NEW ISSUES **NOT RATED**
BOOK ENTRY ONLY

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Issuer and the School described herein, interest on the Series 2018A Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the Series 2018A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York, including The City of New York, assuming compliance with tax covenants and the accuracy of the representations and certifications described herein. Interest on the Series 2018B Bonds is not excluded from 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 regarding certain other tax considerations.

$17,995,000
BUILD NYC RESOURCE CORPORATION
Revenue Bonds
(Inwood Academy for Leadership Charter School Project)
$17,560,000 Series 2018A
$435,000 Taxable Series 2018B

Dated: Date of Issuance **Due: May 1 2048, as shown on the inside front cover**

The above-referenced Build NYC Resource Corporation Revenue Bonds, Series 2018A (Inwood Academy for Leadership Charter School Project) (the "Series 2018A Bonds") and Build NYC Resource Corporation Taxable Revenue Bonds, Series 2018B (the "Series 2018B Bonds") are special limited revenue obligations of Build NYC Resource Corporation (the "Issuer") payable exclusively from the trust estate as described in this Limited Offering Memorandum. The Series 2018A Bonds and the Series 2018B Bonds are referred to herein collectively as the "Series 2018 Bonds." Undefined capitalized terms on this cover are defined in the text hereof or in APPENDIX F and G of this Limited Offering Memorandum.

INVESTMENT IN THE SERIES 2018 BONDS ARE SUBJECT TO A SUBSTANTIAL DEGREE OF RISK AND SPECULATIVE IN NATURE, AND MAY NOT BE APPROPRIATE FOR SOME INVESTORS. THE SERIES 2018 BONDS ARE TO BE OFFERED AND SOLD ONLY TO "QUALIFIED INSTITUTIONAL BUYERS," AS SUCH TERM IS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR "ACCREDITED INVESTORS" WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT. SEE "TRANSFER RESTRICTIONS" AND "RISK FACTORS – RESTRICTIONS ON PURCHASES AND TRANSFERS OF SERIES 2018 BONDS" HEREIN.

The Series 2018 Bonds are special limited revenue obligations of the Issuer, payable as to principal, Redemption Price and interest, from and secured by (i) certain unconditional payments to be made pursuant to the Loan Agreement, dated as of May 1, 2018 (the "Loan Agreement"), between Inwood Academy for Leadership Charter School, a New York not-for-profit education corporation (the "School"), and the Issuer, (ii) a pledge of certain funds and accounts established under the Indenture of Trust, dated as of May 1, 2018 (the "Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"), and (iii) a leasehold mortgage on the Facility (defined herein). Neither the State of New York (the "State") nor any political subdivision thereof, including The City of New York, New York (the "City"), shall be obligated to pay the principal or Redemption Price of, or the interest on, the Series 2018 Bonds. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, including the City, is pledged to the payment of the Series 2018 Bonds. The Series 2018 Bonds will not be payable out of any funds of the Issuer other than those pledged therefor pursuant to the Indenture. The Series 2018 Bonds will not give rise to a pecuniary liability or charge against the credit or taxing powers of the State or any political subdivision thereof, including the City. No recourse will be had for the payment of the principal or Redemption Price of, or the interest on, the Series 2018 Bonds against any member, officer, director, employee or agent of the Issuer. The Issuer has no taxing power.

The Series 2018 Bonds will be issued by the Issuer pursuant to the Indenture. The Series 2018 Bonds will be payable from (i) amounts held by the Trustee under the Indenture; and (ii) Loan Payments to be made by the School under the Loan Agreement. The Series 2018 Bonds will be additionally secured by the Leasehold Mortgage and a pledge of certain funds and accounts held under the Indenture, including amounts held in the Debt Service Reserve Fund, as more fully described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS" in this Limited Offering Memorandum,

Proceeds derived from the sale of the Series 2018 Bonds will be used by the School for the purposes of funding: (i) the construction of certain improvements and renovations to convert certain leased space located at 3896 10th Avenue, New York, New York (the "Facility") to classroom and administrative use, (ii) 24 months of capitalized interest on the Series 2018 Bonds, (iii) a debt service reserve fund for the Series 2018 Bonds, and (iv) the costs of issuing the Series 2018 Bonds (the "Project"). The Facility is being leased from an unrelated third party by Friends of Inwood Academy for Leadership, Inc. (the "Friends of the Academy") pursuant to a Lease Agreement more fully described herein and the Friends of the Academy will sublease the Facility to the School pursuant to a Sublease as more fully described herein The Friends of the Academy's sole role in the Project is to act as lessee of the Facility and sublessor under the Sublease and to deliver a Limited Guaranty of the Series 2018 Bonds as more fully described herein. The Friends of the Academy's liability under the Limited Guaranty is limited solely to its leasehold interest in the Facility pursuant to the Lease Agreement. It is not otherwise liable, directly or indirectly, for payment of the debt service on the Series 2018 Bonds or the School's obligations under the Loan Agreement. See "THE PROJECT AND PLAN OF FINANCE" and "THE SERIES 2018 BONDS" in this Limited Offering Memorandum.

Interest on the Series 2018 Bonds will be payable on May 1 and November 1 of each year, commencing November 1, 2018. The Series 2018 Bonds will be issued as fully registered bonds in the minimum authorized denomination of $100,000 or any integral multiple of $5,000 in excess thereof in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of the Series 2018 Bonds will be made in book-entry form only. Purchasers of beneficial interests will not receive physical certificates. The Series 2018 Bonds are subject to optional and mandatory redemption as described in this Limited Offering Memorandum. See "THE SERIES 2018 BONDS" in this Limited Offering Memorandum. **An investment in the Series 2018 Bonds is subject to a substantial degree of risk. See "RISK FACTORS" in this Limited Offering Memorandum. Investors must read the entire Limited Offering Memorandum, including the Appendices hereto.**

SEE THE INSIDE FRONT COVER FOR THE MATURITY SCHEDULES FOR THE SERIES 2018 BONDS

The Series 2018 Bonds are offered, subject to prior sale, when, as and if accepted by RBC Capital Markets, LLC, Philadelphia, Pennsylvania (the "Underwriter") and subject to an opinion as to the validity of the Series 2018 Bonds and the tax-exempt status of the Series 2018A Bonds by Nixon Peabody LLP, New York, New York, Bond Counsel; the approval of certain legal matters for the Issuer by its General Counsel, for the Friends of the Academy and the School by their counsel, Connell Foley LLP, Jersey City, NJ, for the Trustee by its special counsel, Paparone Law PLLC, New York, New York, and for the Underwriter by its counsel, Fox Rothschild LLP, Philadelphia, Pennsylvania and certain other conditions. It is expected that delivery of the Series 2018 Bonds will be made on or about May 15, 2018 through the facilities of DTC.

RBC Capital Markets®

This Limited Offering Memorandum is dated May 1, 2018

MATURITY SCHEDULE
$17,995,000
Build NYC Resource Corporation
Revenue Bonds, Series 2018A
(Inwood Academy for Leadership Charter School Project)

$17,560,000 Series 2018A Serial Bonds

Maturity Date (May 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[1] (12008E)
2031	$3,890,000	4.875%	4.875%	100.000	NN2
2038	$4,225,000	5.125%	5.150%	99.688	NP7
2048	$9,445.000	5.500%	5.320%	101.375(C)	NQ5

$435,000
Build NYC Resource Corporation
Taxable Revenue Bonds, Series 2018B
(Inwood Academy for Leadership Charter School Project)

Maturity Date (May 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[1] (12008E)
2022	$435,000	5.950%	5.950%	100.000	NR3

1 *CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Series 2018 Bonds and neither the Issuer nor the Underwriter nor the School makes any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.*

(C) *Priced to first optional call date of May 1, 2028.*

For a schedule of the mandatory sinking fund payments with respect to each maturity of the Series 2018 Bonds that are term bonds, see "THE SERIES 2018 BONDS – Redemption of Series 2018 Bonds – Mandatory Sinking Fund Installment Redemption" in this Limited Offering Memorandum

No person has been authorized by the Issuer, the Underwriter, the Friends of the Academy, or the School to give any information regarding the Series 2018 Bonds, the Friends of the Academy, the School, the Project, the offering contained herein and related matters or to make any representations other than those contained in this Limited Offering Memorandum and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy in any state in which it is unlawful for any person to make such offer or solicitation. The information contained in this Limited Offering Memorandum has been furnished by or on behalf of the Issuer and the School and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

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

Neither the Issuer nor any of its members, agents, employees or representatives has reviewed this Limited Offering Memorandum or investigated the statements or representations contained herein, except for those statements relating to the Issuer set forth under the captions "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION - The Issuer." Except with respect to the information contained under such captions, neither the Issuer nor any of its members, agents, employees or representatives makes any representation as to the completeness, sufficiency and truthfulness of the statements set forth in this Limited Offering Memorandum. Members of the governing body of the Issuer and any other person executing the Series 2018 Bonds are not subject to personal liability by reason of the issuance of the Series 2018 Bonds. Other than the information under the caption "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION - The Issuer," the Issuer assumes no responsibility for this Limited Offering Memorandum and has not reviewed or undertaken to verify any information contained herein.

The Trustee has not participated in the preparation of this Limited Offering Memorandum or any other disclosure documents relating to the Series 2018 Bonds. Except for information under the heading "THE TRUSTEE," the Trustee has or assumes no responsibility as to the accuracy or completeness of any information contained in this Limited Offering Memorandum or any other such disclosure documents.

References in this Limited Offering Memorandum to New York law, the Series 2018 Bonds, the Indenture, the Loan Agreement, the Lease, the Sublease, the Leasehold Mortgage, the Continuing Disclosure Agreement and other documents do not purport to be complete. Potential investors should refer to such statutes and documents for full and complete details of their provisions. Copies of such documents are on file with the Trustee.

The Chancellor of the New York City Department of Education (the "Authorizer") has not participated in the preparation of this Limited Offering Memorandum or any other disclosure documents relating to the Series 2018 Bonds. The Authorizer does not assume any responsibility

as to the accuracy or completeness of any information contained in this Limited Offering Memorandum or any other such disclosure documents.

THE SERIES 2018 BONDS ARE TO BE OFFERED AND SOLD (INCLUDING IN SECONDARY MARKET TRANSACTIONS) ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) OR "ACCREDITED INVESTORS" (AS DEFINED IN REGULATION D OF THE SECURITIES ACT). THE INDENTURE CONTAINS PROVISIONS LIMITING TRANSFERS OF THE SERIES 2018 BONDS AND BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2018 BONDS ONLY TO QUALIFIED INSTITUTIONAL BUYERS AND ACCREDITED INVESTORS.

THE SERIES 2018 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2018 BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH SERIES 2018 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 2018 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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Issuer
Build NYC Resource Corporation

Bond Counsel to the Issuer
Nixon Peabody LLP
New York, New York

Counsel to the School and Friends of the Academy
Connell Foley LLD
Jersey City, New Jersey

Underwriter
RBC Capital Markets, LLC
Philadelphia, Pennsylvania

Underwriter's Counsel
Fox Rothschild LLP
Philadelphia, Pennsylvania

Trustee and Paying Agent
U.S. Bank National Association
New York, New York

SUMMARY INFORMATION

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

Issuer……………… Build NYC Resource Corporation (the "Issuer") is a not-for-profit local development corporation created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York (the "Act"), and is authorized by the Act to issue the Series 2018 Bonds. See "THE ISSUER" in this Limited Offering Memorandum.

The School………. Inwood Academy for Leadership Charter School (the "School") is a New York not-for-profit education corporation organized under Article 56 of the New York Education Law, as amended (the "Charter Schools Act"), and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The School was founded in 2010 and currently enrolls 883 students in grades 5-12. Completion of the Project will allow the School room to expand and consolidate all of the high school students (9-12) into one facility. See "THE SCHOOL" herein and APPENDIX A hereto.

Friends of the Academy………… Friends of the Inwood Academy for Leadership Charter School, Inc. (the "Friends of the Academy") is a New York not-for-profit corporation formed for the sole purpose of furthering the educational and charitable purposes of the School. The Friends of the Academy's sole role in the Project is to act as lessee of the Facility and sublessor under the Sublease and to deliver a Limited Guaranty of the Series 2018 Bonds all as more fully described herein. The Friends of the Academy's liability under the Limited Guaranty is limited solely to its leasehold interest in the Facility pursuant to the Lease Agreement. It is not otherwise liable, directly or indirectly, for payment of the debt service on the Series 2018 Bonds or the School's obligations under the Loan Agreement. See "THE FRIENDS OF THE ACADEMY" herein.

Series 2018 Bonds… The Issuer is issuing its (i) Revenue Bonds, Series 2018A (Inwood Academy for Leadership Charter School Project) (the "Series 2018A Bonds"), in the original aggregate principal amount of $17,560,000, and (ii) Taxable Revenue Bonds, Series 2018B (Inwood Academy for Leadership Charter School Project) (the "Series 2018B Bonds" and together with the Series 2018A Bonds, the "Series 2018 Bonds"), in the original aggregate principal amount of $435,000, pursuant to an Indenture of Trust, dated as of May 1, 2018 (the "Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the

"Trustee"). The Series 2018 Bonds will be issued in minimum authorized denominations of $100,000 or any integral multiples of $5,000 in excess thereof ("Authorized Denominations"). See "THE SERIES 2018 BONDS" in this Limited Offering Memorandum.

Plan of Finance and Use of Proceeds…………… The Issuer will loan the proceeds derived from the sale of the Series 2018 Bonds to the School pursuant to the terms of a Loan Agreement, dated as of May 1, 2018 (the "Loan Agreement"), by and between the Issuer and the School. Proceeds of the Series 2018 Bonds will be used by the School for the purposes of funding: (i) the construction of certain improvements and renovations to convert certain leased space located at 3896 10th Avenue, New York, New York (the "Facility") to classroom and administrative use, (ii) 24 months of capitalized interest on the Series 2018 Bonds, (iii) a debt service reserve fund for the Series 2018 Bonds, and (iv) the costs of issuing the Series 2018 Bonds (the "Project"). The Facility is owned by an unrelated third party, leased to the Friends of the Academy and subleased to the School for use as a public charter school for students in grades 9-12. The School and the Friends of the Academy will also enter into a Building Loan Agreement (the "Building Loan Agreement") with the Issuer and the Trustee to set forth certain requirements with respect to the use of the proceeds for the Project. See "THE PROJECT AND PLAN OF FINANCE," "SOURCES AND USES OF FUNDS" and "APPENDIX A — INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL" in this Limited Offering Memorandum.

Security for the Series 2018 Bonds………………. The Series 2018 Bonds will be secured by and payable from an assignment and pledge of (i) all money held under the Indenture, including the Debt Service Reserve Fund (but excluding funds in the Rebate Fund), (ii) the interest of the Issuer in the Loan Agreement (except for the Issuer's Reserved Rights), and (iii) loan payments due from the School under the Loan Agreement.

The Series 2018 Bonds will also be secured under the terms of a Leasehold Mortgage and Security Agreement (Building Loan), and a Leasehold Mortgage and Security Agreement (Indirect Loan), both dated as of May 1, 2018 (collectively, the "Leasehold Mortgage"), each from the School and the Friends of the Academy in favor of the Issuer and the Trustee, securing the obligations of the School and/or the Friends of the Academy under the Building Loan Agreement, the Loan Agreement and the Limited Guaranty, respectively, as assigned by the Issuer to the Trustee under the terms of separate Assignments of Leasehold Mortgage and Security Agreements, both dated as of the date of issuance of the Series 2018 Bonds (collectively, the "Assignment of Leasehold Mortgage").

There will be established under the Indenture a Debt Service Reserve Fund, and within the Debt Service Reserve Fund a "Series A Bond Account" into which the Trustee shall initially deposit an amount equal to $1,225,589.44 (representing the initial "Debt Service Reserve Fund Requirement" for the Series 2018A Bonds) and a "Series B Bond Account", into which the Trustee shall initially deposit an amount equal to $30,360.56 (representing the initial "Debt Service Reserve Fund Requirement" for the Series 2018B Bonds). Amounts in each account of the Debt Service Reserve Fund may be used by the Trustee only to pay principal and interest on the corresponding Series of 2018 Bonds in the event money provided in the Bond Fund are insufficient for such purpose. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS-Debt Service Reserve Fund" in this Limited Offering Memorandum.

Special, Limited Obligations………… THE SERIES 2018 BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL OR REDEMPTION PRICE OF, AND INTEREST ON, SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. NEITHER THE STATE OF NEW YORK (THE "STATE") NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF NEW YORK, NEW YORK (THE "CITY") SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2018 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 2018 BONDS. THE SERIES 2018 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2018 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2018 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

Risk Factors………... Purchase of the Series 2018 Bonds involves a substantial degree of risk. A prospective purchaser of the Series 2018 Bonds is advised to read this entire Limited Offering Memorandum including the Appendices attached hereto in their entirety, particularly the section entitled "RISK FACTORS" in this Limited Offering Memorandum, for a discussion of

certain risk factors, which should be considered in connection with an investment in the Series 2018 Bonds.

Purchase Restrictions………..	The Series 2018 Bonds may be purchased only by (i) a "Qualified Institutional Buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"), or (ii) an "Accredited Investor" as defined in Rule 501 of Regulation D promulgated under the Securities Act. The purchase restrictions described in this paragraph apply to initial purchases of the Series 2018 Bonds and to all subsequent sales or transfers of the Series 2018 Bonds. See "THE SERIES 2018 BONDS — Purchase Restrictions on Series 2018 Bonds", "PURCHASE RESTRICTIONS" in this Limited Offering Memorandum.
Optional Redemption………..	The Series 2018A Bonds maturing on or after May 1, 2031 are subject to optional redemption, on or after May 1, 2028, in whole at any time or in part on any Interest Payment Date (but if in part in integral multiples of $5,000 and in the minimum principal amount of $100,000), at the option of the Issuer (which option shall be exercised only upon the giving of notice by the School of its intention to prepay loan payments due under the Loan Agreement), at a Redemption Price of 100% of unpaid principal amount of the Series 2018A Bonds to be redeemed, plus accrued interest to the date of redemption. The Series 2018B Bonds are not subject to optional redemption. See "THE SERIES 2018 BONDS - Redemption of Series 2018 Bonds - *General Optional Redemption*" in this Limited Offering Memorandum.
Mandatory Redemption………..	Certain maturities of the Series 2018 Bonds are also subject to mandatory sinking fund redemption as set forth in this Limited Offering Memorandum. See "THE SERIES 2018 BONDS — Redemption of Series 2018 Bonds" in this Limited Offering Memorandum.
Extraordinary Mandatory Redemption………..	Under certain circumstances, the Series 2018 Bonds are also subject to redemption at a Redemption Price equal to 100% of the unpaid principal amount, plus accrued interest upon the occurrence of certain events of damage, destruction or condemnation to the Facility. The Series 2018 Bonds are also subject to mandatory redemption upon (i) the Issuer's determination of (w) the School's failure to operate the Facility for the Approved Project Operations, (x) the School's material violation of material legal requirements, (y) false representation by the School or (z) a required disclosure statement delivered to the Issuer is not acceptable, (ii) the School's failure to maintain liability insurance, (iii) a Determination of Taxability (as defined in the Indenture), or (iv) the expiration or termination of the Lease or the Sublease. See "THE SERIES 2018 BONDS — Redemption of Series 2018 Bonds" in this Limited Offering Memorandum.

Exchange and Transfer……........	While the Series 2018 Bonds remain in book-entry only form, transfer of ownership by Beneficial Owners may be made as described in "THE SERIES 2018 BONDS", "TRANSFER RESTRICTIONS" and "APPENDIX E — BOOK-ENTRY ONLY SYSTEM" in this Limited Offering Memorandum. Interest accrues on the Series 2018 Bonds at the rates set forth on the inside front cover of this Limited Offering Memorandum from their date of issuance and is payable on May 1 and November 1 of each year, commencing November 1, 2018 (each an "Interest Payment Date"). The Series 2018 Bonds mature as set forth on the inside front cover of this Limited Offering Memorandum. Interest on and the principal of the Series 2018 Bonds is payable as described under the heading "THE SERIES 2018 BONDS — Interest; Maturity; Payment" and "THE SERIES 2018 BONDS — Redemption of Series 2018 Bonds — *Mandatory Sinking Fund Installment Redemption*" in this Limited Offering Memorandum.
Trustee and Paying Agent……............	U.S. Bank National Association. See "THE TRUSTEE" in this Limited Offering Memorandum.
Form…….............	The Series 2018 Bonds will be registered under a book-entry system in the name of The Depository Trust Company ("DTC") or its nominees. See "THE SERIES 2018 Bonds" in this Limited Offering Memorandum.
Tax Status……….....	See "TAX MATTERS - SERIES 2018A BONDS," TAX MATTERS - SERIES 2018B BONDS" and "APPENDIX K — FORM OF BOND COUNSEL OPINION" in this Limited Offering Memorandum.
Continuing Disclosure Agreement…….....	Pursuant to the requirements of Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the "Rule"), the School has agreed for the benefit of the Registered Owners and Beneficial Owners of the Series 2018 Bonds to provide certain financial information, other operating data and notices of material events. The School has not been subject to any prior continuing disclosure undertaking under the Rule. See "CONTINUING DISCLOSURE," and "APPENDIX L — FORM OF CONTINUING DISCLOSURE AGREEMENT" in this Limited Offering Memorandum.
Delivery Information………....	The Series 2018 Bonds are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and the approving legal opinion of Bond Counsel and certain other conditions. It is expected that delivery of the Series 2018 Bonds will be made on or about May 15, 2018 through the facilities of DTC in New York, New York, against payment therefor.

Agents and Advisors…………......	Nixon Peabody LLP, New York, New York, is acting as Bond Counsel. Certain legal matters will be passed upon for the Friends of the Academy and the School by their counsel Connell Foley LLP, Jersey City, New Jersey, for the Trustee by its special counsel, Paparone Law PLLC, New York, New York and for the Underwriter by its counsel, Fox Rothschild LLP, Philadelphia. RBC Capital Markets, LLC, Philadelphia, PA will serve as the Underwriter for the Series 2018 Bonds. See "UNDERWRITING" in this Limited Offering Memorandum. U.S. Bank National Association, New York, New York, will serve as the Trustee for the Series 2018 Bonds. Certain fees that are payable with respect to the Series 2018 Bonds to various counsel, the Underwriter and the Trustee are contingent upon the issuance and delivery of the Series 2018 Bonds.
Additional Information………....	The summaries of or references to constitutional provisions, statutes, resolutions, agreements, contracts, financial statements, reports, publications and other documents or compilations of data or information set forth in this Limited Offering Memorandum do not purport to be complete statements of the provisions of the items summarized or referred to and are qualified in their entirety by the actual provisions of such items, copies of which are either publicly available or available upon request at the designated corporate trust office of the Trustee, 100 Wall Street, 16th Floor, New York, New York 10005.
Audited Financial Statements………....	The audited financial statements of the School for the fiscal year ended June 30, 2017 are included in this Limited Offering Memorandum as APPENDIX D. These are the most recent audited financial statements available for the School. The financial statements in APPENDIX D were audited by MBAF CPA, LLC. See "AUDITED FINANCIAL STATEMENTS OF THE SCHOOL" and "APPENDIX D - AUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2017 AND JUNE 30, 2016 in this Limited Offering Memorandum.
Budget Projection……….....	The Budget Projection (the "Budget Projection") attached hereto in APPENDIX C is a projection of the future financial performance of the School based upon certain assumptions made by the School and contained therein. NO ASSURANCES CAN BE GIVEN THAT THE OPERATIONS OF THE SCHOOL WILL EQUAL OR EXCEED THE PROJECTED FUTURE FINANCIAL PERFORMANCE SET FORTH IN THE BUDGET PROJECTION. The Budget Projection is for the five fiscal years of the School ending June 30, 2019 through June 30, 2023.

LIMITED OFFERING MEMORANDUM

$17,995,000

$17,560,000 **Build NYC Resource Corporation** **Revenue Bonds, Series 2018A** **(Inwood Academy for Leadership Charter School Project)**	**$435,000** **Build NYC Resource Corporation** **Taxable Revenue Bonds, Series 2018B** **(Inwood Academy for Leadership Charter School Project)**

INTRODUCTORY STATEMENT

The following is a brief introduction as to certain matters discussed elsewhere in this Limited Offering Memorandum and is qualified in its entirety as to such matters by such discussion and the text of the actual documents described or referenced. Definitions contained in the text hereof are for ease of reference only and are qualified in their entirety by the definitions in APPENDIX F or G or the other documents with respect to which such terms relate. The Appendices to this Limited Offering Memorandum are an integral part of this Limited Offering Memorandum and each potential investor should review the Appendices in their entirety.

General

Build NYC Resource Corporation, a not-for-profit local development corporation created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York (the "Issuer"), will issue its (i) Revenue Bonds, Series 2018A (Inwood Academy for Leadership Charter School Project) (the "Series 2018A Bonds"), in the original aggregate principal amount of $17,560,000, and (ii) Taxable Revenue Bonds, Series 2018B (Inwood Academy for Leadership Charter School Project) (the "Series 2018B Bonds" and together with the Series 2018A Bonds, the "Series 2018 Bonds"), in the original aggregate principal amount of $435,000, pursuant to an Indenture of Trust, dated as of May 1, 2018 (the "Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"). The Issuer will loan the proceeds of the Series 2018 Bonds (the "Loan") to Inwood Academy for Leadership Charter School, a New York not-for-profit education corporation (the "School") and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), pursuant to a Loan Agreement, dated as of May 1, 2018 (the "Loan Agreement"), between the Issuer and the School. See "APPENDIX F - FORM OF LOAN AGREEMENT" in this Limited Offering Memorandum.

Proceeds of the Series 2018 Bonds will be used by the School for the purposes of funding: (i) the construction of certain improvements and renovations to convert certain leased space located at 3896 10th Avenue, New York, New York (the "Facility") to classroom and administrative use, (ii) 24 months of capitalized interest on the Series 2018 Bonds, (iii) a debt service reserve fund for the Series 2018 Bonds, and (iv) the costs of issuing the Series 2018 Bonds (the "Project"). The Facility is owned by an unrelated third party, leased to the Friends of the Academy and subleased to the School for use as a public charter school for students in grades 9-12. See "THE PROJECT AND PLAN OF FINANCE," "SOURCES AND USES OF FUNDS" and "APPENDIX A — INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL" in this Limited Offering Memorandum.

Loan of Series 2018 Bond Proceeds; Leasehold Mortgage and Other Security

Proceeds of the Series 2018 Bonds will be loaned by the Issuer to the School pursuant to the Loan Agreement and the Series 2018 Bonds will be payable primarily from and secured by a pledge of payments to be made by the School under the Loan Agreement and one or more Promissory Notes from the School to the Issuer (collectively, the "Promissory Note"), which, if fully and promptly paid, will be sufficient to pay when due the scheduled principal or Redemption Price of, and interest on, the Series 2018 Bonds and any Additional Bonds (collectively, the "Bonds"). The School and the Friends of the Academy will also enter into a Building Loan Agreement (the "Building Loan Agreement") with the Issuer and the Trustee to set forth certain requirements with respect to the use of the proceeds for the Project. The Series 2018 Bonds will be secured under the terms of a Leasehold Mortgage and Security Agreement (Building Loan), and a Leasehold Mortgage and Security Agreement (Indirect Loan), both dated as of May 1, 2018 (collectively, the "Leasehold Mortgage"), each from the School and the Friends of the Academy in favor of the Issuer and the Trustee, securing the obligations of the School and/or the Friends of the Academy under the Building Loan Agreement, the Loan Agreement and the Limited Guaranty, respectively, as assigned by the Issuer to the Trustee under the terms of separate Assignments of Leasehold Mortgage and Security Agreements, both dated as of the date of issuance of the Series 2018 Bonds (collectively, the "Assignment of Leasehold Mortgage"). Pursuant to the Indenture, the Issuer will pledge to the Trustee, for the benefit of the holders of the Series 2018 Bonds, all of its interest in the Loan Agreement (other than the Issuer's Reserved Rights) to secure payment of the principal or Redemption Price of, and interest on, the Series 2018 Bonds. The School will make Loan Payments under the Loan Agreement directly to the Trustee, as assignee of the Issuer and such obligation is an absolute and unconditional obligation of the School. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS – The Lease, The Sublease and The Leasehold Mortgage" in this Limited Offering Memorandum. See also "APPENDIX F — FORM OF LOAN AGREEMENT", "APPENDIX G — FORM OF INDENTURE" and "APPENDIX J — FORM OF LEASEHOLD MORTGAGE" in this Limited Offering Memorandum.

Debt Service Reserve Fund

The Trustee has established under the Indenture a Debt Service Reserve Fund, and within the Debt Service Reserve Fund, a "Series 2018A Account" into which the Trustee shall initially deposit an amount equal to $1,225,589.44 (representing the initial "Debt Service Reserve Fund Requirement" for the Series 2018A Bonds) and a "Series 2018B Account", into which the Trustee shall initially deposit an amount equal to $30,360.56 (representing the initial "Debt Service Reserve Fund Requirement" for the Series 2018B Bonds). Amounts on deposit in the Debt Service Reserve Fund shall be invested pursuant to the Indenture. Amounts in each account in the Debt Service Reserve Fund may be used by the Trustee to pay principal and interest only on the corresponding Series 2018 Bonds in the event money provided in the Bond Fund are insufficient for such purpose. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS - Debt Service Reserve Fund" in this Limited Offering Memorandum.

Lease

The Friends of the Academy have leased the Facility pursuant to an Agreement of Lease dated as of July 6, 2017, as modified by a Lease Modification Agreement dated April 12, 2018, between the Friends of the Academy and 3896 10th Avenue Associates, an independent third party (the "Landlord") for a term ending on September 30, 2060. Under the Lease, the Friends of the Academy pay a rental of $675,000 per year, subject to escalation, and pay real estate taxes and other costs as set forth in the Lease. See "APPENDIX H – FORM OF LEASE AND LEASE MODIFICATION AGREEMENT".

Sublease

The Friends of the Academy will sublease the Facility to the School pursuant to a Sublease Agreement dated April 12, 2018 (the "Sublease"). The School will pay the Friends of the Academy the rental and other costs required to be paid thereunder by the Friends of the Academy under the Lease. The Sublease is co-terminus with the Lease. See "APPENDIX I – FORM OF SUBLEASE".

Continuing Disclosure

The School will agree in the Continuing Disclosure Agreement to provide certain annual financial reports, certain periodic quarterly and annual financial reports and notices of certain other events with respect to the Series 2018 Bonds. See "CONTINUING DISCLOSURE" in this Limited Offering Memorandum.

Certain Covenants of the School Under the Loan Agreement; Additional Indebtedness

The Loan Agreement requires the School to comply with certain financial covenants and places certain restrictions on the incurrence of indebtedness by the School. The Loan Agreement prohibits the School from incurring any additional indebtedness other than Additional Bonds issued pursuant to the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS — Certain Covenants of the School Under the Loan Agreement; Additional Indebtedness" in this Limited Offering Memorandum.

Bondholders' Risks

Certain risks associated with an investment in the Series 2018 Bonds are discussed under "RISK FACTORS" in this Limited Offering Memorandum.

Miscellaneous

This Limited Offering Memorandum (including the Appendices hereto) contains descriptions of, among other matters, the Indenture, the Loan Agreement, the Leasehold Mortgage, the Lease, the Sublease, the Continuing Disclosure Agreement, the Issuer, the Facility, the Project, the School, the Friends of the Academy and the Series 2018 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references to documents described herein are qualified in their entirety by reference to such documents, copies of which are available for inspection at the designated corporate trust office of the Trustee.

THE ISSUER

Build NYC Resource Corporation (the "Issuer") is a not-for-profit local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York (the "State"), as amended, at the direction of the Mayor of the City of New York (the "City"). The Issuer is not an agency of State or City government. The Issuer is authorized by the Not-for-Profit Corporation Law of the State and the Issuer's Certificate of Incorporation (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's Certificate of Incorporation further provides that the activities referred to in clause (i) above will achieve the lawful public purposes of lessening the burdens of government, the carrying out of such objective and the exercise of the powers conferred on the Issuer being the performance of an essential governmental function, and the performance of such activities will assist the City in reducing unemployment and promoting additional job growth and economic development.

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 2018 Bonds are special, limited revenue obligations of the Issuer payable solely out of certain funds pledged therefor. Nothing in the Series 2018 Bonds or the Indenture shall be considered as pledging or committing any other funds or assets of the Issuer to the payment of the Series 2018 Bonds or the satisfaction of any other obligation of the Issuer under the Series 2018 Bonds or the Indenture. Neither the Issuer nor its members, directors, officers, agents, servants or employees, nor any person executing the Series 2018 Bonds, shall be liable personally with respect to the Series 2018 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. Accordingly, no financial information regarding the Issuer or its members, directors, officers, employees or agents has been included herein.

Neither the State 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 or redemption price of or interest on the Series 2018 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 for statements under the sections captioned "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION—The Issuer", and except as aforesaid, the Issuer is not responsible for any statements made in this Limited Offering Memorandum. Except for the execution and delivery of documents required to effect the issuance of the Series 2018 Bonds, the Issuer has not otherwise assisted in the offer, sale or distribution of the Series 2018 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 2018 Bonds. The School has agreed to indemnify the Issuer against certain liabilities relating to this Limited Offering Memorandum.

THE SCHOOL

Inwood Academy for Leadership Charter School (the "School") is a New York not-for-profit education corporation organized under Article 56 of the New York Education Law, as amended (the "Charter Schools Act"), and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). On December 15, 2009, the Board of Regents of the State of New York, for and on behalf of the State Education Department, granted a charter to the School for a term of 5 years and incorporated the School by issuing a certificate of incorporation known as a provisional charter. The charter has been renewed twice and is currently in effect through June 30, 2021. See "APPENDIX A" for more information about the School.

THE FRIENDS OF THE ACADEMY

Friends of the Inwood Academy for Leadership Charter School, Inc. (the "Friends of the Academy") is a New York not-for-profit corporation formed for the sole purpose of furthering the educational and charitable purposes of the School. The Friends of the Academy's sole role in the Project is to act as lessee of the Facility under the Lease and sublessor under the Sublease and to deliver its Limited Guaranty. The Friends of the Academy's liability under the Limited Guaranty is limited solely to its leasehold interest in the Facility pursuant to the Lease Agreement. It is not otherwise liable, directly or indirectly, for payment of the debt service on the Series 2018 Bonds or the School's obligations under the Loan Agreement.

CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK

This section provides a brief overview of New York's current system for funding charter schools. Prospective purchasers of the Series 2018 Bonds should note that the overview contained below and the summary of relevant New York state law provisions contained in "APPENDIX B" hereto are provided for the convenience of prospective purchasers but are not and do not purport to be comprehensive. Potential purchasers should note that the law applicable to charter schools in New York has developed over time and is subject to further changes in the future. See "RISK FACTORS — Changes in Law; Annual Appropriation; Inadequate Education Aid Payments" in this Limited Offering Memorandum.

General

Charter schools in New York are eligible to receive funds from State, federal and private sources. The principal source of charter school funding in New York is "Charter School Basic

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

Facilities Access Payments/Rental Assistance

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

The School was eligible to request access to facilities from the New York City Department of Education (the "NYC DOE") on behalf of New York City Community School District 6 due to the School's expansion to add grades in the 2014-15 school year. The School made its request for co-location on any available space and upon the NYC DOE's failure to offer a co-location site, the School followed the statutory appeal procedure such that in 2014, the School received notice from the NYC DOE that the School will receive Facilities Access Payments. The Facilities Access Payments to the School will be attributable to the newly added grades and calculated, as described below, based on the increase in enrollment from the 2014 school year to the 2017-2018 school year. For the 2017-2018 school year, 883 students are enrolled in the School and it is projected

that by the 2018-2019 school year the School will enroll 920 students. The School received rental assistance of $417,500 in fiscal year 2015-2016, $417,500 in fiscal year 2016-2017 and $817,500 in fiscal year 2017 - 2018. See "APPENDIX A — INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL — INTRODUCTION —Enrollment Generally" and "— Facilities Access Payments/Rental Assistance" in this Limited Offering Memorandum.

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

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

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

A 2017 amendment to the Charter Schools Act increased the percentage in (b) above from 20% to 30%. Further, pursuant to the Charter Schools Act, there have been annual adjustments to the calculation of Charter School Basic Tuition, which have resulted in increases to the amount of Facilities Access Payments available to eligible New York City charter schools, to the extent such amount does not exceed a charter school's actual rental costs. Such available amounts of Facilities Access Payments have been as follows: (i) 2014-2015 school year, approximately $2,755 per pupil; (ii) 2015-2016 school year, approximately $2,805 per pupil; (iii) 2016-2017 school year, approximately $2,805 per pupil; and (iv) 2017-2018 school year, approximately $4,350 per pupil. Facilities Access Payments are paid by a city school district to a charter school in the same manner as federal or state aid attributable to a student with a disability is paid pursuant to the Charter Schools Act (i.e.: in six substantially equal bi-monthly installments each year beginning on the first business day of July and every two months thereafter). See also "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW" in this Limited Offering Memorandum.

Charter School Basic Tuition

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

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

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

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

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

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

Weighted Pupils With Disabilities. Weighted Pupils With Disabilities is calculated as the attendance of pupils with disabilities who have been determined by a school district committee on

special education to require any of the following types and levels of programs or services, and who receive such programs and services from the school district of attendance during the Base Year, multiplied by a special services weighting determined as follows:

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

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

The Charter School Basic Tuition is set annually in June. School districts (in the case of the School, the NYC DOE on behalf of the New York City Community School District 9) are required to pay no later than the first business day of July, September, November, January, March and May the appropriate payment amounts as specified in the New York Education Law relating to the Charter School Basic Tuition. The payments are made in equal installments, adjusted for any supplemental payments due or overpayments to be recovered for the prior school year. See "APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW — Financial Obligations of Charter Schools, Public School Districts and Education Department" in this Limited Offering Memorandum.

Federal and State Aid Attributable to a Student with a Disability

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

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

of service provided directly or indirectly by the charter school pursuant to the New York Education Law; and (iii) the student's enrollment in such charter school in the current school year.

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

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

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

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

SOURCES AND USES OF FUNDS

Following are the estimated sources and uses for funds (excluding investment income) associated with the Project and the issuance of the Series 2018 Bonds:

Sources of Funds	
Series 2018A Bond Proceeds	$17,560,000.00
Series 2018B Bond Proceeds	435,000.00
Net Original Issue Premium	116,686.75
Total Sources of Funds	$18,111,686.75
Use of Funds	
Construction/Renovation of the Facility	$14,318,196.41
Deposit to the 2018 Debt Service Reserve Fund	1,255,950.00
Deposit to the Capitalized Interest Account	1,829,102.84
Costs of Issuance[1]	708,437.50
Total Uses of Funds	$18,111,686.75

[1] *Includes Underwriter's compensation, legal fees and expenses, printing, title insurance, Trustee fees, Issuer fees, accountant fees, real estate costs and other expenses associated with the issuance of the Series 2018 Bonds.*

DEBT SERVICE SCHEDULE

The table below sets forth the amounts required to be paid with respect to the Series 2018 Bonds assuming no prepayments or redemption prior to maturity. All amounts shown in the table below are gross debt service prior to the application of any earnings on amounts deposited in funds and accounts established under the Indenture. Interest in the Series 2018 Bonds will be paid on May 1 and November 1 of each year, commencing November 1, 2018. Principal of the Series 2018 Bonds will be paid on May 1 of each year, commencing May 1, 2021.

	Series 2018A Bonds		**Series 2018B Bonds**		
Year Ending (June 30)	**Principal Amount**	**Interest Amount**	**Principal Amount**	**Interest Amount**	**Total Debt Service**
2018					
2019		889,646.50		24,875.96	914,522.46
2020		925,643.76		25,882.50	951,526.26
2021		925,643.76	300,000	25,882.50	1,251,526.26
2022	185,000	925,643.76	135,000	8,032.50	1,253,676.26
2023	335,000	916,625.00			1,251,625.00
2024	355,000	900,293.76			1,255,293.76
2025	370,000	882,987.50			1,252,987.50
2026	390,000	864,950.00			1,254,950.00
2027	410,000	845,937.50			1,255,937.50
2028	430,000	825,950.00			1,255,950.00
2029	450,000	804,987.50			1,254,987.50
2030	470,000	783,050.00			1,253,050.00
2031	495,000	760,137.50			1,255,137.50
2032	515,000	736,006.26			1,251,006.26
2033	545,000	709,612.50			1,254,612.50
2034	570,000	681,681.26			1,251,681.26
2035	600,000	652,468.76			1,252,468.76
2036	630,000	621,718.76			1,251,718.76
2037	665,000	589,431.26			1,254,431.26
2038	700,000	555,350.00			1,255,350.00
2039	735,000	519,475.00			1,254,475.00
2040	775,000	479,050.00			1,254,050.00
2041	815,000	436,425.00			1,251,425.00
2042	860,000	391,600.00			1,251,600.00
2043	910,000	344,300.00			1,254,300.00
2044	960,000	294,250.00			1,254,250.00
2045	1,010,000	241,450.00			1,251,450.00
2046	1,065,000	185,900.00			1,250,900.00
2047	1,125,000	127,325.00			1,252,325.00
2048	1,190,000	65,450.00			1,255,450.00

THE SERIES 2018 BONDS

Interest; Maturity; Payment

The Series 2018A Bonds will be issued in the original aggregate principal amount of $17,560,000 and the Series 2018B Bonds will be issued in the original aggregate principal amount of $435,000. The Series 2018 Bonds will bear interest as set forth on the inside front cover hereof. Interest on the Series 2018 Bonds will be payable semi-annually on May 1 and November 1 (each an "Interest Payment Date") of each year, commencing on November 1, 2018. Interest on the Series 2018 Bonds will be calculated on the basis of a 360-day year with twelve months of thirty days.

The Series 2018 Bonds will be issued in the form of fully registered bonds without coupons in minimum authorized denominations of $100,000 or any integral multiple of $5,000 in excess thereof (each an "Authorized Denomination"). In the event that the Series 2018 Bonds are hereafter rated investment grade by each Rating Agency then rating the Series 2018 Bonds, then, upon the Trustee receiving written notice of the occurrence of such event, the Authorized Denomination with respect to the Series 2018 Bonds shall be $5,000 or any integral multiple thereof. The principal or Redemption Price of, and interest on, the Series 2018 Bonds will be payable when due by wire of the Trustee to The Depository Trust Company, New York, New York ("DTC"), which will in turn remit such principal, interest and premium, if any, to Participants, which Participants will in turn remit such principal, interest and premium, if any, to the Beneficial Owners of the Series 2018 Bonds as described in this Limited Offering Memorandum. See "APPENDIX E — BOOK—ENTRY ONLY SYSTEM" in this Limited Offering Memorandum.

In the event the Series 2018 Bonds are not registered in the name of Cede & Co., as nominee of DTC, or another eligible depository as described below, the principal of, Sinking Fund Installments for, and the Redemption Price of the Series 2018 Bonds will be payable by check or draft to the persons in whose names such Bonds are registered on the registration books maintained by the Trustee at the maturity or redemption thereof, provided, however, that the payment in full of any Series 2018 Bond either at final maturity or upon redemption in whole, will only be payable at the designated corporate trust office of the Trustee, as described in the Indenture. Interest payable on each Series 2018 Bond on any Interest Payment Date will be paid by the Trustee to the registered owner of such Series 2018 Bond as shown on the bond registration books of the Trustee at the close of business on the Record Date for such interest, by check or draft mailed to such registered owner at his address as it appears on the bond registration books, or at the written request by any registered owner of Series 2018 Bonds in the aggregate principal amount of at least $1,000,000, by electronic transfer, as described in the Indenture.

Interest on any Series 2018 Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Series 2018 Bond on the relevant Record Date and shall be payable to the owner in whose name such Series 2018 Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed as provided in the Indenture.

Redemption of Series 2018 Bonds

General Optional Redemption. The Series 2018A Bonds maturing on or after May 1, 2031 are subject to optional redemption, on or after May 1, 2028, in whole at any time or in part on any Interest Payment Date (but if in part in integral multiples of $5,000 and in the minimum principal amount of $100,000) at the option of the Issuer (which option shall be exercised only upon the giving of notice by the School of its intention to prepay loan payments due under the Loan Agreement), the Redemption Price of one hundred percent (100%) of the unpaid principal amount to be redeemed, plus accrued interest to the date of redemption:

The Series 2018B Bonds shall not be subject to optional redemption prior to maturity.

Mandatory Sinking Fund Installment Redemption. The Series 2018A Bonds are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the 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 2018A Term Bonds Maturing May 1, 2031

Redemption Date (May 1)	Principal Amount
2022	$185,000
2023	335,000
2024	355,000
2025	370,000
2026	390,000
2027	410,000
2028	430,000
2029	450,000
2030	470,000
2031*	495,000

**Stated Maturity.*

Series 2018A Term Bonds Maturing May 1, 2038

Redemption Date (May 1)	Principal Amount
2032	$515,000
2033	545,000
2034	570,000
2035	600,000
2036	630,000
2037	665,000
2038*	700,000

**Stated Maturity.*

Series 2018A Term Bonds Maturing May 1, 2048

Redemption Date (May 1)	**Principal Amount**
2039	$735,000
2040	775,000
2041	815,000
2042	860,000
2043	910,000
2044	960,000
2045	1,010,000
2046	1,065,000
2047	1,125,000
2048*	1,190,000

**Stated Maturity.*

The Series 2018B Bonds are subject to mandatory sinking fund redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the 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 2018B Term Bonds Maturing May 1, 2022

Redemption Date (May 1)	**Principal Amount**
2021	$300,000
2022*	135,000

**Stated Maturity.*

Extraordinary Redemption. The Series 2018 Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the School (which option shall be exercised only upon the giving of notice by the School of its intention to prepay loan payments due under the Loan Agreement), as a whole on any date, upon notice or waiver of notice as provided in the Indenture, at a Redemption Price of one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the date of redemption, if one or more of the following events shall have occurred:

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

or destruction, (B) the School is thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

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

(v) 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 School, 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 School by reason of the operation of the Facility.

If the Series 2018 Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the School shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the School stating that, as a result of the occurrence of the event giving rise to such redemption, the School has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

Mandatory Redemption upon Failure to Operate the Facility for the Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Series 2018 Bonds are subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (w) the School is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project Operations, (x) the School, any Principal of the School or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the School 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 School 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 School 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 School of written notice of such default or failure from the Issuer and a demand by the Issuer on the School 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 2018 Bonds, together with interest accrued thereon to the date of redemption.

Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the Series 2018A Bonds shall be redeemed prior to maturity on any date within one hundred twenty (120) days following such Determination of Taxability, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption. The Series 2018A Bonds shall be redeemed in whole unless redemption of a portion of the Series 2018A Bonds Outstanding would have the result that interest payable on the Series 2018A Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Series 2018A Bond. In such event, the Series 2018A 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 Upon Expiration or Termination of the Lease or Sublease. The Series 2018 Bonds are subject to mandatory redemption prior to maturity, in whole, on the Business Day prior to the effective date of any expiration or termination of the Lease or the Sublease, at the Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption.

Purchase in Lieu of Optional Redemption. In lieu of calling the Series 2018A Bonds for optional redemption, the Series 2018A Bonds shall be subject to mandatory tender for purchase at the direction of the Issuer, upon the direction of the School, in whole or in part (and, if in part, in such manner as determined by the School) on any date on or after May 1, 2028, at a Purchase Price equal to the applicable Redemption Price for any optional redemption of such Series 2018A Bonds as provided in the Indenture, plus accrued interest to the purchase date. Purchases of tendered Series 2018A Bonds may be made without regard to any provision of the Indenture relating to the selection of Series 2018A Bonds in a partial optional redemption. The Series 2018A Bonds purchased pursuant to any mandatory tender(s) are not required to be cancelled, and if not so cancelled (subject to the Loan Agreement), shall, prior to any resale by or on behalf of the School, 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 2018A Bonds in a partial redemption.

Purchases in lieu of an optional redemption shall be permitted, with the consent of the Issuer, upon the delivery to the Issuer and the Trustee of (i) an opinion of Nationally Recognized Bond Counsel addressed to the Issuer and the Trustee substantially to the effect that (A) such purchases in lieu of optional redemption comply with the provisions of the Indenture and (B) neither such purchases in lieu of an optional redemption nor any transaction directly related thereto will adversely affect the exclusion from gross income of interest on the Series 2018A Bonds for purposes of federal income taxation, and (ii) such other opinions, certificates or documentation as the Issuer may require.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2018 BONDS, ALL PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, AND INTEREST ON THE SERIES 2018 BONDS WILL BE MADE DIRECTLY TO DTC. DISBURSEMENT OF SUCH PAYMENTS TO DIRECT PARTICIPANTS WILL BE THE RESPONSIBILITY OF DTC, AND DISBURSEMENT OF SUCH PAYMENTS TO BENEFICIAL OWNERS WILL BE THE RESPONSIBILITY OF THE

DIRECT PARTICIPANTS AND INDIRECT PARTICIPANTS. SEE "APPENDIX E — BOOK-ENTRY ONLY SYSTEM" IN THIS LIMITED OFFERING MEMORANDUM.

