Commencement Date and ending on, but not including, the Rent Commencement Date.</p>
Prepaid Rent Deposit (Section 1.1, and Section 4.3)	<p>The aggregate amount of \$5,000,000.00 that Tenant shall be paid to Landlord on the Commencement Date.</p> <p>The Prepaid Rent Deposit will be credited against the monthly installments of Fixed Rent first becoming due under the Project Building Lease.</p>
CapEx Work Credit (Section 4.3, Article 10, and Exhibit H)	<p>Provided that no monetary default or material non-monetary Event of Default shall have occurred and be continuing, the CapEx Work Credit (\$1,175,000) will be credited against the monthly installments of Fixed Rent commencing as of the date on which the CapEx Work has been Substantially Completed and after the Prepaid Rent Deposit has been fully credited.</p>
Net Lease (Section 4.5)	<p>Lease is a ‘net lease’ whereby Tenant is responsible for all costs, expenses, and charges of every kind relating to the Premises and any payments in lieu thereof.</p>
“As is” Delivery (Article 5 and Exhibit C)	<p>Landlord shall deliver the Premises in “as is” condition and shall have no obligation to perform any work except for the removal of the storage tank in the basement of the Building, which the parties have acknowledged is complete.</p>
Permitted Use (Article 6 and Exhibit P)	<p>Any legal use that is not a Prohibited Use (<i>Exhibit P provides a list of Prohibited Uses</i>). However, after completion of the CapEx Work (<i>Section 10.1</i>), Tenant intends to use the Premises as classrooms for private primary and secondary school, and/or undergraduate college.</p>
Tax Payments (Article 7)	<p>Commencing on the Commencement Date, Tenant is required to pay directly to the applicable taxing authority the Real Estate Taxes for each Tax Year (i.e. July 1st – June 30th).</p> <p>Tenant has the right to institute appropriate action to challenge the annual tax assessments.</p> <p>After the Leasehold Condominium Effective Date (<i>Section 37.3</i>), Tenant shall apply for an exemption under New York Real Property Tax Law § 420-a (the “Tax Exemption”) and use commercially reasonable efforts to obtain such Tax Exemption. If Tenant obtains the Tax Exemption, Tenant will not be obligated to pay Real Estate Taxes for portions of the Premises that are exempt.</p>

Landlord is responsible for payment any transfer taxes that are due in connection with the Project Building Lease.

Insurance (Article 8 and Exhibit F)

Tenant will secure or cause to be secured and maintain insurance policies as required under the Project Building Lease, including commercial property insurance on Improvements and Tenant's Property, commercial general liability insurance, boiler and machinery coverage, workers' compensation and employers liability insurance, builder's risk insurance, business or rental interruption insurance and terrorism insurance. Such policies will be in an amount that is customary for comparable buildings.

Depository: Losses under any of the policies insuring against damage to the Premises by fire or other casualty shall be payable to the Depository, except that amounts of less than \$1,000,000.00 (subject to CPI increases), shall be payable in trust directly to Tenant for application to the cost of Restoration (*Article 13*), unless an Event of Default exists (in which case, such loss shall be payable to the Depository).

The Depository is any Leasehold Mortgagee (or at the option of the Leasehold Mortgagee, its servicer that is an Institutional Lender). If there is no Leasehold Mortgage, the Depository shall be any Fee Mortgagee, and if there is no Fee Mortgage, the Depository shall be an Institutional Lender designated by Landlord subject to Tenant's reasonable approval.

Blanket Policies: The required policies may be carried by an affiliate of Tenant and/or under "blanket" or "master" policies provided that they comply with the Project Building Lease requirements.

Compliance with Laws (Article 9)

Tenant is responsible for obtaining all permits, certificates, authorizations and licenses from all governmental entities having jurisdiction over the Premises and the operations thereon.