Notice of Redemption. When redemption of any Series 2018 Bonds is requested or required pursuant to the Indenture, notice of redemption of any Series 2018 Bonds will be given by the Trustee in the name of the Issuer. Notice of any redemption of Series 2018 Bonds will be (i) mailed by first class mail postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective holders thereof at the last addresses appearing on the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of such Series of Series 2018 Bonds with respect to which proper mailing was effected, and (ii) sent to a national information service that disseminates redemption notices. Each notice of redemption will contain all of the following information: (a) the name of the Series, (b) CUSIP number, (c) Bond numbers, (d) the date of original issue of such Series, (e) the date of mailing of the notice of redemption, (f) maturities, interest rates and principal amounts of the Bonds or portions thereof to be redeemed, (g) the redemption date, (h) the Redemption Price, (i) the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at the Trustee), (j) the principal amounts of the Bonds or portions thereof to be payable, (k) if less than all of the Bonds of any maturity are to be redeemed, the numbers of such Bonds or portions thereof to be so redeemed, (l) that on such date there shall become due and payable upon each Bond or portion thereof to be redeemed the Redemption Price thereof together with interest accrued to the redemption date, and (m) that from and after such date interest thereon shall cease to accrue and be payable.

Effect of Notice. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. If any Series 2018 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 2018 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 2018 Bonds.

If notice of redemption shall have been given in the manner provided in the Indenture and as described above, the Series 2018 Bonds called for redemption shall become due and payable on the redemption date, provided, however, that with respect to any optional redemption of the Series 2018 Bonds, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2018 Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem the Series 2018 Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of the Series 2018 Bonds so called for redemption at the place or places of payment, such Series 2018 Bonds shall be redeemed.

So long as DTC is effecting book entry transfers of the Series 2018 Bonds, the Trustee shall provide the notices specified above only to DTC. It is expected that DTC shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Series 2018 Bond (having been mailed notice from the Trustee, DTC, a Participant or otherwise) to notify the Beneficial Owner of the Series 2018 Bond so affected, shall not affect the validity of the redemption of such Series 2018 Bond.

Payment of Redeemed Series 2018 Bonds. Notice having been given in the manner provided in the Indenture and as described above, the Series 2018 Bonds or portions thereof so called for redemption shall become due and payable on the redemption dates so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all the Series 2018 Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, (i) interest on the Series 2018 Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (ii) the Series 2018 Bonds or portions thereof so called for redemption shall cease to be entitled to any lien, benefit or security under the Indenture, and (iii) the Holders of the Series 2018 Bonds or portions thereof so called for redemption shall have no rights in respect thereof, except to receive payment of the Redemption Price together with interest accrued to the redemption date. If said moneys shall not be so available on the redemption date, such Series 2018 Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Selection of Series 2018 Bonds for Redemption. In the event of redemption of less than all the Outstanding Series 2018 Bonds of the same Series and maturity, the particular Series 2018 Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair, except that (i) the Series 2018 Bonds to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the Trustee shall select the Series 2018 Bonds for redemption such that no Series 2018 Bond shall be of a denomination of less than the Authorized Denomination for such Series 2018 Bonds. In the event of redemption of less than all the Outstanding Series 2018 Bonds of the same Series stated to mature on different dates, the principal amount of such Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series 2018 Bonds to be redeemed and by lot within a maturity. The portion of the Series 2018 Bonds to be redeemed in part shall be in the principal amount of the minimum Authorized Denomination thereof or some integral multiple thereof and, in selecting Series 2018 Bonds for redemption, the Trustee shall treat each such Series 2018 Bond as representing that number of Series 2018 Bonds which is obtained by dividing the principal amount of such registered Series 2018 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 2018 Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Series 2018 Bond shall forthwith surrender such Series 2018 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 2018 Bond or Series 2018 Bonds in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Series 2018 Bond. New Series

2018 Bonds of a maturity representing the unredeemed balance of the principal amount of such Series 2018 Bond shall be issued to the registered Holder thereof, without charge therefor. If the Holder of any such Series 2018 Bond of a denomination greater than a unit shall fail to present such Series 2018 Bond to the Trustee for payment and exchange as aforesaid, such Series 2018 Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only).

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS

Special Limited Revenue Obligations

THE SERIES 2018 BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER, PAYABLE AS TO PRINCIPAL, REDEMPTION PRICE AND INTEREST, SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2018 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 2018 BONDS. THE SERIES 2018 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2018 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2018 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

The Loan Agreement

Under the Loan Agreement, the Issuer agrees to issue the Series 2018 Bonds and to lend the proceeds thereof to the School to finance the Project, and the School is obligated unconditionally to repay the loan in amounts sufficient, together with available funds held under the Indenture, to provide for the timely payment of the principal or Redemption Price of, and interest on, the Series 2018 Bonds when due (whether by maturity, mandatory sinking fund redemption or acceleration) and to perform certain other obligations set forth therein. The School will make Loan Payments under the Loan Agreement directly to the Trustee, as assignee of the Issuer and such obligation is an absolute and unconditional obligation of the School. Under the Loan Agreement, the School is required to make loan payments on the last Business Day of each month as set forth in the Loan Agreement. See "APPENDIX F — FORM OF LOAN AGREEMENT" in this Limited Offering Memorandum.

The Indenture

The Series 2018 Bonds are to be issued pursuant to the Indenture and will be equally and ratably secured thereby. As security for the Series 2018 Bonds, the Issuer has pledged and assigned

to the Trustee the Trust Estate, which includes: (i) all right, title and interest of the Issuer in and to the Loan Agreement, including all Loan Payments, revenues and receipts payable or receivable thereunder (other than the Issuer's Reserved Rights); (ii) all right, title and interest of the Issuer in and to the Promissory Note; and (iii) all moneys and securities from time to time held by the Trustee under the Indenture, including the Debt Service Reserve Fund (but not including the Rebate Fund or the Repair and Replacement Fund and provided that amounts in the Series 2018A Account of the Debt Service Reserve Fund shall be pledged for the benefit of the Series 2018A Bonds only and amounts in the Series 2018B Account of the Debt Service Reserve Fund shall be pledged for the benefit of the Series 2018B Bonds only). The Indenture provides that all Series 2018 Bonds issued thereunder shall be special limited revenue obligations of the Issuer, payable solely from and secured solely by the Trust Estate. See "APPENDIX G - FORM OF INDENTURE" in this Limited Offering Memorandum.

Acceleration

Upon the occurrence of certain events, payment of the principal of and accrued interest on the Series 2018 Bonds may be accelerated under the Indenture. See "RISK FACTORS"; "APPENDIX F —FORM OF LOAN AGREEMENT — Events of Default" and "—Remedies on Default"; and "APPENDIX G — FORM OF INDENTURE — Events of Default; Acceleration of Due Date" and "— Enforcement of Remedies" in this Limited Offering Memorandum.

The Lease

The Friends of the Academy have leased the Facility pursuant to an Agreement of Lease dated as of July 6, 2017, as modified by a Lease Modification Agreement dated April 12, 2018, between the Friends of the Academy and 3896 10th Avenue Associates (the "Landlord") for a term ending on September 30, 2060. Under the Lease, the Friends of the Academy pay a rental of $657,000 per year, subject to escalation, real estate taxes and certain other costs as set forth in the Lease. See "APPENDIX H —FORM OF LEASE AND LEASE MODIFICATION AGREEMENT" in this Limited Offering Memorandum.

The Sublease

The Friends of the Academy will sublease the Facility to the School pursuant to a Sublease Agreement dated as of April 12, 2018 (the "Sublease"). The School will pay the Friends of the Academy the rental and other costs required to be paid thereunder. The Sublease is co-terminus with the Lease. See "APPENDIX I — FORM OF SUBLEASE" in this Limited Offering Memorandum.

The Leasehold Mortgage

The Series 2018 Bonds will also be secured under the terms of the Leasehold Mortgage, as assigned by the Issuer to the Trustee under the terms of an Assignment of Leasehold Mortgage and Security Agreement. Pursuant to the Leasehold Mortgage, the School and the Friends of the Academy will grant a lien on its respective leasehold interest in the Facility to the Trustee as security for the Series 2018 Bonds. See "RISK FACTORS" – Foreclosure Delays and Deficiency" herein. See also "APPENDIX J — FORM OF LEASEHOLD MORTGAGE".

The Limited Guaranty

The Friends of the Academy will also deliver its limited, non-recourse guaranty to the Trustee of the Series 2018 Bonds pursuant to the Limited Guaranty Agreement dated as of May 1, 2018 (the "Limited Guaranty"). The Friends of the Academy's liability under the Limited Guaranty is limited solely to its leasehold interest in the Facility pursuant to the Lease Agreement. The Friends of the Academy is not otherwise liable, directly or indirectly, for payment of the debt service on the Series 2018 Bonds or the School's obligations under the Loan Agreement.

Debt Service Reserve Fund

The Trustee has established under the Indenture a Debt Service Reserve Fund, and within the Debt Service Reserve Fund a "Series 2018A Account" into which the Trustee shall initially deposit an amount equal to $1,225,589.44 (representing the initial "Debt Service Reserve Fund Requirement" for the Series 2018A Bonds) and a "Series 2018B Account", into which the Trustee shall initially deposit an amount equal to $30,360.56 (representing the initial "Debt Service Reserve Fund Requirement" for the Series 2018B Bonds). Amounts on deposit in the Debt Service Reserve Fund shall be invested pursuant to the Indenture. Amounts in each account of the Debt Service Reserve Fund may be used by the Trustee only to pay principal and interest on the corresponding series of Series 2018 Bonds in the event money provided in the Bond Fund are insufficient for such purpose. Amounts in the Debt Service Reserve Fund are valued semi-annually as provided in the Indenture. If either Account in the Debt Service Reserve Fund falls below the Debt Service Reserve Fund Requirement for such Account, the School shall pay to the Trustee for deposit in such Account on the first day of the month immediately following the receipt by the School of notice of such deficiency, and on the first day of each of the five (5) succeeding months, an amount equal to one sixth (1/6th) of such deficiency in such Account. Amounts in the Series 2018A Account and the Series 2018B Account of the Debt Service Reserve Fund will not secure any Additional Bonds. See "APPENDIX G — FORM OF INDENTURE" in this Limited Offering Memorandum.

Repair and Replacement Fund

The Trustee shall establish under the Indenture a Repair and Replacement Fund in which the Trustee shall deposit funds received from time to time, from the School in accordance with the Loan Agreement. On or before April 30, 2020, and on or before the last Business Day of each month thereafter, $3,000 shall be deposited by the Trustee in the Repair and Replacement Fund; until the balance in the Repair and Replacement Fund equals $200,000. Thereafter, the School covenants that, unless the amount on deposit in the Repair and Replacement Fund on the first Business day of any Fiscal Year equals or exceeds the Repair and Replacement Fund Requirement for such Fiscal Year (in which event no additional deposits are required), commencing with the first Loan Payment Date in such Fiscal Year and continuing monthly with each Loan Payment Date thereafter through the end of such Fiscal Year, it shall deposit into the Repair and Replacement Funds substantially equal amounts which, in the aggregate, will equal the deficiency in the Repair and Replacement Fund. MONEYS HELD IN THE REPAIR AND REPLACEMENT FUND SHALL NOT BE AVAILABLE TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON THE SERIES 2018 BONDS.

Defeasance

Upon certain terms and conditions specified in the Indenture, including provision for the payment of such Bonds, the Series 2018 Bonds or portions thereof will be deemed to be paid and the security provided in the Indenture and the Leasehold Mortgage may be discharged prior to maturity or redemption of the Series 2018 Bonds. In that case, the Series 2018 Bonds will be secured solely by the cash and securities deposited with the Trustee for such purpose. See "APPENDIX G — FORM OF INDENTURE - Defeasance" in this Limited Offering Memorandum.

Certain Covenants of the School Under the Loan Agreement; Additional Indebtedness

As used in the Loan Agreement and in this section:

(A) "Cash on Hand" means the sum of cash, cash equivalents, liquid investments and unrestricted marketable securities (valued at the lower of cost or market value) of the School. Cash on Hand specifically does not include amounts held by the Trustee;

(B) "Days Cash on Hand" means (a) Cash on Hand of the School, as shown on the financial statements for each Fiscal Year divided by (b) the quotient of Operating Expenses, as shown on the financial statements of the School for such Fiscal Year, divided by 365;

(C) "Gross Revenues" means all funds, money, grants, or other distributions received by the School from the State or other revenues sources of any kind whatsoever, but such amount does not include donations that have been restricted by the donor;

(D) "Indebtedness" means (a) all the indebtedness of the obligor for borrowed money which has been incurred in connection with the acquisition of assets and (b) the capitalized value of the liability under any lease of real or personal property which is properly capitalized on the statement of assets, liabilities and fund balances of the obligor in accordance with generally accepted accounting principles;

(E) "Long-Term Indebtedness" means all Indebtedness the final maturity of which (taking into account any extensions available at the sole option of the School) is greater than one year after the initial incurrence thereof;

(F) "Net Income Available for Sublease Payments/Debt Service" shall mean, for any period of determination thereof, the aggregate Gross Revenues of the School for such period minus the total Operating Expenses for such period but excluding (a) any profits or losses which would be regarded as extraordinary items under generally accepted accounting principles, (b) gain or loss in the extinguishment of Indebtedness, (c) proceeds of the Series 2018 Bonds and any other Indebtedness permitted by the Loan Agreement, and (d) proceeds of insurance policies, other than policies for business interruption insurance, maintained by or for the benefit of the School, the proceeds of any sale, transfer or other disposition of the Facility or any other of the School's assets by the School, and any condemnation or any other damage award received by or owing to the School; and

(G) **"**Operating Expenses" shall mean all fees and expenses incurred in the general operation of the School as determined in accordance with generally accepted accounting principles, including but not limited to items such as: (a) salaries, wages, benefits, payroll taxes, and other expenses for teachers and staff employed by the School, (b) the cost of material and supplies used for current operations of the School, (c) the cost of vehicles owned or leased by the School, (d) the cost of equipment leases and service contracts, (e) taxes upon the operations of the School not otherwise mentioned in the Loan Agreement, (f) School administrative and legal expenses, (g) costs and expenses incurred by the School with respect to the Facility, including maintenance, repair expenses, and utility expenses, (h) miscellaneous operating expenses, (i) advertising costs, (j) charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting principles, all in such amounts as reasonably determined by the School; provided however, "Operating Expenses" shall not include (s) depreciation and amortization expenses; (t) other non-cash expenses; (u) those expenses which are actually paid from any revenues of the School which are not Gross Revenues; (v) those expenses which are actually paid from any proceeds of Long-Term Indebtedness; (w) one-time, extraordinary expenses; and (x) expenditures for capitalized assets. In addition, solely for purposes of calculating Net Income Available for Sublease Payments/Debt Service, Operating Expenses shall not include (1) the interest component of Loan Payments payable under the Loan Agreement (or under any other Long-Term Indebtedness); and (2) amounts payable by the School under the Sublease (or under any similar arrangement supporting additional Long-Term Indebtedness).

Covenants of the School.

Minimum 60 Days Cash on Hand. Maintain unrestricted Cash on Hand in its operating fund such that on each testing date the amount on deposit in such fund shall be equal to or greater than 60 Days Cash on Hand. The School's Cash on Hand shall be tested annually as of each Fiscal Year, commencing July 1, 2019. The School will provide the Trustee with a certification no later than two weeks after the completion of the School's audit for each Fiscal Year that the operating reserve fund balance required above has been met. Amounts on deposit in such operating fund may be used to pay Operating Expenses or may be used for any other lawful purpose. The foregoing is subject to the qualification that if applicable state or federal laws or regulations, or the rules and regulations of agencies having jurisdiction (including, without limitation, changes in state or federal funding schedules), shall not permit or enable the School to maintain such level of Cash on Hand, then the School shall, in conformity with the then prevailing laws, rules or regulations, maintain its Cash on Hand equal to the maximum permissible level.

Minimum Coverage. In addition to the Days Cash on Hand covenant described above, the School shall commencing with the Fiscal Year ending June 30, 2019 and each Fiscal Year thereafter, maintain Net Income Available for Sublease Payments/Debt Service in each Fiscal Year that will be at least 110% of the sum of Principal and Interest Requirements on Long-Term Indebtedness during such Fiscal and the payments required by the School under the Sublease (and any similar arrangement supporting Long-Term Indebtedness) during such Fiscal Year.

Consultant Required at Direction of Majority. If the Cash on Hand at the end of any Fiscal Year is below 60 days , as provided above under "*Minimum 60 Days Cash on Hand*," then, upon the written direction of the Majority Holders, the School will promptly employ an Independent

Consultant, selected by or acceptable to the Majority Holders, to review and analyze the operations and administration of the School, inspect the Facility, and submit to the School and Trustee written reports, and make such recommendations as to the operation and administration of the School as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The School agrees to consider any recommendations by the Independent Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations.

So long as the School is otherwise in full compliance with its obligations under the Loan Agreement, including following, to the fullest extent practicable, the recommendations of the Independent Consultant, it shall not constitute an Event of Default if the Cash on Hand at the end of any Fiscal Year is less than 60 days, as provided above under "*Minimum 60 Days Cash on Hand*". If requested, the School shall provide the Trustee with a written certification that the School is, to the fullest extent practicable, in compliance with the recommendations of the Independent Consultant and the Trustee shall be fully protected in relying on such written certification.

If the Net Income Available for Sublease Payments/Debt Service for any Fiscal Year ending on or after June 30, 2019, is less than 110% of the sum of Principal and Interest Requirements on Long-Term Indebtedness during such Fiscal Year and the payments required by the School under the Sublease (and any similar arrangement supporting Long-Term Indebtedness) during such Fiscal Year (as evidenced by the School's audited financial statements for such Fiscal Year), then upon written direction of the Majority Holders, the School will promptly employ an Independent Consultant selected by or acceptable to the Majority Holders to review and analyze the operations and administration of the School, inspect the Facility, and submit to the School and Trustee written reports, and make such recommendations as to the operation and administration of the School as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The School agrees to consider any recommendations by the Independent Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations.

So long as the School is otherwise in full compliance with its obligations under the Loan Agreement, including following, to the fullest extent practicable, the recommendations of the Independent Consultant, it shall not constitute an Event of Default if the Net Income Available for Sublease Payments/Debt Service for any Fiscal Year ending on or after June 30, 2019, is less than 110% of the sum of Principal and Interest Requirements on Long-Term Indebtedness for such Fiscal Year and the payments required by the School under the Sublease (and any similar arrangement supporting Long-Term Indebtedness) during such Fiscal Year (as evidenced by the School's audited financial statements for such Fiscal Year).

Notwithstanding the immediately preceding paragraphs, regardless of whether the School has retained an Independent Consultant, if at the end of the Fiscal Year ending June 30, 2019 or any subsequent Fiscal Year, the Net Income Available for Sublease Payments/Debt Service as of the end of such Fiscal Year is less than 100% of the sum of Principal and Interest Requirements on Long-Term Indebtedness for such Fiscal Year and the payments required by the School under the Sublease (and any similar arrangement supporting Long-Term Indebtedness) during such Fiscal Year. (as evidenced by the School's audited financial statements for such Fiscal Year), then

the Trustee shall give notice thereof to EMMA and the Majority Holders may either (y) direct the Trustee to declare an Event of Default or (z) direct the Trustee to exercise one or more of the remedies permitted under the Loan Agreement and the Indenture. In the absence of direction from Majority Holders, the Trustee may take the action described in clauses (y) and (z) of the preceding sentence.

Additional Indebtedness of the School. The School covenants in the Loan Agreement that it will not incur any indebtedness unless it (a) receives the prior written consent of the Majority Holders or (b) satisfies certain requirements described in the Loan Agreement and set forth below.

Short-Term Indebtedness. The School may incur Short-Term Indebtedness in an amount that does not exceed 10% of the Gross Revenues of the School in any Fiscal Year based upon the School's audited financial statements for the prior Fiscal Year. Any Short-Term Indebtedness outstanding as of the execution of the Loan Agreement and any future extension of such Short-Term Indebtedness must comply with such limitations. Short-Term Indebtedness incurred by the School shall not be secured by any security interest in or lien against the Facility.

Long-Term Indebtedness. Pursuant to the Loan Agreement, the School may incur Long-Term Indebtedness upon the satisfaction of certain requirements, including furnishing to the Trustee: (i) an opinion or report of an Independent Accountant to the effect that the Net Income Available for Sublease Payments/Debt Service for the Fiscal Year immediately preceding the date on which such Long-Term Indebtedness is to be incurred for which audited financial statements are available totals at least 120% of the sum of the maximum Principal and Interest Requirements on Long-Term Indebtedness and the payments required by the School under the Sublease (and any similar arrangement supporting Long-Term Indebtedness) during such Fiscal Year, and (ii) a certificate of an Authorized Representative, verified by an Independent Accountant, to the effect that Net Income Available for Sublease Payments/Debt Service for the next Fiscal Year beginning after the Fiscal Year in which any improvements being financed by such proposed Long-Term Indebtedness are to be placed in service, or, if no improvements are to be financed thereby, beginning with the first Fiscal Year after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred, will be at least 120% of the sum of the maximum Principal and Interest Requirements on Long-Term Indebtedness and the payments required by the School under the Sublease (and any similar arrangement supporting Long-Term Indebtedness) during such Fiscal Year (including such requirements for the proposed Long-Term Indebtedness but excluding such requirements for any then outstanding Long-Term Indebtedness or Series 2018 Bonds to be refinanced by the proposed Long-Term Indebtedness) for each Fiscal Year beginning with the second Fiscal Year after the Fiscal Year in which any improvements being financed by such proposed Long-Term Indebtedness are to be placed in service, or, if no improvements are to be financed thereby, beginning with the first Fiscal Year after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred, but before the final stated maturity of all then Outstanding Series 2018 Bonds.

Notwithstanding the requirements of the prior paragraph, the School may incur Long-Term Indebtedness: (A) if and to the extent necessary to provide additional funds (1) if the aggregate principal amount of such Long-Term Indebtedness incurred in a Fiscal Year does not exceed 5% of Gross Revenue or (2) for payment of the cost of any improvements or alterations for which any Long-Term Indebtedness shall have been incurred at one time or from time to time under this

clause (A); or (B) for refinancing the principal amount of any outstanding Long-Term Indebtedness provided the Principal and Interest Requirements on Long-Term Indebtedness (including such requirements for the proposed Long-Term Indebtedness but excluding such requirements for the Long-Term Indebtedness to be refinanced thereby) for each Fiscal Year after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred but before the final stated maturity of all then Outstanding Series 2018 Bonds will not exceed the amount of Principal and Interest Requirements on Long-Term Indebtedness that would have been required for each such Fiscal Year had such proposed Long-Term Indebtedness not been incurred.

Purchase Money Indebtedness. The School may also incur Long-Term Indebtedness without regard to the limitations described above under "Long-Term Indebtedness" if: (i) such Long-Term Indebtedness is secured solely by a security interest in personal property financed with such Long-Term Indebtedness; (ii) the aggregate payments required to be made by the School in each Fiscal Year with respect to all Long-Term Indebtedness incurred pursuant to this paragraph does not exceed five percent (5%) of the Gross Revenues of the School, as reported in the most recent audited financial statements of the School, determined as of the date such Long-Term Indebtedness; (iii) such Long-Term Indebtedness amortizes within a 60 month period of the incurrence thereof; and (iv) the School certifies that the incurrence of such Long-Term Indebtedness will not cause it to be in violation of the operating covenants of the School.

PURCHASE RESTRICTIONS

The Series 2018 Bonds are to be offered and sold only to "qualified institutional buyers," as such term is defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") or "accredited investors" within the meaning of Rule 501 of Regulation D under the Securities Act, and each transferee, by taking delivery of an initial Series 2018 Bond, is deemed to have represented that it qualifies as a qualified institutional buyer or an accredited investor.

RISK FACTORS

No person should purchase any Series 2018 Bonds without carefully reviewing the following information, which summarizes some, but not all, factors that should be carefully considered before such purchase.

Nature of Special, Limited Obligations

THE SERIES 2018 BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2018 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 2018 BONDS. THE SERIES 2018 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2018 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE

AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE SERIES 2018 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

Investment Risk

Purchase of the Series 2018 Bonds involves a substantial degree of risk. Debt obligations of the general character of the Series 2018 Bonds are typically considered to be high-risk securities, sometimes referred to as "high-yield bonds." Such securities may exhibit price fluctuations due to changes in interest rate or bond yield levels. As a result, the value of the Series 2018 Bonds may fluctuate significantly in the short-term. Further, such securities have a less liquid resale market. As a result, potential investors may have difficulty selling or disposing of the Series 2018 Bonds quickly in certain markets or market environments. Such securities are also considered predominately speculative with respect to the obligor's continuing ability to make principal and interest payments. See also "RISK FACTORS — Dependence on School's Ability to Pay Loan Payments" below. The Series 2018 Bonds should not be purchased by any potential investor who, because of financial condition, investment policies or otherwise, does not desire to assume, or have the ability to bear, the risks inherent in an investment in the Series 2018 Bonds.

Dependence on the School's Ability to Pay Loan Payment

Payment of principal or Redemption Price of, and interest on, the Series 2018 Bonds is intended to be made from Loan Payments made by the School under the Loan Agreement, except to the extent payment is intended to be made from other amounts held under the Indenture such as Series 2018 Bond proceeds or investment earnings. The School's general revenues are a combination of state payments provided under several State and federal programs, including the Education Aid payments and Facilities Access Payments. See "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK" in this Limited Offering Memorandum. Facilities Access Payments alone will likely be insufficient to make the total payments due under the Loan Agreement and the Sublease. Prior enrollment history of the School is no guaranty of future enrollment and revenues. See "APPENDIX A — INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL" and "APPENDIX C — BUDGET PROJECTION" in this Limited Offering Memorandum.

The amounts and the timing of future revenues of the School cannot be determined with assurance. Prior revenues and expenditures of the School are no guaranty as to future revenue and expenditures of the School. Any event that would cause a delay, reduction or elimination of Education Aid or Facilities Access Payments would have a material adverse effect on the ability of the School to make payments under the Loan Agreement representing debt service on the Series 2018 Bonds.

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

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

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

The regulations adopted by the New York State Commissioner of Education (the "Commissioner") provide that a charter school shall notify the Commissioner in the event that a school district (the NYC DOE on behalf of the New York City Community School District 6 with respect to the School) fails to make a required bi-monthly payment of Education Aid to a charter school such as the School. Such notice shall be given subsequent to the date a bi-monthly payment is due, but in no event later than May 31 of the school year in which such payments are due. Upon receipt of such notice, the Commissioner must certify to the State Comptroller (the "Comptroller") the amount of the unpaid obligation of the school district, which said amount shall be deducted from any Education Aid payment due to such school district (the NYC DOE on behalf of the New York City Community School District 6 with respect to the School) and instead will be paid directly by the Comptroller to the School. There can be no assurance of the timing of receipt of any such amounts so paid by the Comptroller. The regulations that refer to payments required by Section 2856 of the Charter Schools Act (Charter School Basic Tuition and federal/state aid attributable to students with disabilities) do not directly address Facilities Access Payments that are described in Section 2853 of the Charter Schools Act. The NYC DOE letter notifying the School that it will receive Facilities Access Payments stated that the Facilities Access Payments will be paid consistently with the bi-monthly basis outlined in Section 2856(1)(b) of the Charter Schools Act.

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

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

Although State law prescribes a detailed process applicable to the adoption by the State of its annual budget, the annual budgetary process has resulted in recent years in the adoption of annual budgets later, and in some instances substantially later, than April 1, which is the start of

the State's fiscal year. No assurance can be given as to the date of adoption of future annual budgets or as to the availability of funds for public education purposes while the annual budget is pending. In addition, the State has had well publicized budget issues and deficits and such State budgetary pressures could continue and cause revisions to the funding of charter schools in the State.

Budget Projection

The Budget Projection (the "Budget Projection") prepared by the School and contained in "APPENDIX C — BUDGET PROJECTION" is based upon certain assumptions made by the School. No assurance can be given that the results described in the Budget Projection will be achieved. The School does not intend to issue an additional Budget Projection and, accordingly, there are risks inherent in using the Budget Projection in the future as the Budget Projection becomes outdated. The Budget Projection is only for fiscal years ending June 30, 2019 through June 30, 2023, and does not cover the entire period during which the Series 2018 Bonds may be outstanding. See "APPENDIX C — BUDGET PROJECTION" in this Limited Offering Memorandum.

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

Termination or Revocation of Charter

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

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

No Pledge of Revenues by the School

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

Limited Nature of the Limited Guaranty

The Friends of the Academy's liability under the Limited Guaranty is limited solely to its leasehold interest in the Facility pursuant to the Lease Agreement. It is not otherwise liable, directly or indirectly, for payment of the debt service on the Series 2018 Bonds or the School's obligations under the Loan Agreement.

Factors Associated with Education

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

Competition for Students

The School competes for students primarily within the geographic area of New York City Community School District No. 6 (the "6th District") and other surrounding districts, and with other public schools and charter schools within the Manhattan, New York area. Currently, there are 43 public schools within the 6th District (grades K-12). In the view of the School, these schools are representative of the schools with which the School competes for students. See "APPENDIX A —INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL — Service Area and Competition for Students" in this Limited Offering Memorandum. No assurance can be given that the School will attract and retain the number of students that are needed to produce revenue necessary to pay the debt service on the Series 2018 Bonds, or that additional schools will not be created in or near the School's service area.

Foreclosure Delays and Deficiency

Should the Loan Payments made by the School be insufficient to pay the debt service on the Series 2018 Bonds, the Trustee may seek to foreclose on the Leasehold Mortgage securing the Series 2018 Bonds. In the event that the School defaults under the Loan Agreement, the Trustee, as leasehold mortgagee, has certain rights to cure defaults and take other measures to deal with the Facility. However, unlike a fee mortgage, the Trustee does not have the right to foreclose on and sell the Facility. Rather, its rights are limited to finding a replacement lessee and/or sublessee for the Facility subject to the requirements of the Lease. There is no guaranty that the Trustee would be able to find a tenant or tenants to lease the Facility or that any lease payments would be sufficient to pay the principal or Redemption Price of, or interest on, the Series 2018 Bonds.

No Appraisal

No appraisal of the Facility has been commissioned in connection with the issuance of the Series 2018 Bonds and the Project. In the event of a foreclosure of the Leasehold Mortgage, the leasehold value of the Facility in such event cannot be determined and may be substantially less than the cost of the acquisition, renovation and equipping of the Facility and there can be no assurance that the rental value received for the Facility will be sufficient to pay the principal of and interest due on the Series 2018 Bonds.

Construction Risk

The construction, renovation and improvement, as applicable, of the renovations to the Facility is subject to the risk of delays due to a variety of factors including, among others, delays in obtaining the necessary permits, licenses and other governmental approvals, site difficulties, labor disputes, delays in delivery and shortage of materials, weather conditions, fire and other casualties and default by the School, a contractor or subcontractors. If completion of the construction, renovation and improvement of the Facility is delayed beyond the estimated construction period, the School will not be able to begin operating at the property at the beginning of the 2020-2021 school year. Consequently, projected revenues from increased enrollment will likely be delayed and adversely affect the School's financial condition.

The School believes that the proceeds of the Series 2018 Bonds will be sufficient to finance the costs of the Project. The costs of construction, renovation and improvement, as applicable, may be increased, however, if there are change orders. Furthermore, the costs of construction, renovation and improvement, as applicable, of the additional improvements to the Facility may be affected by other factors beyond the control of the School or any contractor constructing, renovating or improving any portion of the Facility, including those described in the preceding paragraph.

The construction contracts will require that the applicable contractor provide payment and performance bonds. It is also anticipated that the general contract for construction will contain penalty clauses for late completion. However, there can be no assurance that the obligation of the surety under such bonds, or the obligation of the contractor under the construction contract, can be enforced without costly and time-consuming litigation.

Effect of Federal Bankruptcy Laws on Security for the Series 2018 Bonds

Bankruptcy proceedings and equity principles may delay or otherwise adversely affect the enforcement of Bondholders' rights in the property granted as security for the Series 2018 Bonds. Furthermore, if the security for the Series 2018 Bonds is inadequate for payment in full of the Series 2018 Bonds, bankruptcy proceedings and equity principles may also limit any attempt by the Trustee to seek payment from other property of the School, if any. See "ENFORCEABILITY OF OBLIGATIONS" in this Limited Offering Memorandum. Also, federal bankruptcy law permits adoption of a reorganization plan, even though it has not been accepted by the holders of a majority in the aggregate principal amount of the Series 2018 Bonds, if the Bondholders are provided with the benefit of their original lien or the "indubitable equivalent." In addition, if the bankruptcy court concludes that the Bondholders have "adequate protection," it may (i) substitute other security subject to the lien of the Bondholders, and (ii) subordinate the lien of the Bondholders (a) to claims by persons supplying goods and services to the School after bankruptcy and (b) to the administrative expenses of the bankruptcy proceeding. The bankruptcy court may also have the power to invalidate certain provisions of the Leasehold Mortgage that make bankruptcy and related proceedings by the School an event of default thereunder.

Key Personnel

The School's creation, curriculum, educational philosophy, and day-to-day operations reflect the vision and commitment of the individuals who serve on the School's Board of Trustees and as the School's administrators (the "Key Personnel"). The loss of any Key Personnel could adversely affect the School's operations, its ability to attract and retain students and ultimately its financial results. For more information regarding the School's Key Personnel, see "APPENDIX A — INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL — Governance" in this Limited Offering Memorandum.

Property Tax Exemption

The School is responsible to pay any real estate taxes on the Facility under the Sublease. While under present State law and rulings, property used for charter school purposes is exempt from property taxes levied by political subdivisions of the State, such exemption would not be applicable to the School since neither it nor the Friends of the Academy own the Facility. Therefore, the School will be responsible for property taxes with respect to the Facility.

Tax-Exempt Status of the School

The School is a public charter school and a New York not-for-profit education corporation. The School has been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code. Under present federal law, regulations and rulings, the income and revenue of not-for-profit, 501(c)(3) qualified exempt organizations are exempt from federal income tax, except for any unrelated business income as defined in the Code, and their revenues are exempt from the State sales tax except for certain services. If the School fails to meet the requirements necessary to preserve its status as a not-for-profit education corporation and a tax-exempt charitable organization under Section 501(c)(3) of the Code, the School could experience expenses which are greater than those anticipated and revenues which are lower than those

anticipated, which would adversely affect the School's ability in the future to pay the amount due under the Sublease or the Loan Agreement with respect to Series 2018 Bonds. In addition, if the School were to lose its status as not-for-profit education corporation and a tax-exempt organization, the tax-exempt status of the Series 2018 Bonds would also be adversely affected. The School will covenant in the Loan Agreement that it will not take any actions or fail to take any actions, the result of which would adversely affect the School's status as a not-for-profit corporation and its future status as a tax-exempt charitable organization under Section 501(c)(3) of the Code.

IRS Compliance Program

The Internal Revenue Service has an active program of conducting examinations of tax-exempt bonds through its Tax-Exempt and Government Entities Division (the "TE/GE Division"). Bond Counsel will render an opinion with respect to the tax-exempt status of interest on the Series 2018A Bonds, as described under the caption "TAX MATTERS — SERIES 2018A BONDS" in this Limited Offering Memorandum. However, the School has not sought and is not expected to seek, a ruling from the Internal Revenue Service with respect to the tax-exempt status of the Series 2018A Bonds. No assurance can be given that the Internal Revenue Service will not examine the Series 2018A Bonds. If the Internal Revenue Service examines the Series 2018A Bonds, such examination may have an adverse impact on the marketability and price of the Series 2018A Bonds. See "TAX MATTERS —SERIES 2018A BONDS" in this Limited Offering Memorandum.

Tax-Exempt Status of the Series 2018A Bonds

The tax-exempt status of the interest on the Series 2018A Bonds is conditioned upon the School complying with the requirements of the Code and applicable Treasury Regulations as they relate to the Series 2018A Bonds. Failure of the School to comply with the terms and conditions of the Loan Agreement, the Tax Regulatory Agreement, the Indenture, and other documents as described herein may result in the loss of the tax-exempt status of the interest on the Series 2018A Bonds retroactive to the date of issuance of the Series 2018A Bonds. If interest on the Series 2018A Bonds should become includable in gross income for purposes of federal income taxation, the market for and value of the Series 2018A Bonds would be adversely affected. See "TAX MATTERS — SERIES 2018A BONDS" in this Limited Offering Memorandum.

Resale of Series 2018 Bonds/Lack of Secondary Market

There is no guarantee that a secondary trading market will develop for the Series 2018 Bonds. The Series 2018 Bonds may only be bought by or transferred to Accredited Investors or Qualified Institutional Buyers and must be sold to a broker-dealer of securities to be transferable only to Accredited Investors or Qualified Institutional Buyers. See "PURCHASE RESTRICTIONS" in this Limited Offering Memorandum. Consequently, prospective bond purchasers should be prepared to hold their Series 2018 Bonds to maturity or prior redemption.

Changes in Law; Annual Appropriation; Inadequate Education Aid Payments

Future changes to the Charter Schools Act by the State Legislature could be adverse to the financial interests of the School and could adversely affect the security and sources of payment for

the Series 2018 Bonds. There can be no assurance given that the State Legislature will not in the future amend the Charter Schools Act in a manner which is adverse to the interests of the registered owners of the Series 2018 Bonds.

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

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

Damage or Destruction

The Loan Agreement and the Leasehold Mortgage require that the Facility be insured against certain risks. There can be no assurance that the amount of insurance required to be obtained with respect to the Facility will be adequate or that the cause of any damage or destruction to the Facility will be as a result of a risk which is insured. Further, there can be no assurance of the ongoing creditworthiness of the insurance companies from which the School obtains insurance policies. The School believes that the risks associated with its properties and its operations are adequately provided for through the insurance policies it maintains. The School will provide property insurance on the Facility through a standard commercial insurance policy.

Environmental Risks

The Facility is subject to various federal, State and local laws and regulations relating to human health and safety and the environment. In general, these laws and regulations could require the owner of the Facility to implement mitigation to reduce the environmental impacts of the Facility or to remediate adverse environmental conditions on or relating to the Facility, regardless of whether arising from preexisting conditions or arising because of the activities conducted in connection with the ownership and operation of the Facility. Moreover, these laws and regulations can and often do change through legislative, judicial, or regulatory activities.

The School conducted a Phase I Environmental Site Assessment on the Facility site, which disclosed certain recognized environmental conditions, which led to further investigation of the site. Soil vapor samples detected several petroleum related and chlorinated compounds, some of which were above levels contained in guidance for the New York State Department of Health. The School's environmental engineer developed a remedial action plan comprised, in part, of a venting system and vapor barrier to mitigate any toxic vapors. This plan was submitted to and accepted by the New York City Office of Environmental Remediation. Cost of the remedial action is included in the cost of the Project.

Enforcement of Remedies

The remedies available to the Trustee or the registered owners of the Series 2018 Bonds upon an Event of Default under the Indenture or the Loan Agreement are in many respects

dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Indenture and the Loan Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2018 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the State and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Failure to Provide Ongoing Disclosure

The School will enter into the Continuing Disclosure Agreement pursuant to Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The School has not previously been subject to a continuing disclosure undertaking under Rule 15c2-12. Failure by the School to comply with the Continuing Disclosure Agreement and the Rule may adversely affect the liquidity of the Series 2018 Bonds and their market price in the secondary market. See "CONTINUING DISCLOSURE" and "APPENDIX L — FORM OF CONTINUING DISCLOSURE AGREEMENT" in this Limited Offering Memorandum.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2018 Bonds. In order for potential investors to identify risk factors and make an informed decision, potential investors should be thoroughly familiar with this entire Limited Offering Memorandum including the appendices hereto.

AUDITED FINANCIAL STATEMENTS OF THE SCHOOL

The audited financial statements of the School as of and for the fiscal year ended June 30, 2017 (including June 30, 2016 comparative information) (the "Audited Financial Statements"), are included in "APPENDIX D" to this Limited Offering Memorandum. The Audited Financial Statements were audited by MBAF CPA, LLC, independent auditors, as stated in their report thereon. See "APPENDIX D —AUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2017 (INCLUDING JUNE 30, 2016 COMPARATIVE INFORMATION)" in this Limited Offering Memorandum.

THE BUDGET PROJECTION

The School has prepared the Budget Projection and related assumptions included in APPENDIX C to this Limited Offering Memorandum. The Budget Projection is based on the assumptions made by management of the School as to, among other things, future enrollment levels, future costs and future revenues. The Budget Projection is for the five fiscal years of the School ending June 30, 2019 through June 30, 2023. The Budget Projection (including the notes thereto) should be read in its entirety.

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

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

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

TAX MATTERS - SERIES 2018A BONDS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2018A Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2018A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2018A Bonds. Pursuant to the Indenture, the Loan Agreement and the Tax Regulatory Agreement for the Series 2018A Bonds, the Issuer and the School have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2018A Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Issuer and the School have made certain representations and certifications in the Indenture, the Loan Agreement and the Tax Regulatory Agreement. Bond Counsel will also rely on the opinions of counsel to the School as to all matters concerning the status of the School as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. Bond Counsel will not independently verify the accuracy of those representations and certifications or that opinion.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Issuer and the School described above, interest on the Series 2018A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. However, it is noted that solely for taxable years beginning before January 1, 2018, interest on the Series 2018A Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations under the Code.

State Taxes

Bond Counsel is also of the opinion that interest on the Series 2018A 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, assuming compliance with the tax covenants and the

accuracy of the representations and certifications described under the heading "Federal Income Taxes." Bond Counsel expresses no opinion as to other New York State or local tax consequences arising with respect to the Series 2018A Bonds nor as to the taxability of the Series 2018A Bonds or the income therefrom under the laws of any jurisdiction other than the State of New York.

Original Issue Discount

Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the Series 2018A Bonds over its issue price (i.e., the first price at which price a substantial amount of such maturity of the Series 2018A Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a "Discount Bond" and collectively the "Discount Bonds") constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2018A Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

Series 2018A Bonds sold at prices in excess of their principal amounts are "Premium Bonds". An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Series 2018A Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Series 2018A Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned

income credit. Ownership of the Series 2018A Bonds may also result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series 2018A Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2018A Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2018A Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinion attached as "Appendix K" to this Limited Offering Memorandum. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2018A Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2018A Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2018A Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2018A Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series 2018A Bonds may occur. Prospective purchasers of the Series 2018A Bonds should consult their own tax advisors regarding the impact of any change in law on the Series 2018A Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2018A Bonds may affect the tax status of interest on the Series 2018A Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2018A Bonds, or the interest thereon, if any action is taken with respect to the Series 2018A Bonds or the proceeds thereof upon the advice or approval of other counsel.

TAX MATTERS - SERIES 2018B BONDS

Federal Income Tax

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2018B Bonds. The summary is based upon the provisions of the Code, the Treasury Regulations promulgated

thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses Series 2018B Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Series 2018B Bonds as a hedge against currency risks or as a position in a "straddle," "hedge," "constructive sale transaction" or "conversion transaction" for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers that acquire Series 2018B Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Series 2018B Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the Series 2018B Bonds.

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

U.S. Holders

As used herein, the term "U.S. Holder" means a beneficial owner of Series 2018B Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds Series 2018B Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds Series 2018B Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the Series 2018B Bonds.

Taxation of Interest Generally

Interest on the Series 2018B Bonds is <u>not</u> excluded from gross income for federal income tax purposes under Section 103 of the Code and so will be fully subject to federal income taxation. Purchasers will be subject to federal income tax accounting rules affecting the timing

and/or characterization of payments received with respect to such Series 2018B Bonds. In general, interest paid on the Series 2018B Bonds and recovery of any accrued market discount will be treated as ordinary income to a bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder's adjusted tax basis in the Series 2018B Bonds and capital gain to the extent of any excess received over such basis.

Recognition of Income Generally

Section 451 of the Code was amended by the Tax Cuts and Jobs Act, Pub. L. No. 115-97, enacted December 22, 2017, to provide that purchasers using an accrual method of accounting for U.S. federal income tax purposes generally will be required to include certain amounts in income, including market discount, no later than the time such amounts are reflected on certain financial statements of such purchaser. The application of this rule thus may require the accrual of income earlier than would have been the case prior to the amendment of Section 451. Prospective purchasers of the Series 2018B Bonds should consult their own tax advisors regarding the potential applicability of this rule and its impact on the timing of the recognition of income related to the Series 2018B Bonds under the Code.

Original Issue Discount

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Series 2018B Bonds issued with original issue discount ("Discount Bonds"). A Series 2018B Bond will be treated as having been issued with an original issue discount if the excess of its "stated redemption price at maturity" (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the Series 2018B Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Series 2018B Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A Series 2018B Bond's "stated redemption price at maturity" is the total of all payments provided by the Series 2018B Bond that are not payments of "qualified stated interest." Generally, the term "qualified stated interest" includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate or certain floating rates.

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

An accrual period may be of any length, and may vary in length over the term of a Discount Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Discount

Bond's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Discount Bond at the beginning of any accrual period is the sum of the issue price of the Discount Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Discount Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on a Series 2018B Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions. However, holders that use an accrual method of accounting may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such holder as discussed under "Recognition of Income Generally" above. Prospective purchasers of the Series 2018B Bonds should consult their own tax advisors regarding the potential applicability of this rule and its impact on the timing of the recognition of income related to the Series 2018B Bonds under the Code.

Market Discount

A holder who purchases a Series 2018B Bond at a price which includes market discount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed de minimis amount will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such holder will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Series 2018B Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such holder on or after the first day of the taxable year to which such election applies.

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

A holder of a Series 2018B Bond who acquires such Series 2018B Bond at a market discount also may be required to defer, until the maturity date of such Series 2018B Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the holder paid or accrued during the taxable year on indebtedness incurred or maintained to

purchase or carry a Series 2018B Bond in excess of the aggregate amount of interest includable in such holder's gross income for the taxable year with respect to such Series 2018B Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2018B Bond for the days during the taxable year on which the holder held the Series 2018B Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2018B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the bondholder elects to include such market discount in income currently as described above.

Holders with market discount that use an accrual method of accounting may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such holder as discussed under "Recognition of Income Generally" above. Prospective purchasers of the Series 2018B Bonds should consult their own tax advisors regarding the potential applicability of this rule and its impact on the timing of the recognition of income related to the Series 2018B Bonds under the Code.

Surtax on Unearned Income

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

Bond Premium

A holder of a Series 2018B Bond who purchases such Series 2018B Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all taxable bonds held by the holder on the first day of the taxable year to which the election applies and to all taxable bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of Series 2018B Bonds who acquire such Series 2018B Bonds at a premium should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such Series 2018B Bonds.

Sale or Redemption of Bonds

A bondholder's adjusted tax basis for a Series 2018B Bond is the price such holder pays for the Series 2018B Bond plus the amount of market discount previously included in income and reduced on account of any payments received on such Series 2018B Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or

redemption of a Series 2018B Bond, measured by the difference between the amount realized and the bondholder's tax basis as so adjusted, will generally give rise to capital gain or loss if the Series 2018B Bond is held as a capital asset (except in the case of Series 2018B Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of a Series 2018B Bond are materially modified, in certain circumstances, a new debt obligation would be deemed "reissued", or created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. In addition, the defeasance of a Series 2018B Bond under the defeasance provisions of the Indenture could result in a deemed sale or exchange of such Series 2018B Bond.

EACH POTENTIAL HOLDER OF SERIES 2018B BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE, REDEMPTION OR DEFEASANCE OF THE SERIES 2018B BONDS, AND (2) THE CIRCUMSTANCES IN WHICH SERIES 2018B BONDS WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

Non-U.S. Holders

The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of Series 2018B Bonds by a person other than a U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a "Non-U.S. Holder").

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act ("FATCA"), payments of principal by the Issuer or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (1) does not own (actually or constructively) 10 percent or more of the voting equity interests of the Issuer, (2) is not a controlled foreign corporation for United States tax purposes that is related to the Issuer (directly or indirectly) through stock ownership, and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to the Issuer, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business and that also holds the Series 2018B Bonds must certify to the Issuer or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

Interest payments may also be exempt from federal withholding tax depending on the terms of an existing Federal Income Tax Treaty, if any, in force between the U.S. and the resident country of the Non-U.S. Holder. The U.S. has entered into an income tax treaty with a limited number of

countries. In addition, the terms of each treaty differ in their treatment of interest payments. Non-U.S. Holders are urged to consult their own tax advisor regarding the specific tax consequences of the receipt of interest payments. A Non-U.S. Holder that does not qualify for exemption from withholding as described above must provide the Issuer or its agent with documentation as to his, her, or its identity to avoid the U.S. backup withholding tax on the amount allocable to a Non-U.S. Holder. The documentation may require that the Non-U.S. Holder provide a U.S. tax identification number.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Series 2018B Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Series 2018B Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a Series 2018B Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the Series 2018B Bonds, FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018 (see IRS Notice 2015-66), gross proceeds of the sale of the Series 2018B Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, bondholders or beneficial owners of the Series 2018B Bonds shall have no recourse against the Issuer, nor will the Issuer be obligated to pay any additional amounts to "gross up" payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the Series 2018B Bonds.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the Series 2018B Bonds.

Information Reporting and Backup Withholding

For each calendar year in which the Series 2018B Bonds are outstanding, the Issuer, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder's name, address and taxpayer identification number (either the holder's Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the Issuer, its agents or paying agents or a broker may be required to make "backup" withholding of tax on each payment of interest or principal on the Series 2018B Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder's federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

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

Payments of the proceeds from the sale of a Series 2018B Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following: (i) a U.S. person; (ii) a controlled foreign corporation for U.S. tax purposes; (iii) a foreign person 50-percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or (iv) a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a Series 2018B Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the Series 2018B Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

State Taxes

Interest on the Series 2018B Bonds is not excluded from 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. Bond Counsel expresses no opinion as to other State, City or local tax consequences arising with respect to the Series 2018B Bonds nor as to the taxability of the Series 2018B Bonds or the income therefrom under the laws of any jurisdiction other than the State.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the inclusion in gross income of interest on the Series 2018B Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2018B Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the Series 2018B Bonds. Prospective purchasers of the Series 2018B Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Series 2018B Bonds.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2018B BONDS.

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

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA ("ERISA Plans"). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein ("Qualified Retirement Plans"), and on Individual Retirement Accounts ("IRAs") described in Section 408(b) of the Code (collectively, "Tax-Favored Plans"). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA) ("Governmental Plans"), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) ("Church Plans"), are not subject to ERISA requirements. Additionally, such Governmental and Church plans are not subject to the requirements of Section 4975 of the Code but may be subject to applicable federal, state or local law ("Similar Laws") which is, to a material extent, similar to the foregoing provisions of ERISA or the Code. Accordingly, assets of such plans may be invested in the Series 2018 Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of Similar Laws.

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

Certain transactions involving the purchase, holding or transfer of the Series 2018B Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Issuer were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the "Plan Assets Regulation"), the assets of the Issuer would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 of the Code only if the Benefit Plan acquires an "equity interest" in the Issuer and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there can be no assurances in this regard, it appears that the Series 2018B Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the Series 2018B Bonds, including the reasonable expectation of purchasers of Series 2018B Bonds that the Series 2018 Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features. The debt treatment of the Series 2018B Bonds for ERISA purposes could change subsequent to issuance of the Series 2018 Bonds. In the event of a characterization of the Series 2018B Bonds as other than indebtedness under applicable local law, the subsequent purchase of the Series 2018B Bonds or any interest therein by a Benefit Plan is prohibited.

However, without regard to whether the Series 2018B Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of Series 2018B Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Issuer, the School, the Underwriter or the Trustee, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Series 2018B Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however,

certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Series 2018B Bond. Included among these exemptions are: Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transactions effected by certain "in-house asset managers"; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by "insurance company general accounts"; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers." Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving "adequate consideration" with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate's) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Series 2018B Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Series 2018B Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) is deemed to (a) represent and warrant that either (i) it is not acquiring the Series 2018B Bond (or interest therein) with the assets of a Benefit Plan, Governmental Plan or Church Plan; or (ii) the acquisition and holding of the Series 2018B Bonds (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or Similar Laws, and (b) acknowledge and agree that a Benefit Plan, Governmental Plan or Church Plan subject to Similar Laws may not purchase the Series 2018B Bonds at any time that the Series 2018B Bonds have been characterized as other than indebtedness for applicable local law purposes. A purchaser or transferee who acquires Series 2018B Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

In addition, each purchaser and each transferee (and if the purchaser or transferee is a Benefit Plan, its fiduciary) of a Series 2018B Bond that is a Benefit Plan is deemed to represent and warrant that: (a) the decision to acquire the Series 2018B Bonds was made by the plan fiduciary; (b) the plan fiduciary is independent of the Issuer, the School, the Underwriter or the Trustee; (c) the plan fiduciary meets the requirements of 29 C.F.R. § 2510.3 21(c)(1) and specifically is either a bank as defined in Section 202 of the Investment Advisers Act of 1940 or similar institution that is regulated and supervised and subject to periodic examination by a U.S. state or U.S. federal agency; an insurance carrier which is qualified under the laws of more than one U.S. state to perform the services of managing, acquiring or disposing of assets of a Benefit Plan; an investment adviser registered under the Investment Advisers Act of 1940 or, if not registered as an investment adviser under the Investment Advisers Act by reason of paragraph (1) of Section 203A of the Investment Advisers Act, is registered as an investment adviser under the laws of the U.S. state in which it maintains its principal office and place of business; a broker dealer registered under the Exchange Act; or holds, or has under its management or control, total assets of at least $50 million (provided that this clause shall not be satisfied if the plan fiduciary is an individual directing his or her own individual plan account or is a relative of such individual); (d) the plan fiduciary is capable of evaluating investment risks independently, both in general and with regard to particular transactions, and investment strategies, including the purchase or transfer

of the Series 2018B Bonds; (e) the plan fiduciary is a "fiduciary" with respect to the plan within the meaning of Section (21) of ERISA, Section 4975 of the Code, or both, and is responsible for exercising independent judgment in evaluating the acquisition, transfer or holding of the Series 2018B Bonds; (f) none of the Issuer, the School, the Underwriter or the Trustee has exercised any authority to cause the Benefit Plan to invest in the Series 2018B Bonds or to negotiate the terms of the Benefit Plan's investment in the Series 2018 Bonds; and (g) the plan fiduciary has been informed: (1) that none of the Issuer, the School, the Underwriter or the Trustee are undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the plan's acquisition or transfer of the Series 2018 Bonds and (2) of the existence and nature of the Issuer, the School, the Underwriter or the Trustee financial interests in the plan's acquisition or transfer of the Series 2018B Bonds.

None of the Issuer, the School, the Underwriter or the Trustee is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the acquisition or transfer of the Series 2018B Bonds by any Benefit Plan.

Because the Issuer, the School, the Underwriter or the Trustee or any of their respective affiliates may receive certain benefits in connection with the sale of the Series 2018B Bonds, the purchase of the Series 2018B Bonds using plan assets of a Benefit Plan over which any of such parties has investment authority or provides investment advice for a direct or indirect fee may be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code or Similar Laws for which no exemption may be available. Accordingly, any investor considering a purchase of Series 2018B Bonds using plan assets of a Benefit Plan should consult with its counsel if the Issuer, the School, the Underwriter or the Trustee or any of their respective affiliates has investment authority or provides investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

Any ERISA Plan fiduciary considering whether to purchase the Series 2018 Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of any similar state or federal law.

ENFORCEABILITY OF OBLIGATIONS

On the date of delivery of the Series 2018 Bonds, Nixon Peabody LLP, New York, New York, Bond Counsel, will deliver its opinion, dated the date of delivery, that the Series 2018 Bonds, the Loan Agreement, the Bond Purchase Agreement, and the Indenture are valid and legally binding obligations on the Issuer. Connell Foley LLP, Jersey City, New Jersey, as counsel to the School, will deliver its opinion that the various documents to which the School is a party are valid and legally binding agreements of the School, each enforceable in accordance with its respective terms. Paparone Law PLLC, as special counsel for the Trustee, will deliver its opinion that the various documents to which the Trustee is a party are valid and legally binding agreements of the Trustee, each enforceable in accordance with its respective terms. The foregoing opinions will be generally qualified to the extent that the enforceability of the respective instruments may be limited

by laws, decisions and equitable principles affecting remedies and by bankruptcy or insolvency or other laws, decisions and equitable principles affecting creditors' rights generally.

While the Series 2018 Bonds are secured or payable pursuant to the Indenture, the Loan Agreement, the Leasehold Mortgage and the Assignment of Leasehold Mortgage, the practical realization of payment from any security will depend upon the exercise of various remedies specified in the respective instruments. These and other remedies are dependent in many respects upon judicial action, which is subject to discretion and delay. Accordingly, the remedies specified in the above documents may not be readily available or may be limited.

LEGAL MATTERS

Certain legal matters incident to the issuance and sale of the Series 2018 Bonds and with regard to the tax-exempt status of interest on the Series 2018A Bonds under existing laws are subject to the legal opinion of Nixon Peabody LLP, New York, New York, as Bond Counsel. Certain legal matters will be passed upon for the Issuer by its General Counsel, for the Friends of the Academy and the School by their counsel, Connell Foley LLP, Jersey City, New Jersey, for the Trustee by its special counsel Paparone Law PLLC, New York, New York. Fox Rothschild LLP, Philadelphia, Pennsylvania, represents the Underwriter in this transaction.

CONTINUING DISCLOSURE

The Rule imposes continuing disclosure obligations on the issuers of certain state and municipal securities to permit participating underwriters to offer and sell the issuer's securities. In order to comply with the requirements of the Rule, the School has entered into a Continuing Disclosure Agreement, dated as of May 15, 2018, between the School and the Trustee, as dissemination agent. The School has not been subject to any prior continuing disclosure undertakings under Rule 15c2-12. See "APPENDIX L — FORM OF CONTINUING DISCLOSURE AGREEMENT" in this Limited Offering Memorandum.

No financial or operating data concerning the Issuer is material to an evaluation of the offering of the Series 2018 Bonds or to any decision to purchase, hold or sell the Series 2018 Bonds, and the Issuer will not provide such information. The School has undertaken all responsibilities for any continuing disclosure to the owners of the Series 2018 Bonds as described above and the Issuer will have no liability to the owners of the Series 2018 Bonds or any other person with respect to such disclosures.

NO BOND RATING

The 2018 Bonds will not be rated by any bond rating agency.

RELATIONSHIPS AMONG THE PARTIES

In connection with the issuance of the Series 2018 Bonds, the Issuer, the School and the Underwriter are being represented by the attorneys or law firms identified above under the heading "LEGAL MATTERS." In other transactions not related to the Series 2018 Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Issuer, the School, or the Underwriter or their affiliates, in capacities different from those described under "LEGAL

MATTERS," and there will be no limitations imposed as a result of the issuance of the Series 2018 Bonds on the ability of any of these firms or attorneys to act as bond counsel or represent any of these parties in any future transactions. Potential purchasers of the Series 2018 Bonds should not assume that the Issuer, the School, and the Underwriter or their respective counsel or Bond Counsel have not previously engaged in or will not after the issuance of the Series 2018 Bonds engage in, other transactions with each other or with any affiliates of any of them, and no assurances can be given that there are or will be no past or future relationship or transactions between or among any of these parties or these attorneys or law firms.

ABSENCE OF MATERIAL LITIGATION

The Issuer

There is no action, suit or proceeding or investigation at law or in equity by or before any court, public board or body pending against the Issuer of which the Issuer has 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 School

In connection with the issuance of the Series 2018 Bonds, the School has represented that there is no litigation pending, seeking to restrain or enjoin the issuance or delivery of the Series 2018 Bonds or questioning or affecting the legality of the Series 2018 Bonds or the proceedings and authority under which the Series 2018 Bonds are to be issued. There is no litigation pending which in any manner questions the undertaking of the financing by the School or the validity or enforceability of the Bond Purchase Agreement, the Tax Regulatory Agreement, the Continuing Disclosure Agreement, the Sublease, or the Loan Agreement or wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement.

UNDERWRITING

The Series 2018 Bonds will be purchased by RBC Capital Markets, LLC Philadelphia, Pennsylvania (the "Underwriter"). The Underwriter has agreed to purchase the Series 2018A Bonds for a purchase price of $17, 457,186.75, which amount represents the principal amount of the Series 2018A Bonds ($17,560,000), less the Underwriter's discount of $219,500, plus a net original issue premium of $116,686.75. The Underwriter has agreed to purchase the Series 2018B Bonds for a purchase price of $426,062.50, which amount represents the principal amount of the Series 2018B Bonds ($435,000), less the Underwriter's discount of $8,937.50. The Underwriter is purchasing the Series 2018 Bonds pursuant to the terms of a Bond Purchase Agreement (the "Bond Purchase Agreement") between the Issuer, the School, and the Underwriter. The Bond Purchase Agreement also provides that the School will pay miscellaneous out-of-pocket expenses of the Underwriter. The Bond Purchase Agreement provides that the Underwriter will purchase all Series 2018 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions. Expenses associated with the issuance of the Series 2018 Bonds are being paid by the School from proceeds of the Series 2018 Bonds. The

right of the Underwriter to receive compensation in connection with the Series 2018 Bonds is contingent upon the actual sale and delivery of the Series 2018 Bonds. The initial offering prices set forth on the inside front cover hereof may be changed from time to time by the Underwriter. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Series 2018 Bonds to the public. The School has agreed under the Bond Purchase Agreement to indemnify the Underwriter and the Issuer against certain liabilities, including certain liabilities under federal and state securities laws.

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 services. The Underwriter and its affiliates may have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Authority and the School for which they received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority and the School.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments

THE TRUSTEE

The Issuer has appointed U.S. Bank National Association to serve as Trustee. The Trustee is a national banking association organized and existing under the laws of the United States of America, having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Limited Offering Memorandum and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Limited Offering Memorandum or for the recitals contained in the Indenture or the Series 2018 Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Issuer of any of the Series 2018 Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Series 2018 Bonds by the School. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2018 Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Series 2018

Bonds, or the investment quality of the Series 2018 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

The mailing address of the Trustee is 100 Wall Street, 16th Floor, New York, New York 10005, Attention: Corporate Trust Administration.

MISCELLANEOUS

The foregoing does not purport to be comprehensive or definitive, and all references to any document herein are qualified in their entirety by reference to each such document. All references to the Series 2018 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of these documents are available for inspection during the period of the offering at the offices of the Trustee 100 Wall Street, 16th Floor, New York, New York 10005, Attention: Corporate Trust Administration. In addition to certain information provided herein, all information contained in Appendices A, B, C, D, and E, along with information regarding the Forecast and projected debt service coverage under the caption "SUMMARY INFORMATION," has been provided by the School or been derived from information provided by the School. The Underwriter makes no representations or warranties as to the accuracy or completeness of the information in any of the Appendices.

No Registration of the Series 2018 Bonds

Registration or qualification of the offer and sale of the Series 2018 Bonds (as distinguished from registration of the ownership of the Series 2018 Bonds) is not required under the Securities Act. THE SCHOOL ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE SERIES 2018 BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE SERIES 2018 BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

Interest of Certain Persons Named in this Limited Offering Memorandum

The fees to be paid to counsel to the School and the Friends of the Academy, counsel to the Underwriter, the Trustee, counsel to the Trustee, and the Underwriter are contingent upon the sale and delivery of the Series 2018 Bonds.

Limited Offering Memorandum Certification

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

The preparation of this Limited Offering Memorandum and its distribution has been authorized by the School. This Limited Offering Memorandum is not to be construed as an agreement or contract between the School and any purchaser, owner or holder of any Series 2018 Bond.

The delivery of this Limited Offering Memorandum has been duly approved by the Issuer and the School.

BUILD NYC RESOURCE CORPORATION

By: /s/ Anne Shutkin
Name: Anne Shutkin
Title: Executive Director

INWOOD ACADEMY FOR LEADERSHIP
CHARTER SCHOOL

By: /s/ Christina Reyes
Name: Christina Reyes
Title: Founder & Executive Director

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APPENDIX A

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL

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INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL

Inwood Academy for Leadership Charter School (the "School") is a New York not-for-profit Corporation and is a public charter school established under the laws of the State of New York located in District #6 (Manhattan) (the "CSD 6") whose charter authorizes it to serve up to 960 students in grades 5-12. The School received initial authorization from the New York City Department of Education ("DOE") in December 2009.

The School's Charter has since been renewed twice and, the current Charter does not expire until June 30, 2021. Thereafter, pursuant to New York State law, the Charter is subject to renewal, non-renewal or suspension for failure to attain positive student achievement outcomes or meet charter terms in accordance with the New York Charter Schools Act of 1998 (the "Act").

CHARTER SCHOOL LEGISLATION IN NEW YORK

General

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

New York law defines charter schools as public agents that are eligible to obtain tax-exempt financing. The law further provides that charter schools are education corporations and deems them independent and autonomous public schools.

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

MISSION STATEMENT & CURRICULUM

The School aims to empower students in the Inwood and Washington Heights communities it serves to become agents for change through community focused leadership, character development and college preparedness. The School's teachers are encouraged to treat the student leaders as burgeoning assets to their community and help them develop the tools that they need to be successful in middle school, high school, college and beyond.

Approach to Education

The School is dedicated to serving a diverse group of students, many with special needs. The School has created a learning environment that provides rigorous academic programming that is supported by a learning environment with a high emphasis on meeting the social-emotional needs of its students.

The School provides its student with a path to academic success by trying to lessen the roadblocks to progress and filling in academic and social-emotional gaps as the best practice to supporting its population. This method has contributed to the considerable growth and academic attainment demonstrated by students across the spectrum of proficiency.

Academic Excellence

The School's goal is to prepare its middle school students for the rigors of high school and to graduate 100% of its high school students and to ensure that they have multiple pathways to succeed in life. To achieve this goal, the School strives to create a program that ensures rigor within the classroom while offering support through intervention services, enrichment programming and college and career support throughout their entire academic career.

The School recognizes that many students are subject to various challenges, including the cycle of poverty that exist within the community. The School was founded on the principles that much is expected of each student; all of its students are able to achieve while in the confines of a safe and caring environment. This is especially true for all students that have been traditionally underserved, such as English Language Learners ("ELLs") and Students with Disabilities ("SWDs").

The School's curriculum is aligned with Common Core and the School sets goals for all of its students. The standardized assessment tool the School uses to enable it to set individual student goals is the Northwest Evaluation Association ("NWEA") Measure of Academic Progress ("MAP"). The School administers the MAP test to all students at the beginning, middle (for 5th graders and Tier III Intervention students) and end of each school year. The NWEA MAP is a nationally normed, state approved, computerized adaptive assessment tool, offering age appropriate content that adjusts up or down in difficulty depending on a student's responses to the previous question. Equally important, our teachers regularly analyze student data to drive daily classroom instruction.

For students who progress at a faster pace, the School provides advanced programs during the school day. For students who need intervention to support classroom curriculum, whether it is those who have plateaued, require remediation, or have an Individualized Education Plan ("IEP"), our Academic Intervention Team provides a wide-variety of services during the school day to meet their needs.

Supportive Environment/Responsive Education Program

The School works to create a culture of praise that enables learning to take center stage, thereby boosting students' confidence in making necessary strides toward academic success. The themes that run through both the middle school and the high school are the instructional coaching that reflects the School's rubric and evaluation process committed to the character traits, and empowerment for the students and staff to carry out the mission and vision of the School.

The IALCS Essentials rubric was created by School leadership for the instructional staff in order to support reflection and growth as well as standardize the classroom and instruction across all grade levels. This is a tool that was created in an effort to inform the School's instructional leadership (while utilizing Instructional Rounds and Learning Walks) on the current state of instruction in the School. The Danielson Rubric is used as a foundation for the IALCS Essentials, however, the School believes it is important to further specify what is expected within the classroom. The School's updated and customized rubric allows academic coaches and teachers to go through the process of goal setting.

Support for ELLs and SWD Students

The School's program is based on a co-teaching model to provide the proper support to the school community. Depending on the needs of each grade level, one or two Special Education specialists, speech therapists, ELL Specialists and teacher assistants who provide push-in and pull-out services are made available to the classroom teachers.

The School enrolls a large percentage of ELL students and SWD students, 14% and 22% of total School population, respectively. As students enroll, the School begins the process of identifying subgroups and planning for their success. Because the School receives most new students in the 5th grade, most students are already identified by previous schools as ELL, SWD or both. For students who are new to NYC, or the United States, are identified through the Home Language Survey.

A student's academic level is assessed through NWEA MAP and American Reading Company's reading assessment once they begin the school year. This data along with previous assessment data from past schools are used to create a baseline for each student. This process is designed to ensure that students do not fall through the cracks. If a student consistently shows poor academic achievement but has not been identified as an ELL or SWD student, the School will support them using the Response to Intervention ("RTI") model. Following this RTI process allows the School to administer Tier 2 services (additional intervention) before referring a student to NYC Department of Education's Committee on Special Education ("CSE") for evaluation. The School uses RTI Tracker sheets to follow students through this evaluation process and documents the individualized academic learning approach the student is receiving.

ELL students are considered "former ELLs" when they pass the New York State English as a Second Language Achievement Test ("NYSESLAT"), but continue to receive support through the RTI process until they are determined by the School to have achieved proficiency in both reading and writing through the NWEA MAP assessment and NYS Exams. Upon achieving proficiency, a student is no longer classified as ELL (and is considered a former ELL).

Our goal for SWD is to ensure that the School creates the most conducive environment for the child so that they can meet their Individualized Educational Plan (IEP) goals and continue to show learning growth. When students can perform at their grade level in the "least restrictive environment" they are no longer classified as ELL/SWD. Working with the parents, student, teacher and the CSE, the School initiates a process to declassify. If the declassification is successful, the School continues to monitor the student through data and classroom observations.

High School Catalog

The High School Course Catalog ensures that the School provides its students with all the State required high school courses. In addition, the School provides remedial classes for students in literacy and mathematics. Students are offered a variety of elective courses including art, Spanish, psychology, journalism, computer science, and woodworking. In addition, students can participate in AP Courses in World History and English Literature, and the College Now program offered through the City University of New York. College Now courses allow higher performing students to earn college credit in First Year Seminar, Psychology, Criminal Justice, Introduction to Engineering, Marketing, Sociology, Political Science and Introduction to Art.

School Culture

The School's culture is built on the premise that relationships create safe spaces for student to learn and thrive. When positive relationships exist between staff and students, students come to school ready to learn because they know the people around them care about them. When positive relationships exist, the majority of student behaviors can be managed through those relationships. The culture is overseen first by the principals and then by the *culture team* which consists of a Director of School Culture and two deans in each location (MS and HS).

The School created a student conduct code that reflects the five-character traits that staff promote with students on a daily basis. The conduct code is used as a guide. Teachers are responsible for the culture in their classroom and the culture team supports teachers who are struggling to maintain the conduct code in their rooms. When a student violates a rule that is considered a level 2 or 3 offense, the culture team meets with the student and anyone who was involved in the incident. Once the team has the facts, a consequence is issued that "fits" that infraction. The School *practices restorative justice* in many instances, but also utilizes suspensions and more traditional methods when necessary.

In addition, the School ensures that fun activities are incorporated into the educational environment, since academics can be overwhelming.

Relationships, a clear student conduct code, staff support and appreciation paired with school events all contribute to creating a culture in which everyone thrives.

Extended Time

Further holistic support is provided to students in the form of enrichment programming and *Saturday School* to allow for additional opportunities spent in positive interaction with peers and adults. Structured enrichment activities include: athletics, debate, dance, cooking, theater, choir and programming that is connected to a large list of community partnerships: Play Study Win, Inwood Community Services, WaHi Mentoring, Young Life, NYC Love Kitchen. Additionally, the School offers a comprehensive *Student Support* program which provides services for the social and emotional needs of our student population, for both mandated and at-risk students. The department includes deans, counselors, social workers, Directors of School Culture, and Directors of Academic Intervention Services.

GOVERNANCE

Board of Trustees

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

Consistent with the School by-laws, there is a requirement to maintain a minimum of seven and a maximum of eleven board members. Terms of service are established at each Annual Meeting and terms can be extended based on consensus. There is no formal expiration of a Board member's term of service.

The School's Board of Trustees (the "Board") holds the charter and is legally accountable for the School. The Board has oversight of governance and all operational and fiscal activity. To facilitate these duties, the Board elects a Chair, Treasurer, and Secretary. Further, the Board has established standing committees including, but not limited to, Executive, Finance, and Academic. Specifically, the Board is responsible for the following:

- Establishing and updating the School's mission, policy and strategic planning and insuring that the strategic direction and articulated goals are met over time.

- Providing financial oversight, reviewing and approving the School's annual budget and maintaining adherence to the budget throughout the fiscal year.

- Compliance with all applicable laws and regulations.

- Selecting, managing and evaluating the Chief Executive Officer ("CEO"), and determining the CEO's annual compensation.

- Promoting the School and maintaining its accountability to the public by expanding the School's networks and relationships, including the organization of fundraisers to support the School's finances.

The current members of the School's Board are as follows:

	Office/Time Served	**Occupation**
Rahsaan Graham	Chairman; 8 years	Sr. Director Child Protection, Education, Development
Matt Mahoney	Vice Chairman; 8 years	Operations Exodus
Tomas Almonte	Treasurer; 3 years	V.P. NBC Universal
JoAnne Looney	Secretary; 5 years	Dean of the School of Education, Nyack College
Elyssa Siminerio	Trustee; 6 years	Former Chief of Staff, Department of Education
Jay Patrick	Trustee; 1 year	Sr. Director, Development Enterprise Community Partners
Benjamin Wilson	Trustee;	Partner, Holland & Knight
Christina Reyes	Non-Voting Trustee; 8 years	Founder, Executive Director Inwood Academy Charter School

Friends of Inwood Academy Trustees

The Friends of Inwood Academy for Leadership Charter School, Inc. ("Friends of the Academy"), is a non-profit 501(c)(3) organization which was founded to support the School. The Friends of the Academy Board of Trustees work closely with the School's Board and staff to steer its larger and long-term objectives and to spread awareness and broaden the School's resources. The Board shall consist of no less than three and not more than twenty-five directors. There is no formal expiration of a Friends of the Academy Board of Trustees term of service.

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

	Office/Time Served	Occupation
Helen Stoddard	Chairman; 1 year	Head of Global Events, Twitter
Andy Mineo	Trustee; 1 year	Hip Hop Artist, Producer, TV and Music Video Director
Lourdes Rodriguez, DrPH	Trustee; 1 year	Director of Center for Place-Based Initiatives, Dell Medical School, The University of Texas
Jonathan Zucker	Trustee; 1 year	SVP & CFO, NBC Network Entertainment

School Leadership Team

Member	Position
Christina Reyes	Executive Director
Jenny Pichardo	Chief Operating/Chief Finance Officer
Valerie Hoekstra	Middle School Principal
Mary Hackett	High School Principal

Management Biographical information

Christina Reyes, Founder & Executive Director
Ms. Reyes founded the School in 2009. She successfully lobbied for a change in New York State law allowing the School to give preference in the application lottery to students who speak English as a second language. Ms. Reyes holds a Bachelor's degree in Secondary English and a Master's degree in Educational Leadership from Columbia University's Teachers College and has four years of classroom experience teaching 6th through 8th grades in Inwood and Washington Heights. She has worked as an educational specialist for World Vision, an international non-profit organization working towards community development in New York City.

Jenny Pichardo, Chief Operating Officer/Chief Financial Officer
Ms. Pichardo joined the School in 2015 after having served as the Director of Finance at the International Leadership Charter High School (ILCHS) from 2013 to 2014. While at ILCHS, she secured a $17.5 municipal bond financing for a new facility, becoming the first NYC charter school to secure funding through Build NYC. Prior to joining the charter community, Ms. Pichardo worked in the financial sector for over 14 years. She began her Wall Street career in 1997, at Muriel Siebert & Co. Inc., in the firm’s retail division. In 1999, she joined Siebert Capital Markets, working directly with the managing director and assisting the sales force and traders with equity, fixed income and mutual fund trades. From 2001 to 2009, she was a vice president of the Institutional Equity Sales and Trading Division and developed and managed institutional relationships at Utendahl Capital Partners, LLC. Ms. Pichardo graduated Magna Cum Laude and received her BA in Economics from Lehman College.

Valerie Hoekstra, Middle School Principal
Ms. Hoekstra was a founding member of the School and helped write the original Charter Application in 2009. She led the Special Education Team for five years and served on the Instructional Leadership Team before taking on the role of Middle School Director and Principal in 2015. She started her career teaching third grade and special education students on a U.S. Air Force base in North Dakota. Her long-term interest was in special education for native Spanish speakers. Ms. Hoekstra later supervised graduate students at the Dean Hope Center for Educational and Psychological Services at Columbia University's Teachers College. Ms. Hoekstra received her undergraduate degree in Special Education and Elementary Education, minoring in Spanish, from the University of North Dakota. Ms. Hoekstra also earned a Master of Art degree from Columbia University's Teachers College.

Mary Hackett, High School Principal
Ms. Hackett began working at the School in 2012 as a fifth-grade special education teacher. She transitioned into teaching History and English and was one of the initial teachers of Inwood Academy High School. Ms. Hackett focuses on student growth and works in close collaboration with her peers. Prior to joining Inwood Academy, she worked in New York City's District 75 public schools one year, where she served students with special needs and is a Cohort 20 New York City Teaching Fellow. Ms. Hackett received her undergraduate degree in History and Anthropology from Guilford College.

Faculty and Staff

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

The School's organizational structure continues to evolve in-line with ongoing growth in student enrollment. The School currently employ 134 full-time staff, with 15 of the 134 occupying School leadership positions (Principals, APs, or Directors), 96 in instructional roles (teachers, deans, social worker, counselor) and 9 in administration. The School recently revised its talent management policy to reflect the increasingly competitive marketplace in NYC for qualified administrative and instructional staff. The School's new compensation structure resulted in a compensation package that includes:

- Annual cost of living increases fixed at 2.5% of base salary for next 3 years
- Salary increase for "commitment to cause" (4% salary increase after each 5 years)
- Annual bonus, based on student achievement metrics
- Cash stipends for taking-on additional functions/responsibilities
- Competitive, comprehensive benefits package (insurance, pension, and tuition-reimbursement)

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

The following table provides information regarding the School's professional staff and faculty as 2013-14:

	2013-14	2014-15	2015-16	2016-17	2017-18
Staff	95	122	145	149	134
Turnover	20	35	30	43	8
% of Retention	79%	71%	79%	71%	TBD

ENROLLMENT

The total approved enrollment when the School is at full charter capacity is 960.

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

									Projected				
Grade	**10-11**	**11-12**	**12-13**	**13-14**	**14-15**	**15-16**	**16-17**	**17-18**	**18-19**	**19-20**	**20-21**	**21-22**	**22-23**
5	109	109	104	101	108	101	104	110	105	105	105	105	105
6		115	114	106	126	121	129	109	105	105	105	105	105
7			111	117	125	121	129	125	122	115	115	115	115
8				114	127	128	129	121	128	115	115	115	115
9					99	146	139	136	130	130	130	130	130
10						80	115	109	130	130	130	130	130
11							66	92	111	130	130	130	130
12								78	92	130	130	130	130
Total	**119**	**224**	**329**	**439**	**585**	**698**	**811**	**883**	**924**	**960**	**960**	**960**	**960**

Overall student retention rate for the school years 14-15, 15-16 and 16-17 were 97%, 97% and 95% respectively.

Application Process and Demographics of the Student Population

As per the Act, enrollment is open to any student residing in New York City. The School accepts applications in advance of the annual enrollment lottery held in April. The first enrollment priority is given to siblings of currently enrolled students, and to ELL students. The second preference is given to students residing in CSD 6.

The School has a multi-faceted approach to marketing which includes developing strategic partnerships to ensure that a diverse group of families receive information about the School community. The School utilizes its website as the platform to lead families to complete the online applications via School Mint, in addition to the NYC Charter Center's Common Application (available in in multiple languages). The School partners with Vanguard (direct mailing) and Democracy Builders (door to door) on a more traditional approach to marketing. For the 2017-18 school year lottery, the School received over 1,600 student applications.

Students not selected via the lottery are put on the enrollment waiting list and are invited to enroll once seats become available during the school year. For the 2017-18 school year the School waitlist totaled over 1,400 students.

The following table represents the School's applicants for enrollment for the 2017-2018 school year by grade as of June 30, 2017:

Grades	Applications	Open Seats	Waitlist
5	300	125	175
6	343	7	336
7	155		155
8	131		131
9	551	17	534
10	65		65
11	49		49
12	16		16
Total	**1610**	**149**	**1461**

For the 2018-19 academic year the School held its lottery on April 9th, 2018. As of March 17, 2018 the School has received 1,127 applications.

Service Area and Competition for Students

The vast majority of the School's students live in the Inwood community. Students are enrolled from neighboring public school districts. The Charter School competes for students with other New York City Public High Schools and private/parochial schools in the Bronx and Northern Manhattan. The School is located in CSD 6 one of the most economically disadvantaged neighborhoods in New York City, with high unemployment rates, high number of immigrants and high poverty. The School's 94% of enrolled students that are eligible for the Free or Reduced-Price Lunch ("FRPL") qualifies the school for the Community Eligibility Provision ("CEP") Program. The CEP program allows students to receive a healthy breakfast and lunch at school at no charge. The tables below show Competing Schools and Feeder Schools data for 2016-17.

Competing Middle & High Schools

School Name	School Type	Distance	Grades Served	Enroll	FRPL	SWD	ELL
CSD 6			K-12	21,482	83%	20%	30%
KIPP (Washington Heights)	Charter	3.3	K-12	908	89%	19%	13%
The Equity Project (TEP)	Charter	1.0	K, 5-8	597	90%	22%	26%
MS 322	Public		6-8	316	92%	22%	40%
IS 218	Public	0.8	6-8	191	95%	24%	47%
PS/IS 187	Public	1.7	K-8	804	45%	19%	6%
Community Health Academy of the Heights	Public	3.2	6-12	659	93%	19%	17%
MS 319	Public	3.3	6-8	468	93%	23%	31%
JHS 143 Eleanor Roosevelt	Public	1.5	6-8	314	70%	26%	55%
PS 46	Public	1.9	K-8	1,021	83%	27%	29%
JHS 52	Public	0.5	6-8	331	86%	21%	42%
MS 324	Public	3.3	6-8	419	89%	26%	32%
WHEELS	Public	1.5	Pre K, K-12	779	72%	22%	18%
New Height Academy Charter	Charter	3.3	5-12	749	93%	14%	11%
IS 528 Bea Fuller	Public	1.3	6-18	197	95%	20%	23%

Source: data.nysed.gov most recent data is for 2016-17.

Feeder Schools

The majority of the School's incoming fifth grade students are from the elementary schools shown in the following table:

School Name	School Type	Distance	Grades Served	Enroll	FRPL	SWD	ELL
Washington Heights Academy	Public	0.3	PK-6	514	90%	15%	18%
PS 152 Dyckman Valley	Public	0.5	PK-5	542	91%	25%	31%
PS 5 Ellen Lurie	Public	0.4	PK-5	564	76%	23%	46%
PS 189	Public	1.1	PK-5	842	91%	17%	31%
The Equity Project Charter School (TEP)	Charter	1.0	K, 5-8	597	90%	22%	26%
PS 98 Shorac Kappock	Public	0.5	PK-5	463	90%	23%	43%
PS 48 PO Michael J Buczek	Public	1.2	PK-5	546	95%	27%	34%
PS 132	Public	1.3	K-5	378	75%	24%	49%
Prof Juan Bosch	Public	0.6	K-4	281	76%	29%	12%
Manhattan Christian Academy	Private		K-8	350	80%	N/A	N/A

Source: data.nysed.gov most recent data is for 2016-17.

Demographics

The table below shows the School's (grades 5-12) enrollment demographic by Race/Ethnicity and Sub-group classification as compared to CSD 6.

Demographics			
	2017-18	**2016-17**	**2016-17**
	The School	**The School**	**CSD6**
Grades	**(5-12)**	**(5-11)**	**(5-11)**
Enrollment	885	811	10,974
Hispanic	93%	93%	44%
African American	5%	5%	5%
Multiracial	0.5%	1%	0%
Other*	1.5%	1%	0%
FRPL**	94%	79%	44%
SWD	22%	22%	10%
ELL	14%	15%	15%

Source: data.nysed.gov

* Other (White, American Indian, Alaska Native, Asian, Native Hawaiian, other Pacific Islander).

** The school is part of the Community Eligibility Provision ("CEP") a non-pricing meal service option for schools and school districts in low-income areas. CEP allows the nation's highest poverty schools and districts to serve breakfast and lunch at no cost to all enrolled students without collecting household applications.

ACADEMIC PERFORMANCE

Middle School Aggregate Academic Performance

Because the School accepts students in 5th grade the school must provide remedial services to ensure the students are on grade level. The School is moving closer to closing the academic achievement gap as demonstrated in the NY State English Language Arts ("ELA") Exam for 2016-17, the schoolwide proficiency rate for grades 5-8 students was higher than the CSD 6. The School is seeing positive improvement growth as a result of the various intervention, special education and supplemental academic programs offered to students.

The table below shows ELA scores for the School as compared to CSD6 and NYC as a whole.

NY State ELA Assessment (% Proficient)			
	the School	**CSD6**	**NYC**
Grades	**(5-8)**	**(5-8)**	**(5-8)**
*2012-13	15	14	27
2013-14	12	16	29
2014-15	16	18	30
2015-16	18	26	36
2016-17	30	29	40

*The School was expanding 2012-13 only served grades 5-7
Source: data.nysed.gov

The School's math results appear to show a slightly flatter trend, but recent strategic decisions improved overall student success. Math presents more of a challenge for many demographically similar schools throughout the city. The School's scores in the NY State Math Assessment have matched the CSD 6 results for grades 5 through 8 over the last three years. In 2016-2017, the School decided to test 20 eighth grade students using the State University of New York Regents Algebra Exam ("Regents Exam") instead of the 8th grade State Math assessment test. All 20 students taking the Regents Exam for algebra passed with a score of 74% or higher, and likely would have also passed the 8th grade State Math assessment, which would have raised the 8th grade proficiency rate to over 28%, placing us even higher than CSD 6 for grade 5 through 8. The School plans to continue to grow out the 8th grade Regents Exam program to ensure that students are being challenged in math while in middle school.

The table below shows Math scores for the School as compared to the CSD6 and NYC

NY State Math Assessment (% Proficient)			
	the School	**CSD6**	**NYC**
Grades	**(5-8)**	**(5-8)**	**(5-8)**
*2012-13	16	15	30
2013-14	18	20	35
2014-15	22	23	33
2015-16	21	22	34
2016-17	22.3	23	35

*The School was expanding 2012-13 only served grades 5-7
Source: data.nysed.gov

While there have been many highlights throughout the last few years, the 2016 - 2017 academic improvement growth has shown the School's middle school hitting a stride with curriculum and instruction that is highlighted through these additional powerful points:

- 12 of the 6th graders earned a 4 on their ELA exam which is 11% of the entire district; there were only 111 students who earned this highest score in CSD 6
- The School matched the city-wide Latino ELA and math scores and the city-wide African American math scores
- Both the School's students with disabilities and ELLs grew overall in ELA and ELLs increased in math while students with disabilities maintained their proficiency in math
- 11% of the School's 8th grade students with disabilities were proficient in math which surpassed CSD 6 and the NYC by 6%
- 14% of the School's 6th grade ELLs were proficient in math which surpassed CSD 6 and NYC

The table below shows Regents pass rate for the School as compared to the CSD6 and NYC as a whole. The school was expanding 2014-15 was the first year of the High School

Regents Pass Rate (% Proficient)			
Geometry			
	the School	**CSD6**	**NYC**
Grades	**(9-12)**	**(9-12)**	**(9-12)**
*2014-15	100	48	61%
**2015-16	N/A	26	32%
**2016-17	N/A	N/A	N/A
Algebra I Common Core			
	the School	**CSD6**	**NYC**
Grades	**(9-12)**	**(9-12)**	**(9-12)**
*2014-15	30	41	52%
**2015-16	43	55	62%
**2016-17	85	59	66%
Geometry Common Core			
	the School	**CSD6**	**NYC**
Grades	**(9-12)**	**(9-12)**	**(9-12)**
*2014-15	88	32	49%
**2015-16	19	31	46%
**2016-17	54	33	49%
US History & Government			
	the School	**CSD6**	**NYC**
Grades	**(9-12)**	**(9-12)**	**(9-12)**
*2014-15	63	90	75%
**2015-16	35	75	73%
**2016-17	N/A	69	72%

English Language Arts Common Core			
	the School	**CSD6**	**NYC**
Grades	**(9-12)**	**(9-12)**	**(9-12)**
*2014-15	N/A	70	75%
**2015-16	100	72	79%
**2016-17	68	71	78%
Algebra 2/Trigonometry			
	the School	**CSD6**	**NYC**
Grades	**(9-12)**	**(9-12)**	**(9-12)**
*2014-15	N/A	35	49%
**2015-16	71	33	47%
**2016-17	N/A	16	29%
Living Environment			
	the School	**CSD6**	**NYC**
Grades	**(9-12)**	**(9-12)**	**(9-12)**
*2014-15	N/A	67	68%
**2015-16	63	71	69%
**2016-17	68	60	65%

Physical Setting/Chemistry			
	the School	**CSD6**	**NYC**
Grades	**(9-12)**	**(9-12)**	**(9-12)**
*2014-15	N/A	51	61%
**2015-16	20	48	62%
**2016-17	0	44	59%
Algebra II Common Core			
	the School	**CSD6**	**NYC**
Grades	**(9-12)**	**(9-12)**	**(9-12)**
*2014-15	N/A	N/A	N/A
**2015-16	N/A	30	60%
**2016-17	0	47	67%
Global History and Geography			
	the School	**CSD6**	**NYC**
Grades	**(9-12)**	**(9-12)**	**(9-12)**
*2014-15	N/A	53	57%
**2015-16	N/A	50	57%
**2016-17	51	53	58%
Physical Setting/Earth Science			
	the School	**CSD6**	**NYC**
Grades	**(9-12)**	**(9-12)**	**(9-12)**
*2014-15	N/A	39	54%
**2015-16	N/A	45	53%
**2016-17	54	38	50%

*The School was expanding 2014-15 first year of High School (9th Grade Only)
**The School was expanding 2015-16 second year of High School (9th and 10th Grade Only)
*** The School was expanding 2016-17 third year of High School (9th and 10th and 11th Grade Only)
Source: data.nysed.gov most recent data is for 2016-17.

High School Results

With no graduation cohorts to this point, the School is not able to record any statistics related to graduation rate or college related measures. This latest charter term is essentially the School's first full term as a high school. Currently the School is expecting an 80% or higher graduation rate for the first cohort of students in June 2018. The majority of the seniors have been accepted to SUNY 2 year colleges (Adirondack, Erie, Finger Lakes, Clinton, Genesee, Dutchess, Jefferson, Broome) followed by private colleges in both NY (Iona, Adelphi, St Johns, Hofstra, Manhattan College, Siena, Hartwick, Pratt Institute, Alfred State, LIU, Marymount Manhattan, Manhattanville, Pace University) and out of state (Swarthmore College, University of Bridgeport, Newbury College, West Virginia, Seton Hall, Susquehanna, Queens University of Charlotte, Ursinus College, Stetson, Duquesne University, Rider, Quinnipiac, Ohio University). The seniors have earned at total of $1,597,280 in higher education scholarship offers, with the largest scholarship winner being a 4-year scholarship to Swarthmore College from Questbridge National College Match for a total of $280,000.

The table below shows college applications and acceptances year to date.

College Applications and Acceptances (year to date)		
College/University Option	**Applications**	**Acceptances**
City University of NY (CUNY) 4 Year	59	12
City University of NY (CUNY) 2 Year	56	7
State University of NY (SUNY) 4 Year	48	13
State University of NY (SUNY) 2 Year	46	27
NY State Private Colleges/Universities	25	15
Out of State Colleges/Universities	33	15

CURRENT FACILITIES

The School serves 883 students predominately from upper Manhattan and the Western portions of the Bronx. The School currently operates three separate facilities as described below:

- **108 Cooper Street** is the current location for high school grades 9 – 11. The approximately 127,000 sf facility is shared with Good Shepherd Private School. The School occupies approximately 19,000 sf of the building, which is able to accommodate the three grades comprising 341 students and 45 staff. The School's current annual rental payment is $417,500.

- **431 W. 204th Street** is the current location for our high school senior class (grade 12). The approximately 8,000 sf area is an annex to the middle school facility (see below) that accommodates 80 students and 10 staff. The School's current annual rental payment is $400,000.

- **433 W. 204th Street** is the current location for our middle school operations (grades 5 – 8) . This building has approximately 40,000 sf of space (including a gymnasium) that accommodates 485 students and 80 staff. There are also 20 parking spaces dedicated to School staff. The School's current annual rental payment is $780,000.

The Friends of the Academy holds the prime lease for all three of these facilities and subleases such facilities to the School for the rental payments as noted. Total rental payments due on these facilities totals $1,597,500 for the current school year. Upon the completion of the Project (see "PROJECT" below), the prime lease and sublease related to 108 Cooper Street will either expire or be terminated by the Friends of the Academy and the School.

Project

The proposed project would allow the School to consolidate the two existing high school facilities at one 36,165 sf building. The proceeds of the Bonds will be used to repurpose, restore, and enhance an existing building located at 3896 10th Avenue, New York, NY 10034; approximately 4 blocks from the current main high school facility at 108 Cooper Street. The new facility would serve all four high school grades with space for 20 classrooms, a cafeteria, a computer lab / media / art / music multipurpose room, science labs, special education, and administrative and operational spaces. This facility would have a capacity for approximately 520 students and 55 staff members. The School has entered into a guaranteed maximum price construction contract with Truline Construction Services, Inc. of New York, New York to construct the project.

Activity at the School would largely take place between 6:00am (when staff typically starts to arrive) until 6:00pm (when most after-school programs have ended and most staff has left). Classes would start at 7:45am, with the

last class ending at 3:35pm. All after school activities would be held at this location, except for high school athletic competitions, which would be held at the School's middle school location at 433 W. 204th Street.

The proposed project would retrofit and partially restore the existing building; no new floor area would be added. In order to install new utility connections and upgrade the existing connection to the electrical grid, trenches would be excavated and utility connections would be installed in duct banks. A new elevator bulkhead would also be installed on the roof of the building.

Pedestrian access to the School would principally occur from 10th Avenue, with additional emergency egress to 10th Avenue, Isham Street and Post Avenue. There will be no on-site parking provided.

Project Purpose and Need

Several factors contribute to the need for a new facility for the School's high school programs:

Because the existing facility at 108 Cooper Street is leased from Good Shepherd Private School, the School faces operational challenges that arise from sharing a site with another school. The space allocated to the School and the inability to add more space at this location precludes the School from expanding to provide 12th grade classes at this site; as such, 12th grade is housed at 431 W. 204th Street (see above).

Arrival and departure times are currently staggered, which allows for additional student capacity, but creates additional logistical challenges for the School, such as coordinating times for assembly events.

The proposed project therefore seeks to consolidate all the School's high school activities at one location to improve operational and service delivery to students and staff in a new and modern space. The site would be solely occupied by the School, which would allow for greater flexibility for the School to operate than its current shared configuration. The new space will be larger than the current combined high school facilities located at 108 Cooper Street and 431 W. 204th Street, and there would be added capacity for new students to help meet the School's demand for prospective new students. The new, larger space would also negate the need for a staggered school schedule, which would improve the ability of the School to provide service delivery to its students.

SCHOOL FINANCES

Financial Oversight

The Board provides effective oversight, including full engagement in financial decision-making and overseeing expenditure of public funds. The School is in good standing with respect to governance and fiscal accountability - complying with all city, state and federal regulations. The School receives an independent fiscal year audit opinion every year. The most recent audit indicates a positive financial control environment, with no significant findings or material weaknesses. The School's current financial position remains strong, with significant cash reserves.

In accordance with directions issued by the State Commissioner of Education, the COO/CFO is required to prepare each month:

- Monthly financial statements,
- Report of financial condition,

- Report of operating results,

- Other pertinent information.

After review of the monthly financial reports, the Board is required to certify that:

No fund has been over expended, and that sufficient funds are available to meet the School's obligations for the remainder of the school year.

Accounting & Internal Controls

The School maintains appropriate internal controls and procedures. One integral feature of our financial control structure is an outsourced accounting relationship with Charter School Business Management ("CSBM"). CSBM serves as an advisor to the COO/CFO and provides back office support by filling in the gaps by serving as part of the School's finance team and training and developing the School's fiscal manager.