Tenant shall defend and indemnify Landlord against any Claims incurred or asserted against Landlord with respect to the presence or escape etc. of Hazardous Materials on the Premises (*Section 9.2*)

Landlord has the right to conduct an Environmental Audit of the Premises if Landlord has reasonable cause to believe that Hazardous Materials are present or that Tenant may be in violation of any Legal Requirement relating to Hazardous Materials (*Section 9.4*)

Tenant's Improvements (Article 10 and Exhibit H)

CapEx Work

- Pursuant a Capital Expenditure Agreement executed by Landlord and Tenant concurrently with the Project Building Lease, Tenant is required to complete the CapEx Work, which includes the complete renovation of the Building to a school, and all work, if any, required under NYC Local Law 11

- CapEx Work to be performed in accordance with the Cap Ex Budget and the construction schedule set forth in Schedule G to the Cap Ex Agreement.
- 100% Design Documents for the CapEx Work must be delivered to Landlord for approval by 7/23/21, such approval not to be unreasonably withheld, conditioned or delayed.
- 50% CDs for the CapEx Work must be delivered to Landlord for approval by 9/27/21, such approval not to be unreasonably withheld, conditioned or delayed.
- Tenant shall pay, as Additional Rent, an administrative fee of \$100,000 in connection with the CapEx Work
- Provided that no monetary default or material non-monetary Event of Default exists, and upon Tenant’s substantial completion of the CapEx Work, Tenant will be entitled to a CapEx Work Credit in the amount of \$1,175,000 to be applied against Fixed Rent
- CapEx Milestone Dates:
 12/22/21 – Site Mobilization
 03/02/22 – Completion of 10th, 11th, and Roof Demolition
 05/04/22 – Topping of Steel for new roof structure
 07/12/23 – Temporary Certificate of Occupancy
 12/01/23 -- Certificate of Occupancy
- CapEx Work must be Substantially Completed no later than 60 months after the Commencement Date, subject to extension for Force Majeure or Landlord CapEx Delay.

Material Improvements

- Following Substantial Completion of the CapEx Work, Landlord’s consent (not to be unreasonably withheld, conditioned or delayed) will be required for any Material Improvements, which include any Improvements that adversely affect the structure of the Building or that physically affect any components of the exterior to the Building in any material respect.
- Tenant shall pay Landlord, per each project, an administrative fee of 1% of the total hard costs associated with any Material Improvements (other than CapEx Work), the estimated cost of which is equal to or in excess of \$1,000,000 (subject to CPI increases)

Tenant’s
Repairs/Maintenance
(Article 11)

Tenant is required to keep, maintain, repair and replace the Premises in good order and condition in a manner consistent with that of Comparable Buildings (i.e., a renovated class “B” building with first class MEP systems of comparable size, age and utility located in the Borough of Manhattan), and is responsible for all repairs to the Building, whether structural or non-structural, as well as all repairs or replacements of Building Systems.

Damage or
Destruction (Article
13 and Exhibit G)

Restoration: If all or any part of the Premises are destroyed or damaged by fire or other Casualty, Tenant shall, whether or not such Casualty shall have been insured, and whether or not insurance proceeds, if any, shall be sufficient, Restore the Building, diligently and with continuity in accordance with good construction practices.

Restoration Funds: Any monies that are received in respect of insurance proceeds with respect to any Casualty will initially be paid to the Depository and disbursed to Tenant in installments and subject to retainages until the Restoration is fully completed. If the estimated cost of Restoration is less than \$1,000,000 (subject to CPI increases), the Restoration Funds will be paid to Tenant in trust. *Exhibit G* provides further disbursement procedures.

Build NYC Depository Agreement: For so long as (a) the Build NYC Debt is outstanding and (b) the Build NYC Debt Depository Agreement is in full force and effect, the Build NYC Debt Depository Agreement shall govern the disbursement of the Restoration Funds, in lieu of *Exhibit G*.

Casualty During Last 5 Years: If, during the last 5 years of the Term, the Premises are destroyed or damaged by a Casualty to an extent greater than 25% of the then replacement value thereof, Tenant shall have the option (subject to consent of any Leasehold Mortgagees and other customary conditions) to terminate the Project Building Lease.

Adjustment of Proceeds. Tenant has the right to adjust, settle and compromise all claims under any of the insurance policies involving an aggregate loss less than the \$1,000,000.

Failure to Restore. If a Casualty occurs and neither Tenant, any Leasehold Mortgagee nor Landlord effects a Restoration in accordance with the terms of the Project Building Lease, then (in addition to all of the rights and remedies available to Landlord under the Project Building Lease) the Depository shall disburse any Restoration Funds in accordance with Section 14.1(c) (which involves a taking whereby the Project Building Lease terminates) as if the Project Building Lease shall have terminated because a taking as described in Section 14.1(a) of the Project Building Lease shall have occurred (such taking being one where the whole or substantially all of the Premises shall be taken).

Eminent Domain
(Article 14 and
Exhibit G)

In the event of a taking of all or substantially of the Premises, the Project Building Lease shall terminate. In accordance with Section 14.1(c), the award shall first be paid to the Depository for expenses, then to the Landlord for the value of the fee interest in the Premises and the Project Building Lease, and finally to the Tenant or as required pursuant to any Leasehold Mortgage, for the value of Tenant's leasehold interest in the Premises and the Project Building Lease. For purposes of a taking, the respective values of the fee estate and the leasehold estate shall be deemed to be the price at which the applicable estate would be deemed to be sold for cash by a willing seller not compelled to sell

to a willing buyer not compelled to buy, assuming for purposes of determination of such price that (A) the Premises was sold encumbered and benefitted by the Project Building Lease until the Expiration Date, (B) the Premises is improved as improved immediately prior to the taking, (C) the Premises is unencumbered by any lien and (D) no taking was pending, threatened or under consideration. Any dispute as to the value of the fee estate or the leasehold estate shall be determined by arbitration in accordance with the procedure set forth in the Project Building Lease.

If less than a substantial portion of the Premises is taken, the Project Building Lease will continue as to the remaining portion, Tenant will be obligated to the Restore such portion of the Premises for the Permitted Use, and the condemnation award will be disbursed as if such taking were a Casualty and the award constituted Restoration Funds.

If, during the last 5 years of the Term, there is a taking of a portion of the Premises to an extent greater than 25% of the then replacement value thereof, Tenant shall have the option (subject to consent of any Leasehold Mortgagees and other customary conditions) to terminate the Project Building Lease. In that event the condemnation award shall be paid to Landlord.

Events of Default
(Article 15)

The following will each constitute an Event of Default:

- If Tenant or any Guarantor shall file a voluntary petition in bankruptcy or insolvency, or be adjudicated a debtor, or insolvent, or shall file any petition or answer seeking relief under federal or state law, or shall make an assignment for the benefit of creditors or shall seek or acquiesce in the appointment of any trustee, receiver or liquidator of Tenant or, prior to the termination of any guaranty of any of Tenant's lease obligations, any guarantor or of all or any part of Tenant's property;
- A petition under federal bankruptcy laws is filed against Tenant (or Guarantor) and same is not dismissed within 120 days;
- A receiver, trustee, custodian or liquidator is appointed and such appointment is not vacated or discharged within 120 days;
- Guarantor seeks bankruptcy protection and same is not dismissed within 120 days;
- If Tenant defaults in the payment of Fixed Rent or Additional rent and such default continues for 5 Business Days after notice;
- If Tenant defaults in the performance of its CapEx obligations beyond the expiration of all applicable notice and cure periods;

- If Tenant shall default in the performance of any of the provisions of Article 8 (Insurance), Section 10.5 (Mechanic's Liens) or Article 20 (Assignment, Subletting and Mortgaging) and Tenant shall fail to remedy such default within 5 Business Days after notice; or
- If Tenant defaults in the performance of any other lease obligation and such default is not cured with 30 days after notice, or if such default is not capable of being cured within 30 days, and Tenant fails to promptly institute and diligently prosecute to completion all steps necessary to remedy the same

Curing Tenant's Defaults; Fees and Expenses (Article 17)

If Tenant defaults under the Project Building Lease beyond applicable notice and cure periods, Landlord has the right to perform the obligation in default and have costs reimbursed.