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

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

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

- Processing Control: All transaction documentation (purchase request, invoice, packing slip) is reviewed by the Finance Manager, (reports to COO/CFO) prior to being handed over to the Accountant for posting.

- Reconciliation Controls: Variance reports and bank reconciliation are reviewed monthly by the COO/CFO and Board Finance Committee.

Budgeting & Financial Condition

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

All accountability measures related to fiscal soundness have been met including:

- Sufficient cash on-hand to cover 60 days of expenses

- Sufficient cash-flow to cover 100% of projected liabilities over next 12-months

- Debt to asset ratio under 1.0
- Assets to liabilities ratio greater than 1.0
- Positive cash-flow (and operating margins)

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

Because a public charter school's primary revenue source is per-pupil funding, the School pro-actively monitors enrollment levels and responds quickly. Demand for seats remains high, with a waitlist of 1,400 students across all grades entering. The School's sustained high demand is derived from a combination of low student attrition, positive parent engagement and overall community support. As noted in the most recent NYCDOE survey, 96% of School parents agree that School staff and leadership work hard to create a strong sense of community. Incoming applications exceeded available openings by an average of 6:1 in 2017-18.

In addition, the School has experienced significant demand from at-risk populations – evidenced by ELL, SWD and high FRPL Title I percentages that approximate/exceed CSD 6 averages. Some of these factors contribute to our positive operating cash-flow, even while the School invests heavily in the specialized resources required to properly serve these at-risk students. The School budget prioritizes instructional support (6 academic coaches), student support services (29 ELL/SWD teachers and counselors) and specialized RTI curriculum resources.

Summary of Historical and Projected Revenues and Expenses

The following tables set forth a summary of the School's historical revenues and expenses for the years shown below. The information presented for the school years ended June 30, 2013, through 2017 is actual audited data.

AUDITED REVENUES AND EXPENDITURES FOR FY 2013-2017

	2012-13	2013-14	2014-15	2015-16	2016-17
OPERATING REVENUE AND SUPPORT					
Total Enrollment	329	439	585	698	811
Grades	(5 – 7)	(5 – 8)	(5 – 9)	(5 – 10)	(5 – 11)
State and Local per pupil operating revenue	$5,456,938	$7,230,724	$9,504,165	$11,491,775	$13,688,308
Government grants and contracts	316,338	351,959	802,898	1,340,215	1,562,333
Contributions and grants	4,669	73,000	70,632	130,637	122,862
Interest Income	970	736	233	49	516
Other Income (Benefit Income)	8,893	5,820	2,244		
Miscellaneous Income	173	2,140			
TOTAL REVENUE	5,787,981	7,664,379	10,380,172	12,962,676	15,374,019
EXPENSES					
Program	4,666,793	5,801,609	9,037,873	10,278,183	11,326,339
Management and general	966,036	1,654,196	898,098	1,419,992	1,811,459
Fundraising	73,400	99,839	106,251	134,299	160,294
TOTAL EXPENSES	5,706,229	7,555,644	10,042,222	11,832,474	13,298,092
CHANGE IN NET ASSETS	81,752	108,735	337,950	1,130,202	2,075,927
NET ASSETS – BEGINNING IN YEAR	1,039,627	1,121,379	1,230,114	1,568,064	2,698,266
NET ASSETS – END OF YEAR	**$1,121,379**	**$1,230,114**	**$1,568,064**	**$2,698,266**	**$4,774,193**

Charter School Funding

Historic per pupil funding chart NY State Funding

School Year	Per Pupil Allocation
2012-13	$13,527
2014-15	$13,777
2015-16	$13,877
2016-17	$14,027
2017-18	$14,527

Source: http://www.nyccharterschools.org/sites/default/files/resources/Sector-Memo-2017-State-Budget.pdf

New York State's 2017-18 annual fiscal budget includes significant legislative change affecting all charter schools in New York City.

The statutory formula for calculating charter school per pupil funding has been frozen at the 2010-11 funding level for the last seven years ($13,527 in NYC), delinking it effectively from changes in district school expenditures. In 2014, legislation was enacted that provided small supplemental increases to the per pupil funding (while providing a reimbursement to school districts for those increases). These increases kept charter per pupil funding relatively flat, increasing just 3.7% over three years, or a total of $500, and resulting in a total per pupil in 2016-17 of $14,027. In addition, the State Senate provided one-time appropriations to charter schools in both the 2016 and 2017 school years of approximately $215 and $430, respectively. It was anticipated that after the 2016-17 school year, charter school per pupil funding would once again be calculated using the then-existing statutory formula, thus effectively making the per pupil once again a function of average per pupil operating expenses of the district.

The following provisions were approved as part of this year's budget:

- In 2017-18 a per pupil amount of $14,527 plus a one-time supplemental grant of approximately $300 per student payable to schools directly from the state after April 1, 2018.
- In the 2017-18 school year, charter schools will receive the per pupil funding amount received in 2016-17 ($14,027) plus an additional $500; in NYC, this amounts to $14,527.
- As a one-time appropriation, charters will also receive an additional $300, though this will not be included in the base amount described below.
- Note that this additional $300 will not be available for distribution until after April 1, 2018.
- Schools will receive approximately $14,827 in total for the 2017-18 school year. As part of the budget deal, the state will reimburse NYC $1,000 per pupil every year starting with the 2017-18 school year and continuing thereafter.

Summary of FY 2017-2018 Budget to Actual Results; Projected Financial Results

The following table sets forth a summary comparison of the School's 2017-2018 Budget to actual results and to projected final results (as of 2/28/18); enrollment for 2017-2018 is 883 for grades 5 – 12:

	Budget	Actuals	Projected End FY18
REVENUES & SUPPORT			
State & Local Per Pupil	$10,788,225.36	$10,478,770.18	$16,767,351.65
Government Grants & Contracts	510,91.15	612,127.58	1,073,121.28
Contributions & Grants	102,500.00	80,183.42	195,174.42
Other Income		5,230.40	7,230.40
TOTAL REVENUE	**11,401,640.46**	**11,176,311.58**	**18,242,877.75**
EXPENSES			
Program Services	8,415,938.22	7,593,433.03	13,261,176.78
Management & General	1,716,761.86	1,555,060.51	2,576,712.91
TOTAL EXPENSES	**10,132,700.08**	**9,148,493.54**	**15,837,889.69**
CHANGE IN NET ASSETS	**$1,268,940.38**	**$2,027,818.04**	**$2,404,988.06**
Beginning Balance July 1	**$1,742,189.35**	**$1,714,043.71**	**$1,714,043.71**
Ending Balance June	**$3,011,129.73**	**$3,741,861.75**	**$3,331,813.61**

Management Discussion & Analysis

The School's financial position remains strong – as evidenced by an anticipated FYE 2017 - 2018 positive operating margin (2%), accumulated cash reserve of $1.7 million, and on-target student enrollment. A fiscally-conservative organization, the School is committed to maintaining adequate finances to ensure stable operations.

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

The amount the School will receive in facilities access payments/rental assistance subsidy payment (see "CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK" in this Limited Offering Memorandum) should be sufficient to cover annual payments under the Sublease. The 2017 NY State budget increases the maximum amount of rental assistance provided to eligible NYC charters schools under the 2014 Facilities Access Law. Currently, the amount of rental assistance for eligible schools is the lesser of 30% of the per pupil or actual rental costs. The maximum amount of rental assistance was increased from 20% of the per pupil amount to current 30% of the per pupil amount starting with the 2017-18 school year.

When the School occupies the new High School facility (January 2019) the school will receive a maximum of approximately $4,350 per pupil in rental assistance for the 2018-19 school year; approximately $2,175,000.

In 2018-19 and beyond, the school expects the per pupil funding will increase to $15,308. The NYC Charter Center has expressed the funding can be the lesser of (1) the product of the per pupil amount for the prior year (in 2018-19 for instance, the $14,527 per pupil from 2017-18) multiplied by the average annual change in per pupil district expenditures over a specified period; or (b) the total general fund per student expenses of the district from

two years prior (in 2018-19 for instance, the per student expenses from 2016-17). The NYC Charter Center has announced that based on the New York State budget for 2018-19, per pupil charter school funding is expected to be at least $15,308.

Insurance

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

Litigation

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

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW

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

Purpose (New York Education Law § 2850)

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

(a) Improve student learning and achievement;

(b) Increase learning opportunities for all students, with special emphasis on expanded learning experiences for students who are at-risk of academic failure;

(c) Encourage the use of different and innovative teaching methods;

(d) Create new professional opportunities for teachers, school administrators and other school personnel;

(e) Provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; and

(f) Provide schools with a method to change from rule-based to performance-based accountability systems by holding the schools established under the Act accountable for meeting measurable student achievement results.

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

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

a charter school for a charter issued pursuant to § 2852(9-a) (a request for proposals process) of the Act. For charter schools established in conjunction with a for-profit business or corporate entity, the charter shall specify the extent of the entity's participation in the management and operation of the school.

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

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

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

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

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

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

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

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

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

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

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

(d) Indications of parent and student satisfaction.

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

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

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

(a) Upon the approval of a charter by the Board of Regents, the Board of Regents shall incorporate the charter school as an education corporation for a term not to exceed five (5) years, provided however in the case of charters issued pursuant to § 2852(9-a) of the Act the Board of Regents shall incorporate the charter school as an education corporation for a term not to exceed five (5) years in which instruction is provided to pupils plus the period commencing with the effective date of the charter and ending with the opening of the school for instruction. Such certificate of incorporation shall not modify or limit any terms of the charter approved by the Board of Regents. Upon approval of an application to renew a charter, the Board of Regents shall extend the certificate of incorporation for a term not to exceed five (5) years. Upon termination or nonrenewal of the charter of a charter school pursuant to § 2855 of the Act, the certificate of incorporation of the charter school shall be revoked by the Board of Regents pursuant to § 219 (change of charter) of the New York Education law, provided that compliance with the notice and hearing requirements of the Act shall be deemed to satisfy the notice and hearing requirements of § 219 of the New York Education law. It shall be the duty of the trustees of the charter school to obtain federal tax-exempt status no later than one year following approval of a charter school by the Board of Regents. For purposes of the Act, "certificate of incorporation" shall mean the provisional charter issued by the Board of Regents to form the charter school as an educational corporation pursuant to §§ 216 (charters) and 217 (provisional charters) of the New York Education Law.

(b) An education corporation organized to operate a charter school shall have all corporate powers necessary and desirable for carrying out a charter school program in accordance with the provisions of the Act, other applicable laws and regulations and the terms of the charter, including all of the powers of an education corporation formed to operate an elementary or

secondary school and those powers granted under the provisions of the not-for-profit corporation law that are made applicable to charter schools by § 216-a (applicability of not-for-profit corporation law) of the New York Education Law. The powers of the trustees of the charter school shall include those powers specified in § 226 (powers of trustees of institutions) of the New York Education Law.

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

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

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

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

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

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

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

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

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

Effective until June 30, 2018:

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

Effective June 30, 2018:

(a) For purposes of §§ 701 (power to designate text-books; purchase and loan of text-books; purchase of supplies), 711 (aid for purchase of school library materials), 751 (aid for computer software purchases) and 912 (health and welfare services to all children) of the New York Education Law, a charter school shall be deemed a nonpublic school in the school district within which the charter school is located. Special education programs and services shall be provided to students with a disability attending a charter school in accordance with the individualized education program recommended by the committee or subcommittee on special education of the student's school district of residence. The charter school may arrange to have such services provided by such school district of residence or by the charter school directly or by contract with another provider.

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

(c) A charter school may contract with the governing body of a public college or university for the use of a school building and grounds, the operation and maintenance thereof. Any such contract shall provide such services or facilities at cost. A school district shall permit any charter school granted approval to co—locate, to use such services and facilities without cost. Notwithstanding any provision of law to the contrary, any approval prior to January 1, 2014,

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

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

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

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

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

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

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

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

conferee to all privileges and immunities which by usage or statute are allowed for similar diplomas of corresponding grade granted by any other public school.

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

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

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

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

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

and to require that the time and place of the random selection process be publicized in a manner consistent with the requirements of §104 of the Public Officers Law and be open to the public. For purposes of this paragraph and paragraph (a) above, the school district in which the charter school is located shall mean, for the city school district of the city of New York, the community district in which the charter school is located.

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

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

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

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

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

(b) Serious violations of law;

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

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

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

Notice of intent to revoke a charter shall be provided to the Board of Trustees of a charter school at least thirty (30) days prior to the effective date of the proposed revocation. Such notice

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

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

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

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

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

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

(a) a charter school report card, which shall include measures of the comparative academic and fiscal performance of the school, as prescribed by the Commissioner in regulations adopted for such purpose. Such measures shall include, but not be limited to, graduation rates, dropout rates, performance of students on standardized tests, college entry rates, total spending per pupil and administrative spending per pupil. Such measures shall be presented in a format that is easily comparable to similar public schools. In addition, the charter school shall ensure that such information is easily accessible to the community including making it publicly available by transmitting it to local newspapers of general circulation and making it available for distribution at board of trustee meetings;

(b) discussion of the progress made towards achievement of the goals set forth in the charter;

(c) a certified financial statement setting forth, by appropriate categories, the revenues and expenditures for the preceding school year, including a copy of the most recent independent fiscal audit of the school and any audit conducted by the New York State Comptroller; and

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

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

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

(1) A list including the number of charter schools closed during the preceding year, and a brief description of the reasons therefor including, but not limited to, non-renewal of the charter or revocation of the charter;

(b) The department's assessment of the current and projected programmatic and fiscal impact of charter schools on the delivery of services by school districts;

(c) The academic progress of students attending charter schools, as measured against comparable public and nonpublic schools with similar student population characteristics wherever practicable;

(d) A list of all actions taken by a charter entity on charter application and the rationale for the renewal or revocation of any charters; and

(e) Any other information regarding charter schools that the Board of Regents deems necessary. The format for this annual report shall be developed in consultation with representatives of school districts and charter school officials.

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

Facilities (New York Education Law § 2853-3)

(a) A charter school may be located in part of an existing public school building, in space provided on a private work site, in a public building or in any other suitable location. Provided, however, before a charter school may be located in part of an existing public school building, the charter entity shall provide notice to the parents or guardians of the students then

enrolled in the existing school building and shall hold a public hearing for purposes of discussing the location of the charter school. A charter school may own, lease or rent its space.

(1) (i) For charters issued pursuant to § 2852(9-a) of the Act located outside a city school district in a city having a population of 1,000,000 or more inhabitants, the department shall approve plans and specifications and issue certificates of occupancy for such charter schools. Such charter schools shall comply with all department health, sanitary, and safety requirements applicable to facilities and shall be treated the same as other public schools for purposes of local zoning, land use regulation and building code compliance. Provided however, that the department shall be authorized to grant specific exemptions from the requirements of this paragraph to charter schools upon a showing that compliance with such requirements creates an undue economic hardship or that some other good cause exists that makes compliance with this paragraph extremely impractical. A demonstrated effort to overcome the stated obstacles must be provided.

(ii) In a city school district in a city with a population of 1,000,000 or more, all charters authorized to be issued by the chapter of the laws of 2010 which amended this subdivision shall be obligated to comply with the department's health, safety and sanitary requirements applicable to facilities to the same extent as non-charter public schools in such a city school district.

(2) A charter school shall be deemed a nonpublic school for purposes of local zoning, land use regulation and building code compliance if it has been granted an exemption by the department pursuant to paragraph (1) above or if its charter was not issued pursuant to § 2852(9-a) of the Act.

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

(4) In a city school district in a city having a population of 1,000,000 or more inhabitants, a shared space committee shall be established in each public school building in which one or more charter schools are located or co-located within a public school building with non-charter public schools. The shared space committee shall be comprised of the principal, a teacher, and a parent of each co-located school. Such committee shall conduct regular meetings, at least four times per school year, to review implementation of the building usage plan developed pursuant to the Act.

(5) Notwithstanding any provision to the contrary, in a city school district in a city having a population of 1,000,000 or more inhabitants, the determination to locate or

co-locate a charter school within a public school building and the implementation of and compliance with the building usage plan developed pursuant to the Act that has been approved by the board of education of such city school district pursuant to the New York Education law and after satisfying the requirements of the New York Education law may be appealed to the commissioner pursuant to applicable provisions of the New York Education law. Provided further, the revision of a building usage plan approved by the board of education consistent with the requirements pursuant to the New York Education law may also be appealed to the commissioner on the grounds that such revision fails to meet the standards set forth in the Act. Following a petition for such appeal pursuant to this paragraph, such city school district shall have ten days to respond. The petition must be dismissed, adjudicated or disposed of by the commissioner within ten days of the receipt of the city school district's response.

(b) A charter school may pledge, assign or encumber its assets to be used as collateral for loans or extensions of credit; provided, however, that a charter school shall not pledge or assign monies provided, or to be provided, pursuant to § 2856(1) of the Act in connection with the purchase or construction, acquisition, reconstruction, rehabilitation or improvement of a school facility.

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

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

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

instruction or that require additional space due to an expansion of grade level, pursuant to the Act, approved by their charter entity for those grades newly provided.

(1) Notwithstanding any other provision of law to the contrary, within the later of (i) five months after a charter school's written request for co-location and (ii) 30 days after the charter school's charter is approved by its charter entity, the city school district shall either: (A) offer at no cost to the charter school a co-location site in a public school building approved by the Board of Education as provided by law, or (B) offer the charter school space in a privately owned or other publicly owned facility at the expense of the city school district and at no cost to the charter school. The space must be reasonable, appropriate and comparable and in the community school district to be served by the charter school and otherwise in reasonable proximity.

(2) No later than 30 days after approval by the Board of Education or expiration of the offer period prescribed in paragraph (1) above, the charter school shall either accept the city school district's offer or appeal in accordance with paragraph (3) below. If no appeal is taken, the city's offer or refusal to make an offer is final and non-reviewable. The charter school may appeal as early as issuance of an educational impact statement for the proposed co-location.

(3) The charter school shall have the option of appealing the city school district's offer or failure to offer a co-location site through binding arbitration in accordance with the Act, an expedited appeal to the Commissioner pursuant to applicable provisions of the New York Education Law, or a special proceeding pursuant to Article 78 of the civil practice law and rules. In any such appeal, the standard of review is the standard prescribed in § 7803 of the civil practice law and rules.

(4) If the appeal results in a determination in favor of the city school district, the city's offer is final and the charter school may either accept such offer and move into the space offered by the city school district at the city school district's expense, or locate in another site at the charter school's expense.

(5) For a new charter school whose charter is granted or for an existing charter school whose expansion of grade level, pursuant to the Charter Schools Act, is approved by their charter entity, if the appeal results in a determination in favor of the charter school, the city school district will pay the charter school an amount attributable to the grade level expansion or the formation of the new charter school that is equal to the lesser of:

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

(B) 30% of the product of the Charter School Basic Tuition for the current school year and (i) for a new charter school that first commences instruction on or after July 1, 2014, the charter school's current year enrollment; or (ii) for a charter school which expands its grade level, pursuant to the Act, the positive difference of the charter school's enrollment in the current school year minus the

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

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

Effective Until June 30, 2018:

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

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

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

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

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

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

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

the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year;

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

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

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

years, for a school district for which the Charter School Basic Tuition for the 2010-2011 school year is greater than the Charter School Basic Tuition for the current year pursuant to the provisions of subparagraph (i) of this paragraph, the sum of (i) the supplemental basic tuition calculated for the 2016¬2017 school year plus (ii) $500.

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

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

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

Effective June 30, 2018:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) for placement for 20% or more of the school week in a resource room or special services or programs including related services required for 20% or more of the school week, or in the case of pupils in grades 7-12 or a multi-level middle school program

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

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

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

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

(2) In computing such attendance, the school district shall (i) determine the number of religious holidays which fall on a school day within a school year according to regulations established by the Commissioner, such religious holidays to be duly recognized as such for purposes of this section by duly adopted resolution of the board of education; (ii) deduct the aggregate attendance on such religious holidays from the total aggregate attendance, by grade level; (iii) deduct such religious holidays from the total number of days of session, by grade level; (iv) compute the Adjusted Average Daily Attendance for the school year.

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

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

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

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

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

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

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

(1) any balances and transfers;

(2) any payments for transportation of pupils to and from school during the regular school year inclusive of capital outlays and debt service therefor;

(A) a portion of any payments for transportation of pupils to and from district operated summer school programs pursuant to § 3622-a(6) (aidable regular transportation) of the New York Education Law, inclusive of capital outlays and debt service therefor, equal to the product of such expenditures multiplied by the quotient of the total apportionment after the proration, if any, required by such subdivision 6 of the New York Education Law divided by the total apportionment prior to such proration;

(3) any payments for capital outlay and debt service for school building purposes, provided, however, that in the case of a school district which has entered into a contract with state university pursuant to § 355(2)(o) (conduct of research and experiments) of the New York Education Law, under which the school district makes payment to state university on account of capital outlay relating to certain children residing in such school district, such payments shall not be so excluded;

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

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

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

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

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

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

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

apportionments any payments from such funds already deducted pursuant to this paragraph;

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

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

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

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

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

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

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

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

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

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

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

For the purposes of this section:

(a) Legally absent means to be absent for: personal illness, illness or death in the family, impassable roads or weather, religious observance, quarantine, required court appearances,

attendance at health clinics, approved college visits, military obligations, disciplinary detention of an incarcerated youth, or for such other reasons as may be approved by the Commissioner.

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

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

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

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

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

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

(h) State aid attributable to a student with a disability attending a charter school shall mean the sum of excess cost aid payable to a public school district pursuant to § 3602(19)(4) of the New York Education Law based on the resident weighted enrollment in the charter school of pupils with disabilities receiving special services or programs provided directly or indirectly by the charter school in the current school year and any apportionment payable to such public school district pursuant to § 3602(19)(5) of the New York Education Law that is based on the cost of special services or programs provided directly or indirectly by the charter school to such pupil in the current school year. Excess cost aid for the purposes of this section shall equal the product of excess cost aid per pupil calculated pursuant to § 3602(19)(3) of the New York Education Law, the proportion of the weighting attributable to the student's level of service provided directly or indirectly by the charter school pursuant to § 3602(19)(b)(1)-(4) of the New York Education Law, and the student's enrollment in such charter school in the current school year.

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

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

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

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

Charter school obligations:

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

(b) On or before the last day of July, each charter school shall provide a final report of actual enrollment to the department and to each school district with resident pupils attending the

charter school in the prior school year. For each student with a disability attending such charter school, such report shall also indicate the level of special programs or services actually provided directly or indirectly to such student by the charter school and the annual cost incurred by the charter school in providing such special programs or services.

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

Public school district of residence obligations:

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

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

> (i) on or before the first business day of July, one sixth of the total amount due, as adjusted for any supplemental payments due or overpayments to be recovered for the prior school year;
>
> (ii) on or before the first business day of September, two sixths of the total amount due, as adjusted for any supplemental payments due or overpayments to be recovered for the prior school year, minus any payments made before such date pursuant to subparagraph (i) of this subsection;
>
> (iii) on or before the first business day of November, three sixths of the total amount due, as adjusted for any supplemental payments due on overpayments to be recovered for the prior school year, minus any payments made before such date pursuant to subparagraphs (i) and (ii) of this subsection;
>
> (iv) on or before the first business day of January, four sixths of the total amount due, as adjusted for any supplemental payments due or overpayments to be recovered for the prior school year, minus any payments made before such date pursuant to subparagraphs (i), (ii) and (iii) of this subsection;
>
> (v) on or before the first business day of March, five sixths of the total amount due, as adjusted for any supplemental payments due or overpayments to be recovered for the prior school year, minus any payments made before such date pursuant to subparagraphs (i), (ii), (iii) and (iv) of this subsection and
>
> (vi) on or before the first business day of May, the total amount due, as adjusted for any supplemental payments due or overpayments to be recovered for the prior school

year, minus any payments made before such date pursuant to subparagraphs (i), (ii), (iii), (iv) and (v) of this subsection.

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

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

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

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

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

Department obligations:

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

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

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APPENDIX C

BUDGET PROJECTIONS

BUDGET PROJECTIONS

The following tables set forth the School's historical and projected debt service coverage for the years shown below. The projections constitute "forward-looking statements" and are derived from the past operations of the School and from the School's assumptions about level of revenue and expenses as set forth in the following table. See "INTRODUCTORY STATEMENT" and "RISK FACTORS – Reliance on Projections" in the forepart of this Official Statement.

	2018-19	2019-20	2020-21	2021-22	2022-23
Grades	(5-12)	(5-12)	(5-12)	(5-12)	(5-12)
Enrollment with Attrition	920	931	931	931	931
Special Education (<20) $0	18	19	19	19	19
Special Education (20-60) $10,390 pp	83	84	84	84	84
Special Education (>60) $19,049	74	74	74	74	74
Revenue					
Per Pupil Revenue	15,308	15,308	15,308	15,308	15,308
Total Per Pupil	14,083,360.04	14,239,501.60	14,239,501.60	14,239,501.60	14,239,501.60
Special Education Revenue	2,262,298.40	2,287,380.40	2,287,380.40	2,287,380.40	2,287,380.40
Other state grants/income	$1,099,621.60	$2,251,021.15	$2,251,021.15	$2,251,021.15	$2,251,021.15
Total Revenue from State Sources	$17,445,280.00	$18,777,903.16	$18,777,903.16	$18,777,903.16	$18,777,903.16
Total Revenue from Federal Sources	$1,050,021.42	$1,051,906.28	$1,051,906.28	$1,051,906.28	$1,051,906.28
Total Revenue from Local and other (contributions)	$292,750.00	$292,750.00	$292,750.00	$292,750.00	$292,750.00
Total Revenue	$18,788,051.42	$20,122,559.43	$20,122,559.43	$20,122,559.43	$20,122,559.43
Expenses					
Administration & Operations	$3,323,179.48	$3,441,822.93	$3,527,868.50	$3,616,065.21	$3,708,889.85
Instructional Staff	$6,105,585.83	$6,384,974.40	$6,610,487.51	$6,783,248.45	$6,905,791.50
Total Payroll	$9,708,765.31	$10,106,797.33	$10,418,356.01	$10,679,313.66	$10,894,681.35
Payroll Taxes & Benefits	$1,928,994.91	$1,993,247.24	$2,047,629.82	$2,097,032.96	$2,142,050.65
Contracted Services	598,370.24	598,763.62	599,168.80	599,586.14	600,016.00
School Operations	$1,395,921.60	$1,396,732.30	$1,383,732.30	$1,343,732.30	$1,338,732.30
Total Facility Operations & Maintenance	$2,966,550.00	$3,700,468.00	$3,700,468.00	$3,700,468.00	$3,700,468.00
Total Depreciation	250,000.00	250,000.0	250,000.00	250,000.00	250,000.00
Total Expenses	$16,848,602.06	$18,046,008.49	$18,399,354.93	$18,670,133.06	$18,925,948.30
Net Income (loss)	**$1,939,449.36**	**$2,076,550.94**	**$1,723,204.50**	**$1,452,426.37**	**$1,196,611.14**

Pro Forma Coverage calculations

	2018-19	2019-20	2020-21	2021-22	2022-23
Operating revenue	18,788,051	20,122,559	20,122,559	20,122,559	20,122,559
Operating expenses	16,848,602	18,046,008	18,399,355	18,670,133	18,925,948
	1,939,449	2,076,551	1,723,205	1,452,426	1,196,611
Depreciation	250,000	250,000	250,000	250,000	250,000
Amortization*	19,013	19,013	19,013	19,013	19,013
Bond interest expense**	-	151,091	903,788	887,668	873,675
Sublease payment	1,050,000	2,100,000	2,100,000	2,100,000	2,100,000
	1,319,013	2,520,104	3,272,800	3,256,680	3,242,688
Net income available	**3,258,462**	**4,596,655**	**4,996,005**	**4,709,106**	**4,439,298**
Bond interest**	-	151,091	903,788	887,668	873,675
Bond principal	-	50,000	303,333	321,667	332,500
Sublease payment	1,050,000	2,100,000	2,100,000	2,100,000	2,100,000
	1,050,000	2,301,091	3,307,121	3,309,334	3,306,175
Coverage ratio	3.10	2.00	1.51	1.42	1.34

* Amortization of bond issuance costs over 30 years.

** Net of capitalized interest

APPENDIX D

AUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2017 (INCLUDING JUNE 30, 2016 COMPARATIVE INFORMATION)

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INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2017

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2016)

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Inwood Academy for Leadership Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Inwood Academy for Leadership Charter School (the "School"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 School'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 School'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 Inwood Academy for Leadership Charter School as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Inwood Academy for Leadership Charter School's 2016 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 07, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2017, on our consideration of Inwood Academy for Leadership Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Inwood Academy for Leadership Charter School's internal control over financial reporting and compliance.

MBAF CPAs, LLC

New York, NY
October 26, 2017

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2016)

ASSETS		**2017**		**2016**
Cash	$	1,638,900	$	807,950
Cash - restricted		75,143		75,106
Grants receivable		422,205		455,232
Prepaid expenses and other assets		589,380		13,944
Property and equipment, net		1,843,823		2,136,104
Construction in progress		733,046		46,523
Deposit		350,000		-
	$	**5,652,497**	**$**	**3,534,859**

LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	$	285,928	$	257,521
Accrued salaries and other payroll related expenses		125,592		198,399
Due to NYC Department of Education		102,276		9,925
Deferred rent		343,319		304,116
Capital lease obligation		21,189		66,632
		878,304		836,593
NET ASSETS				
Unrestricted		4,764,693		2,698,266
Temporarily restricted		9,500		-
		4,774,193		2,698,266
	$	**5,652,497**	**$**	**3,534,859**

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

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	Unrestricted	Temporarily Restricted	Total 2017	Total 2016
OPERATING REVENUE AND SUPPORT				
State and local per pupil operating revenue	$ 13,688,308	$ -	$ 13,688,308	$ 11,491,775
Government grants and contracts	1,562,333	-	1,562,333	1,340,215
Contributions and other grants	113,362	9,500	122,862	130,637
Interest income	516	-	516	49
	15,364,519	9,500	15,374,019	12,962,676
EXPENSES				
Program services	11,326,339	-	11,326,339	10,278,183
Management and general	1,811,459	-	1,811,459	1,419,992
Fundraising	160,294	-	160,294	134,299
	13,298,092	-	13,298,092	11,832,474
CHANGE IN NET ASSETS	2,066,427	9,500	2,075,927	1,130,202
NET ASSETS - BEGINNING OF YEAR	2,698,266	-	2,698,266	1,568,064
NET ASSETS - END OF YEAR	**$ 4,764,693**	**$ 9,500**	**$ 4,774,193**	**$ 2,698,266**

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

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

		Program Services			Supporting Services			
	No. of Positions	General Education	Special Education	Total Program	Management and General	Fundraising	2017	2016
Personnel services costs:								
Administrative staff personnel	25	$ 863,100	$ 220,816	$ 1,083,916	$ 628,702	$ 95,425	$ 1,808,043	$ 1,681,468
Instructional personnel	99	4,223,115	1,191,537	5,414,652	15,331	1,704	5,431,687	4,616,191
Non-instructional personnel	10	-	-	-	265,082	-	265,082	202,470
Total salaries and wages	134	5,086,215	1,412,353	6,498,568	909,115	97,129	7,504,812	6,500,129
Payroll taxes and employee benefits		1,034,345	287,220	1,321,565	184,881	19,752	1,526,198	1,309,363
Retirement benefits		87,814	24,384	112,198	15,696	1,677	129,571	162,823
Legal fees		-	-	-	41,616	-	41,616	7,778
Accounting / Audit services		-	-	-	99,043	-	99,043	136,209
Professional fees - other		264,113	72,841	336,954	149,167	8,427	494,548	472,775
Building and land rent / lease		845,649	234,872	1,080,521	152,018	16,241	1,248,780	1,236,483
Repairs and maintenance		57,017	15,836	72,853	10,250	1,095	84,198	85,440
Insurance		42,902	11,916	54,818	7,712	824	63,354	52,429
Utilities		98,892	27,466	126,358	17,777	1,899	146,034	133,710
Non-capitalized equipment / furnishings		64,275	17,852	82,127	11,554	1,234	94,915	72,042
Staff development		142,710	39,637	182,347	25,654	2,741	210,742	170,717
Student and staff recruitment		28,742	7,983	36,725	5,167	552	42,444	24,024
Technology		113,678	31,573	145,251	20,435	2,183	167,869	178,942
Supplies / Materials		195,298	52,242	247,540	294	33	247,867	214,823
Food services		313,779	83,907	397,686	-	-	397,686	347,205
Student services		143,417	38,827	182,244	-	-	182,244	148,552
Office expense		-	-	-	90,106	-	90,106	82,638
Bank and interest expense		-	-	-	-	-	-	7,077
Depreciation and amortization		324,543	90,139	414,682	58,342	6,233	479,257	482,402
Other		26,633	7,269	33,902	12,632	274	46,808	6,913
		$ 8,870,022	**$ 2,456,317**	**$ 11,326,339**	**$ 1,811,459**	**$ 160,294**	**$ 13,298,092**	**$ 11,832,474**

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

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operating revenue and support	$ 15,498,881	$ 12,641,173
Cash received from interest income	516	49
Cash paid to employees and suppliers	(13,399,505)	(11,301,047)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,099,892	1,340,175
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(186,976)	(538,399)
Construction in progress	(686,523)	(46,523)
Deposit	(350,000)	-
NET CASH USED IN INVESTING ACTIVITIES	(1,223,499)	(584,922)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for capital lease obligations	(45,443)	(52,067)
NET INCREASE IN CASH	830,950	703,186
CASH - BEGINNING OF YEAR	807,950	104,764
CASH - END OF YEAR	**$ 1,638,900**	**$ 807,950**

Reconciliation of change in net assets to net cash provided by operating activities:

	2017	2016
Change in net assets	$ 2,075,927	$ 1,130,202
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	479,257	482,402
Deferred rent	39,203	91,227
Changes in operating assets and liabilities:		
Cash - restricted	(37)	(48)
Grants receivable	33,027	(295,322)
Prepaid expenses and other assets	(575,436)	(7,957)
Accounts payable and accrued expenses	28,407	(11,051)
Accrued salaries and other payroll related expenses	(72,807)	(23,146)
Due to NYC Department of Education	92,351	(26,132)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 2,099,892**	**$ 1,340,175**
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Equipment acquired by incurring capital lease obligations	$ -	$ 49,750

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

1. NATURE OF THE ORGANIZATION

Inwood Academy for Leadership Charter School (the "School") is a New York State, not-for-profit educational corporation that was incorporated on December 15, 2009 to operate a charter school pursuant to Article 56 of the Educational Law of the State of New York. The School was granted a provisional charter on December 15, 2009, valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. The School's charter was renewed during the year for a three and a half year term until June 30, 2018.

The School opened its doors in the Fall of 2010 in Upper Manhattan with a rigorous academic program and a highly structured and supportive school culture. The School is uniquely designed to empower students in Inwood and Washington Heights to become agents for change through community-focused leadership, character development and college preparedness.

The School, as determined by the Internal Revenue Service, is exempt from Federal income tax under section 501(a) of the Internal Revenue Code ("IRC") as an organization described in Section 501(c)(3) of the IRC and under the corresponding provisions of the New York State tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in section 170(b)(1)(A)(ii) of the IRC.

In fiscal year 2017, the School operated classes for students in the fifth through eleventh grades. In fiscal year 2016, the School operated classes for students in the fifth through tenth grades.

The New York City Department of Education ("NYCDOE") provides free transportation directly to a majority of the School's students.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The School's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The classification of the School's net assets and its support, revenues and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets - permanently restricted, temporarily restricted, and unrestricted - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Permanently Restricted – Net assets resulting from contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School.

Temporarily Restricted – Net assets resulting from contributions and other inflows of assets whose use by the School are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the School pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

Unrestricted – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

The School has no permanently restricted net assets at June 30, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash - Restricted

The State University of New York requires an escrow account of $75,143 to be held aside at June 30, 2017 to cover debts in the event of the School's dissolution.

Grants Receivable

Grants receivable represent unconditional promises to give. Grants receivable that are expected to be collected within one year and recorded at net realizable value are $422,205 and $455,232 at June 30, 2017 and 2016, respectively. The School has determined that no allowance for uncollectible accounts for grants receivable is necessary at June 30, 2017 and 2016. Such estimate is based on management's assessments of the creditworthiness of its grantors, the aged basis of its receivables, as well as current economic conditions and historical information.

Revenue Recognition

Revenue from the state and local government resulting from the School's charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts are recorded by the School when qualifying expenditures are incurred and billable. Funds received in advance for which qualifying expenditures have not been incurred, if any, are reflected as refundable advances from state and local government grants in the accompanying statement of financial position.

The School receives a substantial portion of its support and revenue from the NYCDOE. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

Property and Equipment

Property and equipment are stated at cost and are depreciated on the straight-line method over the estimated useful lives of the assets. The School has established a $1,000 threshold above which assets are evaluated to be capitalized. Leasehold improvements are amortized over the shorter of the life of the asset or the life of the lease. Property and equipment acquired with certain government contract funds is recorded as expenses pursuant to the terms of the contract in which the government funding source retains ownership of the property. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. No depreciation is recorded on construction in progress until placed into service.

Impairment

The School reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the School recognizes an impairment loss. No impairment losses were recognized for the years ended June 30, 2017 and 2016.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications based upon benefits received.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The School expenses advertising costs as incurred. The School incurred no advertising costs for the years ended June 30, 2017 and 2016.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated events through October 26, 2017, which is the date the financial statements were available to be issued.

Comparative Financial Information

The June 30, 2017 financial statements include certain prior year summarized comparative information in total but not by net asset class. In addition, only certain of the notes to the financial statements for June 30, 2016 are presented. As a result, the June 30, 2016 comparative information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such June 30, 2016 information should be read in conjunction with the School's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Income Taxes

The School follows the accounting standard for uncertainty in income taxes. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, disclosure and transition.

The School files informational returns in the federal jurisdiction. With few exceptions, the School is no longer subject to Federal, state, or local income tax examinations for fiscal years before 2014.

The School believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts paid. Management believes that its nonprofit status would be sustained upon examination.

Should there be interest on underpayments of income tax, the School would classify it as "Interest Expense." The School would classify penalties in connection with underpayments of income tax as "Other Expense."

Deferred Rent

In accordance with U.S. GAAP, rent expense is recognized on a straight-line basis over the life of the lease, including future escalations of rent, rather than in accordance with lease payments. Deferred rent represents the adjustment to future rents as a result of using the straight-line method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2018 and in interim periods in annual periods beginning after December 15, 2019. Early application is permitted but no earlier than annual reporting periods beginning after December 31, 2016. The School is currently evaluating the effect the update will have on its financial statements.

In February 2016, the FASB issued an accounting standards update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Accounting by lessors remains largely unchanged from current U.S. GAAP. The update is effective using a modified retrospective approach for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted. The School is currently evaluating the effect the update will have on its financial statements.

In August 2016, the FASB issued an accounting standards update which aims to improve information provided to creditors, donors, grantors, and others while also reducing complexity and costs. The update is the first phase of a project regarding not-for-profits which aims to improve and simplify net asset classification requirements and improve the information presented and disclosed in financial statements about liquidity, cash flows, and financial performance. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with earlier application permitted. The School is currently evaluating the effect the update will have on its financial statements.

In November 2016, the FASB issued an accounting standards update which amends cash flow statement presentation of restricted cash. The update requires amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The update is effective retrospectively for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The School is currently evaluating the effect the update will have on its financial statements.

3. PROPERTY AND EQUIPMENT

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

	2017	2016	Estimated Useful Life
Furniture and fixtures	$ 764,707	$ 758,638	3 years
Equipment and computers	687,228	646,576	3 years
Capital lease equipment	169,310	169,310	Life of lease
Leasehold improvements	2,022,168	1,881,913	Life of lease
	3,643,413	3,456,437	
Less: accumulated depreciation and amortization, including accumulated amortization on capital leases of $147,979 and $107,590 as of June 30, 2017 and 2016, respectively	(1,799,590)	(1,320,333)	
	$ 1,843,823	$ 2,136,104	

Depreciation and amortization expense amounted to $479,257 and $482,402 for the years ended June 30, 2017 and 2016, respectively, including amortization expense on capital leases of $40,389 and $53,673 for the years ended June 30, 2017 and 2016, respectively.

4. CONSTRUCTION IN PROGRESS

In 2016, the School began performing due diligence and evaluating conditions for a new location. Construction in progress amounted to $733,046 and $46,523 at June 30, 2017 and 2016, respectively. The School deposited a construction escrow amount of $350,000 related to an agreement with 3896 10th Ave Associates during the year ended June 30, 2017.

5. PENSION PLAN

The School has a 403(b) profit sharing plan (the “Plan”) which covers most of the employees. The Plan is a defined contribution plan. Employees are eligible to enroll in the Plan either on the first day of the Plan year or the first day of the seventh month of the Plan year. Those employees who have completed at least 1 full year of service are also eligible for employer contributions. The Plan provides for the School to contribute up to 5% of an employee’s salary. The School contribution becomes fully vested after the employee completes one year of service. For the years ended June 30, 2017 and 2016, pension expense for the School was $128,742 and $162,822, respectively.

6. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are both purpose and time restricted and consisted of $9,500 for the College Career Readiness program for the year ended June 30, 2017.

7. COMMITMENTS

The School has a lease with The Roman Catholic Church of the Good Shepherd of New York City that will expire on June 30, 2018. The School took possession of this space in August 2012. Annual lease payments amounted to $417,420 during each of the years ended June 30, 2017 and 2016.

On June 19, 2014, the School entered into a lease with The Roman Catholic Church of St. Jude. The lease period is from July 1, 2014 through June 30, 2024. The School took possession of this space in July 2014. Annual lease payments amounted to $780,000 and $740,000 during the years ended June 30, 2017 and 2016, respectively.

The School entered into one capital lease in 2016 for computers for a total commitment of $49,750 during the year ended June 30, 2016.

On May 2017, the School entered into a lease with 3896 10th Ave Associates. The lease period is from September 30, 2017 through October 1, 2047. There were no related lease payments for the year ended June 30, 2017.

Total future minimum rental and lease payments are as follows:

June 30,	Operating Leases	Capital Leases
2018	$ 1,690,170	$ 19,761
2019	1,534,000	3,293
2020	1,534,000	-
2021	1,534,000	-
2022	1,534,000	-
Thereafter	22,255,689	-
	$ 30,081,859	23,054
Less interest expense		1,865
Net minimum obligations under capital leases		$ 21,189

8. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to help protect itself from such risks.

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

9. CONCENTRATIONS

Financial instruments that potentially subject the School to a concentration of credit risk include cash accounts at a major financial institution that, at times, exceeded the Federal Deposit Insurance Corporation (“FDIC”) insured limit of $250,000.

The School received approximately 92% of its total revenue from per pupil funding from the NYCDOE during the year ended June 30, 2017. The School received approximately 90% of its total revenue from per pupil funding from the NYCDOE during the year ended June 30, 2016.

Two major grantors accounted for approximately 89% and 77% of grants receivable at June 30, 2017 and 2016, respectively.

Three vendors accounted for approximately 41% and 51% of accounts payable at June 30, 2017 and 2016, respectively.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Trustees
Inwood Academy for Leadership Charter School

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Inwood Academy for Leadership Charter School (the "School"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as finding 2017-01.

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the School in a separate letter dated October 26, 2017.

Purpose of this Report

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

MBAF CPAs, LLC

New York, NY
October 26, 2017

SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2017

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness (es) identified?	yes ______	no √
Significant deficiency (ies) identified that are not considered to be material weaknesses?	yes ______	no √
Noncompliance material to financial statements noted?	yes √	no ______

SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2017

SECTION II – COMPLIANCE FINDING

Finding: 2017-01

Criteria and condition: The School is required to be in compliance with the New York State Education Department ("NYSED") requirements. The teacher certification exemption allows Charter Schools to have up to 15 uncertified teachers. The School had 16 teachers that were uncertified.

Context: NYSED requires the School to have no more than 15 uncertified teachers, with the provision that five of these teachers be teaching math, science, computer science, technology, or career and technical education, with the remaining ten teachers not restricted.

Cause: Inadequate management oversight of NYSED requirements.

Effect: The School can be under additional scrutiny from the New York City Department of Education for not being in compliance with the NYSED requiring teachers to be qualified through certification.

Recommendation: We recommend the School be in compliance with the NYSED teacher qualification requirements.

CORRECTIVE ACTION PLAN
JUNE 30, 2017

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION:

Finding: 2017-01

We recognize and agree with the finding regarding the noncompliance with teacher certification requirements during fiscal year 2017. Throughout the fiscal/academic year, two teachers were pending professional certification (under review for NYSED). Had those teachers cleared, Inwood Academy for Leadership Charter School would have been compliant.

Inwood Academy for Leadership Charter School

Communication With Those Charged With Governance

October 26, 2017

October 26, 2017

To the Board of Trustees of
Inwood Academy for Leadership Charter School

We have audited the financial statements of Inwood Academy for Leadership Charter School (the "School") for the year ended June 30, 2017 and are prepared to issue our report thereon dated October 26, 2017. Professional standards require that we provide you with the following information related to our audit. This letter is divided into two sections: 1) required communications from the auditors to those with audit oversight responsibilities and 2) opportunities for strengthening internal controls or enhancing operating efficiency and our related recommendations.

REQUIRED COMMUNICATIONS

A. Our Responsibility under U.S. Generally Accepted Auditing Standards:

As stated in our engagement letter April 25, 2017, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of Inwood Academy for Leadership Charter School. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

B. Planned Scope and Timing of the Audit:

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters in July 2017.

C. Auditor Independence:

We affirm that MBAF CPA's, LLC is independent with respect to Inwood Academy for Leadership Charter School.

D. Qualitative Aspects of Accounting Practices:

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Inwood Academy for Leadership Charter School are described in Note 2 to the financial statements. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

E. Accounting Estimates Used in the Financial Statements:

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Allowance for Doubtful Accounts:
As of June 30, 2017, Inwood Academy for Leadership Charter School recorded grant and other receivables of $422,205. Management concluded that no allowance for doubtful accounts was necessary. Management calculated based on the assessment of the credit-worthiness of the School's donors, the aged basis of the receivables, as well as economic conditions and historical information. Based on our audit procedures, we concur with management's conclusion.

Depreciation:
Management's estimate of depreciation is based on estimated useful lives of assets. We evaluated the estimated useful lives of the assets in comparison to generally accepted accounting principles in determining that it is reasonable in relation to the financial statements taken as a whole.

Functional Statement Allocation:
Management's estimate of the allocation of functional expenses is directly identified with the program or supporting service to which they relate. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

F. Sensitive Disclosures Affecting the Financial Statements:

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

The disclosure of Risk Management in Note 8 to the financial statements which describes various risks to which the School is exposed.

G. Corrected and Uncorrected Misstatements:

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Except as made known to you, management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and uncorrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. We will identify those adjustments proposed both corrected and uncorrected:

Proposed and Corrected:

There were four audit adjustments (which includes one given by the School) that decreased income by approximately $60,500. The current year's adjustments were as follows:

1. To accrue legal expenses for approximately $21,200.

2. Provided by client entry to record severance pay expense of employee, which decreased net income by approximately $39,500.

Proposed and Uncorrected:

There were no entries that were proposed and uncorrected due to immateriality.

H. Audit Difficulties and Disagreements with Management:

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

I. Management Representations:

We have requested certain representations from management that are included in the management representation letter dated October 26, 2017.

J. Management Consultations with Other Independent Accountants:

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

K. Other Audit Findings or Issues:

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OPPORTUNITIES FOR STRENGTHENING INTERNAL CONTROLS OR ENHANCING OPERATING EFFICIENCY

Compliance Testing:

We noted that the School did not meet the requirement of certification for 16 teachers during our preliminary payroll testing. NYSED requires the School to have a maximum of 15 uncertified teachers provided that five of these teachers are teaching math, science, computer science, technology, or career and technical education, with the remaining ten teachers not restricted. The School can be under additional scrutiny from the New York City Department of Education for not being in compliance with the NYSED requiring teachers to be qualified through certification. We recommended for the School to be in compliance with the NYSED teacher qualification requirements.

Property, Plant and Equipment Testing:

Our testing of property plant and equipment revealed a capitalization policy of $1,000 which leads to a larger number of inconsequential items being capitalized. We recommend that the School consider raising the threshold between $3,000 to $5,000. We also found that assets were being capitalized according to invoice amounts. We recommend that the determination to expense or capitalize assets be done by individual items not by invoice.

We wish to thank management and personnel for their support and assistance during our audit. We would be pleased to further discuss the contents of this report with you at your convenience.

This information is intended solely for the use of the Board of Trustees, finance committee and management of Inwood Academy for Leadership Charter School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

MBAF CPAs, LLC

MBAF CPA's, LLC

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this APPENDIX E concerning DTC (as defined below), Cede & Co. and the Book-Entry System has been furnished by DTC for use in disclosure documents such as this Limited Offering Memorandum. The Issuer and the Underwriter believe such information to be reliable, but neither the Issuer nor the Underwriter takes any responsibility, for the accuracy or completeness thereof.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities discussed in the body of this Limited Offering Memorandum (the "Series 2018 Bonds"). The Series 2018 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2018 Bond certificate will be issued for each maturity of the Series 2018 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2018 Bonds under the DTC system must be made by or through Direct Participants which will receive a credit for the Series 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2018 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic

statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018 Bond are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2018 Bonds, except in the event that use of the book-entry system for the Series 2018 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2018 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 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018 Bond; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018 Bond are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2018 Bond documents. For example, Beneficial Owners of the Series 2018 Bonds may wish to ascertain that the nominee holding the Series 2018 Bond for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices are required to be sent to DTC. If less than all of the Series 2018 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Series 2018 Bond unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2018 Bond are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2018 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street

name," and will be the responsibility of such Participant and not of DTC, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner will give notice to elect to have its Series 2018 Bond purchased or tendered, through its Participant, to the Trustee, and will effect delivery of such Series 2018 Bond by causing the Direct Participant to transfer the Participant's interest in the Series 2018 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Series 2018 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2018 Bond are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2018 Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2018 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2018 Bond certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2018 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

THE INFORMATION ABOVE DISCUSSING THE BOOK-ENTRY SYSTEM HAS BEEN FURNISHED BY DTC. NO REPRESENTATION IS MADE BY THE ISSUER, THE SCHOOL OR THE UNDERWRITER AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY THE ISSUER, THE SCHOOL OR THE UNDERWRITER TO DETERMINE WHETHER DTC IS OR WILL BE FINANCIALLY OR OTHERWISE CAPABLE OF FULFILLING ITS OBLIGATIONS. THE ISSUER HAS NO RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS, OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2018 BOND, OR FOR ANY PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST PAYMENT THEREON.

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APPENDIX F

FORM OF LOAN AGREEMENT

LOAN AGREEMENT

Dated as of May 1. 2018

by and between

BUILD NYC RESOURCE CORPORATION,
a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038,
as "**Issuer**"

and

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL
a not-for-profit education corporation organized and existing under the laws of the State of New York, having its principal office at 108 Cooper Street, New York, New York 10034,
as "**Institution**"

$17,560,000
Build NYC Resource Corporation
Revenue Bonds, Series 2018A
(Inwood Academy for Leadership Charter School Project)

and

$435,000
Build NYC Resource Corporation
Taxable Revenue Bonds, Series 2018B
(Inwood Academy for Leadership Charter School Project)

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LOAN AGREEMENT

This **LOAN AGREEMENT**, dated as of May 1, 2018 (this "**Agreement**"), is by and between **BUILD NYC RESOURCE CORPORATION**, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038 (the "**Issuer**"), party of the first part, and **INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL**, a not-for-profit education corporation organized and existing under the laws of the State of New York, having its principal office in New York City at 108 Cooper Street, New York, New York 10034 (the "**Institution**"), party of the second part (capitalized terms used herein shall have the respective meanings assigned to such terms throughout this Agreement).

WITNESSETH:

WHEREAS, the Issuer is authorized pursuant to Section 1411(a) of the Not-for-Profit Corporation Law of the State of New York, as amended, and its Certificate of Incorporation and By-Laws (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of The City of New York (the "**City**") by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their eligible projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other eligible projects that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to the City or by encouraging the development of or retention of an industry in the City, and lessening the burdens of government and acting in the public interest; and

WHEREAS, the Certificate of Incorporation of the Issuer further provides that the lessening of the burdens of government and the exercise of the powers conferred on the Issuer are the performance of an essential governmental function, which activities will assist the City in reducing unemployment and promoting additional job growth and economic development; and

WHEREAS, the Institution has entered into negotiations with officials of the Issuer for the Issuer's assistance with a tax-exempt and taxable revenue bond transaction, the proceeds of which, together with other funds of the Institution, will be used by the Institution to finance the Project;

WHEREAS, the Issuer has determined that the providing of financial assistance to the Institution for the Project will promote and is authorized by and will be in furtherance of the corporate purposes of the Issuer; and

WHEREAS, as a result of such negotiations, the Institution has requested the Issuer to issue its bonds to finance a portion of the costs of the Project; and

WHEREAS, the Issuer adopted the Bond Resolution authorizing the Project and the issuance of its revenue bonds to finance a portion of the costs of the Project; and

WHEREAS, to facilitate the Project and the issuance by the Issuer of its revenue bonds to finance a portion of the costs of the Project, the Issuer and the Institution have entered into negotiations pursuant to which (i) the Issuer will make the Loan of the proceeds of the Initial Bonds, in the original aggregate principal amount of the Initial Bonds, to the Institution pursuant to this Agreement, and (ii) the Institution will execute the Promissory Note in favor of the Issuer to evidence the Institution's obligation under this Agreement to repay the Loan, and the Issuer will endorse the Promissory Note to the Trustee; and

WHEREAS, to provide funds for a portion of the costs of the Project and for incidental and related costs and to provide funds to pay the costs and expenses of the issuance of the Initial Bonds, the Issuer has authorized the issuance of the Initial Bonds in the Authorized Principal Amount pursuant to the Bond Resolution and the Indenture; and

WHEREAS, concurrently with the execution hereof, in order to further secure the Initial Bonds, the Institution and the Friends will grant a mortgage lien on and security interest in their respective interests in the Mortgaged Property to the Issuer and the Trustee pursuant to the Mortgage, and the Issuer will assign its right, title and interest under the Mortgage to the Trustee pursuant to the Assignment of Mortgage.

NOW, **THEREFORE**, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.1 **Definitions**. The following capitalized terms shall have the respective meanings specified for purposes of this Agreement.

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

Additional Improvements shall have the meaning specified in Section 3.4(a).

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

Agreement shall mean this Loan Agreement, dated as of the date set forth in the first paragraph hereof, between the Issuer and the Institution, and shall include any and all amendments hereof and supplements hereto hereafter made in conformity herewith and with the Indenture.

Annual Administrative Fee shall mean that annual administrative fee established from time to time by the Issuer's Board of Directors as generally applicable to Entities receiving or that

have received financial assistance from the Issuer (subject to such exceptions from such general applicability as may be established by the Issuer's Board of Directors).

Approved Facility shall mean the Facility as 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 this Agreement.

Approved Project Operations shall mean the facility located at 3896 10th Avenue, New York, New York 10034, for use by the Institution in the providing of education services to students from grade 9 through grade 12.

Asserted Cure has the meaning specified in Section 8.30(k)(i).

Asserted LW Violation has the meaning specified in Section 8.30(k)(i).

Assignment of Mortgage shall mean, collectively, the Assignment of Leasehold Mortgage and Security Agreement (Building Loan) and the Assignment of Leasehold Mortgage and Security Agreement (Indirect Loan) relating to the Facility, dated as of even date herewith, from the Issuer to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Authorized Denomination shall mean, (i) in the case of the Series 2018A Bonds, $100,000 or any integral multiple of $5,000 in excess thereof, (ii) in the case of the Series 2018B Bonds, $100,000 or any integral multiple of $5,000 in excess thereof, and (iii) in the case of any Additional Bonds, such denominations as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Additional Bonds; provided, however, that if the Initial Bonds are rated investment grade by each Rating Agency then rating the Initial Bonds, then, upon the Trustee receiving written notice of the occurrence of such event, the Authorized Denomination with respect to the Initial Bonds shall be $5,000 or any integral multiple thereof.

Authorized Principal Amount shall mean, (i) in the case of the Series 2018A Bonds, $17,560,000, (ii) in the case of the Series 2018B Bonds, $435,000, and (iii) in the case of any Additional Bonds, such authorized principal amount as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Additional Bonds.

Authorized Representative shall mean, (i) in the case of the Issuer, the Chairperson, Vice Chairperson, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, or any other officer or employee of the Issuer who is authorized to perform specific acts or to discharge specific duties, and (ii) in the case of the Institution, a person named in Exhibit C — "Authorized Representative", or any other officer or employee of the Institution who is authorized to perform specific duties hereunder or under any other Project Document and of whom another Authorized Representative of the Institution has given written notice to the Issuer and the Trustee; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of this Agreement or any other Project Document, such certificate or statement shall be executed only by an Authorized Representative

in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

Beneficial Owner shall mean, whenever used with respect to an Initial Bond, the Person in whose name such Initial Bond is recorded as the Beneficial Owner of such Initial Bond by the respective systems of DTC and each of the Participants of DTC. If at any time the Initial Bonds are not held in the Book-Entry System, Beneficial Owner shall mean "Holder" for purposes of the Security Documents.

Benefits shall have the meaning set forth in Section 5.1(a).

Bond Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

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

Bond Purchase Agreement shall mean the Bond Purchase Agreement, dated May 1, 2018, among the Issuer, the Institution and the Underwriter.

Bond Registrar shall mean the Trustee acting as registrar as provided in Section 3.10 of the Indenture.

Bond Resolution shall mean the resolution of the Issuer adopted on February 13, 2018, authorizing the Project and the issuance of the Initial Bonds.

Bonds shall mean the Initial Bonds and any Additional Bonds.

Building Loan Agreement shall mean the Building Loan Agreement, dated as of even date herewith, among the Issuer, the Institution and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Business Day shall mean any day that shall not be:

(i) a Saturday, Sunday or legal holiday;

(ii) a day on which banking institutions in the City are authorized by law or executive order to close; or

(iii) a day on which the New York Stock Exchange or the payment system of the Federal Reserve System is closed.

Business Incentive Rate shall mean the discount energy transportation and delivery rate provided through the Business Incentive Rate program co-administered by NYCEDC and Consolidated Edison Company of New York, Inc.

Cash on Hand shall mean the sum of cash, cash equivalents, liquid investments and unrestricted marketable securities (valued at the lower of cost or market value) of the Institution. Cash on Hand specifically does not include amounts held by the Trustee.

Certificate shall have the meaning set forth in Section 8.1(a).

CGL shall have the meaning set forth in Section 8.1(a).

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

Claims shall have the meaning set forth in Section 8.2(a).

Closing Date shall mean May 15, 2018, the date of the initial issuance and delivery of the Initial Bonds.

CM shall have the meaning set forth in Section 8.1(a).

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

Completed Improvements Rentable Square Footage shall mean approximately 35,469 rentable square feet, the rentable square footage of the Improvements upon completion of the Project Work.

Completion Deadline shall mean May 1, 2021.

Comptroller has the meaning specified in Section 8.30(b).

Concessionaire has the meaning specified in Section 8.30(b).

Conduct Representation shall mean any representation by the Institution under Section 2.2(t), or by any other Person in any Required Disclosure Statement delivered to the Issuer.

Construction shall have the meaning set forth in Section 8.1(a).

Contractor shall have the meaning set forth in Section 8.1(a).

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

Costs of Issuance shall mean issuance costs with respect to the Initial Bonds described in Section 147(g) of the Code and any regulations thereunder, including but not limited to the following: Underwriter's fee; counsel fees (including bond counsel, counsel to the Underwriter, Trustee's counsel, Issuer's counsel, Institution's counsel, 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 issuance of the Initial Bonds; printing costs (for the Initial Bonds and of the preliminary and final offering documents relating to the Initial Bonds); public approval and process costs; fees and expenses of the Issuer incurred in connection with the issuance of the Initial Bonds; and Blue Sky fees and expenses; and similar costs.

Covered Counterparty has the meaning specified in Section 8.30(b).

Covered Employer has the meaning specified in Section 8.30(b).

Days Cash on Hand means (a) Cash on Hand of the Institution, as shown on the financial statements for each Fiscal Year divided by (b) the quotient of Operating Expenses, as shown on the financial statements of the Institution for such Fiscal Year, divided by 365.

DCA has the meaning specified in Section 8.30(b).

Debt Service Reserve Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Debt Service Reserve Fund Requirement shall mean, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) equal to the lesser of:

(i) ten percent (10%) of the Net Proceeds (as defined in the Tax Regulatory Agreement) of the Outstanding 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 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 Bonds; or

(iv) The amount permitted to be deposited into the Debt Service Reserve Fund, and invested at an unrestricted yield, under the Code; which amount shall be allocated between the Series 2018A Bonds and the Series 2018B Bonds based on the proceeds of each such Series of Bonds.

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

Determination of Taxability shall mean:

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

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

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

(D) the admission in writing by the Institution;

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

(ii) the receipt by the Trustee of a written opinion of Nationally Recognized Bond Counsel to the effect that the interest payable on the Bonds is includable in gross income for federal income tax purposes or the refusal of any such counsel to render a written opinion that the interest on the Bonds is not so includable when required pursuant to a request by a Bondholder in accordance with the procedures set forth in the Indenture;

provided, however, that no such Determination of Taxability described in clauses (i)(B) or (i)(C) hereof shall be considered to exist unless (1) the Holder or former Holder of the Bond involved in such proceeding (y) gives the Institution and the Trustee prompt notice of the commencement thereof and (z) (if the Institution agrees to pay all expenses in connection therewith) offers the Institution the opportunity to control the defense thereof and (2) either (y) the Institution does not agree within thirty (30) days of receipt of such offer to pay such expenses and to control such defense or (z) the Institution shall exhaust or choose not to exhaust all available proceedings for the contest, review, appeal or rehearing of such decree, judgment or action which the Institution determines to be appropriate. A Bondholder shall have the right to request the Trustee to obtain a written opinion of Nationally Recognized Bond Counsel pursuant to clause (ii) above, at the expense of the Institution, upon delivery by the Bondholder to the Institution of a letter from the Bondholder's accountant stating that, in his or her reasonable opinion, interest on the Bonds is includable in the gross income of such Bondholder for federal income tax purposes and stating the reasons for such determination. No Determination of Taxability described above will result from the inclusion of interest on any Bond in the computation of minimum or indirect taxes.

DOL shall have the meaning set forth in Section 8.7(a).

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

Due Date shall have the meaning set forth in Section 9.9(a).

Earnings Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

EMMA shall mean the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

Employment Information shall have the meaning set forth in Section 8.7(c).

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

Environmental Audit shall mean that certain Phase I Environmental Site Assessment Report dated December 29, 2016, prepared by the Environmental Auditor and that certain Phase II Environmental Site Assessment Report dated January 27, 2017, also prepared by the Environmental Auditor.

Environmental Auditor shall mean Roux Associates, Inc.

Estimated Project Cost shall mean $[____________].

Event of Default shall have the meaning specified in Section 9.1.

Event of Taxability shall mean the date specified in a Determination of Taxability as the date interest paid or payable on any Series 2018A Bond becomes includable for federal income tax purposes in the gross income of any Holder thereof as a consequence of any act, omission or event whatsoever, including any change of law, and regardless of whether the same was within or beyond the control of the Institution.

Existing Facility Property shall have the meaning set forth in Section 3.5(a).

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

Facility Personalty shall mean those items of machinery, equipment and other items of personalty the acquisition and/or the installation of which is to be financed in whole or in part with the proceeds of the Bonds for installation or use at the Facility Realty as part of the Project pursuant to Section 3.2 and described in Exhibit B — "Description of the Facility Personalty", together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Personalty shall, in accordance with the provisions of Sections 3.5 and 6.4, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so substituted

for or replaced, and further exclude all items of Facility Personalty removed as provided in Section 3.5.

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

Final Project Cost Budget shall mean that certain budget of costs paid or incurred for the Project to be submitted by the Institution pursuant to Section 3.2(f) upon completion of the Project.

Fiscal Year shall mean a year of 365 or 366 days, as the case may be, commencing on July 1 and ending on June 30 of the next calendar year, or such other fiscal year of similar length used by the Institution for accounting purposes as to which the Institution shall have given prior written notice thereof to the Issuer and the Trustee at least ninety (90) days prior to the commencement thereof.

Fitch shall mean Fitch, Inc., a Delaware corporation, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Fixed Date Deliverables shall have the meaning set forth in Section 9.9(a)(ii).

Friends shall mean Friends of the Inwood Academy for Leadership Charter School, Inc., a New York not-for profit corporation, and its successors and/or assigns.

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

GC shall have the meaning set forth in Section 8.1(a).

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

Government Obligations shall mean the following:

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

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

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

Gross Revenues shall mean all funds, money, grants, or other distributions received by the Institution from the State or other revenues sources of any kind whatsoever, but such amount does not include donations that have been restricted by the donor.

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

Impositions shall have the meaning set forth in Section 8.17(a).

Improvements shall mean:

(i) all buildings, structures, foundations, related facilities, fixtures and other improvements of every nature whatsoever existing on the Closing Date and hereafter erected or situated on the Land;

(ii) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land (including any improvements or demolitions made as part of the Project Work pursuant to Section 3.2); and

(iii) all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

Indebtedness shall mean (a) all the indebtedness of the obligor for borrowed money which has been incurred in connection with the acquisition of assets and (b) the capitalized value of the liability under any lease of real or personal property which is properly capitalized on the statement of assets, liabilities and fund balances of the obligor in accordance with generally accepted accounting principles.

Indemnification Commencement Date shall mean February 13, 2018 the date on which the Issuer first adopted a resolution with respect to the Project.

Indemnified Parties shall have the meaning set forth in Section 8.2(a).

Indenture shall mean the Indenture of Trust, dated as of even date herewith, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XI of the Indenture.

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

Independent Consultant shall mean a Person (not an employee of either the Institution or the Issuer or an Affiliate of either thereof) which is appointed by the Institution for the purpose of passing on questions relating to its financial affairs, management or operations, has a favorable reputation for skill and experience in performing similar services in respect of entities of a comparable size and nature and is not unsatisfactory to the Issuer.

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

Information Recipients shall have the meaning set forth in Section 8.7(c).

Initial Annual Administrative Fee shall mean $1,250.

Initial Bonds shall mean collectively, the Series 2018A Bonds and the Series 2018B Bonds authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Institution shall mean Inwood Academy for Leadership Charter School, a not-for-profit education corporation organized and existing under the laws of the State of New York, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the Institution under Section 8.9 or 8.20.

Institution Documents shall mean the Bond Purchase Agreement, the Loan Agreement, the Mortgage, the Building Loan Agreement, the Sublease Agreement and the Tax Regulatory Agreement, each as may be amended from time to time.

Institution's Property shall have the meaning specified in Section 3.4(d).

Insured shall have the meaning set forth in Section 8.1(a).

Insurer shall have the meaning set forth in Section 8.1(a).

Interest Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01 of the Indenture.

Interest Payment Date shall mean, with respect to the Initial Bonds, May 1 and November 1 of each year, commencing November 1, 2018, 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 June 30, 2011, issued by the Internal Revenue Service to the Institution confirming that the Institution is a Tax-Exempt Organization.

ISO shall have the meaning set forth in Section 8.1(a).

ISO Form CG-0001 shall have the meaning set forth in Section 8.1(a).

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

Issuer's Reserved Rights shall mean, collectively,

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

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

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

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

(v) the right of the Issuer to amend with the Institution the provisions of Section 5.1 without the consent of the Trustee or any Bondholder;

(vi) the right of the Issuer in its own behalf (or on behalf of the appropriate taxing authorities) to enforce, receive amounts payable under or otherwise exercise its rights under Article III (except for Section 3.1), Sections 4.4, 4.5 and 4.6, Article V, Article VI, Article VIII (except for Section 8.26), Article IX, Article X, Sections 11.1, 11.3 and 11.5, and Article XII (except Section 12.2); and

(vii) the right of the Issuer in its own behalf to declare a default with respect to any of the Issuer's Reserved Rights and exercise the remedies set forth in Section 9.2(b).

Land shall mean the Institution's leasehold interest in those certain lots, pieces or parcels of land in Block 2223 and Lot 16, generally known by the street address of 3896 10th Avenue, New York, New York 10034, all as more particularly described in Exhibit A — "Description of the Land", together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 8.10(c).

Land Square Footage shall mean approximately 18,075 square feet.

Lease Agreement shall mean collectively, the Agreement of Lease, dated as of July 6, 2017, as modified by the Lease Modification Agreement, dated April 12, 2018, between 3896 10th Avenue Associates and the Friends, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Legal Requirements shall mean the Constitutions of the United States and the State of New York and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, certificates of occupancy, directions and requirements (including zoning, land use, planning, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wage, living wage, prevailing wage, sick leave, healthcare, benefits and employment practices) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, including those of the City, foreseen or unforeseen, ordinary or extraordinary, that are applicable now or may be applicable at any time hereafter to (i) the Institution, (ii) the Facility or any part thereof, or (iii) any use or condition of the Facility or any part thereof.

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

Liability shall have the meaning set forth in Section 8.2(a).

Liens shall have the meaning specified in Section 8.11(a).

Limited Guaranty shall mean the Limited Guaranty, dated as of even date herewith, from the Friends to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Loan shall mean the loan made by the Issuer to the Institution pursuant to this Agreement as described in Section 4.1.

Loan Payment Date shall mean the last Business Day of each month, commencing on June 29, 2018.

Long-Term Indebtedness means all Indebtedness the final maturity of which (taking into account any extensions available at the sole option of the Institution) is greater than one year after the initial incurrence thereof.

Loss Event shall have the meaning specified in Section 6.1.

LW has the meaning specified in Section 8.30(b).

LW Agreement has the meaning specified in Section 8.30(b).

LW Agreement Delivery Date has the meaning specified in Section 8.30(b).

LW Event of Default has the meaning specified in Section 8.30(b).

LW Law has the meaning specified in Section 8.30(b).

LW Term has the meaning specified in Section 8.30(b).

LW Violation Final Determination has the meaning specified in Section 8.30(k)(i)(1), Section 8.30(k)(i)(2)(A) or Section 8.30(k)(i)(2)(B), as applicable.

LW Violation Initial Determination has the meaning specified in Section 8.30(k)(i)(2).

LW Violation Notice has the meaning specified in Section 8.30(k)(i).

LW Violation Threshold has the meaning specified in Section 8.30(b).

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

Maturity Date shall mean (i) in the case of the Series 2018A Bonds, May 1, 2048, and (ii) in the case of the Series 2018B Bonds, May 1, 2022.

Merge shall have the meaning specified in Section 8.20(a)(v).

Moody's shall mean Moody's Investors Service Inc., a Delaware corporation, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Mortgage shall mean, collectively, the Leasehold Mortgage and Security Agreement (Building Loan) and the Leasehold Mortgage and Security Agreement (Indirect Loan) relating to the Facility, each dated as of even date herewith, and each from the Institution and the Friends to the Issuer and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Mortgaged Property shall have the meaning specified in the Mortgage.

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

Net Income Available for Sublease Payments/Debt Service shall mean, for any period of determination thereof, the aggregate Gross Revenues of the Institution for such period minus the total Operating Expenses for such period but excluding (a) any profits or losses which would be regarded as extraordinary items under generally accepted accounting principles, (b) gain or loss in the extinguishment of Indebtedness, (c) proceeds of the Initial Bonds and any other Indebtedness permitted by this Agreement, and (d) proceeds of insurance policies, other than policies for business interruption insurance, maintained by or for the benefit of the Institution, the proceeds of any sale, transfer or other disposition of the Facility or any other of the Institution's assets by the

Institution, and any condemnation or any other damage award received by or owing to the Institution.

Net Proceeds shall mean, when used with respect to any insurance proceeds or condemnation award, compensation or damages, the gross amount of any such proceeds, award, compensation or damages less all expenses (including reasonable attorneys' fees and any extraordinary expenses of the Issuer or the Trustee) incurred in the collection thereof.

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

Notification of Failure to Deliver shall have the meaning specified in Section 9.9(b).

NYCDOF shall mean the New York City Department of Finance.

NYCEDC shall mean New York City Economic Development Corporation, a New York not-for-profit corporation, and any successor thereof.

NYCIDA shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

Operating Expenses shall mean all fees and expenses incurred in the general operation of the Institution as determined in accordance with generally accepted accounting principles, including but not limited to items such as: (a) salaries, wages, benefits, payroll taxes, and other expenses for teachers and staff employed by the Institution, (b) the cost of material and supplies used for current operations of the Institution, (c) the cost of vehicles owned or leased by the Institution, (d) the cost of equipment leases and service contracts, (e) taxes upon the operations of the Institution not otherwise mentioned in this Agreement, (f) Institution administrative and legal expenses, (g) costs and expenses incurred by the Institution with respect to the Facility, including maintenance, repair expenses, and utility expenses, (h) miscellaneous operating expenses, (i) advertising costs, (j) charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting principles, all in such amounts as reasonably determined by the Institution; provided however, "Operating Expenses" shall not include (s) depreciation and amortization expenses; (t) other non-cash expenses; (u) those expenses which are actually paid from any revenues of the Institution which are not Gross Revenues; (v) those expenses which are actually paid from any proceeds of Long-Term Indebtedness; (w) one-time, extraordinary expenses; and (x) expenditures for capitalized assets. In addition, solely for purposes of calculating Net Income Available for Sublease Payments/Debt Service, Operating Expenses shall not include (1) the interest component of loan payments payable hereunder (or under any other Long-Term Indebtedness); and (2) amounts payable by the Institution under the Sublease Agreement (or under any similar arrangement supporting additional Long-Term Indebtedness).

Operations Commencement Date shall have the meaning set forth in Section 5.1(a).

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

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

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

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

(ii) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with Article X of the Indenture, there has been separately set aside and held in the Redemption Account of the Bond Fund either:

(A) moneys, and/or

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

in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or redemption date, which payment or redemption date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article III of the Indenture,

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any other Security Document, Bonds owned by the Institution or any Affiliate of the Institution shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded. Bonds which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the

pledgee's right so to act with respect to such Bonds and that the pledgee is not the Institution or any Affiliate of the Institution.

Owed Interest has the meaning specified in Section 8.30(b).

Owed Monies has the meaning specified in Section 8.30(b).

Participants shall mean those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

Paying Agent shall mean any paying agent for the Bonds appointed pursuant to the Indenture (and may include the Trustee) and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

Per Diem Fees shall mean, collectively, the Per Diem Late Fee and the Per Diem Supplemental Late Fee.

Per Diem Late Fee shall mean that per diem late fee established from time to time by the Issuer's Board of Directors generally imposed upon Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from such general applicability as may be established by the Issuer's Board of Directors) and that have not (x) paid to the Issuer the Annual Administrative Fee on the date required under Section 8.3, (y) delivered to the Issuer all or any of the Fixed Date Deliverables on the respective dates required under Section 8.14 or 8.16, and/or (z) delivered to the Issuer all or any of the Requested Document Deliverables under Section 8.15 within five (5) Business Days of the Issuer having made the request therefor.

Per Diem Supplemental Late Fee shall mean that supplemental per diem late fee established from time to time by the Issuer's Board of Directors generally imposed upon Entities receiving or that have received financial assistance from the Issuer (subject to such exceptions from general applicability as may be established by the Issuer's Board of Directors).

Permitted Encumbrances shall mean:

(i) the Lease Agreement, the Sublease Agreement, the Mortgage (as assigned by the Assignment of Mortgage), the Building Loan Agreement and any other Project Document;

(ii) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not yet due and payable;

(iii) any mechanic's, workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien, security interest, encumbrance or charge or right in respect thereof, placed on or with respect to the Facility or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to Section 8.11(b);

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

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

(vi) those exceptions to title to the Mortgaged Property enumerated in the title insurance policy delivered pursuant to Section 3.7 insuring the Trustee's mortgagee interest in the Mortgaged Property, a copy of which is on file at the offices of the Issuer and at the designated corporate trust office of the Trustee;

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

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

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

(x) any purchase money security interest in movable personal property, including equipment leases and financing;

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

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

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

Person shall mean an individual or any Entity.

Plans and Specifications shall mean the plans and specifications prepared for the Project by or on behalf of the Institution, as amended from time to time by or on behalf of the Institution to reflect any remodeling or relocating of the Project or substitutions, additions, modifications and improvements to the Project made by the Institution in compliance with this Agreement, said plans and specifications being duly certified by an Authorized Representative of the Institution and filed in the designated corporate trust office of the Trustee and available to the Issuer.

Policy(ies) shall have the meaning specified in Section 8.1(a).

Predecessor Institution shall have the meaning specified in Section 8.20(b)(ii)(1).

Prevailing Wage Law has the meaning specified in Section 8.30(b).

Principal Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01 of the Indenture.

Principal and Interest Requirements shall mean for any period or payable at any time, the principal or redemption price of, and interest on, any Long-Term Indebtedness for that period or payable at that time whether due on an Interest Payment Date, at maturity or upon acceleration or redemption.

Principals shall mean, with respect to any Entity, the most senior three officers of such Entity, any Person with a ten percent (10%) or greater ownership interest in such Entity and any Person as shall have the power to Control such Entity, and "principal" shall mean any of such Persons.

Project shall mean the (1) the renovation, furnishing and equipping of an existing approximately 35,469 square foot 2-story building on an approximately 18,075 square foot parcel of land located at 3896 10th Avenue, New York, New York 10034; and (2) the payment of certain costs related to the issuance of the Initial Bonds.

Project Application Information shall mean the eligibility application and questionnaire submitted to the Issuer by or on behalf of the Institution, for approval by the Issuer of the Project and the providing of financial assistance by the Issuer therefor, together with all other letters, documentation, reports and financial information submitted in connection therewith.

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

occupancy or a letter of no objection issued by the New York City Department of Buildings from the Institution, (iv) there shall be no certificate, license, permit, authorization, written approval or consent or other document required to permit the occupancy, operation and use of the Facility as the Approved Facility that has not already been obtained or received, except for such certificates, licenses, permits, authorizations, written approvals and consents that will be obtained in the ordinary course of business and the issuance of which are ministerial in nature, and (v) the Facility shall be ready for occupancy, use and operation for the Approved Project Operations in accordance with all applicable laws, regulations, ordinances and guidelines.

Project Cost Budget shall mean that certain budget for costs of the Project Work as set forth by the Institution in Exhibit E — "Project Cost Budget".

Project Costs shall mean:

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

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

(iii) the interest on the Bonds during the construction and renovation of the Project;

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

(v) all costs of title insurance as provided in Section 3.7;

(vi) the payment of the Costs of Issuance with respect to the Initial Bonds;

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

(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, including any amounts required to reimburse the Institution for advances made for any item otherwise constituting a Project Cost or for any other costs incurred and for work done which are properly chargeable to the Project; and

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

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

Project Documents shall mean, collectively, the Institution Documents and the Security Documents.

Project Fee shall mean $109,975, representing the $114,975, Issuer's financing fee, less the application fee of $5,000.

Project Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Project Work shall mean (i) the design, construction and/or renovation of the Improvements, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Promissory Note shall mean collectively, the Series 2018A Promissory Note and the Series 2018B Promissory Note each, in substantially the form of Exhibit H to this Agreement, and, with respect to any Series of Additional Bonds, that certain Promissory Note in substantially the form of any related Exhibit to an amendment to this Agreement, and shall include in each case any and all amendments thereof and supplements thereto made in conformity with this Agreement and the Indenture.

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

(i) Government Obligations;

(ii) obligations rated at the time of purchase in one of the two highest whole rating categories (without regard to graduations within a category) by Moody's or S&P;

(iii) money market funds investing exclusively in Government Obligations;

(iv) shares of an Investment Company organized under the Investment Company Act of 1940, as amended, including an Investment Company for which the Trustee, or any of its affiliates, is investment advisor, which invests its assets substantially in Government Obligations;

(v) commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by S&P;

(vi) direct general obligations of any state of the United States or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" or better by Moody's and "A-" or better by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated, or Special

Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in this section and rated "AA-" or better by S&P and "Aa3" or better by Moody's (any such securities are without regard to exemption of interest from federal taxation);

(vii) forward Purchase Agreements by a financial institution rated at the time of execution by any Rating Agency in one of three highest rating categories assigned by such Rating Agency (without regard to any refinement or graduation of rating category by numerical modifier or otherwise). Securities eligible for delivery under the agreement will include those described in sections (i) or (ii) above. Any Forward Purchase Agreement must be accompanied by a bankruptcy opinion that the securities delivered will not be considered part of the bankruptcy estate in the event of a declaration of bankruptcy or insolvency by the provider; or

(viii) investment agreements with banks that at the time such agreement is executed are rated by any Rating Agency in one of the three highest rating categories assigned by such Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) or investment agreements with non-bank financial institutions or vehicles if all of the unsecured, direct long-term debt of either the non-banking financial institution, vehicle, or the related guarantor of such non-bank financial institution or vehicle is rated by any Rating Agency at the time such agreement is executed in one of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) for obligations of that nature; or

(a) if such non-bank financial institutions vehicles or related guarantor have no outstanding long-term debt that is rated, all of the short-term debt of either the non-banking financial institution, vehicle, or the related guarantor of such non-bank financial institution is rated by any Rating Agency in the highest rating category (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) assigned to short-term indebtedness by such Rating Agency or

(b) such non-bank financial institution, vehicle, or the related guarantor has a claims paying ability rated by any Rating Agency in one of the three highest rating categories assigned by such Rating Agency (without regard to any refinement or gradation of rating category by numeral modifier or otherwise); provided that if at any time after purchase the provider of the investment agreement drops below the three highest rating categories assigned by such Rating Agency, the investment agreement must, within 30 days, either be assigned to a provider rated in one of the three highest rating categories, or be secured by the provider with collateral securities described in clause (i) (ii) and (iii) above, the fair market value of which, in relation to the amount of the investment agreement including principal and interest, is equal to at least 102%.

Qualified Workforce Program has the meaning specified in Section 8.30(b).

Rating Agency shall mean any of S&P, Moody's or Fitch and such other nationally recognized securities rating agency as shall have awarded a rating to the Initial Bonds.

Rebate Amount shall have the meaning assigned to that term in the Tax Regulatory Agreement.

Rebate Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Recapture Event shall have the meaning set forth in Section 5.1(a).

Recapture Period shall have the meaning set forth in Section 5.1(a).

Redemption Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01 of the Indenture.

Redemption Date shall mean the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

Redemption Price shall mean, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

Renewal Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of the Indenture.

Repair and Replacement Fund Requirement shall mean an amount equal to $200,000.

Requested Document Deliverables shall have the meaning set forth in Section 9.9(a).

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

S&P shall mean Standard & Poor's Financial Services LLC, a Delaware limited liability company which is a subsidiary of McGraw Hill Financial, Inc., a corporation organized and existing under the laws of the State, its successors and assigns, and if such limited liability company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Sales Taxes shall mean City and State sales and/or compensating use taxes imposed pursuant to Sections 1105, 1107, 1109 and 1110 of the New York State Tax Law, as each of the same may be amended from time to time (including any successor provisions to such statutory sections).

Securities Act shall mean the Securities Act of 1933, as amended, together with any rules and regulations promulgated thereunder.

Security Documents shall mean, collectively, this Agreement, the Promissory Note, the Indenture, the Limited Guaranty, the Tax Regulatory Agreement, the Building Loan Agreement, the Mortgage, the Lease Agreement, the Sublease Agreement and the Assignment of Mortgage.

Securities Depository shall mean any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book-entry interests in the Bonds, and to effect transfers of book-entry interests in the Bonds in book-entry form, and includes and means initially DTC.

Securities Exchange Act shall mean the Securities Exchange Act of 1934, as amended, together with any rules and regulations promulgated thereunder.

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 2018A Bonds shall mean the Issuer's $17,560,000 Revenue Bonds, Series 2018A (Inwood Academy for Leadership Charter School Project), authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Series 2018A Promissory Note shall mean the Promissory Note in substantially the form of Exhibit H-1 to this Agreement.

Series 2018B Bonds shall mean the Issuer's $435,000 Taxable Revenue Bonds, Series 2018B (Inwood Academy for Leadership Charter School Project), authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Series 2018B Promissory Note shall mean the Promissory Note in substantially the form of Exhibit H-2 to this Agreement.

Short-Term Indebtedness means all Indebtedness the final maturity of which (taking into account any extensions available at the sole option of the Institution) is less than or equal to one year after the initial incurrence thereof.

Sign shall have the meaning specified in Section 8.5.

Sinking Fund Installment shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds pursuant to the Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to the Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

Sinking Fund Installment Account shall mean the special trust account of the Bond Fund so designated, which is established pursuant to Section 5.01 of the Indenture.

SIR shall have the meaning set forth in Section 8.1(a).

Site Affiliates has the meaning specified in Section 8.30(b).

Site Employee has the meaning specified in Section 8.30(b).

Small Business Cap has the meaning specified in Section 8.30(b).

Specified Contract has the meaning specified in Section 8.30(b).

State shall mean the State of New York.

Sublease Agreement shall mean the Sublease Agreement, dated as of April 12, 2018, between the Friends and the Institution, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Successor Institution shall have the meaning specified in Section 8.20(b)(ii).

Supplemental Indenture shall mean any indenture supplemental to or amendatory of the Indenture, executed and delivered by the Issuer and the Trustee in accordance with Article XI of the Indenture.

Tax-Exempt Organization shall mean an Entity organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from Federal income taxes under 501(a) of Code, or corresponding provisions of Federal income tax laws from time to time in effect.

Tax Regulatory Agreement shall mean the Tax Regulatory Agreement, dated the Closing Date, from the Issuer 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.

Termination Date shall mean such date on which this Agreement may terminate pursuant to Article X.

Transfer shall have the meaning specified in Section 8.20(a)(iv).

Trustee shall mean U.S. Bank National Association, New York, New York in its capacity as trustee under the Indenture, and its successors in such capacity and their assigns hereafter appointed in the manner provided in the Indenture.

Trust Estate shall mean all property, interests, revenues, funds, contracts, rights and other security granted to the Trustee under the Security Documents.

U/E shall have the meaning set forth in Section 8.1(a).

Underwriter shall mean RBC Capital Markets, LLC.

Workers' Compensation shall have the meaning set forth in Section 8.1(a).

Section 1.2 **Construction.** In this Agreement, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Agreement, refer to this Agreement, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the Closing Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

(e) Unless the context indicates otherwise, references to designated "Exhibits", "Articles", "Sections", "Subsections", "clauses" and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Agreement.

(f) The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(g) The word "will" shall be construed to have the same meaning and effect as the word "shall".

(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein or herein).

(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person's successors and assigns or such Person's successors in such capacity, as the case may be.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 **Representations and Warranties by Issuer.** The Issuer makes the following representations and warranties:

(a) The Issuer is a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State at the direction of the Mayor of the City, and is duly organized and validly existing under the laws of the State.

(b) Assuming the accuracy of representations made by the Institution, the Issuer is authorized and empowered to enter into the transactions contemplated by this Agreement and any other Project Documents to which the Issuer is a party and to carry out its obligations hereunder and thereunder and to issue and sell the Initial Bonds.

(c) By proper action of its board of directors, the Issuer has duly authorized the execution and delivery of this Agreement and each of the other Project Documents to which the Issuer is a party.

(d) In order to finance a portion of the cost of the Project, the Issuer proposes to issue the Initial Bonds in the Authorized Principal Amount. The Initial Bonds will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture.

(e) The Issuer is that not-for-profit local development corporation formed and existing on behalf of the City to act as a governmental issuer of tax-exempt and taxable bonds and notes for the purpose of providing financial assistance to not-for-profit institutions and manufacturing and industrial companies and other businesses.

(f) The Issuer has all requisite power, authority and legal right to execute and deliver the Project Documents to which it is a party and all other instruments and documents to be executed and delivered by the Issuer pursuant hereto and thereto and to perform its obligations under the Project Documents and all such other instruments and documents to which it is a party. All corporate action on the part of the Issuer which is required for the execution, delivery, performance and observance by the Issuer of the Project Documents and all such other instruments and documents to which it is a party has been duly authorized and effectively taken, and such execution, delivery, performance and observance by the Issuer do not contravene the Issuer's Organizational Documents or any applicable Legal Requirements or any contractual restriction binding on or affecting the Issuer.

(g) There is no action or proceeding before any court, governmental agency or arbitrator pending or, to the knowledge of the Issuer, threatened against the Issuer, which seeks (i) to restrain or enjoin the issuance or delivery of the Initial Bonds, the pledge and grant of the Trust Estate or the collection of any revenues pledged under the Indenture, (ii) to contest or affect in any way the authority for the issuance of the Initial Bonds or the validity of any of the Project Documents, or (iii) to contest in any way the existence or powers of the Issuer.

Section 2.2 Representations and Warranties by the Institution. The Institution makes the following representations and warranties:

(a) The Institution is a not-for-profit corporation duly organized under the laws of the state set forth on the cover page of this Agreement, is validly existing and in good standing under the laws of its state of organization, is duly qualified to do business and in good standing under the laws of the State, is not in violation of any provision of its Organizational Documents, has the requisite power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Agreement and each other Project Document to which it is or shall be a party.

(b) This Agreement and the other Project Documents to which the Institution is a party (x) have been duly authorized by all necessary action on the part of the Institution, (y) have been duly executed and delivered by the Institution, and (z) constitute the legal, valid and binding obligations of the Institution, enforceable against the Institution in accordance with their respective terms.

(c) The execution, delivery and performance of this Agreement and each other Project Document to which the Institution is or shall be a party and the consummation of the transactions herein and therein contemplated will not (x) violate any provision of law, any order of any court or agency of government, or any of the Organizational Documents of the Institution, or any indenture, agreement or other instrument to which the Institution is a party or by which it or any of its property is bound or to which it or any of its property is subject, (y) be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or (z) result in the imposition of any lien, charge or encumbrance of any nature whatsoever other than Permitted Encumbrances.

(d) There is no action or proceeding pending or, to the best of the Institution's knowledge, after diligent inquiry, threatened, by or against the Institution by or before any court or administrative agency that would adversely affect the ability of the Institution to perform its obligations under this Agreement or any other Project Document to which it is or shall be a party.

(e) The financial assistance provided by the Issuer to the Institution as contemplated by this Agreement is necessary to induce the Institution to proceed with the Project.

(f) Undertaking the Project is anticipated to serve the corporate public purposes of the Issuer by preserving permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in the State.

(g) The Facility will be the Approved Facility.

(h) Except as permitted by Section 8.9, no Persons other than the Friends and the Institution are or will be in use, occupancy or possession of any portion of the Facility.

(i) The Institution has obtained all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by it as of the Closing Date in connection with the execution and delivery of this Agreement and each other Project Document to which it shall be a party or in connection with the performance of its obligations hereunder and under each of the Project Documents.

(j) The Project will be designed, and the operation of the Facility will be, in compliance with all applicable Legal Requirements.

(k) The Institution is in compliance, and will continue to comply, with all applicable Legal Requirements relating to the Project, the Project Work and the operation of the Facility.

(l) The Institution has delivered to the Issuer a true, correct and complete copy of the Environmental Audit.

(m) The Institution has not used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and except as set forth in the Environmental Audit, to the best of the Institution's knowledge, no prior owner or occupant of the Facility has used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements.

(n) The Project Cost Budget attached as Exhibit E — "Project Cost Budget" represents a true, correct and complete budget as of the Closing Date of the proposed costs of the Project; the Estimated Project Cost is a fair and accurate estimate of the Project Cost as of the Closing Date. Expenses for supervision by the officers or employees of the Institution and expenses for work done by such officers or employees in connection with the Project will be included as a Project Cost only to the extent that such Persons were specifically employed for such particular purpose, the expenses do not exceed the actual cost thereof and are to be treated on the books of the Institution as a capital expenditure in conformity with GAAP. Any costs incurred with respect to that part of the Project paid from the proceeds of the sale of the Initial Bonds shall be treated on the books of the Institution as capital expenditures in conformity with GAAP.

(o) The total cost of the Project Work being funded with the Initial Bonds is not less than the Authorized Principal Amount. That portion of the Estimated Project Cost as shall not derive from the proceeds of the Initial Bonds shall be provided from equity on the part of the Institution. The amounts provided to the Institution from the proceeds of the Initial Bonds, together with other moneys available to the Institution, are sufficient to pay all costs in connection with the completion of the Project.

(p) All of the Land comprises one complete tax lot and no portion of any single tax lot.

(q) Subject to Section 3.5 and Article VI, no property constituting part of the Facility shall be located at any site other than at the Facility Realty.

(r) The Completed Improvements Square Footage and the Land Square Footage are true and correct.

(s) The Fiscal Year is true and correct.

(t) None of the Institution, the Principals of the Institution, or any Person that is an Affiliate of the Institution:

(i) is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Issuer, the NYCIDA, the NYCEDC or the City, unless such default or breach has been waived in writing by the Issuer, the NYCIDA, the NYCEDC or the City, as the case may be;

(ii) has been convicted of a misdemeanor related to truthfulness and/or business conduct in the past five (5) years;

(iii) has been convicted of a felony in the past ten (10) years;

(iv) has received formal written notice from a federal, state or local governmental agency or body that such Person is currently under investigation for a felony criminal offense; or

(v) has received written notice of default in the payment to the City of any taxes, sewer rents or water charges, which have not been paid, unless such default is currently being contested with due diligence in proceedings in court or other appropriate forum.

(u) The Project Application Information was true, correct and complete as of the date submitted to the Issuer, and no event has occurred or failed to occur since such date of submission which would cause any of the Project Application Information to include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make such statements not misleading.

(v) The Principals of the Institution, and their respective titles to the Institution, as set forth in Exhibit D — "Principals of Institution", are true, correct and complete.

(w) The representations, warranties, covenants and statements of expectation of the Institution set forth in the Tax Regulatory Agreement are by this reference incorporated in this Agreement as though fully set forth herein.

(x) The property included in the Project is either property of the character subject to the allowance for depreciation under Section 167 of the Code, or land.

(y) No part of the proceeds of the Initial Bonds will be used to finance inventory or will be used for working capital, or will be used for any other property not constituting part of the Facility.

(z) The Institution has subleasehold title in the Facility and has no present intention to sell, directly or indirectly, in whole or in part, its interest in the Facility.

(aa) The Institution is in compliance with the provisions of the Code and any applicable regulations thereunder necessary to maintain its exempt status under Section 501(a) of the Code.

(bb) The Institution is exempt from Federal income taxes under Section 501(a) of the Code.

(cc) The Institution is an organization described in Section 501(c)(3) of the Code and has received the IRS Determination Letter. The facts and circumstances which form the basis of the IRS Determination Letter continue substantially to exist as represented to the Internal Revenue Service. The IRS Determination Letter has not been modified, limited or revoked, and the Institution is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of the IRS Determination Letter.

(dd) The Institution is not a "private foundation", as defined in Section 509 of the Code.

(ee) The Institution is registered with the New York State Department of Education as an eligible education institution.

(ff) The Institution is formed under the Education Law of the State of New York and is chartered by the New York Board of Regents.

ARTICLE III

THE PROJECT; MAINTENANCE; REMOVAL OF PROPERTY AND TITLE INSURANCE

Section 3.1 Agreement to Undertake Project.

The Institution covenants and agrees to undertake and complete the Project Work in accordance with this Agreement, including, without limitation:

(i) effecting the Project Work,

(ii) making, executing, acknowledging and delivering any contracts, orders, receipts, writings and instructions with any other Persons, and in general doing all things which may be requisite or proper, all for the purposes of undertaking the Project Work,

(iii) paying all fees, costs and expenses incurred in the Project Work from funds made available therefor in accordance with or as contemplated by this Agreement and the Indenture, and

(iv) asking, demanding, suing for, levying, recovering and receiving all such sums of money, debts due and other demands whatsoever that may be due, owing and payable to the Institution under the terms of any contract, order, receipt or writing in connection with the Project Work and to enforce the provisions of any contract, agreement, obligation, bond or other performance security entered into or obtained in connection with the Project Work.

Section 3.2 Manner of Project Completion.

(a) The Institution will complete the Project Work, or cause the Project Work to be completed, by the Completion Deadline, in a first class workmanlike manner, free of defects in materials and workmanship (including latent defects); provided, however, the Institution may revise the scope of the Project Work, subject to the prior written consents of the Issuer and the Trustee (which consents shall not be unreasonably withheld, delayed or conditioned). The Institution will cause the Project Completion Date to occur by the Completion Deadline.

(b) In undertaking the Project Work, the Institution shall take such action and institute such proceedings as shall be necessary to cause and require all contractors, manufacturers and suppliers to complete their agreements relating to the Project Work in accordance with the terms of the contracts therefor including the correction of any defective work. Upon request, the Institution will extend to the Issuer or the Trustee all vendors' warranties received by the Institution

in connection with the Project, including any warranties given by contractors, manufacturers or service organizations who perform Project Work.