Non-liability and Indemnification (Article 18)

Tenant shall indemnify each Landlord Indemnitee (*Section 18.1*) against liability (including those for death, personal injuries, or property damage) in connection with or arising from (a) any default by Tenant under the Project Building Lease, and/or (b) the use or occupancy or manner of use or occupancy of the Premises by Tenant or any Person claiming by, through or under Tenant, and/or (c) any acts, omissions or negligence of Tenant or any such Person in or about the Premises, and/or (d) any accident, injury or damage whatsoever caused to any person, or to the property of any person, occurring in or about the Premises, in each case, except to the extent resulting from the negligence or willful misconduct of such Landlord Indemnitee or its employees, agents or contractors.

Landlord shall indemnify Tenant against any claim made by a third party against Tenant arising from the negligent act or willful misconduct of Landlord or its agents or employees, except, in each case, to the extent that such claim arose as a result of the negligence or willful misconduct of Tenant or any contractors, agents, employees, invitees, licensees or subtenants of Tenant or any default by Tenant under the Project Building Lease.

End of Term and
Holdover (Article 19)

Upon the Expiration Date or sooner termination of the Project Building Lease, Tenant shall surrender and vacate the Premises in a manner consistent with Comparable Buildings and together with all Improvements.

If Tenant holds over after the expiration or earlier termination of the Term, then, at Landlord's option, Tenant shall be deemed to be a month-to-month tenant at a monthly rental equal to 200% times the greater of (a) the Fixed Rent and (b) the then-current market rent for the Premises as determined by Landlord. Tenant shall also pay all Additional Rent payable under the terms of the Project Building Lease, prorated for each month during which Tenant remains in possession. (*Section 19.4*)

Assignment and
Subletting
(Article 20)

Consent Required. Prior to Substantial Completion of the CapEx Work, Tenant may not assign the Project Building Lease or sublet the Premises without the prior written consent of Landlord (*Section 20.1*), except that Tenant shall have the right to assign the Project Building Lease or sublease the Premises to an Affiliate of Tenant who is a Qualified Tenant provided that the Tax Exemption for the Premises is not jeopardized and Tenant remains fully liable under the Project Building Lease (*Section 20.8*).

Prior to Substantial Completion of the CapEx Work, Landlord may withhold its consent in its sole and absolute discretion to any assignment of Lease, or any sublease of the Premises (except that Tenant may enter into a Non-Consent Sublease prior to Substantial Completion of the CapEx Work provided the term thereof does not commence before Substantial Completion of the CapEx Work). (*Section 20.2*)

From and after Substantial Completion of the CapEx Work, Landlord shall not unreasonably withhold, condition or delay its consent to an assignment or sublease provided, among other standard criteria, that:

- The assignee or subtenant shall use and occupy the Premises for a use that is in compliance with the then existing zoning regulations and the certificate of occupancy for the Building (or any new or amended certificate of occupancy obtained in connection with such assignment or sublease); and
- The assignee or subtenant shall have sufficient financial worth and be a Qualified Tenant. (*Section 20.2*)

Non-Consent Assignment. From and after Substantial Completion of the CapEx Work, Tenant may, assign the Project Building Lease or sublease all or substantially all of the Premises for all or substantially all of the remainder of the Term, subject to the satisfaction of certain conditions, including the following:

- (a) The assignee or subtenant shall be either an End User Transferee or an Investor Transferee, (or a guarantor) in either case, that satisfies the applicable Required Assignee Net Worth Test.

The Net Worth Test is (i) for an Investor Transferee, a tangible net worth, determined in accordance with GAAP, of at least \$250,000,000.00) (subject to annual CPI Adjustment) and (ii) in the case of an End User Transferee, a tangible net worth, determined in accordance with GAAP, that is at least 25 times the average annual Fixed Rent (without giving effect to any future CPI Index adjustments) and Real Estate Taxes payable under this Lease.