(c) Project Costs shall be paid from the Project Fund or other funds provided by the Institution. In the event that moneys in the Project Fund are not sufficient to pay the costs necessary to complete the Project in full, the Institution shall pay that portion of such costs of the Project as may be in excess of the moneys therefor in the Project Fund and shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds (except from the proceeds of Additional Bonds which may be issued for that purpose), nor shall the Institution be entitled to any diminution of the loan payments payable or other payments to be made under this Agreement, under the Promissory Note or under any other Project Document. All expenses incurred by the Institution or the Issuer in connection with the performance of its obligations under this Section 3.2(c) shall be considered a Project Cost. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery, if recovered prior to the date of completion of the Project, shall be deposited into the Project Fund and made available for payment of Project Costs, or if recovered after such date of completion, be deposited, on a pro rata basis, in the subaccounts of the Redemption Account of the Bond Fund.

(d) The Institution shall pay all costs, charges, fees, expenses or claims incurred in connection with the Project Work.

(e) The Institution will perform or cause to be performed the Project Work in accordance with all applicable Legal Requirements and with the conditions and requirements of all policies of insurance with respect to the Facility and the Project Work. Promptly upon finishing of the Project Work and the completion of the Improvements, the Institution will obtain or cause to be obtained all required permits, authorizations and licenses from appropriate authorities, if any be required, authorizing the occupancy, operation and use of the Facility as an Approved Facility and shall furnish copies of same to the Trustee immediately upon the receipt thereof and to the Issuer immediately upon demand therefor.

(f) Upon completion of the Project Work, the Institution shall (y) deliver to the Issuer the Final Project Cost Budget, which budget will include a comparison with the Project Cost Budget, and indicate the source of funds (i.e., Bond proceeds, equity, etc.) for each cost item, and (z) evidence the completion of the Project and the occurrence of the Project Completion Date by delivering to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution in substantially the form set forth in Exhibit G – "Form of Project Completion Certificate", together with all attachments required thereunder.

(g) Upon request by the Issuer or the Trustee, the Institution shall make available to the Issuer and the Trustee copies of any bills, invoices or other evidences of costs as shall have been incurred in the effectuation of the Project Work.

(h) In the event that the aggregate costs of the Project Work upon the completion thereof shall be significantly different from the estimated costs thereof set forth in the Project Cost Budget (i.e., more than a ten percent (10%) difference in either total Project costs or in major categories of Project Work cost), on request of the Issuer, the Institution shall provide

evidence to the reasonable satisfaction of the Issuer as to the reason for such discrepancy, and that the scope of the Project Work as originally approved by the Issuer has not been modified in a material manner without the prior written consent of the Issuer.

Section 3.3 Maintenance. (a) During the term of this Agreement, the Institution will:

(i) keep the Facility in good and safe operating order and condition, ordinary wear and tear excepted,

(ii) occupy, use and operate the Facility, or cause the Facility to be occupied, used and operated, as the Approved Facility, and

(iii) make or cause to be made all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to ensure that (x) the interest on the 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.

(b) All replacements, renewals and repairs shall be similar in quality, class and value to the original work and be made and installed in compliance with all applicable Legal Requirements.

(c) The Issuer shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Facility, to effect the replacement of any inadequate, obsolete, worn out or unsuitable parts of the Facility, or to furnish any utilities or services for the Facility, and the Institution hereby agrees to assume full responsibility therefor.

Section 3.4 Alterations and Improvements.

(a) The Institution shall have the privilege of making such alterations of or additions to the Facility Realty ("**Additional Improvements**") or any part thereof from time to time as it in its discretion may determine to be desirable for its uses and purposes, provided that:

(i) as a result of the Additional Improvements, the fair market value of the Facility is not reduced below its fair market value immediately before the Additional Improvements are made and the usefulness, structural integrity or operating efficiency of the Facility is not materially impaired,

(ii) the Additional Improvements are effected with due diligence, in a good and workmanlike manner and in compliance with all applicable Legal Requirements,

(iii) the Additional Improvements are promptly and fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor, and

(iv) the Additional Improvements do not change the nature of the Facility so that it would not constitute the Approved Facility.

(b) All Additional Improvements shall constitute a part of the Facility, subject to this Agreement and the Mortgage.

(c) If at any time after the Operations Commencement Date, the Institution shall make any Additional Improvements, the Institution shall notify an Authorized Representative of the Issuer of such Additional Improvements by delivering written notice thereof within thirty (30) days after the completion of the Additional Improvements.

(d) In addition to the Facility Personalty, the Institution shall have the right to install or permit to be installed at the Facility Realty, machinery, equipment and other personal property at the Institution's own cost and expense (the "**Institution's Property**"). Once so installed, the Institution's Property shall not constitute part of the Facility Personalty and shall not be subject to this Agreement, nor constitute part of the Facility, or subject to the lien and security interest of the Mortgage, provided that the same is not made fixtures appurtenant to the Facility Realty. The Institution shall have the right to create or permit to be created any mortgage, encumbrance, lien or charge on, or conditional sale or other title retention agreement with respect to, the Institution's Property, without the consent of or notice to the Issuer or the Trustee.

Section 3.5 Removal of Property of the Facility.

(a) The Institution shall have the right from time to time to remove from that property constituting part of the Facility any fixture constituting part of the Facility Realty or any machinery, equipment or other item of personal property constituting part of the Facility Personalty (in any such case, the "**Existing Facility Property**") and thereby removing such Existing Facility Property from that property constituting part of the Facility and the lien and security interest of the Mortgage, provided, however:

(i) such Existing Facility Property is substituted or replaced by property (y) having equal or greater fair market value, operating efficiency and utility and (z) free of all mortgages, liens, charges, encumbrances, claims and security interests other than Permitted Encumbrances, or

(ii) if such Existing Facility Property is not to be substituted or replaced by other property but is instead to be sold, scrapped, traded-in or otherwise disposed of in an arms'-length bona fide transaction for consideration, the Institution shall pay to the Trustee for deposit, on a pro rata basis, in the subaccounts of the Redemption Account of the Bond Fund and thereby cause a redemption of Bonds to be effected in an amount (to the nearest integral multiple of Authorized Denomination) equal to the amounts derived from such sale or scrapping, the trade-in value credit received or the proceeds received from such other disposition; provided that no such redemption shall be required when such amount received in connection with any removal or series of removals does not exceed, in the aggregate, $25,000.

No such removal set forth in paragraph (i) or (ii) above shall be effected if (v) such removal would cause the interest on the Bonds (other than the Series 2018B Bonds and any taxable Additional Bonds) to cease to be excludable from gross income for federal income tax purposes, (w) such removal would change the nature of the Facility as the Approved Facility, (x) such removal would

materially impair the usefulness, structural integrity or operating efficiency of the Facility, (y) such removal would materially reduce the fair market value of the Facility below its fair market value immediately before such removal (except by the amount by which the Bonds are to be redeemed as provided in paragraph (ii) above), or (z) there shall exist and be continuing an Event of Default hereunder. Any amounts received pursuant to paragraph (ii) above in connection with any removal or series of removals, which are not in excess of $25,000, shall be retained by the Institution.

(b) The removal from the Facility of any Existing Facility Property pursuant to the provisions of Section 3.5(a) shall not entitle the Institution to any abatement or reduction in the loan payments and other amounts payable by the Institution under this Agreement, under the Promissory Note or under any other Project Document.

Section 3.6 Implementation of Additional Improvements and Removals.

(a) In the event of any Additional Improvements or substitution or replacement of property pursuant to Section 3.4 or 3.5, the Institution shall deliver or cause to be delivered to the Issuer and the Trustee any necessary documents in order to subject such Additional Improvements or substitute or replacement property to the lien and security interest of the Mortgage (in each case to the extent such Additional Improvements or substitute or replacement property relates to the Mortgaged Property) and to cause all of same to be made part of the Facility.

(b) The Institution agrees to pay all costs and expenses (including reasonable counsel fees) in subjecting, in accordance with Section 3.4, Additional Improvements to, or releasing, in accordance with Section 3.5, Existing Facility Property from the lien and security interest of the Mortgage.

(c) The Institution agrees, upon request of the Issuer or the Trustee to furnish to the Issuer and the Trustee with a certificate of an Authorized Representative of the Institution indicating whether or not the Institution has taken any action to (i) effect Additional Improvements in compliance with Section 3.4 and (ii) effect the removal of Existing Facility Property in compliance with Section 3.5(a), pursuant to Sections 8.15(d) and (e), respectively.

Section 3.7 Title Insurance. On or prior to the Closing Date, the Institution will obtain and deliver (w) to the Issuer a title report (in form and substance acceptable to the Issuer) reflecting all matters of record with respect to the Land and existing Improvements, (x) to the Issuer a full set of municipal department search results showing only Permitted Encumbrances, (y) to the Trustee a mortgagee title insurance policy in an amount not less than the Authorized Principal Amount of the Initial Bonds, insuring the Trustee's interest under the Mortgage as a holder of a mortgage lien on the Mortgaged Property, subject only to Permitted Encumbrances, and (z) a current or updated survey of each of the Land and the Improvements constituting part of the Mortgaged Property, certified to the Trustee, the Issuer and the title company issuing such title insurance policy. The title insurance policy shall be subject only to Permitted Encumbrances and shall provide for, among other things, the following: (1) full coverage against mechanics' liens; (2) no exceptions other than those approved by the Trustee; (3) an undertaking by the title insurer to provide the notice of title continuation or endorsement; and (4) such other matters as the Trustee shall request. Any proceeds of such mortgagee title insurance shall be paid to the Trustee for deposit in the Renewal Fund and applied to remedy the applicable defect in title in respect of which

such proceeds shall be derived (including the reimbursement to the Institution for any costs incurred by the Institution in remedying such defect in title). If not so capable of being applied or if a balance remains after such application, the amounts in the Renewal Fund shall be transferred by the Trustee, on a pro rata basis, to the subaccounts of the Redemption Account of the Bond Fund and used to redeem an equivalent principal amount of the Initial Bonds to the nearest integral multiple of Authorized Denominations.

Section 3.8 No Warranty of Condition or Suitability. THE ISSUER HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE FACILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE FACILITY, OR THE SUITABILITY OF THE FACILITY FOR THE PURPOSES OR NEEDS OF THE INSTITUTION OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE BONDS WILL BE SUFFICIENT TO PAY THE COST OF COMPLETION OF THE PROJECT. THE INSTITUTION ACKNOWLEDGES THAT THE ISSUER IS NOT THE MANUFACTURER OF THE FACILITY PERSONALTY NOR THE MANUFACTURER'S AGENT NOR A DEALER THEREIN. THE INSTITUTION IS SATISFIED THAT THE FACILITY IS SUITABLE AND FIT FOR PURPOSES OF THE INSTITUTION. THE ISSUER SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE INSTITUTION OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE FACILITY OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIR, SERVICE OR ADJUSTMENT THEREOF, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, REPAIRS, SERVICE OR ADJUSTMENT, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS HOWSOEVER CAUSED.

ARTICLE IV

LOAN; PAYMENT PROVISIONS

Section 4.1 Loan of Proceeds. The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to loan the proceeds from the sale of the Initial Bonds to the Institution (the "**Loan**"). The Loan shall be made by depositing on the Closing Date the proceeds from the sale of the Initial Bonds into the Project Fund in accordance with Section 4.01 of the Indenture. Such proceeds shall be disbursed to or on behalf of the Institution as provided in Section 3.2(c) and Section 5.02 of the Indenture.

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

Section 4.3 Loan Payments; Pledge of this Agreement and of the Promissory Note.

(a) The Institution covenants to pay the Promissory Note and repay the Loan made pursuant to this Agreement by making loan payments which the Issuer agrees shall be paid in immediately available funds by the Institution directly to the Trustee on each Loan Payment Date (except as provided in Section 4.3(a)(iv), (v) and (vi) below which shall be paid on the respective due dates thereof) for deposit in the subaccounts of the Accounts of the Bond Fund (except to the extent that amounts are on deposit in the subaccounts of the Accounts of the Bond Fund and available therefor) in an amount equal to the sum of:

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

(ii) with respect to principal due on the Initial Bonds (other than such principal amount as shall become due as a mandatory Sinking Fund Installment payment), commencing on that Loan Payment Date as shall precede the first principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the principal of the Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within the next succeeding thirteen (13) month period (or, if the first principal payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first principal amount, an amount equal to the quotient obtained by dividing such principal amount by the number of Loan Payment Dates between the Closing Date and such first principal payment date), and thereafter for each principal payment date commencing on that Loan Payment Date as shall precede such principal payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the principal of the Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments) within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to principal on the Initial Bonds on or before the Loan Payment Date immediately preceding a principal payment date of the Initial Bonds shall be an amount sufficient to pay the principal of the Initial Bonds Outstanding becoming due on such next succeeding principal payment date of the Initial Bonds; provided further that in the event of the acceleration of the principal of the Initial Bonds, a loan payment in the amount of the

principal amount of the Initial Bonds Outstanding (together with all interest accrued thereon to the date of payment), shall be due and payable on such date of acceleration;

(iii) with respect to Sinking Fund Installment payments due on the Initial Bonds, commencing on that Loan Payment Date as shall precede the first Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the Sinking Fund Installment on the Initial Bonds first becoming due within the next succeeding thirteen (13) month period (or, if the first Sinking Fund Installment payment date following the Closing Date shall be on a date sooner than thirteen (13) calendar months following the Closing Date, then, with respect to such first Sinking Fund Installment, an amount equal to the quotient obtained by dividing such Sinking Fund Installment by the number of Loan Payment Dates between the Closing Date and such first Sinking Fund Installment payment date), and thereafter for each Sinking Fund Installment payment date commencing on that Loan Payment Date as shall precede such Sinking Fund Installment payment date by more than twelve (12) but less than thirteen (13) months, an amount equal to one-twelfth (1/12) of the amount of the Sinking Fund Installment of the Initial Bonds Outstanding becoming due within such next succeeding thirteen (13) month period; provided that in any event the aggregate amount so paid with respect to Sinking Fund Installments on the Initial Bonds on or before the Loan Payment Date immediately preceding a Sinking Fund Installment payment date of the Initial Bonds shall be an amount sufficient to pay the Sinking Fund Installment of the Initial Bonds Outstanding becoming due on such next succeeding Sinking Fund Installment payment date;

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

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

(vi) upon receipt by the Institution of notice from the Trustee pursuant to Section 5.09(f) of the Indenture that the amount on deposit in the accounts of the Debt Service Reserve Fund shall be less than the Debt Service Reserve Fund Requirement, the Institution shall pay to the Trustee for deposit in the accounts of the Debt Service Reserve Fund on the first day of the month immediately following the receipt by the Institution of notice of such deficiency, and on the first day of each of the five (5) succeeding months, or over such longer time period as shall be consented to in writing by the Majority Holders, an amount equal to one sixth (1/6th) of such deficiency in the accounts of the Debt Service Reserve Fund.

(b) In the event the Institution should fail to make or cause to be made any of the payments required under the foregoing provisions of this Section, the item or installment not

so paid shall continue as an obligation of the Institution until the amount not so paid shall have been fully paid.

(c) The Institution has the option to make advance loan payments for deposit in the Bond Fund to effect the retirement, defeasance or redemption of the Bonds in whole or in part, all in accordance with the terms of the Indenture; provided, however, that no partial redemption of the Bonds may be effected through advance loan payments hereunder if there shall exist and be continuing an Event of Default. The Institution shall exercise its option to make such advance loan payments by delivering a written notice of an Authorized Representative of the Institution to the Trustee in accordance with the Indenture, with a copy to the Issuer, setting forth (u) the amount of the advance loan payment, (v) the principal amount of Bonds Outstanding requested to be redeemed with such advance loan payment (which principal amount shall be in such minimum amount or integral Authorized Denomination as shall be permitted in the Indenture), and (w) the date on which such principal amount of Bonds are to be redeemed (which date shall be not earlier than forty-five (45) days after the date of such notice). In the event the Institution shall exercise its option to make advance loan payments to effect the redemption in whole of the Bonds, and such redemption is expressly permitted under the Indenture as a result of the damage, destruction or condemnation of the Facility, or changes in law, or executive or judicial action, the Institution shall further deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise to such redemption, the Institution has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes. Such advance loan payment shall be paid to the Trustee in legal tender, for deposit in the applicable subaccount or subaccounts of the Redemption Account of the Bond Fund on or before the redemption date and shall be an amount which, when added to the amounts on deposit in the Bond Fund and available therefor, will be sufficient to pay the Redemption Price of the Bonds to be redeemed, together with interest to accrue to the date of redemption and all expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents in connection with such redemption. In the event the Bonds are to be redeemed in whole or otherwise retired, the Institution shall further pay on or before such redemption date, in legal tender, to the Issuer, the Trustee, the Bond Registrar and the Paying Agent all fees and expenses owed such party or any other party entitled thereto under this Agreement or the Indenture together with (x) all other amounts due and payable under this Agreement and the other Security Documents, and (y) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement.

(d) At its option, to be exercised on or before the forty-fifth (45th) day next preceding the date any Bonds of a Series are to be redeemed from mandatory Sinking Fund Installments, the Institution may deliver to the Trustee Bonds of such Series which are subject to mandatory Sinking Fund Installment redemption in an aggregate principal amount not in excess of the principal amount of Bonds of such Series to be so redeemed on such date. Each such Bond so delivered shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date and any excess over such Sinking Fund Installment shall be credited on future Sinking Fund Installments in direct chronological order, and the principal amount of Bonds to be redeemed by operation of the mandatory Sinking Fund Installments shall be accordingly reduced.

(e) In the event Defaulted Interest (as defined in Section 2.02(f) of the Indenture) shall become due on any Initial Bond, the Institution shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on such Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with Section 2.02(f) of the Indenture), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment.

(f) No further loan payments need be made to the Issuer on account of the Bonds when and so long as the amount of cash and/or Defeasance Obligations on deposit in the Bond Fund is sufficient to satisfy and discharge the obligations of the Issuer under the Indenture and pay the Bonds as provided in Article X of the Indenture.

(g) Any amounts remaining in the Earnings Fund, the Rebate Fund, the Bond Fund, the Debt Service Reserve Fund, the Project Fund, the Repair and Replacement Fund or the Renewal Fund after payment in full of (w) the Bonds (in accordance with Article X of the Indenture), (x) the fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents in accordance with the Indenture, (y) all amounts required to be rebated to the Federal government pursuant to the Tax Regulatory Agreement or the Indenture, and (z) all amounts required to be paid under any Project Document, shall have been so paid, shall belong to and be paid to the Institution by the Trustee as overpayment of the loan payments.

(h) In the event that the Institution fails to make any loan payment required in this Section 4.3, the installment so in default shall continue as an obligation of the Institution until the amount in default shall have been fully paid.

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

Section 4.4 Loan Payments and Other Payments Payable Absolutely Net. The obligation of the Institution to pay the loan payments and other payments under this Agreement and under the Promissory Note shall be absolutely net to the Issuer and to the Trustee without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that this Agreement and the Promissory Note shall yield, net, to the Issuer and to the Trustee, the loan payments and other payments provided for herein, and all costs, expenses and charges of any kind and nature relating to the Facility, arising or becoming due and payable under this Agreement, shall be paid by the Institution and the Indemnified Parties shall be indemnified by the Institution for, and the Institution shall hold the Indemnified Parties harmless from, any such costs, expenses and charges.

Section 4.5 Nature of Institution's Obligation Unconditional. The Institution's obligation under this Agreement and under the Promissory Note to pay the loan payments and all

other payments provided for in this Agreement and in the Promissory Note shall be absolute, unconditional and a general obligation of the Institution, irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Issuer, the Trustee or the Holder of any Bond and the obligation of the Institution shall arise whether or not the Project has been completed as provided in this Agreement and whether or not any provider of a credit facility or liquidity facility with respect to the Bonds shall be honoring its obligations thereunder. The Institution will not suspend or discontinue any such payment or terminate this Agreement (other than such termination as is provided for hereunder), or suspend the performance or observance of any covenant or agreement required on the part of the Institution hereunder, for any cause whatsoever, and the Institution waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender this Agreement or any obligation of the Institution under this Agreement except as provided in this Agreement or to any abatement, suspension, deferment, diminution or reduction in the loan payments or other payments hereunder or under the Promissory Note.

Section 4.6 Advances by the Issuer or the Trustee. In the event the Institution fails to make any payment or to perform or to observe any obligation required of it under this Agreement, under the Promissory Note or under any other Security Document, the Issuer or the Trustee, after first notifying the Institution in writing of any such failure on its part (except that no prior notification of the Institution shall be required in the event of an emergency condition that, in the reasonable judgment of the Issuer or the Trustee, necessitates immediate action), may (but shall not be obligated to), and without waiver of any of the rights of the Issuer or the Trustee under this Agreement or any other Security Document to which the Issuer or the Trustee is a party, make such payment or otherwise cure any failure by the Institution to perform and to observe its other obligations hereunder or thereunder. All amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Institution to the Issuer or the Trustee, as the case may be, which amounts, together with interest thereon at the rate of twelve percent (12%) per annum, compounded daily, from the date advanced, the Institution will pay upon demand therefor by the Issuer or the Trustee, as applicable. Any remedy vested in the Issuer or the Trustee herein or in any other Security Document for the collection of the loan payments or other payments or other amounts due hereunder, under the Promissory Note or under any other Security Document shall also be available to the Issuer or the Trustee for the collection of all such amounts so advanced. No advance shall be made by the Trustee except as specified in the Indenture.

ARTICLE V

RECAPTURE OF BENEFITS

Section 5.1 Recapture of Benefits. It is understood and agreed by the parties to this Agreement that the Issuer is entering into this Agreement in order to provide financial assistance to the Institution for the Project and to accomplish its corporate public purposes. In consideration therefor, the Institution hereby agrees as follows:

(a) The following capitalized terms shall have the respective meanings specified below:

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

Operations Commencement Date shall mean the date by which the Issuer shall have received a signed certificate of an Authorized Representative of the Institution certifying that the Project Completion Date has occurred and that the Facility is in fact being occupied, used and operated for the Approved Project Operations.

Recapture Event shall mean any one of the following events:

(i) The Institution shall have failed to cause the Project Completion Date to occur by the Completion Deadline.

(ii) Except as permitted by written consent of the Issuer pursuant to and in accordance with Section 8.20, the Institution shall have liquidated all or substantially all of its operating assets or shall have ceased all or substantially all of its operations.

(iii) The Institution shall have transferred all or substantially all of its employees to a location outside of the City.

(iv) The Facility has ceased to be the Approved Facility and/or the Institution shall have substantially changed the scope and nature of its operations at the Facility Realty.

(v) Except as permitted by written consent of the Issuer pursuant to and in accordance with Section 8.20, the Institution shall have sold, leased or otherwise disposed of all or substantially all of the Facility Realty.

(vi) The Institution shall have subleased all or part of the Facility Realty in violation of Section 8.9.

(vii) The Institution shall have relocated all or substantially all of its operations at the Facility Realty to another site; provided, however, and notwithstanding the foregoing, such relocation shall not be a Recapture Event if (A) the Institution has relocated its operations at the Facility Realty and at least 90% of its employees employed at the Facility Realty prior to the relocation, to another site within the City, (B) the Institution maintains, for the remaining balance of the Recapture Period, an employment level equal to at least 90% of the number of employees employed by the Institution at the Facility Realty prior to relocation, and (C) the Institution shall satisfy such other additional conditions as the Issuer may from time to time impose provided such additional conditions are reasonable and uniformly imposed, at the time, to other similar transactions under similar circumstances. There shall arise another Recapture Event upon the failure of the Institution to satisfy continuously the foregoing requirements for the remaining balance of the Recapture Period. Upon the occurrence of such subsequent Recapture Event, the Issuer shall have the right to demand payment of all amounts due under Section 5.1(b) or (c), and the calculation of interest pursuant to Section 5.1(c)(iii) shall assume that the subsequent Recapture Event replaces the original Recapture Event for purposes of that computation. The determination of the pre-relocation, 90%-employment level shall be done in a manner,

and in respect of a date or period of time, that the Issuer deems appropriate in its sole discretion.

Notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event:

(A) shall have arisen as a direct, immediate result of (x) force majeure as defined in Section 12.1, (y) a taking or condemnation by governmental authority of all or substantially all of the Facility Realty, or (z) the inability at law of the Institution to rebuild, repair, restore or replace the Facility Realty after the occurrence of a Loss Event to substantially its condition prior to such Loss Event, which inability shall have arisen in good faith through no fault on the part of the Institution or any Affiliate, or

(B) is deemed, in the sole discretion of the Issuer, to be (x) as necessitated by law, (y) minor in nature, or (z) a cause of undue hardship to the Institution were the Issuer to recapture any Benefits.

Recapture Period shall mean the period of time commencing on the Closing Date, and expiring on the date which is the tenth anniversary of the Operations Commencement Date.

(b) If there shall occur a Recapture Event during the Recapture Period, but such Recapture Event is prior to the Operations Commencement Date, the Institution shall pay to the Issuer as a return of financial assistance conferred by the Issuer, the following amounts upon demand by the Issuer: (i) all Benefits; and (ii) interest described in Section 5.1(c)(iii).

(c) If there shall occur a Recapture Event during the Recapture Period, but such Recapture Event occurs after the Operations Commencement Date, the Institution shall pay to the Issuer as a return of financial assistance conferred by the Issuer, the following amounts (as applicable) upon demand by the Issuer:

(i) If the Recapture Event occurs within the first six (6) years after the Operations Commencement Date, one hundred percent (100%) of the Benefits.

(ii) If the Recapture Event occurs within any month during any one of the seventh, eighth, ninth or tenth years after the Operations Commencement Date, X percent of the Benefits (where “X” is a percent equal to 100% less Y, and where “Y” equals the product of 1.666% and the number of months elapsed commencing with the first month of the seventh year through and including the month in which the Recapture Event occurs).

(iii) The principal of the Benefits to be recaptured, whether pursuant to clause (i) or (ii) above, shall bear interest at a rate equal to the lesser of (x) the maximum amount of interest permitted by law, and (y) the statutory judgment rate, compounded daily, commencing from the date that any amount of Benefit principal has accrued to the Institution, through and including the date such principal is repaid in full; such that Benefit principal comprising the dollar amount of the exemption from mortgage recording taxes, and filing and recording fees, shall be deemed to have accrued to the Institution on the

Closing Date. The "statutory judgment rate" shall be the statutory judgment rate in effect on the date of the Issuer's demand.

For purposes of this Section 5.3, demand for payment by the Issuer shall be made in accordance with the notice requirements of this Agreement and the due date for payment shall be not less than seven (7) Business Days from the date of the notice.

(d) The Institution shall furnish the Issuer with written notification of any Recapture Event within ten (10) days of its occurrence and shall subsequently provide to the Issuer in writing any additional information that the Issuer may request.

(e) The provisions of this Section 5.1 shall survive the termination of this Agreement for any reason whatsoever, notwithstanding any provision of this Agreement to the contrary.

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 6.1 **Damage, Destruction and Condemnation.** In the event that the whole or part of the Facility shall be damaged or destroyed, or taken or condemned by a competent authority for any public use or purpose, or by agreement to which the Institution and those authorized to exercise such right are parties, or if the temporary use of the Facility shall be so taken by condemnation or agreement (a "**Loss Event**"):

(i) the Issuer shall have no obligation to rebuild, replace, repair or restore the Facility or to advance funds therefor,

(ii) there shall be no abatement, postponement or reduction in the loan payments or other amounts payable by the Institution under this Agreement or the Promissory Note or any other Security Document to which it is a party, and the Institution hereby waives, to the extent permitted by law, any provisions of law which would permit the Institution to terminate this Agreement, the Promissory Note or any other Security Document, or eliminate or reduce its payments hereunder, under the Promissory Note or under any other Security Document, and

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

Section 6.2 **Loss Proceeds**.

(a) The Issuer, the Trustee and the Institution shall cooperate and consult with each other in all matters pertaining to the settlement, compromise, arbitration or adjustment of any claim or demand on account of any Loss Event, and the settlement, compromise, arbitration or adjustment of any such claim or demand shall, as between the Issuer and the Institution, be subject to the written approval of the Institution and the Trustee (such approvals not to be unreasonably withheld).

(b) The Net Proceeds with respect to the Facility shall be paid to the Trustee and deposited in the Renewal Fund (except as provided in Section 3.11(d) of the Mortgage in respect of property insurance proceeds that are less than a threshold amount). Pending the disbursement or transfer thereof, the Net Proceeds in the Renewal Fund shall be applied, and may be invested, as provided in the Indenture. The Institution shall be entitled to the Net Proceeds of any insurance proceeds or condemnation award, compensation or damages attributable to the Institution's Property.

Section 6.3 <u>Election to Rebuild or Terminate</u>.

(a) In the event a Loss Event shall occur, the Institution shall either:

(i) at its own cost and expense (except to the extent paid from the Net Proceeds), within one (1) year of the Loss Event, promptly and diligently rebuild, replace, repair or restore the Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, regardless of whether or not the Net Proceeds derived from the Loss Event shall be sufficient to pay the cost thereof, and the Institution shall not by reason of payment of any such excess costs be entitled to any reimbursement from the Issuer, the Trustee or any Bondholder, nor shall the loan payments or other amounts payable by the Institution under this Agreement or the Promissory Note or any other Security Document be abated, postponed or reduced, or

(ii) if, to the extent and upon the conditions permitted to do so under Sections 10.1 and 10.2 and under the Indenture, exercise its option to terminate this Agreement and cause the Bonds to be redeemed in whole;

provided that if all or substantially all of the Facility shall be taken or condemned, or if the taking or condemnation renders the Facility unsuitable for use by the Institution as contemplated hereby, the Institution shall exercise its option to terminate this Agreement pursuant to Sections 10.1 and 10.2.

Not later than ninety (90) days after the occurrence of a Loss Event, the Institution shall advise the Issuer and the Trustee in writing of the action to be taken by the Institution under this Section 6.3(a), a failure to so timely notify being deemed an election in favor of Section 6.3(a)(ii) to be exercised in accordance with the provisions of Section 6.3(a)(ii).

(b) If the Institution shall elect to or shall otherwise be required to rebuild, replace, repair or restore the Facility as set forth in Section 6.3(a)(i), the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in Section 5.03 of the Indenture to pay or reimburse the Institution, at the election of the Institution, either as such work progresses or upon the completion thereof, provided, however, the amounts so disbursed by the Trustee to the Institution shall not exceed the actual cost of such work. If the Institution shall exercise its option in Section 6.3(a)(ii), the amount of the Net Proceeds so recovered shall be transferred from the Renewal Fund and deposited, on a pro rata basis, in the subaccounts of the Redemption Account of the Bond Fund, and the Institution shall thereupon pay to the Trustee for deposit in the subaccounts of the Redemption Account of the Bond Fund an amount which, when added to any

amounts then in the Bond Fund and available for that purpose, shall be sufficient to retire and redeem the Bonds in whole at the earliest possible date (including, without limitation, principal and interest to the maturity or redemption date and redemption premium, if any), and shall pay the expenses of redemption, the fees and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents, together with all other amounts due under the Indenture, under this Agreement and under each other Security Document, as well as any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement and such amount so deposited shall be applied, together with such other available amounts in the Bond Fund, if applicable, to such redemption or retirement of the Bonds on said redemption or Maturity Date.

Section 6.4 Effect of Election to Build.

(a) All rebuilding, replacements, repairs or restorations of the Facility in respect of or occasioned by a Loss Event shall:

(i) automatically be deemed a part of the Facility under this Agreement and, with respect to Mortgaged Property, shall be subject to the lien and security interest of the Mortgage,

(ii) be effected only if the Institution shall deliver to the Issuer and the Trustee a certificate from an Authorized Representative of the Institution acceptable to the Issuer and the Trustee to the effect that such rebuilding, replacement, repair or restoration shall not change the nature of the Facility as the Approved Facility,

(iii) be effected with due diligence in a good and workmanlike manner, in compliance with all applicable Legal Requirements and be promptly and fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor,

(iv) restore the Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, and to a state and condition that will permit the Institution to use and operate the Facility as the Approved Facility,

(v) be effected only if the Institution shall have complied with Section 8.1(c),

(vi) be preceded by the furnishing by the Institution to the Trustee of a labor and materials payment bond, or other security, satisfactory to the Trustee, and

(vi) if the estimated cost of such rebuilding, replacement, repair or restoration is in excess of $250,000, be effected under the supervision of an Independent Engineer.

(b) The date of completion of the rebuilding, replacement, repair or restoration of the Facility shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Institution stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment, reasonably satisfactory to

the Trustee, has been made, (iii) that the Facility has been rebuilt, replaced, repaired or restored to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, (iv) that all property constituting part of the Facility is under this Agreement and, if applicable, subject to the mortgage lien and security interest of the Mortgage, subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Institution against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of this Section and Section 5.03 of the Indenture and (z) that no Person other than the Issuer or the Trustee may benefit therefrom.

(c) The certificate delivered pursuant to Section 6.4(b) shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if it is a temporary certificate of occupancy, the Institution will proceed with due diligence to obtain a permanent certificate of occupancy), if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by this Agreement; (ii) a certificate of an Authorized Representative of the Institution that all costs of rebuilding, repair, restoration and reconstruction of the Facility have been paid in full, together with releases of mechanics' liens by all contractors and materialmen who supplied work, labor, services, materials or supplies in connection with the rebuilding, repair, restoration and reconstruction of the Facility (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence to the Trustee that such costs have been appropriately bonded or that the Institution shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company, or other evidence satisfactory to the Trustee, indicating that there has not been filed with respect to the Facility any mechanic's, materialmen's or any other lien in connection with the rebuilding, replacement, repair and restoration of the Facility and that there exist no encumbrances other than Permitted Encumbrances and those encumbrances consented to by the Issuer and the Trustee.

ARTICLE VII

COVENANTS OF THE ISSUER

Section 7.1 <u>Assignment of Promissory Note and Assignment of Mortgage</u>. On the Closing Date, the Issuer will endorse and assign the Promissory Note to the Trustee, and execute and deliver to the Trustee the Assignment of Mortgage.

Section 7.2 <u>Issuance of Initial Bonds</u>. On the Closing Date, subject to the satisfaction of the conditions to the issuance of the Initial Bonds, the Issuer will sell and deliver the Initial Bonds in the Authorized Principal Amount under and pursuant to the Bond Resolution and under and pursuant to the Indenture. The proceeds of sale of the Initial Bonds shall be deposited and applied in accordance with the provisions of the Indenture.

Section 7.3 **Issuance of Additional Bonds.** Under the provisions of and subject to the conditions set forth in the Indenture, the Issuer is authorized to enter into a Supplemental Indenture and issue one or more series of Additional Bonds on a parity with the Initial Bonds for the purpose of (w) completing the Project, (x) providing funds in excess of the Net Proceeds of insurance or eminent domain to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (y) providing extensions, additions or improvements to the Facility, or (z) refunding Outstanding Bonds. If the Institution is not in default hereunder or under any other Project Document, the Issuer will consider the issuance of a Series of Additional Bonds in a principal amount as is specified in a written request in accordance with the applicable provisions set forth in the Indenture.

Section 7.4 **Pledge and Assignment to Trustee.** As security for the payment of the Bonds and the obligations of the Institution under the Security Documents:

(a) the Institution and the Friends 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 their respective interests in the Mortgaged Property;

(b) the Issuer shall assign its right, title and interest in the Mortgage to the Trustee pursuant to the Assignment of Mortgage; and

(c) the Issuer shall pledge and assign to the Trustee, for the benefit of the Bondholders, pursuant to the Indenture all of the Issuer's right, title and interest in the Promissory Note and all of the Issuer's right, title and interest in this Agreement (except for the Issuer's Reserved Rights), including all loan payments hereunder and under the Promissory Note, and in furtherance of such pledge, the Issuer will unconditionally assign such loan payments to the Trustee for deposit in the Bond Fund in accordance with the Indenture.

ARTICLE VIII

COVENANTS OF THE INSTITUTION

Section 8.1 **Insurance**.

(a) Definitions. The following capitalized terms shall have the respective meanings specified below:

Certificate means an ACORD certificate evidencing insurance.

CGL means commercial general liability insurance.

CM means a construction manager providing construction management services in connection with any Construction.

Construction means any construction, reconstruction, restoration, renovation, alteration and/or repair on, in, at or about the Facility Realty, including the Project Work or any other construction, reconstruction, restoration, alteration and/or repair required under this Agreement in connection with the Facility.

Contractor(s) means, individually or collectively, a contractor or subcontractor providing materials and/or labor and/or other services in connection with any Construction, but not including a GC, CM or any architect or engineer providing professional services.

GC means any general contractor providing general contracting services in connection with any Construction.

Insured means the Institution.

Insurer means any entity writing or issuing a Policy.

ISO means the Insurance Services Office or its successor.

ISO Form CG-0001 means the CGL form published by ISO at the Closing Date.

Policy(ies) means, collectively or individually, the policies required to be obtained and maintained pursuant to Section 8.1(b) and (c).

SIR means self-insured retention.

U/E means Umbrella or Excess Liability insurance.

Workers' Compensation means Workers' Compensation, disability and employer liability insurance.

(b) Required Insurance. Except during periods of Construction, the Insured shall obtain and maintain for itself as a primary insured the following insurance:

(i) CGL with $1,000,000 minimum per occurrence; $2,000,000 minimum in the aggregate; and per-location aggregate. This Policy shall contain coverage for contractual liability, premises operations, and products and completed operations.

(ii) U/E with $4,000,000 minimum per occurrence on terms consistent with CGL. The excess coverage provided under U/E shall be incremental to the CGL to achieve minimum required coverage of $5,000,000 per occurrence; such incremental coverage must also apply to auto liability (see Section 8.1(b)(iii)), whether auto liability coverage is provided by endorsement to the Insured's CGL or by a stand-alone policy.

(iii) Auto liability insurance with $1,000,000 combined single limit and $1,000,000 for uninsured or under-insured vehicles. If the Insured owns any vehicles, it shall obtain auto liability insurance in the foregoing amounts for hired and non-owned vehicles. Coverage should be at least as broad as ISO Form CA0001, ed. 10/01.

(iv) Workers Compensation satisfying State statutory limits. Coverage for employer liability shall be in respect of any work or operations in, on or about the Facility Realty.

(v) Property insurance in the amount required under the Mortgage.

(c) Required Insurance During Periods of Construction. In connection with any Construction and throughout any period of such Construction, the Institution shall cause the following insurance requirements to be satisfied:

(i) The Insured shall obtain and maintain for itself Policies in accordance with all requirements set forth in Section 8.1(b).

(ii) Any GC or CM shall obtain and maintain for itself as a primary insured the following Policies:

(A) CGL and U/E in accordance with the requirements in Section 8.1(b), subject to the following modifications: (x) coverage shall be in an aggregate minimum amount of $10,000,000 per project aggregate, and (y) completed operations coverage shall extend (or be extended) for an additional five (5) years after completion of the Construction (which will be deemed to be the Project Completion Date unless the Institution shall have provided written notice and satisfactory evidence to the Issuer that the Construction was completed as of a specified earlier date);

(B) Auto liability insurance in accordance with the requirements in Section 8.1(b); and

(C) Workers' Compensation in accordance with the requirements in Section 8.1(b).

(iii) Notwithstanding preceding subsections "i" and "ii," during Construction aggregate minimum coverage in the amount of $15,000,000 (combined CGL and U/E required by Sections 8.1(b) and 8.1(c)) may be achieved by any combination of coverage amounts between the Insureds on the one hand and the GC or CM on the other.

(iv) Each Contractor shall obtain and maintain for itself as a primary insured the following insurance:

(A) CGL and U/E in accordance with the requirements in Section 8.1(b) except that, in addition, completed operations coverage shall extend (or be extended) for an additional five (5) years after completion of the Construction (which will be deemed to be the Project Completion Date unless the Institution shall have provided written notice and satisfactory evidence to the Issuer that the Construction was completed as of a specified earlier date);

(B) Auto Liability insurance in accordance with the requirements in Section 8.1(b); and

(C) Workers' Compensation in accordance with the requirements in Section 8.1(b).

(d) Required Policy Attributes. Except as the Issuer and the Trustee shall expressly otherwise agree in writing in their sole and absolute discretion:

(i) The Institution shall cause each Policy (other than Worker's Compensation and auto liability insurance) to name the Issuer and the Trustee as additional insureds on a primary and non-contributory basis as more particularly required in Section 8.1(f)(i).

(ii) No Policy shall have a deductible.

(iii) CGL shall not be subject to SIR.

(iv) CGL shall be written on either ISO Form CG-0001 or on such other form that the Institution may request provided that any requested substitute shall provide an additional insured with substantially equivalent coverage to that enjoyed by an additional insured in a policy written on ISO Form CG-0001 and provided further that the substitute is reasonably approved by the Issuer. If the Insured intends to renew its CGL on a form that is not ISO Form CG-0001, it shall provide the Issuer and the Trustee with a copy of the substitute form at least sixty (60) days prior to the intended date on which the renewal Policy is to be effective.

(v) The Institution acknowledges that the Issuer and the Trustee are materially relying upon the content of ISO Form CG-0001 to implement the Issuer's insurance requirements under this Section 8.1; accordingly, the Institution agrees that non-standard exclusions and other modifications to ISO Form CG-0001 are prohibited under the terms and conditions of this Section 8.1. In the event that ISO either ceases to exist or discontinues ISO Form CG-0001, the Issuer or the Trustee shall have the right to require, for all purposes hereunder, a different CGL form, provided that the replacement is substantially similar to ISO Form CG-0001.

(vi) Without limiting Section 8.1(d)(v) or the application of any other requirement under this Section 8.1, no Policy delivered hereunder shall limit (whether by exception, exclusion, endorsement, script or other modification) any of the following coverage attributes:

(A) contractual liability coverage insuring the contractual obligations of the Insureds;

(B) employer's liability coverage;

(C) coverage for claims arising under New York Labor Law;

(D) the right of the Insured to name additional insureds including the Issuer and the Trustee;

(E) the applicability of CGL coverage to the Issuer and the Trustee as additional insureds in respect of liability arising out of any of the following claims: (x) claims against the Issuer and/or the Trustee by employees of an Insured, or (y) claims against the Issuer and/or the Trustee by any GC, CM, Contractor, architect or engineer or by the employees of any of the foregoing, or

(z) claims against the Issuer and/or the Trustee arising out of any work performed by a GC, CM, Contractor, architect or engineer.

(vii) U/E shall follow the form of CGL except that U/E may be broader.

(viii) Each Policy shall provide primary insurance and the issuing Insurer shall not have a right of contribution from any other insurance policy insuring the Issuer and/or the Trustee.

(ix) In each Policy, the Insurer shall waive, as against any Person insured under such Policy including any additional insured, the following: (x) any right of subrogation, (y) any right to set-off or counterclaim against liability incurred by a primary insured or any additional insured, and (z) any other deduction, whether by attachment or otherwise, in respect of any liability incurred by any primary insured or additional insured.

(x) Policies shall not be cancellable without at least thirty (30) days' prior written notice to the Issuer and the Trustee as additional insureds.

(xi) Each Policy under which the Issuer and the Trustee is an additional insured shall provide that the Issuer and the Trustee will not be liable for any insurance premium, commission or assessment under or in connection with any Policy.

(e) Required Insurer Attributes. All Policies must be issued by Insurers satisfying the following requirements:

(i) Insurers shall have a minimum AM Best rating of A minus.

(ii) Each Insurer must be an authorized insurer in accordance with Section 107(a) of the New York State Insurance Law.

(iii) Insurers must be admitted in the State; provided, however, that if an Insured requests the Issuer to accept a non-admitted Insurer, and if the Issuer reasonably determines that for the kind of operations performed by the Insured an admitted Insurer is commercially unavailable to issue a Policy or is non-existent, then the Issuer shall provide its written consent to a non-admitted Insurer. For purposes of this paragraph, an "admitted" Insurer means that the Insurer's rates and forms have been approved by the State Department of Financial Services and that the Insurer's obligations are entitled to be insured by the State's insurance guaranty fund.

(f) Required Evidence of Compliance. The Institution shall deliver or cause to be delivered evidence of all Policies required hereunder as set forth in this Section 8.1(f):

(i) All Policies. With respect to all Policies on which an Insured is to be a primary insured, the Insured shall deliver to the Issuer and the Trustee a Certificate or Certificates evidencing all Policies required by this Section 8.1 (w) at the Closing Date, (x) prior to the expiration or sooner termination of Policies, (y) prior to the commencement of any Construction, and (z) upon request by the Issuer or the Trustee. If the Certificate in

question evidences CGL, such Certificate shall name the Issuer and the Trustee as additional insureds in the following manner:

> *Build NYC Resource Corporation and U.S. Bank National Association, as Trustee, are each additional insureds on a primary and non-contributory basis. The referenced CGL is written on ISO Form CG-0001 without modification to the contractual liability, employer's liability or waiver-of-subrogation provisions thereof, and contains no endorsement limiting or excluding coverage for claims arising under New York Labor Law, covering the following premises: 3896 10th Avenue, New York, New York 10034;*

(ii) CGL. With respect to CGL on which the Insured is to be a primary insured, the Insured shall additionally deliver to the Issuer and the Trustee the following:

(A) Prior to the Closing Date, the Insured shall deliver to the Issuer and the Trustee the declarations page and the schedule of forms and endorsements pertinent thereto.

(B) Upon the expiration or sooner termination of any CGL, the Insured shall deliver to the Issuer and the Trustee a declarations page and a schedule of forms and endorsements pertinent to the new or replacement CGL.

(C) Prior to the commencement of any Construction, the Insured shall deliver to the Issuer and the Trustee a declarations page and a schedule of forms and endorsements pertinent to the CGL under which the Insured is to be the primary insured during the period of such Construction.

(iii) Insurance to be obtained by GCs and CMs. Prior to the commencement of any Construction that entails the services of a GC or CM, the Institution shall provide to the Issuer and the Trustee, in a form satisfactory to the Issuer and the Trustee, evidence that the GC or CM (as the case may be) has obtained the Policies that it is required to obtain and maintain in accordance with Section 8.1(c).

(iv) Insurance to be obtained by Contractors. In connection with any Construction, the Institution shall, upon the written request of the Issuer or the Trustee, cause any or all Contractors to provide evidence, satisfactory to the Issuer and the Trustee, that such Contractors have obtained and maintain the Policies that they are required to obtain and maintain in accordance with the requirements of Section 8.1(c).

(g) Notice. The Institution shall immediately give the Issuer and the Trustee notice of each occurrence that is reasonably probable to give rise to a claim under the insurance required to be maintained by this Section 8.1.

(h) Miscellaneous.

(i) If, in accordance with the terms and conditions of this Section 8.1, an Insured is required to obtain the consent of the Issuer and/or the Trustee, the Institution

shall request such consent in a writing provided to the Issuer and/or the Trustee at least thirty (30) days in advance of the commencement of the effective period (or other event) to which the consent pertains.

(ii) The delivery by an Insured of a Certificate evidencing auto liability insurance for hired and non-owned vehicles shall, unless otherwise stated by the Institution to the contrary, constitute a representation and warranty from the Insured to the Issuer and the Trustee that the Insured does not own vehicles.

(iii) The Insured shall neither do nor omit to do any act, nor shall it suffer any act to be done, whereby any Policy would or might be terminated, suspended or impaired.

(iv) If insurance industry standards applicable to properties similar to the Facility Realty and/or operations similar to the operations of the Institution materially change; and if, as a consequence of such change, the requirements set forth in this Section 8.1 become inadequate in the reasonable judgment of the Issuer or the Trustee for the purpose of protecting the Issuer and the Trustee against third-party claims, then the Issuer or the Trustee shall have the right to supplement and/or otherwise modify such requirements, provided, however, that such supplements or modifications shall be commercially reasonable.

(v) THE ISSUER AND THE TRUSTEE DO NOT REPRESENT THAT THE INSURANCE REQUIRED IN THIS SECTION 8.1, WHETHER AS TO SCOPE OR COVERAGE OR LIMIT, IS ADEQUATE OR SUFFICIENT TO PROTECT THE INSURED AND ITS OPERATIONS AGAINST CLAIMS AND LIABILITY.

(vi) The Issuer, in its sole discretion and without obtaining the consent of the Trustee or any other party to the transactions contemplated by this Agreement, may make exceptions to the requirements under this Section 8.1 by a written instrument executed by the Issuer. In the event the Institution shall request the Issuer to make any exception to the requirements under this Section 8.1, the Issuer shall not unreasonably withhold its consent. The Institution acknowledges that the Issuer's decision in this respect will be deemed reasonable if made in furtherance of protecting the Issuer from liability.

Section 8.2 Indemnity.

(a) The Institution shall at all times indemnify, defend, protect and hold the Issuer, the Trustee, the Bond Registrar and the Paying Agents, and any director, member, officer, employee, servant, agent (excluding for this purpose the Institution, which is not obligated hereby to indemnify its own employees, Affiliates or affiliated individuals) thereof and persons under the Issuer's control or supervision (collectively, the "**Indemnified Parties**" and each an "**Indemnified Party**") harmless of, from and against any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses, including attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses (collectively, "**Claims**") of any kind for losses, damage, injury and liability (collectively, "**Liability**") of every kind and nature

and however caused (except, with respect to any Indemnified Party, Liability arising from the gross negligence or willful misconduct of such Indemnified Party), arising during the period commencing on the Indemnification Commencement Date, and continuing until the termination of this Agreement, arising upon, about, or in any way connected with the Facility, the Project, or any of the transactions with respect thereto, including:

(i) the financing of the costs of the Facility or the Project and the marketing, offering, issuance, sale and remarketing of the Bonds for such purpose,

(ii) the planning, design, acquisition, site preparation, Project Work, construction, renovation, equipping, installation or completion of the Project or any part thereof or the effecting of any work done in or about the Facility, or any defects (whether latent or patent) in the Facility,

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

(iv) the execution and delivery by an Indemnified Party, the Institution or any other Person of, or performance by an Indemnified Party, the Institution or any other Person, as the case may be, of, any of their respective obligations under, this Agreement or any other Project Document, or other document or instrument delivered in connection herewith or therewith or the enforcement of any of the terms or provisions hereof or thereof or the transactions contemplated hereby or thereby,

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

(vi) any imposition arising from, burden imposed by, violation of, or failure to comply with any Legal Requirement, including failure to comply with the requirements of the City's zoning resolution and related regulations, or

(vii) the presence, disposal, release, or threatened release of any Hazardous Materials that are on, from, or affecting the Facility; any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, and/or any violation of Legal Requirements, including demands of government authorities, or any policies or requirements of the Issuer, which are based upon or in any way related to such Hazardous Materials.

(b) The Institution releases each Indemnified Party from, and agrees that no Indemnified Party shall be liable to the Institution or its Affiliates for, any Claim or Liability arising from or incurred as a result of action taken or not taken by such Indemnified Party with respect to any of the matters set forth in Section 8.2(a) including any Claim or Liability arising from or incurred as a result of the negligence or gross negligence of such Indemnified Party, or at the direction of the Institution with respect to any of such matters above referred to.

(c) An Indemnified Party shall promptly notify the Institution in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Institution pursuant to this Section 8.2; such notice shall be given in sufficient time to allow the Institution to defend or participate in such claim or action, but the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Institution under this Section 8.2.

(d) Anything to the contrary in this Agreement notwithstanding, the covenants of the Institution contained in this Section 8.2 shall be in addition to any and all other obligations and liabilities that the Institution may have to any Indemnified Party in any other agreement or at common law, and shall remain in full force and effect after the termination of this Agreement until the later of (x) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (y) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Indemnified Party relating to the enforcement of the provisions herein specified.

Section 8.3 Compensation and Expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents; Administrative and Project Fees.

(a) The Institution shall pay the fees, costs and expenses of the Issuer together with any fees and disbursements incurred by lawyers or other consultants in performing services for the Issuer in connection with this Agreement or any other Project Document, together with all fees and costs incurred in connection with complying with Section 8.12(b) (including fees and disbursements of lawyers and other consultants).

(b) On the Closing Date, the Institution shall pay to the Issuer the Initial Annual Administrative Fee and the Project Fee.

(c) The Institution further agrees to pay the Annual Administrative Fee to the Issuer on each July 1 following the Closing Date until the Termination Date (the Annual Administrative Fee shall not be pro-rated for the final period ending on the Termination Date). In the event the Institution shall fail to pay the Annual Administrative Fee on the date due, the Issuer shall have no obligation to deliver notice of such failure to the Institution.

(d) The Institution shall, to the extent not paid out of the proceeds of the Bonds as financing expenses, pay the following fees, charges and expenses and other amounts:

(i) the initial and annual fees of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, including fees and expenses as Bond Registrar and in connection with preparation of new Bonds upon exchanges or transfers or making any investments in accordance with the Indenture and the reasonable fees of its counsel,

(ii) the reasonable fees and charges of the Trustee and any Paying Agents on the Bonds for acting as paying agents as provided in the Indenture, including the reasonable fees of its counsel,

(iii) the reasonable fees, charges, and expenses of the Trustee for extraordinary services rendered by it under the Indenture, including reasonable counsel fees, and

(iv) the reasonable fees, costs and expenses of the Bond Registrar.

Section 8.4 Current Facility Personalty Description. The Institution covenants and agrees that, until the termination of this Agreement, including upon the completion of the Project or of any replacement, repair, restoration or reconstruction of the Facility pursuant to Article VI, it will cause Exhibit B — "Description of the Facility Personalty", together with the "Description of the Facility Personalty" attached as part of the appendices to the Indenture, this Agreement and the Mortgage, to be an accurate and complete description of all current items of Facility Personalty. To this end, the Institution covenants and agrees that (x) no requisition shall be submitted to the Trustee for moneys from the Project Fund for the acquisition or installation of any item of Facility Personalty, (y) no item of Facility Personalty shall be substituted or replaced by a new item of machinery, equipment or other tangible personal property except pursuant to Section 3.5(a) or Article VI, and (z) no item of Facility Personalty shall be delivered and installed at the Facility Realty as part of the property comprising the Facility, unless in each case such item of machinery, equipment or other item of tangible personal property shall be accurately and sufficiently described in Exhibit B — "Description of the Facility Personalty", together with the "Description of the Facility Personalty" in the appendices attached as part of the Indenture, this Agreement and the Mortgage, and the Institution shall from time to time prepare and deliver to the Issuer and the Trustee supplements to such Appendices in compliance with the foregoing. Such supplements shall be executed and delivered by the appropriate parties and, at the Trustee's request, duly recorded by the Institution, and, at the Trustee's request, additional financing statements with respect thereto shall be duly filed by the Institution.

Section 8.5 Signage at Facility Site. Upon commencement of the renovation and/or construction of the Improvements at the Facility in connection with the Project (including the commencement of any demolition and/or excavation), the Institution shall erect on the Facility site, at its own cost and expense, within easy view of passing pedestrians and motorists, a large and readable sign with the following information upon it (hereinafter, the "**Sign**"):

FINANCIAL ASSISTANCE PROVIDED
THROUGH THE
BUILD NYC RESOURCE CORPORATION
Mayor Bill de Blasio

In addition, the Sign shall satisfy the following requirements: (x) format and appearance generally shall be stipulated by the Issuer in writing or electronically; (y) the minimum size of the Sign shall be four (4) feet by eight (8) feet; and (z) the Sign shall have no other imprint upon it other than that of the Issuer. The Sign shall remain in place at the Facility until completion of the renovations and/or construction. The Institution may erect other signs in addition to the Sign.

Section 8.6 Environmental Matters.

(a) On or before the Closing Date, the Institution shall provide to the Issuer and the Trustee a letter from the Environmental Auditor addressed to the Issuer and the Trustee, stating

that the Issuer and the Trustee may rely upon the Environmental Audit as if it was prepared for the Issuer and the Trustee in the first instance.

(b) The Institution shall not cause or permit the Facility or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Legal Requirements, nor shall the Institution cause or permit, as a result of any intentional or unintentional act or omission on the part of the Institution or any occupant or user of the Facility, a release of Hazardous Materials onto the Facility or onto any other property.

(c) The Institution shall comply with, and require and enforce compliance by, all occupants and users of the Facility with all applicable Legal Requirements pertaining to Hazardous Materials, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all occupants and users of the Facility obtain and comply with, any and all approvals, registrations or permits required thereunder.

(d) The Institution shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Facility in accordance with all applicable Legal Requirements.

(e) In the event the Mortgage is foreclosed, or a deed in lieu of foreclosure is tendered, or this Agreement is terminated as provided in Article IX, the Institution shall deliver the Mortgaged Property so that the conditions of the Mortgaged Property with respect to any and all Hazardous Materials shall conform with all applicable Legal Requirements affecting the Mortgaged Property.

(f) The parties hereto agree that the reference in Section 2.2(m) to the Environmental Audit is not intended, and should not be deemed to intend, to modify, qualify, reduce or diminish the Institution's obligations to carry out and perform all of the covenants stated throughout this Section 8.6 and in Section 8.2.

Section 8.7 Employment Matters.

(a) Except as is otherwise provided by collective bargaining contracts or agreements, new employment opportunities created as a result of the Project shall be listed with the New York State Department of Labor ("**DOL**") Community Services Division, and with the administrative entity of the service delivery area created by the Workforce Investment Act of 1998 (29 U.S.C. §2801) in which the Facility Realty is located. Except as is otherwise provided by collective bargaining contracts or agreements, the Institution agrees, where practicable, to consider first, and cause each of its Affiliates at the Facility to consider first, persons eligible to participate in the Workforce Investment Act of 1998 (29 U.S.C. §2801) programs who shall be referred by administrative entities of service delivery areas created pursuant to such Act or by the Community Services Division of the DOL for such new employment opportunities.

(b) Upon the Issuer's written request, the Institution shall provide to the Issuer any employment information in the possession of the Institution which is pertinent to the Institution and the employees of the Institution to enable the Issuer and/or NYCEDC to comply

with its reporting requirements required by City Charter §1301 and any other applicable laws, rules or regulations.

(c) The Institution hereby authorizes any private or governmental entity, including the DOL, to release to the Issuer and/or NYCEDC, and/or to the successors and assigns of either (collectively, the "**Information Recipients**"), any and all employment information under its control and pertinent to the Institution and the employees of the Institution to enable the Issuer and/or NYCEDC to comply with its reporting requirements required by City Charter §1301 and any other applicable laws, rules or regulations. Information released or provided to Information Recipients by DOL, or by any other governmental entity, or by any private entity, or by the Institution, or any information previously released as provided by all or any of the foregoing parties (collectively, "**Employment Information**") may be disclosed by the Information Recipients in connection with the administration of the programs of the Issuer, and/or NYCEDC, and/or the successors and assigns of either, and/or the City, and/or as may be necessary to comply with law; and, without limiting the foregoing, the Employment Information may be included in (x) reports prepared by the Information Recipients pursuant to City Charter §1301, (y) other reports required of the Issuer, and (z) any other reports required by law. This authorization shall remain in effect until the termination of this Agreement.

(d) Upon the request of the Issuer, the Institution shall cooperate with the Issuer in the development of programs for the employment and/or training of members of minority groups in connection with performing work at the Facility.

(e) Nothing in this Section shall be construed to require the Institution to violate any existing collective bargaining agreement with respect to hiring new employees.

Section 8.8 Non-Discrimination.

(a) At all times during the maintenance and operation of the Facility, the Institution shall not discriminate nor permit any of its Affiliates to discriminate against any employee or applicant for employment because of race, color, creed, age, sex or national origin. The Institution shall use its best efforts to ensure that employees and applicants for employment with any tenant of the Facility are treated without regard to their race, color, creed, age, sex or national origin. As used herein, the term "treated" shall mean and include the following: recruited, whether by advertising or other means; compensated, whether in the form of rates of pay or other forms of compensation; selected for training, including apprenticeship; promoted; upgraded; downgraded; demoted; transferred; laid off; and terminated.

(b) The Institution shall, in all solicitations or advertisements for employees placed by or on behalf of the Institution state that all qualified applicants will be considered for employment without regard to race, color, creed or national origin, age or sex.

(c) The Institution shall furnish to the Issuer all information required by the Issuer pursuant to this Section and will cooperate with the Issuer for the purposes of investigation to ascertain compliance with this Section.

Section 8.9 Assignment of this Agreement or Lease of Facility.

(a) The Institution shall not at any time, except as permitted by Section 8.20, assign or transfer this Agreement without the prior written consents of the Issuer and the Trustee

(which consents may be withheld by the Issuer or the Trustee in their absolute discretion); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such assignment or transfer:

(i) the Institution shall have delivered to the Issuer and the Trustee a certificate of an Authorized Representative to the effect that the transfer or assignment to the assignee or transferee (the "**New Institution**") shall not cause the Facility to cease being the Approved Facility;

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

(iii) the New Institution shall have assumed in writing (and shall have executed and delivered to the Issuer and the Trustee such document and have agreed to keep and perform) all of the terms of this Agreement and each other Project Document on the part of the New Institution to be kept and performed, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

(iv) the New Institution shall be a not-for-profit corporation or a limited liability company constituting a Tax-Exempt Organization;

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

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

(vii) the New Institution shall have delivered to the Issuer the Required Disclosure Statement in form and substance satisfactory to the Issuer;

(viii) each such assignment shall contain such other provisions as the Issuer or the Trustee may reasonably require; and

(ix) an opinion of Nationally Recognized Bond Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such assignment or transfer shall not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income tax purposes.

The Institution shall furnish or cause to be furnished to the Issuer and the Trustee a copy of any such assignment or transfer in substantially final form at least thirty (30) days prior to the date of execution thereof.

(b) The Institution shall not at any time lease all or substantially all of the Facility, without the prior written consents of the Issuer and the Trustee (which consents may be withheld by the Issuer or the Trustee in their absolute discretion); nor shall the Institution lease part (*i.e.,* not constituting substantially all) of the Facility without the prior written consents of the Issuer and the Trustee (which consents shall, in such case, not be unreasonably withheld and, in the case of the Issuer, such consent to be requested by the Institution of the Issuer in the form prescribed by the Issuer, and such consent of the Issuer to take into consideration the Issuer's policies as in effect from time to time); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such letting:

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

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

(iii) any lessee in whole or substantially in whole of the Facility shall have assumed in writing (and shall have executed and delivered to the Issuer and the Trustee such document) and have agreed to keep and perform all of the terms of this Agreement and each other Project Document on the part of the Institution to be kept and performed, shall be jointly and severally liable with the Institution for the performance thereof, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

(iv) any lessee shall utilize the Facility as the Approved Facility and shall constitute a Tax-Exempt Organization;

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

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

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

nor impair or limit in any respect the obligations of any other obligor under any other Project Document;

(viii) such lease shall in no way diminish or impair the obligation of the Institution to carry the insurance required under Section 3.11 of the Mortgage or Section 8.1 and the Institution shall furnish written evidence satisfactory to the Issuer and the Trustee that such insurance coverage shall in no manner be diminished or impaired by reason of such assignment, transfer or lease;

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

(x) each such lease shall contain such other provisions as the Issuer or the Trustee may reasonably require; and

(xi) an opinion of Nationally Recognized Bond Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such lease shall not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income tax purposes.

The Institution shall furnish or cause to be furnished to the Issuer and the Trustee a copy of any such lease in substantially final form at least thirty (30) days prior to the date of execution thereof.

(c) Any consent by the Issuer or the Trustee to any act of assignment, transfer or lease shall be held to apply only to the specific transaction thereby authorized. Such consent shall not be construed as a waiver of the duty of the Institution, or the successors or assigns of the Institution, to obtain from the Issuer and the Trustee consent to any other or subsequent assignment, transfer or lease, or as modifying or limiting the rights of the Issuer or the Trustee under the foregoing covenant by the Institution.

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

Section 8.10 Retention of Title to or of Interest in Facility; Grant of Easements; Release of Portions of Facility.

(a) The Institution shall not sell, assign, encumber (other than Permitted Encumbrances), convey or otherwise dispose of its fee title to or interest in the Facility, including the Improvements, or any part of the Facility or interest therein, except as set forth in Sections 3.3, 3.4, 3.5, 3.6, Article VI, 8.9 and 9.2 or in this Section, without (i) the prior written consents of the Issuer and of the Trustee and (ii) the Institution delivering to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that such action pursuant to this Section will not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income taxes. Any purported disposition without such consents and opinion shall be void.

(b) The Institution may, with the prior written consents of the Issuer and the Trustee (such consents not to be unreasonably withheld or delayed), so long as there exists no Event of Default hereunder, grant such rights of way or easements over, across, or under, the Facility Realty, or grant such permits or licenses in respect to the use thereof, free from the lien and security interest of the Mortgage, as shall be necessary or convenient in the opinion of the Institution for the operation or use of the Facility, or required by any utility company for its utility business, provided that, in each case, such rights of way, easements, permits or licenses shall not adversely affect the use or operation of the Facility as the Approved Facility, and provided, further, that any consideration received by the Institution from the granting of said rights-of-way, easements, permits or licenses shall be paid to the Trustee and deposited, on a pro rata basis, in the subaccounts of the Redemption Account of the Bond Fund. The Issuer agrees, at the sole cost and expense of the Institution, to execute and deliver, and to cause and direct the Trustee to execute and deliver, any and all instruments necessary or appropriate to confirm and grant any such right of way or easement or any such permit or license and to release the same from the lien and security interest of the Mortgage.

(c) No conveyance or release effected under the provisions of this Section 8.10 shall entitle the Institution to any abatement or diminution of the loan payments or other amounts payable under Section 4.3 or any other payments required to be made by the Institution under this Agreement or any other Project Document to which it shall be a party.

Section 8.11 Discharge of Liens.

(a) If any lien, encumbrance or charge is filed or asserted (including any lien for the performance of any labor or services or the furnishing of materials), or any judgment, decree, order, levy or process of any court or governmental body is entered, made or issued or any claim (such liens, encumbrances, charges, judgments, decrees, orders, levies, processes and claims being herein collectively called "**Liens**"), whether or not valid, is made against the Trust Estate, the Facility or any part thereof or the interest therein of the Institution or against any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Security Documents, or the interest of the Issuer or the Institution in any Security Document, other than Liens for Impositions not yet payable, Permitted Encumbrances, or Liens being contested as permitted by Section 8.11(b), the Institution forthwith upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such notice) shall give written notice thereof to the Issuer and the Trustee and take all action (including the payment of money and/or the securing of a bond with respect to any such Lien) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full of such Lien and to remove or nullify the basis therefor. Nothing contained in this Agreement shall be construed as constituting the express or implied consent to or permission of the Issuer for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien not permitted under this Section 8.11(a).

(b) The Institution may at its sole cost and expense contest (after prior written notice to the Issuer and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Lien, if:

(i) such proceeding shall suspend the execution or enforcement of such Lien against the Trust Estate, the Facility or any part thereof or interest therein, or against any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents or the interest of the Issuer or the Institution in any Project Document,

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

(iii) none of the Institution, the Issuer or the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and

(iv) the Institution shall have furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents.

Section 8.12 Filing.

(a) The security interest granted by the Issuer to the Trustee pursuant to the Indenture in the rights and other intangible interests described therein, shall be perfected by the filing of financing statements at the direction of the Issuer (at the sole cost and expense of the Institution) in the office of the Secretary of State of the State in the City of Albany, New York, and in the offices of such Register of the City, which financing statements shall be in accordance with Article 9 (Secured Transactions) of the New York State Uniform Commercial Code.

(b) As of the Closing Date,

(i) Section 9-515 of the New York State Uniform Commercial Code provides that an initial financing statement filed in connection with a "public-finance transaction" is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public-finance transaction,

(ii) Section 9-102(67) of the New York State Uniform Commercial Code defines a "public-finance transaction" as a secured transaction in connection with which (x) debt securities are issued, (y) all or a portion of the debt securities issued have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a security interest is a state or a governmental unit of a state, and

(iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.

(c) The parties hereto acknowledge and agree that, because the foregoing financing statements evidence collateral for the Initial Bonds, and because the Initial Bonds are municipal debt securities with a term that is at least twenty (20) years in duration, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the liens and security interests that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

Subsequent to the initial filings, if it is necessary to re-file financing statements and/or file continuation statements and/or take any other actions to preserve the lien and security interest of the Indenture (individually or collectively, the "**Continuation Action(s)**"), then the Institution in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Trustee all necessary instruments and filing papers, together with remittances equal to the cost of required filing fees and other charges, so that the Trustee may perform the Continuation Actions, or (ii) electronically perform the Continuation Actions and deliver to the Trustee written certification (upon which the Trustee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause "(i)" and the others in the manner described in clause "(ii)"; and (B) if requested by the Trustee (acting at the direction of the Majority Holders) or the Issuer, deliver or cause to be delivered to the Issuer and the Trustee the Opinion of Counsel to the Institution as described below. The Trustee may conclusively rely upon (y) when applicable, the certification referred to in clause "(A)(ii)," and (z) in all instances, the Opinion of Counsel to the Institution. In the event the Institution chooses to have the Trustee perform all or some of the Continuation Actions, as provided in clause "(A)(i)", the Trustee shall reasonably promptly perform such Continuation Actions at the Institution's sole expense. The Institution shall perform the obligations described hereinabove in clauses "(A)" (in every case) and "(B)" (if so requested) no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause "(i)") on which a Continuation Action is to be taken to preserve the lien and security interest of the Indenture.

If an Opinion of Counsel to the Institution is requested pursuant to clause "(B)", then the Opinion of Counsel to the Institution shall be addressed to the Institution, the Issuer and the Trustee. If so requested, the Institution shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year anniversary thereafter through the term of the Initial Bonds, and/or (ii) the date of any required Continuation Action not covered by clause "(i)," in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Institution, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Trustee with instruments and papers prepared by the Institution, or (ii) the Institution through electronic filing, or (iii) the Trustee as to some Continuation Actions, and the Institution as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Institution, the Issuer and the Trustee then requisite to the maintenance of the perfection of the security interest of the Trustee in and to all property and interests which by the terms of the Indenture are to be subjected to the lien and security interest of the Indenture.

(d) Any filings with respect to the Uniform Commercial Code financing statements may be made electronically, and the Issuer shall have the right to designate a company (which shall be reasonably acceptable to the Trustee) to facilitate the filing of the Uniform Commercial Code financing statements.

(e) The Institution acknowledges and agrees that neither the Issuer nor the Trustee, nor any of their respective directors, members, officers, employees, servants, agents, persons under its control or supervision, or attorneys (including Nationally Recognized Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests, or the recording or rerecording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

(f) The Institution agrees to perform all other acts (including the payment of all fees and expenses) necessary in order to enable the Issuer and the Trustee to comply with this Section and with Section 7.07 of the Indenture, including but not limited to, providing prompt notice to the Trustee of any change in either of the name or address of the Institution. The Institution agrees that the Issuer and the Trustee, if permitted by applicable law, may provide for the re-recording of the Indenture or any other Security Document or the filing or re-filing of continuation statements without the cooperation of the Institution as necessary at the sole cost and expense of the Institution.

Section 8.13 No Further Encumbrances Permitted. The Institution shall not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against (i) the Facility or any part thereof, or the interest of the Institution in the Facility, except for Permitted Encumbrances, or (ii) the Trust Estate or any portion thereof, the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Security Documents or the interest of the Issuer or the Institution in any Security Document. The Institution covenants that it shall take or cause to be taken all action, including all filing and recording, as may be necessary to ensure that there are no mortgage liens on, or security interests in, the Facility (other than Permitted Encumbrances) prior to the mortgage liens thereon, and security interests therein, granted by the Mortgage.

Section 8.14 Automatically Deliverable to the Issuer.

(a) The Institution shall immediately notify the Issuer of the occurrence of any Event of Default, or any event that with notice and/or lapse of time would constitute an Event of Default under any Project Document. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Institution and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Institution shall state this fact on the notice.

(b) The Institution shall promptly provide written notice to the Issuer if any Conduct Representation made by the Institution would, if made on any date during the term of the

Agreement and deemed made as of such date, be false, misleading or incorrect in any material respect.

(c) Within five (5) Business Days after receipt from the Issuer of any subtenant survey and questionnaire pertaining to the Facility, the Institution shall complete and execute such survey and questionnaire and return the same to the Issuer.

(d) The Institution shall deliver all insurance-related documents required by Sections 8.1(f) and 8.1(g).

(e) Within 120 days after the close of each Fiscal Year during which action was taken by the Institution pursuant to Section 3.4, the Institution shall deliver written notice of the Additional Improvement(s) to the Issuer.

(f) If a removal involving Existing Facility Property having a value in the aggregate exceeding $25,000 was taken by the Institution pursuant to Section 3.5(a), the Institution shall deliver written notice of such removal to the Issuer within five (5) Business Days following such removal.

(g) Promptly following completion of the Project, but no later than five (5) Business Days following the receipt of any one of a certificate of occupancy, temporary certificate of occupancy, an amended certificate of occupancy or a letter of no objection, the Institution shall deliver to the Issuer the certificate as to Project completion in substantially the form set forth in Exhibit G – "Form of Project Completion Certificate", together with all attachments required thereunder.

(h) If the Institution shall request the consent of the Issuer under Section 8.9 to any sublease in whole or in part of the Facility, or to any assignment or transfer of this Agreement, the Institution shall submit such request to the Issuer in the form prescribed by the Issuer.

Section 8.15 Requested Documents. Upon request of the Issuer, the Institution shall deliver or cause to be delivered to the Issuer within five (5) Business Days of the date so requested:

(a) a copy of the most recent annual audited financial statements of the Institution and of its subsidiaries, if any (including balance sheets as of the end of the Fiscal Year and the related statement of revenues, expenses and changes in fund balances and, if applicable, income, earnings, and changes in financial position) for such Fiscal Year, prepared in accordance with GAAP and certified by an Independent Accountant;

(b) a certificate of an Authorized Representative of the Institution that the insurance the Institution maintains complies with the provisions of Section 8.1, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and are in full force and effect and the evidence required by Section 8.1(f);

(c) copies of any (x) bills, invoices or other evidences of cost as shall have been incurred in connection with the Project Work, and (y) permits, authorizations and licenses from appropriate authorities relative to the occupancy, operation and use of the Facility;

(d) a certificate of an Authorized Representative of the Institution certifying either (x) the Institution did not take any action described in Section 3.4 resulting in Additional Improvements to the Facility Realty during the preceding Fiscal Year or (y) the Institution did take action or actions described in Section 3.4 resulting in Additional Improvements to the Facility Realty during the preceding Fiscal Year and the Institution complied with the provisions of Section 3.4;

(e) a certificate of an Authorized Representative of the Institution certifying either (x) the Institution did not take any action described in Section 3.5(a) resulting in the removal of Existing Facility Property having a value in the aggregate exceeding $25,000 during the preceding Fiscal Year or (y) the Institution did take action or actions described in Section 3.5(a) resulting in the removal of Existing Facility Property having a value in the aggregate exceeding $25,000 during the preceding Fiscal Year and the Institution complied with the provisions of Section 3.5(a);

(f) a certificate of an Authorized Representative of the Institution as to whether or not, as of the close of the immediately preceding Fiscal Year, and at all times during such Fiscal Year, the Institution was in compliance with all the provisions that relate to the Institution in this Agreement and in any other Project Document to which it shall be a party, and if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Institution with respect thereto;

(g) upon twenty (20) days prior request by the Issuer, a certificate of an Authorized Representative of the Institution either stating that to the knowledge of such Authorized Representative after due inquiry there is no default under or breach of any of the terms hereof that exists or, with the passage of time or the giving of notice or both, would constitute an Event of Default hereunder, or specifying each such default or breach of which such Authorized Representative has knowledge;

(h) employment information requested by the Issuer pursuant to Section 8.7(b); and

(i) information regarding non-discrimination requested by the Issuer pursuant to Section 8.8.

Section 8.16 <u>Periodic Reporting Information for the Issuer</u>.

(a) The Institution shall not assert as a defense to any failure of the Institution to deliver to the Issuer any reports specified in this Section 8.16 that the Institution shall not have timely received any of the forms from or on behalf of the Issuer unless, (x) the Institution shall have requested in writing such form from the Issuer not more than thirty (30) days nor less than fifteen (15) days prior to the date due, and (y) the Institution shall not have received such form from the Issuer at least one (1) Business Day prior to the due date. For purposes of this Section 8.16, the Institution shall be deemed to have "received" any such form if it shall have been directed by the Issuer to a website at which such form shall be available. In the event the Issuer,

in its sole discretion, elects to replace one or more of the reports required by this Agreement with an electronic or digital reporting system, the Institution shall make its reports pursuant to such system.

(b) Annually, by August 1 of each year, commencing on the August 1 immediately following the Closing Date, until the termination of this Agreement, the Institution shall submit to the Issuer the Annual Employment and Benefits Report relating to the period commencing July 1 of the previous year and ending June 30 of the year of the obligation of the filing of such report, in the form prescribed by the Issuer, certified as to accuracy by an officer of the Institution. Upon termination of this Agreement, the Institution shall submit to the Issuer the Annual Employment and Benefits Report relating to the period commencing the date of the last such Report submitted to the Issuer and ending on the last payroll date of the preceding month in the form prescribed by the Issuer, certified as to accuracy by the Institution. Nothing herein shall be construed as requiring the Institution to maintain a minimum number of employees on its respective payroll.

(c) If there shall have been a tenant, other than the Institution, with respect to all or part of the Facility, at any time during the immediately preceding calendar year, the Institution shall file with the Issuer by the next following February 1, a certificate of an Authorized Representative of the Institution with respect to all tenancies in effect at the Facility, in the form prescribed by the Issuer.

(d) If there shall have been a subtenant, other than the Institution, with respect to all or part of the Facility, at any time during the twelve-month period terminating on the immediately preceding June 30, the Institution shall deliver to the Issuer by the next following August 1, a completed Subtenant's Employment and Benefits Report with respect to such twelve-month period, in the form prescribed by the Issuer.

(e) If the Institution shall have had the benefit of a Business Incentive Rate at any time during the twelve-month period terminating on the immediately preceding June 30, the Institution shall deliver to the Issuer by the next following August 1, a completed report required by the Issuer in connection with the Business Incentive Rate with respect to such twelve-month period, in the form prescribed by the Issuer.

(f) The Institution shall deliver to the Issuer on August 1 of each year, commencing on the August 1 immediately following the Closing Date, a completed location and contact information report in the form prescribed by the Issuer.

Section 8.17 <u>Taxes, Assessments and Charges</u>.

(a) The Institution shall pay when the same shall become due all taxes and assessments, general and specific, if any, levied and assessed upon or against the Trust Estate, the Facility Realty or any part thereof, or interest of the Institution in the Facility, or against any of the loan payments or other payments or other amounts payable hereunder, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or

extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Facility Realty, all of which are herein called "**Impositions**". The Institution may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

(b) In the event the Facility Realty is exempt from Impositions solely due to the Issuer's involvement with the Project and the Facility Realty, the Institution shall pay all Impositions to the appropriate taxing authorities equivalent to the Impositions that would have been imposed on the Facility Realty as if the Issuer had no involvement with the Project and the Facility Realty.

(c) The Institution may at its sole cost and expense contest (after prior written notice to the Issuer and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Imposition, if

(i) such proceeding shall suspend the execution or enforcement of such Imposition against the Trust Estate, the Facility or any part thereof, or interest of the Institution in the Facility, or against any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document,

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

(iii) none of the Institution, the Issuer or the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and

(iv) the Institution shall have furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents.

Section 8.18 Compliance with Legal Requirements.

(a) The Institution shall not occupy, use or operate the Facility, or allow the Facility or any part thereof to be occupied, used or operated, for any unlawful purpose or in violation of any certificate of occupancy affecting the Facility or for any use which may constitute a nuisance, public or private, or make void or voidable any insurance then in force with respect thereto.

(b) At its sole cost and expense, the Institution shall promptly observe and comply with all applicable Legal Requirements (including, without limitation, as applicable, the LW Law, the Prevailing Wage Law, and the Earned Sick Time Act, constituting Chapter 8 of Title 20 of the New York City Administrative Code), whether foreseen or unforeseen, ordinary or extraordinary, that shall now or at any time hereafter be binding upon or applicable to the

Institution, the Facility, any occupant, user or operator of the Facility or any portion thereof, and will observe and comply with all conditions, requirements, and schedules necessary to preserve and extend all rights, licenses, permits (including zoning variances, special exception and non-conforming uses), privileges, franchises and concessions. The Institution will not, without the prior written consent of the Issuer and the Trustee (which consents shall not be unreasonably withheld or delayed), initiate, join in or consent to any private restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the uses that may be made of the Facility or any part thereof.

(c) The Institution may at its sole cost and expense contest in good faith the validity, existence or applicability of any of the matters described in Section 8.18(b) if (i) such contest shall not result in the Trust Estate, the Facility or any part thereof or interest of the Institution in the Facility, or any of the loan payments or other amounts payable under this Agreement, the Promissory Note or any of the other Project Documents, or the interest of the Issuer or the Institution in any Project Document, being in any danger of being sold, forfeited or lost, (ii) such contest shall not result in the Institution, the Issuer or the Trustee being in any danger of any civil or any criminal liability for failure to comply therewith, and (iii) the Institution shall have furnished such security, if any, as may be reasonably requested by the Issuer or the Trustee to protect the security intended to be offered by the Security Documents for failure to comply therewith.

Section 8.19 Operation as Approved Facility.

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

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

(c) The Institution will permit the Trustee and its duly authorized agents, at all reasonable times upon written notice to enter upon the Facility and to examine and inspect the Facility and exercise its rights hereunder, under the Indenture and under the other Security Documents with respect to the Facility. The Institution will further permit the Issuer, or its duly authorized agent, upon reasonable notice, at all reasonable times, to enter the Facility, but solely for the purpose of assuring that the Institution is operating the Facility, or is causing the Facility to be operated, as the Approved Facility consistent with the Approved Project Operations and with the corporate purposes of the Issuer.

Section 8.20 Restrictions on Dissolution and Merger.

(a) The Institution covenants and agrees that at all times during the term of this Agreement, it will

(i) maintain its existence as a not-for-profit corporation constituting a Tax-Exempt Organization,

(ii) continue to be subject to service of process in the State,

(iii) continue to be organized under the laws of, or qualified to do business in, the State,

(iv) not liquidate, wind up or dissolve or otherwise dispose of all or substantially all of its property, business or assets ("**Transfer**") remaining after the Closing Date, except as provided in Section 8.20(b),

(v) not consolidate with or merge into another Entity or permit one or more Entities to consolidate with or merge into it ("**Merge**"), except as provided in Section 8.20(b), and

(vi) not change or permit the change of any Principal of the Institution, or a change in the relative Control of the Institution of any of the existing Principals, except in each case as provided in Section 8.20(c).

(b) Notwithstanding Section 8.20(a), the Institution may Merge or participate in a Transfer if the following conditions are satisfied on or prior to the Merger or Transfer, as applicable:

(i) when the Institution is the surviving, resulting or transferee Entity,

(1) the Institution shall have a net worth (as determined by an Independent Accountant in accordance with GAAP) at least equal to that of the Institution immediately prior to such Merger or Transfer,

(2) the Institution shall continue to be a Tax-Exempt Organization,

(3) the Institution shall deliver to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such action will not cause the interest on the Bonds to become includable in gross income for federal income tax purposes, and

(4) the Institution shall deliver to the Issuer a Required Disclosure Statement with respect to itself as surviving Entity in form and substance satisfactory to the Issuer; or

(ii) when the Institution is not the surviving, resulting or transferee Entity (the "**Successor Institution**"),

(1) the predecessor Institution (the "**Predecessor Institution**") shall not have been in default under this Agreement or under any other Project Document,

(2) the Successor Institution shall be a Tax-Exempt Organization and shall be solvent and subject to service of process in the State and organized under the laws of the State, or under the laws of any other state of the United States and duly qualified to do business in the State,

(3) the Successor Institution shall have assumed in writing all of the obligations of the Predecessor Institution contained in this Agreement and in all other Project Documents to which the Predecessor Institution shall have been a party,

(4) the Successor Institution shall have delivered to the Issuer a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion,

(5) each Principal of the Successor Institution shall have delivered to the Issuer a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion,

(6) the Successor Institution shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer and the Trustee, an Opinion of Counsel to the effect that (y) this Agreement and all other Project Documents to which the Predecessor Institution shall be a party constitute the legal, valid and binding obligations of the Successor Institution and each is enforceable in accordance with their respective terms to the same extent as it was enforceable against the Predecessor Institution, and (z) such action does not legally impair the security for the Holders of the Bonds afforded by the Security Documents,

(7) the Successor Institution shall have delivered to the Issuer and the Trustee, in form and substance acceptable to the Issuer and the Trustee, an opinion of an Independent Accountant to the effect that the Successor Institution has a net worth (as determined in accordance with GAAP) after the Merger or Transfer at least equal to that of the Predecessor Institution immediately prior to such Merger or Transfer, and

(8) the Successor Institution delivers to the Issuer and the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such action will not cause the interest on the Bonds to become includable in gross income for federal income tax purposes.

(c) If there is a change in Principals of the Institution, or a change in the Control of the Institution, the Institution shall deliver to the Issuer prompt written notice thereof (including all details that would result in a change to Exhibit D — "Principals of Institution") to the Issuer together with a Required Disclosure Statement in form and substance acceptable to the Issuer acting in its sole discretion.

Section 8.21 Preservation of Exempt Status. The Institution agrees that it shall:

(a) not perform any acts, enter into any agreements, carry on or permit to be carried on at the Facility, or permit the Facility to be used in or for any trade or business, which shall adversely affect the basis for its exemption under Section 501 of the Code;

(b) not use more than three percent (3%) of the proceeds of the Bonds or permit the same to be used, directly or indirectly, in any trade or business that constitutes an unrelated

trade or business as defined in Section 513(a) of the Code or in any trade or business carried on by any Person or Persons who are not governmental units or Tax-Exempt Organizations;

(c) not directly or indirectly use the proceeds of the Bonds to make or finance loans to Persons other than governmental units or Tax-Exempt Organizations, provided that no loan shall be made to another Tax-Exempt Organization unless such organization is using the funds for a purpose that is not an unrelated trade or business for either the Institution or the borrower;

(d) not take any action or permit any circumstances within its control to arise or continue, if such action or circumstances, or its expectation on the Closing Date, would cause the Bonds to be "arbitrage bonds" under the Code or cause the interest paid by the Issuer on the Bonds to be subject to Federal income tax in the hands of the Holders thereof; and

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

Section 8.22 Securities Law Status. The Institution covenants that:

(a) the Facility shall be operated (y) exclusively for civic or charitable purposes and (z) not for pecuniary profit, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act,

(b) no part of the net earnings of the Institution shall inure to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act and of the Securities Exchange Act, and

(c) it shall not perform any act nor enter into any agreement which shall change such status as set forth in this Section.

Section 8.23 Further Assurances. The Institution will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, including Uniform Commercial Code financing statements, at the sole cost and expense of the Institution, as the Issuer or the Trustee deems reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of this Agreement and any rights of the Issuer or the Trustee hereunder, under the Indenture or under any other Security Document.

Section 8.24 Tax Regulatory Agreement.

(a) The Institution shall comply with all of the terms, provisions and conditions set forth in the Tax Regulatory Agreement, including, without limitation, the making of any payments and filings required thereunder.

(b) Promptly following receipt of notice from the Trustee as provided in Section 5.07 of the Indenture that the amount on deposit in the Rebate Fund is less than the Rebate Amount, the Institution shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.

(c) The Institution agrees to pay all costs of compliance with the Tax Regulatory Agreement and costs of the Issuer relating to any examination or audit of the Bonds by the Internal Revenue Service (including fees and disbursements of lawyers and other consultants).

Section 8.25 Compliance with the Indenture. The Institution will comply with the provisions of the Indenture with respect to the Institution. The Trustee shall have the power, authority, rights and protections provided in the Indenture. The Institution will use its best efforts to cause there to be obtained for the Issuer any documents or opinions of counsel required of the Issuer under the Indenture.

Section 8.26 Reporting Information for the Trustee.

(a) The Institution shall furnish or cause to be furnished to the Trustee:

(i) as soon as available and in any event within ninety (90) days after the close of each Fiscal Year, a copy of the annual financial statements of the Institution, including balance sheets as at the end of each such Fiscal Year, and the related statements of income, balances, earnings, retained earnings and changes in financial position for each such Fiscal Year, as audited by the Institution's Independent Accountant and prepared in accordance with GAAP, and

(ii) as soon as available and in any event within ninety (90) days after the close of each quarter of each Fiscal Year, a copy of the unaudited financial statements of the Institution, including balance sheets as at the end of such quarter, and the related statements of income, balances, earnings, retained and changes in financial position for such quarter, prepared in accordance with GAAP, certified by an Authorized Representative of the Institution.

(b) The Institution shall deliver to the Trustee with each delivery of annual financial statements required by Section 8.26(a)(i):

(i) a certificate of an Authorized Representative of the Institution:

(1) as to whether or not, as of the close of such preceding Fiscal Year, and at all times during such Fiscal Year, the Institution was in compliance with all the provisions which relate to the Institution in this Agreement and in any other Project Document to which it shall be a party, and

(2) as to whether or not a Determination of Taxability has occurred, and

(3) if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default or Determination of Taxability, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Institution with respect thereto, and

(ii) a certificate of an Authorized Representative of the Institution that the insurance it maintains complies with the provisions of Section 8.1 of this Agreement and Section 3.11 of the Mortgage, that such insurance has been in full force and effect at all times during the preceding Fiscal Year, and that duplicate copies of all policies or certificates thereof have been filed with the Issuer and the Trustee and are in full force and effect.

(c) In addition, upon twenty (20) days prior request by the Trustee, the Institution will execute, acknowledge and deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution either stating that to the knowledge of such Authorized Representative after due inquiry no default or breach exists hereunder or specifying each such default or breach of which such Authorized Representative has knowledge.

(d) The Institution shall immediately notify the Trustee of the occurrence of any Event of Default or any event which with notice and/or lapse of time would constitute an Event of Default under any Project Document. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Institution and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Institution shall state this fact on the notice.

(e) The Institution shall deliver to the Trustee all insurance-related documents required by Sections 8.1(f)(i), 8.1(f)(ii), 8.1(f)(iii) and 8.1(g).

(f) The Trustee shall be under no obligation to review the financial statements received under this Section 8.26 for content and shall not be deemed to have knowledge of the contents thereof.

Section 8.27 Continuing Disclosure. The Institution shall, if required by Securities and Exchange Commission Rule 15c2-12(b)(5), enter into and comply with and carry out all of the provisions of a continuing disclosure agreement. Notwithstanding any other provision of this Agreement, failure of the Institution to comply with such continuing disclosure agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Holders of at least twenty-five percent (25%) aggregate principal amount in Outstanding Bonds, shall, upon receipt of reasonable indemnification for its fees and costs acceptable to it), and any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Institution to comply with its obligations under this Section 8.27. The Institution agrees that the Issuer shall have no continuing disclosure obligations.

Section 8.28 Special Covenants.

(a) The Institution covenants that, for so long as any Bonds shall be Outstanding, it will be registered with the New York State Department of Education as an eligible education institution. If the Institution is formed under the Education Law of the State of New York, it must also be chartered by the New York Board of Regents.

(b) The Institution covenants that the Institution shall not discriminate in admissions, hiring, the granting of scholarships or loans, or the administration of educational policies generally.

Section 8.29 HireNYC Program.

The Institution shall use its good faith efforts to achieve the hiring and workforce development goals of the HireNYC Program and shall perform the requirements of the HireNYC Program, all as set forth in Exhibit I. The Institution agrees to be bound by each of the provisions of the HireNYC Program set forth in Exhibit I, including without limitation, the payment of any liquidated damages and other enforcement provisions set forth therein.

Section 8.30 Living Wage.

(a) Institution acknowledges and agrees that it has received "financial assistance" as defined in the LW Law. Institution agrees to comply with all applicable requirements of the LW Law. Institution acknowledges that the terms and conditions set forth in this Section 8.30 are intended to implement the Mayor's Executive Order No. 7 dated September 30, 2014.

(b) The following capitalized terms shall have the respective meanings specified below for purposes hereof.

Asserted Cure has the meaning specified in Section 8.30(k)(i).

Asserted LW Violation has the meaning specified in Section 8.30(k)(i).

Comptroller means the Comptroller of The City of New York or his or her designee.

Concessionaire means a Person that has been granted the right by Institution, an Affiliate of Institution or any tenant, subtenant, leaseholder or subleaseholder of Institution or of an Affiliate of Institution to operate at the Facility Realty for the primary purpose of selling goods or services to natural persons at the Facility Realty.

Covered Counterparty means a Covered Employer whose Specified Contract is directly with Institution or one of its Affiliates to lease, occupy, operate or perform work at the Facility Realty.

Covered Employer means any of the following Persons: (a) Institution, (b) a Site Affiliate, (c) a tenant, subtenant, leaseholder or subleaseholder of Institution or of an Affiliate of Institution that leases any portion of the Facility Realty (or an Affiliate of any such tenant, subtenant, leaseholder or subleaseholder if such Affiliate has one or more direct Site Employees), (d) a Concessionaire that operates on any portion of the Facility Realty, and (e) a Person that contracts or subcontracts with any Covered Employer described in clauses (a), (b), (c) or (d) above to perform work for a period of more than ninety days on any portion of the Facility Realty, including temporary services or staffing agencies, food service contractors, and other on-site service contractors; provided, however, that the term "Covered Employer" shall not include (i) a Person of the type described in Section 6-134(d)(2), (3), (4) or (5) of the New York City

Administrative Code, (ii) a Person that has annual consolidated gross revenues that are less than the Small Business Cap unless the revenues of the Person are included in the consolidated gross revenues of a Person having annual consolidated gross revenues that are more than the Small Business Cap, in each case calculated based on the fiscal year preceding the fiscal year in which the determination is being made, and in each case calculated in accordance with generally accepted accounting principles, (iii) any otherwise covered Person operating on any portion of the Facility Realty if residential units comprise more than 75% of the total Facility Realty area and all of the residential units are subject to rent regulation, (iv) any otherwise covered Person that the Issuer has determined (in its sole and absolute discretion) in writing to be exempt on the basis that it works significantly with a Qualified Workforce Program, (v) a Person whose Site Employees all are paid wages determined pursuant to a collective bargaining or labor agreement, (vi) if Institution is a "covered developer" under and as defined in the Prevailing Wage Law, a Person that is a "building services contractor" (as defined in the LW Law) so long as such Person is paying its "building service employees" (as defined in the Prevailing Wage Law) no less than the applicable "prevailing wage" (as defined in the Prevailing Wage Law), or (vii) a Person exempted by a Deputy Mayor of The City of New York in accordance with the Mayor's Executive Order No. 7 dated September 30, 2014.

DCA means the Department of Consumer Affairs of The City of New York, acting as the designee of the Mayor of The City of New York, or such other agency or designee that the Mayor of The City of New York may designate from time to time.

LW has the same meaning as the term "living wage" as defined in Section 6-134(b)(9) of the New York City Administrative Code and shall be adjusted annually in accordance therewith, except that as of April 1, 2015, the "living wage rate" component of the LW shall be eleven dollars and sixty-five cents per hour ($11.65/hour) and the "health benefits supplement rate" component of the LW shall be one dollar and sixty-five cents per hour ($1.65/hour). The annual adjustments to the "living wage rate" and "health benefits supplement rate" will be announced on or around January 1 of each year by the DCA and will go into effect on April 1 of such year.

LW Agreement means, with respect to any Covered Counterparty, an enforceable agreement in the form attached hereto as Exhibit J (except only with such changes as are necessary to make such Covered Counterparty the obligor thereunder).

LW Agreement Delivery Date means, with respect to any Covered Counterparty, the latest of (a) the effective date of such Covered Counterparty's Specified Contract, (b) the date that such Covered Counterparty becomes a Covered Employer at the Facility Realty and (c) the Closing Date.

LW Event of Default means the satisfaction of the following two conditions: (a) two or more LW Violation Final Determinations shall have been imposed against Institution or its Site Affiliates in respect of the direct Site Employees of Institution or its Site Affiliates in any consecutive six year period during the LW Term and (b) the aggregate amount of Owed Monies and Owed Interest paid or payable by Institution in respect of such LW Violation Final Determinations is in excess of the LW Violation Threshold in effect as of the date of the second LW Violation Final Determination. For the avoidance of doubt, the Owed Monies and Owed Interest paid or payable by Institution in respect of the Site Employees of a Covered Counterparty

that is not an Affiliate of Institution (pursuant to Section 8.30(k)(v)) shall not count for purposes of determining whether the conditions in clauses (a) and (b) of the preceding sentence have been satisfied.

LW Law means the Fair Wages for New Yorkers Act, constituting Section 6-134 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

LW Term means the period commencing on the Closing Date and ending on the later to occur of (a) the date on which Institution is no longer receiving financial assistance under this Agreement or (b) the date that is ten years after the Facility commences operations.