- (b) The assignee or subtenant shall deliver to Landlord a letter of credit in the form of Exhibit "R" attached to the Project Building Lease, in an amount equal to two (2) years of then Fixed Rent (unless such assignee or subtenant is Investment Grade, in which case, such assignee or subtenant is not required to deliver such letter of credit).*(Section 20.3 and definition of Non-Consent Assignment)*

Non-Consent Sublease. From and after Substantial Completion of the CapEx Work, Tenant may enter into a sublease demising (a) not more than 3 full floors (whether individually or together with all other subleases) or (b) a sublease demising more than 3 full floors (whether individually or together with all other subleases provided that (i) the subtenant under such sublease described in clause (b) satisfies the Required Subtenant Net Worth Test and (ii) delivers to Landlord, a letter of credit in the form of Exhibit "R" attached to the Project Building Lease, in an amount equal to 2 years of the average annual rent payable under such sublease (unless such subtenant shall be Investment Grade, in which case, a letter of credit shall not be required). *(Section 20.3 and definition of Non-Consent Sublease)*

Release of Tenant - If Tenant assigns the Project Building Lease, Tenant shall be released from all liability to the extent accruing from and after the date of any such assignment that occurs after Substantial Completion of the CapEx Work, provided that the assignee (a) is an Investor Transferee or End User Transferee, in either case, that satisfies the applicable Net Worth Test, and (b) delivers a letter of credit to Landlord in an amount equal to 2 years' then Fixed Rent (subject to annual reductions), unless the assignee is Investment Grade, in which case such letter of credit shall not be required. *(Section 20.4)*

Direct and indirect transfers of interests in the entity that is Tenant shall not be deemed an assignment of the Project Building Lease if such transfer is for a valid business purpose and not for the purpose of avoiding any Lease obligations; provided, that any such direct or indirect transfer that results in a transfer to an entity that is not an Affiliate of Tenant, whether in a single transaction or a series of related or unrelated transactions, of a majority of the beneficial ownership interests in the entity that is Tenant (each such

transaction, a “Change in Control”), shall be deemed an assignment of the Project Building Lease and shall be subject to Landlord’s consent. Notwithstanding the foregoing, a change in the board of directors of the Original Tenant shall not constitute a Change in Control or an assignment, provided that the Original Tenant remains the Tenant under the Project Building Lease. (*Section 20.10*)

The Project Building Lease may be assigned, at any time and from time to time, without Landlord’s consent, to a Leasehold Mortgagee or purchaser or transferee that is a Qualified Tenant who acquires its interest in the Project Building Lease through a foreclosure, assignment in lieu of foreclosure or other enforcement of a Leasehold Mortgage entered into in accordance with the applicable provisions of the Lease (*Section 20.11*)

Non-Disturbance Agreement (Section 20.15, Exhibit J and Exhibit R)

At Tenant’s request, Landlord will provide a Non-Disturbance Agreement with respect to subleases that meet the following criteria:

- Subtenant meets certain financial criteria and is not an Affiliate of Tenant;
- The sublet premises constitute at least 95% of the Premises;
- The initial sublease term is at least 10 years;
- The sublease shall have either been approved by Landlord or satisfied the conditions for a Non-Consent Assignment.

Leasehold Mortgages (Sections 20.16, 20.17, 20.18, 20.19, 20.20, 20.21)

Tenant shall not (except with respect to the Leasehold Mortgage granted by Tenant to Build NYC Resource Corporation and to the trustee for bonds issued by Build NYC Resource Corporation “:Build NYC Debt”) incur any Debt secured by a Leasehold Mortgage that is in excess of 75% of the Appraised Leasehold Value determined as of the date any such Debt is incurred. (*Section 20.16*)

Tenant shall have the right, without Landlord’s consent, to grant one or more Leasehold Mortgages and same shall not be deemed an assignment or transfer so as to require such Leasehold Mortgagee to assume the payment or performance of any Lease terms. (*Section 20.17*)

Tenant or such Leasehold Mortgagee shall give Landlord prompt notice of such Leasehold Mortgage and furnish Landlord with a complete and correct copy of each such Leasehold Mortgage, certified as such by Tenant, together with the name and address of such Leasehold Mortgagee. (*Section 20.17*)

Landlord shall give to such Leasehold Mortgagee, a copy of each notice of default (or notice of the intent of Landlord to act in lieu of Tenant as a result of a default under this Lease) at the same time as, and whenever, any such notice is given to Tenant. Each Leasehold Mortgagee shall thereupon have a period of 30 days more than is given to Tenant to cure such default; provided, however, that in the case of a non-monetary default that is susceptible of cure

without possession, but is of such a nature that it cannot, with due diligence, be completely remedied by a Leasehold Mortgagee within such additional 30 - day period, the period of time in which such Leasehold Mortgagee may cure such non-monetary default shall be extended, for a reasonable time to complete such remedy (not to exceed 365 days in the aggregate for any reason including Force Majeure delays), provided that such Leasehold Mortgagee institutes such remedy during the aforesaid 30-day period and thereafter diligently prosecutes such remedy to completion. (*Section 20.17(a)*)

Upon the occurrence of an event that would constitute a default or Event of Default that requires possession of the Premises to cure, the Leasehold Mortgagee shall have an additional cure period of 60 days after the expiration of the time given to Tenant to remedy such default or Event of Default, provided the Leasehold Mortgagee gives Landlord notice of its intention to institute foreclosure proceedings to obtain possession of the Premises and thereafter promptly commences such foreclosure proceedings and prosecutes such proceedings with diligence and continuity and upon obtaining such possession, commences promptly to cure the default or Event of Default and to prosecute the same to completion with diligence and continuity, provided that during the period in which such action is being taken (and any foreclosure proceedings are pending), (i) all defaults or Events of Default to the extent that they are reasonably susceptible to being cured by the Leasehold Mortgagee, are being cured and (ii) all obligations of Tenant to pay Rent, and all other obligations of Tenant under this Lease, to the extent such other obligations are reasonably susceptible to being performed by the Leasehold Mortgagee, are being performed. (*Section 20.17(a)*)

If the Leasehold Mortgagee notifies Landlord, in writing, that it has relinquished possession of the Premises or that it will not institute foreclosure proceedings, or, if such proceedings have been commenced, that it has discontinued them, or that Leasehold Mortgagee otherwise elects not to cure the default, then the Leasehold Mortgagee shall have no further obligation to cure any defaults of Tenant from and after the date it delivers such notice to Landlord and, thereupon, Landlord shall have the right to terminate this Lease and to take any other action it deems appropriate by reason of any default, subject to the right of the Leasehold Mortgagee to obtain a New Lease. (*Section 20.17(b)*)

In the event of the rejection or disaffirmance of this Lease in bankruptcy or the termination of this Lease prior to the Expiration Date, Landlord shall give prompt notice to each Leasehold Mortgagee together with a statement of any and all sums that would be due under the Project Building Lease but for such termination and of all other defaults and Events of Default, then known to Landlord. The Leasehold Mortgagee (or its designee) shall thereupon have the right to obtain a New Lease within 90 days after the giving of such notice by Landlord, for the remainder of the Term upon all the covenants, conditions, limitations and agreements of the Project Building Lease (subject to

modifications reasonably requested by Leasehold Mortgagee and acceptable to Landlord) provided the Leasehold Mortgagee shall pay to Landlord, simultaneously with the delivery of the New Lease, all unpaid Rent and all reasonable expenses, incurred by Landlord in connection with the default by Tenant or otherwise owing under the Project Building Lease, the termination of the Project Building Lease and the preparation of the New Lease, and (B) shall cure all defaults and Events of Default that are reasonably susceptible to being cured by such Leasehold Mortgagee, or such designee. (Section 20.18)

Memorandum of Lease (Article 27 and Exhibit D and E)

The parties shall execute a memorandum of lease in the form set forth as Exhibit D to the Project Building Lease, which Tenant shall have the right to record.

Upon the expiration or earlier termination of the Project Building Lease, Tenant shall execute a termination agreement (in the form set forth as Exhibit E to the Project Building Lease), and which Landlord may record. Tenant's failure to deliver the foregoing termination within 30 days after Landlord's request therefor will be deemed a holdover by Tenant.

Estoppel Certificate (Article 32)

Upon at least 15 days' prior notice, Tenant will deliver customary estoppel certificates to Landlord or the Fee Mortgagee, as applicable.

Similarly, at Tenant's request, Landlord will deliver a similar certificate to Tenant and to Tenant's then current or prospective Leasehold Mortgagees, subtenants of all or substantially all of the Premises, and assignees of Tenant's interest under the Project Building Lease.

Leasehold Condominium (Article 37 and Exhibit S)

Following the Commencement Date, Tenant shall use commercially reasonable efforts to cause the Leasehold Estate in the Premises to be submitted to a leasehold condominium regime (the "Leasehold Condominium") pursuant to New York State's Condominium Act and in accordance with the condominium declaration and by-laws (the "Leasehold Condominium documents" attached as Exhibit S to the Project Building Lease.

Landlord shall provide information for and execute certificates, affidavits, instruments and documents for submission to the agencies of the City of New York and the State of New York as may be reasonably required, including, but not limited to, the execution of an application to the New York State Department of Law to obtain a so called "No Action Letter" to permit the creation of the Leasehold Condominium, or any affidavit in support thereof.

The sale or transfer of any Leasehold Condominium Unit(s), or sublease thereof, shall be deemed an assignment or sublease subject to the applicable provisions in the Project Building Lease.

The expiration or earlier termination of the Project Building Lease shall result in a termination of the Leasehold Condominium.

Landlord's fee interest in the Premises and all Fee Mortgages and any Leasehold Mortgages shall be superior to the Leasehold Condominium Documents in all respects, subject to the non-disturbance and other provisions of the Project Building Lease.

The creation of the Leasehold Condominium shall have no effect on the liability of the Tenant with respect to the completion of the CapEx Work in accordance with the CapEx Agreement.

Tenancy in Common
(Article 38)

Extell Development Company is designated by Landlord to act on behalf of, and to have the authority to bind, the two entities comprising the initial Landlord in connection with the Project Building Lease.

Right of First Offer
(Article 39)

Except with respect to certain exempt transactions more particularly enumerated in the Project Building Lease, if at any time during the Term Landlord seeks to sell, convey or otherwise transfer Landlord's fee interest in the Premises or any portion thereof to any Person (a "Proposed Sale"), then prior to entering into (or permitting) any binding agreement for such Proposed Sale or effecting such Proposed Sale, Landlord shall first offer (the "Right of First Offer") Landlord's interest in the Premises (i.e., all tenant-in-common interests, if applicable) ("Landlord's Interest") to Tenant by sending a Notice (an "Offer Notice") specifying the net purchase price that Landlord will seek in a Proposed Sale taking into account any applicable brokerage commission payable in connection with such sale (the "Proposed Value") and other material terms and conditions of the Proposed Sale.

Tenant shall have 30 days (or 5 days if the Proposed Sale is in connection with a 1031 exchange transaction where one or more properties have already been identified by Landlord or an Affiliate of Landlord) from receipt of the Offer Notice to notify Landlord of Tenant's irrevocable election to purchase the Landlord's Interest and to make a downpayment in the amount of 5% of the Proposed Value.

If Tenant does not timely respond to the Offer Notice, Landlord shall be free, for the period of 270 days following such Tenant's ROFO Exercise Period to consummate the Proposed Sale at a purchase price that is no less than 95% of the Proposed Value. If not consummated with such 270-day period, Landlord shall not be permitted to effect a Proposed Sale without again delivering another Offer Notice to Tenant, with Tenant again having the Right of First Offer.

Development Rights
(Article 40)

Generally

Landlord retains ownership of, and shall have the sole and exclusive right to utilize, sell, convey and transfer any unused floor area ("Floor Area," as defined

in the Zoning Resolution of the City of New York) and development rights, including any bonuses or increases in Floor Area, allowed on an as-of-right or discretionary basis pursuant to the Zoning Resolution, in excess of the “CapEx Work Development Rights,” (*as defined in Section 40.2*), that are or may become appurtenant to the Premises (the “Landlord Development Rights”).

Tenant has no right, title or interest in or to the Landlord Development Rights (and expressly waives any such rights as may be accorded by the Zoning Resolution) and Landlord has the right, without Tenant’s consent, to combine (“Merge”) the zoning lot comprising the Premises and the zoning lot or lots comprising any adjacent parcel or parcels into a single zoning lot (a “Merger”) to effectuate a transfer of Landlord Development Rights to any such adjacent parcel or parcels for utilization thereon.

CapEx Work Development Rights and Height Maximum

As of the date of the Project Building Lease, the Building utilizes 69,492 square feet of Floor Area (the “CapEx Work Development Rights”). In no event shall Tenant alter the existing Building or construct a new Building on the Land utilizing more Floor Area than the CapEx Work Development Rights and, therefore, reducing the amount of any Landlord Development Rights.

Tenant shall have the right to utilize all or any portion of the CapEx Work Development Rights solely in connection with the performance of the CapEx Work pursuant to the CapEx Agreement, except that under no circumstances shall the building, as altered or newly constructed, exceed the height of 226.5 feet above NAVD 88 (the “Lower Limiting Plane”); provided, however, that Permitted Obstructions (as defined in the Zoning Resolution of the City of New York) shall be allowed up to a height of 253 feet above NAVD 88.

Upon Substantial Completion of the CapEx Work, Tenant shall submit to Landlord the zoning calculations set forth on the final plans approved by the NYC Department of Buildings that were the basis for the permits for the CapEx Work and the certificate of occupancy for the Building. If the zoning calculations demonstrate that Tenant has not utilized all of the CapEx Work Development Rights, then all such unused CapEx Work Development Rights and then remaining shall be and be deemed to be Landlord Development Rights and shall no longer be or be deemed to be CapEx Work Development Rights. Landlord and Tenant shall execute a Lease modification memorializing the adjusted amount of CapEx Work Development Rights and Landlord Development Rights within 30 days of the Substantial Completion of the CapEx Work

Air Space Easement. Landlord exclusively retains the right to grant to a third party or parties a perpetual easement for light, air and unobstructed view (the “Air Space Easement”) over the Premises above the Lower Limiting Plane and that Tenant’s consent shall not be required to effectuate the granting of such easement. Tenant shall not construct any improvements within or otherwise

encroach into the Air Space Easement. Tenant shall promptly execute and deliver any instruments reasonably requested in connection with Landlord's granting of the Air Space Easement, including, without limitation, Tenant's acknowledgment thereof. Landlord shall have the right to execute any instrument granting or evidencing the Air Space Easement, without Tenant's execution of the same, and to record it against all affected parcels of land.

CapEx Agreement
(Exhibit H)

Pursuant to that Certain Capital Expenditure Agreement, Tenant is required to complete certain work, including the complete renovation of Building to a school, and all work, if any, required under NYC Local Law 11.

Related Agreements
(Section 34.5)

There are no oral or written leases, occupancy agreements, license agreements or rights or claims of tenancy or occupancy affecting the Premises or any portion thereof, except for that certain Mutual License Agreement, dated as of January 28, 2020, between Landlord and Global 1845 Broadway LLC, a Delaware limited liability company.

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APPENDIX I

STATE EDUCATION DEPARTMENT LETTER

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THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY,
NY 12234

Counsel and Deputy Commissioner for Legal Affairs
Tel. 518-474-6400
Fax 518-474-1940

June 3, 2021

Ms. Emily Marcus
Deputy Executive Director
NYCIDA and Build NYC Resource Corporation
New York City Economics Development Corporation
One Liberty Plaza
New York, NY 10006

Re: The Shefa School

Dear Ms. Marcus:

I understand that the Shefa School (“Shefa”) has applied for financing from your institution. On July 9, 2014, the Board of Regents approved a provisional charter for Shefa. After the period of time indicated in its charter, a corporation may apply for an extension of its provisional charter or for an absolute charter.

However, the expiration of the three-year period does not mean an automatic termination of the charter. Shefa’s charter states, in pertinent part, that “Prior to the expiration of said three-year period, an application for the extension of such provisional charter or for an absolute charter will be entertained by the Regents, but in the event that such application is not made, then at the expiration of said term of three years, and upon notice by the Regents, such provisional charter shall terminate and become void and shall be surrendered to the Regents” (emphasis added). Thus, if and until the Regents provide such notice, Shefa shall continue to operate as an educational corporation.

Similarly, even if the application for a permanent charter was denied, Shefa would continue to operate under the provisional charter. It could, thereafter, request an extension of the provisional charter.

The State Education Department considers Shefa to be in good standing and has no concerns related to its educational charter. Feel free to call me at (518) 474-6400 if you have any additional questions.

Sincerely,

Daniel Morton-Bentley
Counsel & Deputy Commissioner

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