LW Violation Final Determination has the meaning specified in Section 8.30(k)(i)(1), Section 8.30(k)(i)(2)(A) or Section 8.30(k)(i)(2)(B), as applicable.

LW Violation Initial Determination has the meaning specified in Section 8.30(k)(i)(2).

LW Violation Notice has the meaning specified in Section 8.30(k)(i).

LW Violation Threshold means $100,000 multiplied by 1.03^n, where "n" is the number of full years that have elapsed since January 1, 2015.

Owed Interest means the interest accruing on Owed Monies, which interest shall accrue from the relevant date(s) of underpayment to the date that the Owed Monies are paid, at a rate equal to the interest rate then in effect as prescribed by the superintendent of banks pursuant to Section 14-a of the New York State Banking Law, but in any event at a rate no less than six percent per year.

Owed Monies means, as the context shall require, either (a) the total deficiency of LW required to be paid by Institution or a Site Affiliate in accordance with this Section 8.30 to Institution's or its Site Affiliate's (as applicable) direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the "living wage rate" component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the "health benefits supplement rate" component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis; or (b) if Institution or its Site Affiliate failed to obtain a LW Agreement from a Covered Counterparty as required under Section 8.30(f) below, the total deficiency of LW that would have been required to be paid under such Covered Counterparty's LW Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the "living wage rate" component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the "health benefits supplement rate" component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis, during the period commencing on the LW Agreement Delivery Date applicable to such Covered Counterparty and ending immediately prior to the execution and delivery by such Covered Counterparty of its LW Agreement (if applicable).

Prevailing Wage Law means Section 6-130 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

Qualified Workforce Program means a training or workforce development program that serves youth, disadvantaged populations or traditionally hard-to-employ populations and that has been determined to be a Qualified Workforce Program by the Director of the Mayor's Office of Workforce Development.

Site Affiliates means, collectively, all Affiliates of Institution that lease, occupy, operate or perform work at the Facility Realty and that have one or more direct Site Employees.

Site Employee means, with respect to any Covered Employer, any natural person who works at the Facility Realty and who is employed by, or contracted or subcontracted to work for, such Covered Employer, including all employees, independent contractors, contingent workers or contracted workers (including persons made available to work through the services of a temporary services, staffing or employment agency or similar entity) that are performing work on a full-time, part-time, temporary or seasonal basis; provided that the term "Site Employee" shall not include any natural person who works less than seventeen and a half (17.5) hours in any consecutive seven day period at the Facility Realty unless the primary work location or home base of such person is at the Facility Realty (for the avoidance of doubt, a natural person who works at least seventeen and a half (17.5) hours in any consecutive seven day period at the Facility Realty shall thereafter constitute a Site Employee).

Small Business Cap means three million dollars; provided that, beginning in 2015 and each year thereafter, the Small Business Cap shall be adjusted contemporaneously with the adjustment to the "living wage rate" component of the LW using the methodology set forth in Section 6-134(b)(9) of the New York City Administrative Code.

Specified Contract means, with respect to any Person, the principal written contract that makes such Person a Covered Employer hereunder.

(c) During the LW Term, if and for so long as Institution is a Covered Employer, Institution shall pay each of its direct Site Employees no less than an LW. During the LW Term, Institution shall cause each of its Site Affiliates that is a Covered Employer to pay their respective Site Employees no less than an LW.

(d) During the LW Term, if and for so long as Institution is a Covered Employer (or if and so long as a Site Affiliate is a Covered Employer, as applicable), Institution shall (or shall cause the applicable Site Affiliate to, as applicable), on or prior to the day on which each direct Site Employee of Institution or of a Site Affiliate begins work at the Facility Realty, (i) post a written notice detailing the wages and benefits required to be paid to Site Employees under this Section 8.30 in a conspicuous place at the Facility Realty that is readily observable by such direct Site Employee and (ii) provide such direct Site Employee with a written notice detailing the wages and benefits required to be paid to Site Employees under this Section 8.30. Such written notice shall also provide a statement advising Site Employees that if they have been paid less than the LW they may notify the Comptroller and request an investigation. Such written notice shall be in English and Spanish.

(e) During the LW Term, if and for so long as Institution is a Covered Employer (or if and for so long as a Site Affiliate is a Covered Employer, as applicable), Institution shall not

(or the applicable Site Affiliate shall not, as applicable) take any adverse employment action against any Site Employee for reporting or asserting a violation of this Section 8.30.

(f) During the LW Term, regardless of whether Institution is a Covered Employer, Institution shall cause each Covered Counterparty to execute an LW Agreement on or prior to the LW Agreement Delivery Date applicable to such Covered Counterparty. Institution shall deliver a copy of each Covered Counterparty's LW Agreement to the Issuer, the DCA and the Comptroller at the notice address specified in Section 12.5 and promptly upon written request. Institution shall retain copies of each Covered Counterparty's LW Agreement until six (6) years after the expiration or earlier termination of such Covered Counterparty's Specified Contract.

(g) During the LW Term, in the event that an individual with managerial authority at Institution or at a Site Affiliate receives a written complaint from any Site Employee (or such individual otherwise obtains actual knowledge) that any Site Employee has been paid less than an LW, Institution shall deliver written notice to the Issuer, the DCA and the Comptroller within 30 days thereof.

(h) Institution hereby acknowledges and agrees that the City, the DCA and the Comptroller are each intended to be third party beneficiaries of the terms and provisions of this Section 8.30. Institution hereby acknowledges and agrees that the DCA, the Comptroller and the Issuer shall each have the authority and power to enforce any and all provisions and remedies under this Section 8.30 in accordance with paragraph (k) below. Institution hereby agrees that the DCA, the Comptroller and the Issuer may bring an action for damages (but not in excess of the amounts set forth in paragraph (k) below), injunctive relief or specific performance or any other non-monetary action at law or in equity, in each case subject to the provisions of paragraph (k) below, as may be necessary or desirable to enforce the performance or observance of any obligations, agreements or covenants of Institution (or of any Site Affiliate) under this Section 8.30. Notwithstanding anything herein to the contrary, no default or Event of Default under this Agreement shall occur by reason of Institution's failure to perform or observe any obligation, covenant or agreement contained in this Section 8.30 unless and until an LW Event of Default shall have occurred. The agreements and acknowledgements of Institution set forth in this Section 8.30 may not be amended, modified or rescinded by Institution without the prior written consent of the Issuer or the DCA.

(i) No later than 30 days after Institution's receipt of a written request from the Issuer, the DCA and/or the Comptroller, Institution shall provide to the Issuer, the DCA and the Comptroller (i) a certification stating that all of the direct Site Employees of Institution and its Site Affiliates are paid no less than an LW (if such obligation is applicable hereunder) and stating that Institution and its Site Affiliates are in compliance with this Section 8.30 in all material respects, (ii) a written list of all Covered Counterparties, together with the LW Agreements of such Covered Counterparties, (iii) certified payroll records in respect of the direct Site Employees of Institution or of any Site Affiliate (if applicable), and/or (iv) any other documents or information reasonably related to the determination of whether Institution or any Site Affiliate is in compliance with their obligations under this Section 8.30.

(j) Annually, by August 1 of each year during the LW Term, Institution shall (i) submit to the Issuer a written report in respect of employment, jobs and wages at the Facility

Realty as of June 30 of such year, in a form provided by the Issuer to all projects generally, and (ii) submit to the Issuer and the Comptroller the annual certification required under Section 6-134(f) of the LW Law (if applicable).

(k) Violations and Remedies.

(i) If a violation of this Section 8.30 shall have been alleged by the Issuer, the DCA and/or the Comptroller, then written notice will be provided to Institution for such alleged violation (an "LW Violation Notice"), specifying the nature of the alleged violation in such reasonable detail as is known to the Issuer, the DCA and the Comptroller (the "Asserted LW Violation") and specifying the remedy required under Section 8.30(k)(ii), (iii), (iv), (v) and/or (vi) (as applicable) to cure the Asserted LW Violation (the "Asserted Cure"). Upon Institution's receipt of the LW Violation Notice, Institution may either:

(1) Perform the Asserted Cure no later than 30 days after its receipt of the LW Violation Notice (in which case a "LW Violation Final Determination" shall be deemed to exist), or

(2) Provide written notice to the Issuer, the DCA and the Comptroller indicating that it is electing to contest the Asserted LW Violation and/or the Asserted Cure, which notice shall be delivered no later than 30 days after its receipt of the LW Violation Notice. Institution shall bear the burdens of proof and persuasion and shall provide evidence to the DCA no later than 45 days after its receipt of the LW Violation Notice. The DCA shall then, on behalf of the City, the Issuer and the Comptroller, make a good faith determination of whether the Asserted LW Violation exists based on the evidence provided by Institution and deliver to Institution a written statement of such determination in reasonable detail, which shall include a confirmation or modification of the Asserted LW Violation and Asserted Cure (such statement, a "LW Violation Initial Determination"). Upon Institution's receipt of the LW Violation Initial Determination, Institution may either:

(A) Accept the LW Violation Initial Determination and shall perform the Asserted Cure specified in the LW Violation Initial Determination no later than 30 days after its receipt of the LW Violation Initial Determination (after such 30 day period has lapsed, but subject to clause (B) below, the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination"), or

(B) Contest the LW Violation Initial Determination by filing in a court of competent jurisdiction or for an administrative hearing no later than 30 days after its receipt of the LW Violation Initial Determination, in which case, Institution's obligation to perform the Asserted Cure shall be stayed pending resolution of the action. If no filing in a court of competent jurisdiction or for an administrative hearing is made to contest the LW Violation Initial Determination within 30 days after Institution's receipt thereof, then the LW Violation Initial

Determination shall be deemed to be a "LW Violation Final Determination". If such a filing is made, then a "LW Violation Final Determination" will be deemed to exist when the matter has been finally adjudicated. Institution shall perform the Asserted Cure (subject to the judicial decision) no later than 30 days after the LW Violation Final Determination.

(ii) For the first LW Violation Final Determination imposed on Institution or any Site Affiliate in respect of any direct Site Employees of Institution or of a Site Affiiliate, at the direction of the Issuer or the DCA (but not both), (A) Institution shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Institution or of a Site Affiliate to such direct Site Employees; and/or (B) in the case of a violation that does not result in monetary damages owed by Institution, Institution shall cure, or cause the cure of, such non-monetary violation.

(iii) For the second and any subsequent LW Violation Final Determinations imposed on Institution or any Site Affiliate in respect of any direct Site Employees of Institution or of a Site Affiliate, at the direction of the Issuer or the DCA (but not both), (A) Institution shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Institution or of a Site Affiliate to such direct Site Employees, and Institution shall pay fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee; and/or (B) in the case of a violation that does not result in monetary damages owed by Institution, Institution shall cure, or cause the cure of, such non-monetary violation.

(iv) For the second and any subsequent LW Violation Final Determinations imposed on Institution or any Site Affiliate in respect of any direct Site Employees of Institution or of a Site Affiliate, if the aggregate amount of Owed Monies and Owed Interest paid or payable by Institution in respect of the direct Site Employees of Institution or of a Site Affiliate is in excess of the LW Violation Threshold for all past and present LW Violation Final Determinations imposed on Institution or any Site Affiliate, then in lieu of the remedies specified in subparagraph (iii) above and at the direction of the Issuer or the DCA (but not both), Institution shall pay (A) two hundred percent (200%) of the Owed Monies and Owed Interest in respect of the present LW Violation Final Determination to the affected direct Site Employees of Institution or of a Site Affiliate, and (B) fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee.

(v) If Institution fails to obtain an LW Agreement from its Covered Counterparty in violation of paragraph (f) above, then at the discretion of the Issuer or the DCA (but not both), Institution shall be responsible for payment of the Owed Monies, Owed Interest and other payments described in subparagraphs (ii), (iii) and (iv) above (as applicable) as if the direct Site Employees of such Covered Counterparty were the direct Site Employees of Institution.

(vi) Institution shall not renew the Specified Contract of any specific Covered Counterparty or enter into a new Specified Contract with any specific Covered Counterparty if both (A) the aggregate amount of Owed Monies and Owed Interest paid or

payable by such Covered Counterparty in respect of its direct Site Employees for all past and present LW Violation Final Determinations (or that would have been payable had such Covered Counterparty entered into an LW Agreement) is in excess of the LW Violation Threshold and (B) two or more LW Violation Final Determinations against such Covered Counterparty (or in respect of the direct Site Employees of such Covered Counterparty) occurred within the last 6 years of the term of the applicable Specified Contract (or if the term thereof is less than 6 years, then during the term thereof); provided that the foregoing shall not preclude Institution from extending or renewing a Specified Contract pursuant to any renewal or extension options granted to the Covered Counterparty in the Specified Contract as in effect as of the LW Agreement Delivery Date applicable to such Covered Counterparty.

(vii) It is acknowledged and agreed that (A) other than as set forth in Section 8.2, the sole monetary damages that Institution may be subject to for a violation of this Section 8.30 are as set forth in this paragraph (k), and (B) in no event will the Specified Contract between Institution and a given Covered Counterparty be permitted to be terminated or rescinded by the Issuer, the DCA or the Comptroller by virtue of violations by Institution or another Covered Counterparty.

(l) The terms and conditions set forth in this Section 8.30 shall survive the expiration or earlier termination of this Agreement

Section 8.31 Financial Covenants

(a) Minimum 60 Days Cash on Hand. The Institution hereby covenants to maintain unrestricted Cash on Hand in its operating fund such that on each testing date the amount on deposit in such fund shall be equal to or greater than 60 Days Cash on Hand. The Institution's Cash on Hand shall be tested annually as of each Fiscal Year, commencing June 30, 2019. The Institution will provide the Trustee with a certification no later than two weeks after the completion of the Institution's audit for each Fiscal Year that the operating reserve fund balance required above has been met. Amounts on deposit in such operating fund may be used to pay Operating Expenses or may be used for any other lawful purpose. The foregoing is subject to the qualification that if applicable state or federal laws or regulations, or the rules and regulations of agencies having jurisdiction (including, without limitation, changes in state or federal funding schedules), shall not permit or enable the Institution to maintain such level of Cash on Hand, then the Institution shall, in conformity with the then prevailing laws, rules or regulations, maintain its Cash on Hand equal to the maximum permissible level.

(b) Minimum Coverage. In addition to the Days Cash on Hand covenant described above, the Institution shall, commencing with the Fiscal Year ending June 30, 2019 and each Fiscal Year thereafter, maintain Net Income Available for Sublease Payments/Debt Service in each Fiscal Year that will be at least 110% of the sum of the Principal and Interest Requirements on Long-Term Indebtedness during such Fiscal Year and the payments required by the Institution under the Sublease Agreement (and any similar arrangement supporting Long-Term Indebtedness) during such Fiscal Year.

(c) Consultant Required at Direction of Majority Holders. If the Cash on Hand at the end of any Fiscal Year is below 60 days, as provided above under Section 8.31(a), then, upon the written direction of the Majority Holders, the Institution will promptly employ an Independent Consultant, selected by or acceptable to the Majority Holders, to review and analyze the operations and administration of the Institution, inspect the Facility, and submit to the Institution and Trustee written reports, and make such recommendations as to the operation and administration of the Institution as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Institution agrees to consider any recommendations by the Independent Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations.

So long as the Institution is otherwise in full compliance with its obligations under this Agreement, including following, to the fullest extent practicable, the recommendations of the Independent Consultant, it shall not constitute an Event of Default if the Cash on Hand at the end of any Fiscal Year is less than 60 days, as provided above under Section 8.31(a). If requested, the Institution shall provide the Trustee with a written certification that the Institution is, to the fullest extent practicable, in compliance with the recommendations of the Independent Consultant and the Trustee shall be fully protected in relying on such written certification.

If the Net Income Available for Sublease Payments/Debt Service for any Fiscal Year ending on or after June 30, 2019, is less than 110% of the sum of the Principal and Interest Requirements on Long-Term Indebtedness during such Fiscal Year and the payments required by the Institution under the Sublease Agreement (and any similar arrangement supporting Long-Term Indebtedness) during such Fiscal Year (as evidenced by the Institution's audited financial statements for such Fiscal Year), then upon written direction of the Majority Holders, the Institution will promptly employ an Independent Consultant selected by or acceptable to the Majority Holders to review and analyze the operations and administration of the Institution, inspect the Facility, and submit to the Institution and the Trustee written reports, and make such recommendations as to the operation and administration of the Institution as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Institution agrees to consider any recommendations by the Independent Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations.

So long as the Institution is otherwise in full compliance with its obligations under this Agreement, including following, to the fullest extent practicable, the recommendations of the Independent Consultant, it shall not constitute an Event of Default if the Net Income Available for Sublease Payments/Debt Service for any Fiscal Year ending on or after June 30, 2019, is less than 110% of the sum of the Principal and Interest Requirements on Long-Term Indebtedness for such Fiscal Year and the payments required by the Institution under the Sublease Agreement (and any similar arrangement supporting Long-Term Indebtedness) during such Fiscal Year (as evidenced by the Institution's audited financial statements for such Fiscal Year).

Notwithstanding the immediately preceding paragraphs, regardless of whether the Institution has retained an Independent Consultant, if at the end of the Fiscal Year ending June 30, 2019 or any subsequent Fiscal Year, the Net Income Available for Sublease Payments/Debt Service as of the end of such Fiscal Year is less than 100% of the sum of the Principal and Interest Requirements on Long-Term Indebtedness for such Fiscal Year and the payments required by the

Institution under the Sublease Agreement (and any similar arrangement supporting Long-Term Indebtedness) during such Fiscal Year (as evidenced by the Institution's audited financial statements for such Fiscal Year), then the Trustee shall give notice thereof to EMMA and the Majority Holders may either (y) direct the Trustee to declare an Event of Default or (z) direct the Trustee to exercise one or more of the remedies permitted under this Agreement and the Indenture. In the absence of direction from the Majority Holders, the Trustee may take the action described in clauses (y) and (z) of the preceding sentence.

(d) Additional Indebtedness of the Institution. The Institution hereby covenants that it will not incur any indebtedness unless it (a) receives the prior written consent of the Majority Holders or (b) satisfies certain requirements described below.

(i) Short-Term Indebtedness. The Institution may incur Short-Term Indebtedness in an amount that does not exceed 10% of the Gross Revenues of the Institution in any Fiscal Year based upon the Institution's audited financial statements for the prior Fiscal Year. Any Short-Term Indebtedness outstanding as of the execution of this Agreement and any future extension of such Short-Term Indebtedness must comply with such limitations. Short-Term Indebtedness incurred by the Institution shall not be secured by any security interest in or lien against the Facility.

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

Notwithstanding the requirements of the prior paragraph, the Institution may incur Long-Term Indebtedness: (A) if and to the extent necessary to provide additional funds (1) if the aggregate principal amount of such Long-Term Indebtedness incurred in a Fiscal Year does not exceed 5% of Gross Revenue or (2) for payment of the cost of any improvements or alterations for which any Long-Term Indebtedness shall have been incurred at one time or from time to time under this clause (A); or (B) for refinancing the principal amount of any outstanding Long-Term Indebtedness provided the Principal and Interest Requirements on Long-Term Indebtedness (including such requirements for the proposed Long-Term Indebtedness but excluding such requirements for the Long-Term Indebtedness to be refinanced thereby) for each Fiscal Year after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred but before the final stated maturity of all then Outstanding Initial Bonds will not exceed the amount of Principal and Interest Requirements on Long-Term Indebtedness that would have been required for each such Fiscal Year had such proposed Long-Term Indebtedness not been incurred.

(iii) Purchase Money Indebtedness. The Institution may also incur Long-Term Indebtedness without regard to the limitations described above under Section 8.31(d)(ii) if: (i) such Long-Term Indebtedness is secured solely by a security interest in personal property financed with such Long-Term Indebtedness; (ii) the aggregate payments required to be made by the Institution in each Fiscal Year with respect to all Long-Term Indebtedness incurred pursuant to this paragraph does not exceed five percent (5%) of the Gross Revenues of the Institution, as reported in the most recent audited financial statements of the Institution, determined as of the date such Long-Term Indebtedness; (iii) such Long-Term Indebtedness amortizes within a 60 month period of the incurrence thereof; and (iv) the Institution certifies that the incurrence of such Long-Term Indebtedness will not cause it to be in violation of the operating covenants of the Institution.

(e) Repair and Replacement Fund Deposits. Commencing on the Loan Payment Date in April 2020 and continuing until the amount on deposit in the Repair and Replacement Fund equals the Repair and Replacement Fund Requirement, the Institution shall deposit on each Loan Payment Date for deposit in the Repair and Replacement Fund, an amount equal to $3,000. Thereafter, Institution covenants that, unless the amount on deposit in the Repair and Replacement Fund on the first Business day of any Fiscal Year equals or exceeds the Repair and Replacement Fund Requirement for such Fiscal Year (in which event no additional deposits are required), commencing with the first Loan Payment Date in such Fiscal Year and continuing monthly with each Loan Payment Date thereafter through the end of such Fiscal Year, it shall deposit into the Repair and Replacement Funds substantially equal amounts which, in the aggregate, will equal the deficiency in the Repair and Replacement Fund. The Institution shall not be required to pay or cause to be paid to the Trustee any amounts which would result in moneys in excess of the Repair and Replacement Fund Requirement being held in the Repair and Replacement Fund.

ARTICLE IX

REMEDIES AND EVENTS OF DEFAULT

Section 9.1 **Events of Default.** Any one or more of the following events shall constitute an "Event of Default" hereunder:

(a) Failure of the Institution to pay any loan payment that has become due and payable by the terms of Section 4.3(a) or (e) which results in an Event of Default under the Indenture;

(b) Failure of the Institution to pay any amount (except as set forth in Section 9.1(a)) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under Sections 5.1, 8.1, 8.2, 8.3, 8.9, 8.11, 8.13, 8.17, 8.18, 8.20, 8.21, 8.22, 8.26, 9.7, 11.2 or 11.3 or Article VI and continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Institution specifying the nature of such failure by the Issuer or the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding;

(c) Failure of the Institution to observe and perform any covenant, condition or agreement hereunder on its part to be performed (except as set forth in Section 9.1(a) or (b)) and (i) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Institution specifying the nature of same by the Issuer or the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, or (ii) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Institution fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice;

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

(e) A proceeding or case shall be commenced, without the application or consent of the Institution, in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Institution or of all or any substantial part of its assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case

shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or any order for relief against the Institution shall be entered in an involuntary case under such Bankruptcy Code; the terms "dissolution" or "liquidation" of the Institution as used above shall not be construed to prohibit any action otherwise permitted by Section 8.20;

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

(g) The commencement of proceedings to appoint a receiver or to foreclose any mortgage lien on or security interest in the Facility including the Mortgage;

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

(i) The occurrence of an LW Event of Default.

(j) Failure of the Institution to pay the amount required of it under Section 4.3(a)(vi) when required thereunder.

Section 9.2 <u>Remedies on Default</u>. (a) Whenever any Event of Default referred to in Section 9.1 shall have occurred and be continuing, the Issuer, or the Trustee where so provided, may, take any one or more of the following remedial steps:

(i) The Trustee, as and to the extent provided in Article VIII of the Indenture, may cause all principal installments of loan payments payable under Section 4.3(a) until the Bonds are no longer Outstanding to be immediately due and payable, whereupon the same, together with the accrued interest thereon, shall become immediately due and payable; provided, however, that upon the occurrence of an Event of Default under Section 9.1(d) or (e), all principal installments of loan payments payable under Section 4.3(a) until the Bonds are no longer Outstanding, together with the accrued interest thereon, shall immediately become due and payable without any declaration, notice or other action of the Issuer, the Trustee, the Holders of the Bonds or any other Person being a condition to such acceleration;

(ii) The Issuer or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the loan payments then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Institution under this Agreement; and

(iii) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder.

(b) Upon the occurrence of a default with respect to any of the Issuer's Reserved Rights, the Issuer, without the consent of the Trustee or any other Person, may proceed to enforce the Issuer's Reserved Rights by

(i) bringing an action for damages, injunction or specific performance, and/or

(ii) taking whatever action at law or in equity as may appear necessary or desirable to collect payment of amounts due by the Institution under the Issuer's Reserved Rights or to enforce the performance or observance of any obligations, covenants or agreements of the Institution under the Issuer's Reserved Rights.

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

Section 9.3 Bankruptcy Proceedings. In case proceedings shall be pending for the bankruptcy or for the reorganization of the Institution under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee (other than the Trustee under the Indenture) shall have been appointed for the property of the Institution or in the case of any other similar judicial proceedings relative to the Institution or the creditors or property of the Institution, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Agreement and the Promissory Note, irrespective of whether the principal of the Bonds (and the loan payments payable pursuant to the Promissory Note and Section 4.3(a)) shall have been accelerated by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand for payment hereunder or thereunder, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Institution, the creditors or property of the Institution, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 9.4 Remedies Cumulative. The rights and remedies of the Issuer or the Trustee under this Agreement shall be cumulative and shall not exclude any other rights and remedies of the Issuer or the Trustee allowed by law with respect to any default under this Agreement. Failure by the Issuer or the Trustee to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon default by the Institution hereunder shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy the strict compliance by the Institution with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such default by the Institution be continued or repeated.

Section 9.5 No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Issuer and/or the Trustee and the Institution or any delay or omission on the part of the Issuer and/or the Trustee in exercising any rights hereunder or under the Indenture or under any other Security Document shall operate as a waiver. To the extent permitted by applicable law, the Institution hereby waives the benefit and advantage of, and covenants not to assert against the Issuer or the Trustee, any valuation, inquisition, stay, appraisement, extension or redemption laws now existing or which may hereafter exist.

Section 9.6 Effect on Discontinuance of Proceedings. In case any proceeding taken by the Issuer or the Trustee under the Indenture or this Agreement or under any other Security Document on account of any Event of Default hereunder or thereunder shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Issuer or the Trustee, then, and in every such case, the Issuer, the Trustee and the Holders of the Bonds shall be restored, respectively, to their former positions and rights hereunder and thereunder, and all rights, remedies, powers and duties of the Issuer and the Trustee shall continue as in effect prior to the commencement of such proceedings.

Section 9.7 Agreement to Pay Fees and Expenses of Attorneys and Other Consultants. In the event the Institution should default under any of the provisions of this Agreement, and the Issuer or the Trustee should employ outside attorneys or other consultants or incur other expenses for the collection of loan payments or other amounts payable hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Institution herein contained or contained in any other Security Document, the Institution agrees that it will on demand therefor pay to the Issuer or the Trustee, as the case may be, the reasonable fees and disbursements of such attorneys or other consultants and such other expenses so incurred.

Section 9.8 Certain Continuing Representations. If at any time during the term of this Agreement, any Conduct Representation made by the Institution would, if made on any date while Bonds are Outstanding and deemed made as of such date, be false, misleading or incorrect in any material respect, then, the Institution shall be deemed to be in default under this Agreement unless the Issuer shall, upon written request by the Institution, either waive such default in writing or consent in writing to an exception to such representation or warranty so that such representation or warranty shall no longer be false, misleading or incorrect in a material respect. Upon the occurrence of any such default, the Issuer shall have the right to require the redemption of the Bonds in accordance with Section 11.3(a).

Section 9.9 Late Delivery Fees.

(a) In the event the Institution shall fail:

(i) to pay the Annual Administrative Fee on the date required under Section 8.3,

(ii) to file and/or deliver any of the documents required of the Institution under Section 8.14 or Section 8.16 by the date therein stated (collectively, the "**Fixed Date Deliverables**"), or

(iii) to deliver to the Issuer any of the documents as shall have been requested by the Issuer of the Institution under Section 8.15 within five (5) Business Days of the date so requested (collectively, the "**Requested Document Deliverables**"),

then the Issuer may charge the Institution on a daily calendar basis commencing with the day immediately following the date on which the payment, filing or delivery was due (the "**Due Date**"), the Per Diem Late Fee.

(b) If the Issuer shall deliver written notice (a "**Notification of Failure to Deliver**") to the Institution of such failure to deliver on the Due Date the Annual Administrative Fee, a Fixed Date Deliverable and/or a Requested Document Deliverable, and such payment or document shall not be delivered to the Issuer within ten (10) Business Days following delivery by the Issuer to the Institution of the Notification of Failure to Deliver, then, commencing from and including the eleventh (11th) Business Day following the delivery by the Issuer to the Institution of the Notification of Failure to Deliver, the Issuer may charge the Institution on a daily calendar basis the Per Diem Supplemental Late Fee in respect of each noticed failure which shall be in addition to, and be imposed concurrently with, the applicable Per Diem Late Fee.

(c) The Per Diem Late Fee and the Per Diem Supplemental Late Fee shall each, if charged by the Issuer, (i) accrue until the Institution delivers to the Issuer the Annual Administrative Fee, the Fixed Date Deliverable(s) and/or the Requested Document Deliverable(s), as the case may be, and (ii) be incurred on a daily basis for each such Annual Administrative Fee, Fixed Date Deliverable and/or Requested Document Deliverable as shall not have been delivered to the Issuer on the Due Date.

(d) No default on the part of the Institution under Section 8.3, 8.14, 8.15 or 8.16 of this Agreement to deliver to the Issuer an Annual Administrative Fee, a Fixed Date Deliverable or a Requested Document Deliverable shall be deemed cured unless the Institution shall have delivered same to the Issuer and paid to the Issuer all accrued and unpaid Per Diem Fees in connection with the default.

ARTICLE X

TERMINATION OF THIS AGREEMENT

Section 10.1 Termination of this Agreement.

(a) The Institution shall have the option to cause the redemption or defeasance in whole of all Outstanding Bonds in accordance with the terms set forth in the Indenture.

(b) After full payment of the Bonds or provision for the payment in full thereof having been made in accordance with Article X of the Indenture, but not later than the receipt by the Institution of ten (10) days prior written notice from the Issuer directing termination of this Agreement, the Institution shall terminate this Agreement by giving the Issuer notice in writing of

such termination and thereupon such termination shall forthwith become effective, subject, however, to (x) the delivery of those documents referred to in Section 10.2, and (y) the survival of those obligations of the Institution set forth in Section 10.3.

Section 10.2 Actions on Termination. (a) As a condition precedent to the termination of this Agreement, the Institution shall:

(i) pay to the Trustee

(A) the expenses of redemption, the fees and expenses of the Trustee, the Bond Registrar and the Paying Agents and all other amounts due and payable under this Agreement and the other Security Documents, and

(B) any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement; and

(ii) pay to the Issuer

(A) the fees and expenses of the Issuer, and

(B) all other amounts due and payable under this Agreement and the other Security Documents,

(iii) perform all accrued obligations hereunder or under any other Project Document,

(iv) deliver or cause to be delivered to the Issuer with respect to any mortgage exempt from the payment of mortgage recording tax by reason of the Issuer being a party thereto, an executed satisfaction of such mortgage in recordable form, executed by the mortgagee, and

(v) effect at its own cost and expense the proper recording and filing of all instruments terminating, satisfying and discharging the Security Documents.

(b) Upon the termination of this Agreement in accordance with Section 10.1, the Issuer will deliver or cause to be delivered, at the sole cost and expense of the Institution, to the Institution (i) a termination of this Agreement, and (ii) all necessary documents releasing all of the Issuer's rights and interests in and to any rights of action under this Agreement (other than as against the Institution or any insurer of the insurance policies under Section 8.1), or any insurance proceeds (other than liability insurance proceeds for the benefit of the Issuer) or condemnation awards, with respect to the Facility or any portion thereof. Concurrently with the delivery of such instruments, there shall be delivered by the Issuer (at the sole cost and expense of the Institution) to the Trustee any instructions or other instruments required by Article X of the Indenture to defease and pay the Outstanding Bonds, together with a direction to the Trustee that the Trustee deliver to the Issuer and the Institution a release, satisfaction or termination of the Indenture and of the mortgage lien and security interest of the Mortgage on the Mortgaged Property.

Section 10.3 Survival of Institution Obligations. Upon compliance with Section 10.2, this Agreement and all obligations of the Institution hereunder shall be terminated except the obligations of the Institution under Sections 5.1, 8.2, 8.24, 8.30, 9.2, 9.3, 9.7, 9.9, 12.4, 12.5, 12.6, 12.11, 12.13 and 12.14 shall survive such termination.

ARTICLE XI

CERTAIN PROVISIONS RELATING TO THE BONDS

Section 11.1 Issuance of Additional Bonds. If a Series of Additional Bonds are to be issued pursuant to the Indenture, the Issuer and the Institution shall enter into an amendment to this Agreement, and the Institution shall execute and deliver a new Promissory Note, in each case providing, among other things, for the payment by the Institution of such additional loan payments as are necessary in order to amortize in full the principal of and interest on such Series of Additional Bonds and any other costs in connection therewith.

Any such completion, repair, relocation, replacement, rebuilding, restoration, additions, extensions or improvements shall become a part of the Facility and shall be included under this Agreement to the same extent as if originally included hereunder.

Section 11.2 Determination of Taxability. (a) If any Holder of Series 2018A Bonds receives from the Internal Revenue Service a notice of assessment and demand for payment with respect to interest on any Series 2018A Bond, an appeal may be taken by such Holder at the option of either such Holder or the Institution. If such appeal is taken at the option of the Institution (exercised in accordance with the procedures set forth in the definition of "Determination of Taxability"), all expenses of the appeal including reasonable counsel fees shall be paid by the Institution, and the Institution shall control the procedures and terms relating to such appeal, and such Holder and the Institution shall cooperate and consult with each other in all matters pertaining to any such appeal which the Institution has elected to take, except that no Holder of Series 2018A Bonds shall be required to disclose or furnish any non-publicly disclosed information, including without limitation, financial information and tax returns. Before the taking of any appeal which the Institution has elected to take, however, the Bondholder shall have the right to require the Institution to pay the tax assessed and conduct the appeal as a contest for reimbursement.

(b) The obligations of the Institution to make the payments provided for in this Section shall be absolute and unconditional, and the failure of the Issuer, the Trustee or any other Person to execute or deliver or cause to be delivered any documents or to take any action required under this Agreement or otherwise shall not relieve the Institution of its obligation under this Section.

(c) Not later than one hundred twenty (120) days following a Determination of Taxability, the Institution shall pay to the Trustee an amount sufficient, when added to the amounts then in the Bond Fund and available for such purpose, to retire and redeem all Series 2018A Bonds then Outstanding, in accordance with the Indenture. The Series 2018A Bonds shall be redeemed in whole unless redemption of a portion of the Series 2018A Bonds Outstanding would have the result that interest payable on the Series 2018A Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Series 2018A Bond.

In such event, the Series 2018A Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

Section 11.3 Mandatory Redemption of Bonds as Directed by the Issuer. (a) Upon the determination by the Issuer that (i) the Institution is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project Operations in accordance with this Agreement and the failure of the Institution within thirty (30) days of the receipt by the Institution of written notice of such noncompliance from the Issuer to cure such noncompliance together with a copy of such resolution (a copy of which notice shall be sent to the Trustee), (ii) the Institution, any Principal of the Institution or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Institution has committed a material violation of a material Legal Requirement and the failure of the Institution within thirty (30) days of the receipt by the Institution of written notice of such determination from the Issuer to cure such material violation (which cure, in the case of a Principal who shall have committed the material violation of a material Legal Requirement, may be effected by the removal of such Principal), (iii) as set forth in Section 9.8, any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (iv) a Required Disclosure Statement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its sole discretion, the Institution covenants and agrees that it shall, no later than ten (10) days following the termination of such thirty (30) day period, pay to the Trustee advance loan payments in immediately available funds in an amount sufficient to redeem the Bonds Outstanding in whole at the Redemption Price of 100% of the aggregate principal amount of the Outstanding Bonds together with interest accrued thereon to the redemption date. The Issuer shall give prior written notice of the meeting at which the Board of Directors of the Issuer are to consider such resolution to the Institution and the Trustee, which notice shall be no less than fifteen (15) days prior to such meeting.

(b) In the event the Institution fails to obtain or maintain the liability insurance with respect to the Facility required under Section 8.1, and the Institution shall fail to cure such circumstance within ten (10) days of the receipt by the Institution of written notice of such noncompliance from the Issuer and a demand by the Issuer on the Institution to cure such noncompliance, upon notice or waiver of notice as provided in the Indenture, the Institution shall pay to the Trustee advance loan payments in immediately available funds in an amount sufficient to redeem the Bonds Outstanding in whole at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Bonds, together with interest accrued thereon to the date of redemption.

Section 11.4 Mandatory Redemption As a Result of Project Gifts or Grants. (a) If, prior to completion of the construction of a component of the Project, the Institution receives any gift or grant required by the terms thereof to be used to pay any item which is a cost of such component of the Project, the Institution shall apply such gift or grant to completion of the construction of such component of the Project. In the event that the amount of such gift or grant is in excess of the amount necessary to complete such component of the Project, and if proceeds of the Bonds (i) have been expended on such component of the Project more than eighteen (18) months prior to the receipt of such gift or grant, or (ii) (A) have been expended on such component of the Project not more than eighteen (18) months prior to the receipt of such gift or grant and (B) the aggregate amount of Project Costs not otherwise provided for is less than the amount of

Bond proceeds expended on such component of the Project, the Institution shall cause the Trustee to effect a redemption of Bonds in a principal amount equal to such excess only to the extent to which proceeds of the Bonds were expended for such component.

(b) If, after completion of the construction of a component of the Project, the Institution receives any gift or grant which prior to such completion it reasonably expected to receive and which is required by the terms thereof to be used to pay any item which is a cost of such component of the Project, and if proceeds of the Bonds (i) have been expended on such component of the Project more than eighteen (18) months prior to the earlier of the date on which Bond proceeds were expended thereon or the placed in service date of such component, or (ii) (A) have been expended on such component of the Project not more than eighteen (18) months prior to the earlier of the date on which Bond proceeds were expended thereon or the placed in service date of such component and (B) the aggregate amount of Project Costs not otherwise provided for is less than the amount of Bond proceeds expended on such component of the Project, the Institution shall, to the extent not inconsistent with the terms of such gift or grant, deposit an amount equal to such gift or grant with the Trustee for deposit, on a pro rata basis, into the subaccounts of the Redemption Account of the Bond Fund and cause the Trustee to effect a redemption of the Bonds in a principal amount equal to such gift or grant, but only to the extent to which proceeds of Bonds were expended for such component.

(c) The Institution shall, prior to directing the redemption of any Bonds in accordance with this Section 11.4, consult with Nationally Recognized Bond Counsel for advice as to a manner of selection of Bonds for redemption that will not affect the exclusion of interest on any Series 2018A Bonds or any tax-exempt Additional Bonds then Outstanding from gross income for federal income tax purposes.

Section 11.5 Right to Cure Issuer Defaults. The Issuer hereby grants the Institution full authority for account of the Issuer to perform any covenant or obligation the non-performance of which is alleged to constitute a default in any notice received by the Institution, in the name and stead of the Issuer, with full power of substitution.

Section 11.6 Prohibition on the Purchase of Bonds. Except as provided in this Section, neither the Institution nor any Related Person (as defined in the Tax Regulatory Agreement) to the Institution shall purchase Series 2018A Bonds in an amount related to the amount of the Loan. The Institution shall have the option, at any time during the term of this Agreement, to purchase Series 2018A Bonds for its own account, whether by direct negotiation, through a broker or dealer, or by making a tender offer to the Holders thereof. The Series 2018A Bonds so purchased by the Institution or by any Affiliate of the Institution shall be delivered to the Trustee for cancellation within fifteen (15) days of the date of purchase unless the Institution shall deliver to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that the failure to surrender such Series 2018A Bonds by such date will not affect the exclusion of the interest on any Series 2018A Bonds then Outstanding from gross income for federal income tax purposes.

Section 11.7 Investment of Funds. Any moneys held as part of the Rebate Fund, the Earnings Fund, the Project Fund, the Bond Fund, the Debt Service Reserve Fund, the Repair and Replacement Fund or the Renewal Fund or in any special fund provided for in this Agreement or in the Indenture to be invested in the same manner as in any said Fund shall, at the written request

of an Authorized Representative of the Institution, be invested and reinvested by the Trustee as provided in the Indenture (but subject to the provisions of the Tax Regulatory Agreement). Neither the Issuer nor the Trustee nor any of their members, directors, officers, agents, servants or employees shall be liable for any depreciation in the value of any such investments or for any loss arising therefrom.

Interest and profit derived from such investments shall be credited and applied as provided in the Indenture, and any loss resulting from such investments shall be similarly charged.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Force Majeure. In case by reason of *force majeure* either party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then except as otherwise expressly provided in this Agreement, if such party shall give notice and full particulars of such *force majeure* in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice (other than (i) the obligations of the Institution to make the loan payments or other payments required under the terms hereof, or (ii) the obligations of the Institution to comply with Section 5.1, 8.1 or 8.2), so far as they are affected by such *force majeure*, shall be suspended during the continuance of the inability then claimed, which shall include a reasonable time for the removal of the effect thereof, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "*force majeure*" shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or of the State or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrest, restraining of government and people, war, terrorism, civil disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other act or event so long as such act or event is not reasonably foreseeable and is not reasonably within the control of the party claiming such inability. Notwithstanding anything to the contrary herein, in no event shall the Institution's financial condition or inability to obtain financing constitute a *force majeure*. It is understood and agreed that the requirements that any *force majeure* shall be reasonably beyond the control of the party and shall be remedied with all reasonable dispatch shall be deemed to be satisfied in the event of a strike or other industrial disturbance even though existing or impending strikes or other industrial disturbances could have been settled by the party claiming a *force majeure* hereunder by acceding to the demands of the opposing person or persons.

The Institution shall promptly notify the Issuer and the Trustee upon the occurrence of each *force majeure*, describing such *force majeure* and its effects in reasonable detail. The Institution shall also promptly notify the Issuer and the Trustee upon the termination of each such *force majeure*. The information set forth in any such notice shall not be binding upon the Issuer or the Trustee, and the Issuer or the Trustee shall be entitled to dispute the existence of any *force majeure* and any of the contentions contained in any such notice received from the Institution.

Section 12.2 **Assignment of Mortgage and Pledge under Indenture.** Pursuant to (i) the Mortgage, the Institution and the Friends will mortgage their respective interests in the Mortgaged Property to the Issuer and the Trustee as security for the Bonds and the obligations of the Institution under the Security Documents, (ii) the Assignment of Mortgage, the Issuer will assign all of its right, title and interest in the Mortgage to the Trustee, and (iii) the Indenture, the Issuer will pledge and assign the Promissory Note and the loan payments and certain other moneys receivable under this Agreement to the Trustee as security for payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on the Bonds. The Institution hereby consents to the Issuer's pledge and assignment to the Trustee of all its right, title and interest in the Mortgage, the Promissory Note and this Agreement (except for the Issuer's Reserved Rights).

Section 12.3 **Amendments.** This Agreement may be amended only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture and only by a written instrument executed by the parties hereto.

Section 12.4 **Service of Process.** The Institution represents that it is subject to service of process in the State and covenants that it will remain so subject until all obligations, covenants and agreements of the Institution under this Agreement shall be satisfied and met. If for any reason the Institution should cease to be so subject to service of process in the State, the Institution hereby irrevocably consents to the service of all process, pleadings, notices or other papers in any judicial proceeding or action by designating and appointing the COO/CFO of the Institution at 108 Cooper Street, New York, New York 10034, as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Institution as a result of any of its obligations under this Agreement. If such appointed agent shall cease to act or otherwise cease to be subject to service of process in the State, the Institution hereby irrevocably designates and appoints the Secretary of State of the State of New York as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Institution as a result of any of its obligations under this Agreement; provided, however, that the service of such process, pleadings, notices or other papers shall not constitute a condition to the Institution's obligations hereunder.

For such time as any of the obligations, covenants and agreements of the Institution under this Agreement remain unsatisfied, the Institution's agent(s) designated in this Section 12.4 shall accept and acknowledge on the Institution's behalf each service of process in any such suit, action or proceeding brought in any such court. The Institution agrees and consents that each such service of process upon such agents and written notice of such service to the Institution in the manner set forth in Section 12.5 shall be taken and held to be valid personal service upon the Institution whether or not the Institution shall then be doing, or at any time shall have done, business within the State and that each such service of process shall be of the same force and validity as if service were made upon the Institution according to the laws governing the validity and requirements of such service in the State, and waives all claim of error by reason of any such service.

Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Institution or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Institution.

Section 12.5 Notices. Any notice, demand, direction, certificate, Opinion of Counsel, request, instrument or other communication authorized or required by this Agreement to be given to or filed with the Issuer, the Institution, the Trustee, the DCA or the Comptroller shall be sufficient if sent (i) by return receipt requested or registered or certified United States mail, postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

(1) if to the Issuer, to

Build NYC Resource Corporation
110 William Street
New York, New York 10038
Attention: General Counsel

with a copy to

Build NYC Resource Corporation
110 William Street
New York, New York 10038
Attention: Executive Director

(2) if to the Institution, to

Inwood Academy for Leadership Charter School
108 Cooper Street
New York, New York 10034
Attention: Jenny Pichardo, COO/CFO

with a copy to

Connell Foley LLP
185 Hudson St., Suite 2510
Jersey City, New Jersey 07311
Attention: Rafael Perez, Esq.

(3) if to the Trustee, to

U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Corporate Trust Administration

(4) if to the DCA, to

Department of Consumer Affairs of The City of New York
42 Broadway
New York, New York 10004
Attention: Living Wage Division

(5) if to the Comptroller, to

Office of the Comptroller of The City of New York
One Centre Street
New York, New York 10007
Attention: Chief, Bureau of Labor Law

The Issuer, the Institution, the Trustee, the DCA and the Comptroller may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

Section 12.6 Consent to Jurisdiction. The Institution irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of this Agreement or any other Project Document, the Facility, the Project, the relationship between the Issuer and the Institution, the Institution's ownership, use or occupancy of the Facility and/or any claim for injury or damages may be brought in the courts of record of the State in New York County or the United States District Court for the Southern District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (A) to move to dismiss on grounds of *forum non conveniens*, (B) to remove to any federal court other than the United States District Court for the Southern District of New York, and (C) to move for a change of venue to a New York State Court outside New York County.

If the Institution commences any action against the Issuer or the Trustee in a court located other than the courts of record of the State in New York County or the United States District Court for the Southern District of New York, the Institution shall, upon request from the Issuer or the Trustee, either consent to a transfer of the action or proceeding to a court of record of the State in New York County or the United States District Court for the Southern District of New York, or, if the court where the action or proceeding is initially brought will not or cannot transfer the action, the Institution shall consent to dismiss such action without prejudice and may thereafter reinstitute the action in a court of record of the State in New York County or the United States District Court for the Southern District of New York.

Section 12.7 Prior Agreements Superseded. This Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Issuer and the Institution relating to the Facility, other than any other Project Document.

Section 12.8 Severability. If any one or more of the provisions of this Agreement shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such

provision(s) shall not affect any of the remaining provisions hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 12.9 Effective Date; Counterparts. The date of this Agreement shall be for reference purposes only and shall not be construed to imply that this Agreement was executed on the date first above written. This Agreement was delivered on the Closing Date. This Agreement shall become effective upon its delivery on the Closing Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.10 Binding Effect. This Agreement shall inure to the benefit of the Issuer, the Trustee, the Bond Registrar, the Paying Agents, the Indemnified Parties and the Holders of the Bonds, and shall be binding upon the Issuer and the Institution and their respective successors and assigns.

Section 12.11 Third Party Beneficiaries. (a) The Issuer and the Institution agree that this Agreement is executed in part to induce the purchase by others of the Bonds and for the further securing of the Bonds, and accordingly all covenants and agreements on the part of the Issuer and the Institution as set forth in this Agreement are hereby declared to be for the benefit of the Holders from time to time of the Bonds and may be enforced as provided in Article VIII of the Indenture on behalf of the Bondholders by the Trustee.

(b) Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Trustee, the Bond Registrar, the Institution, the Paying Agents and the Holders of the Bonds any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation thereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Bond Registrar, the Institution, the Paying Agents and the Holders of the Bonds.

Section 12.12 Law Governing. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

Section 12.13 Waiver of Trial by Jury. The Institution does hereby expressly waive all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Agreement or any matters whatsoever arising out of or in any way connected with this Agreement, the Institution's obligations hereunder, the Facility, the Project, the relationship between the Issuer and the Institution, the Institution's ownership, use or occupancy of the Facility and/or any claim for injury or damages.

The provision of this Agreement relating to waiver of a jury trial shall survive the termination or expiration of this Agreement.

Section 12.14 Recourse Under This Agreement. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer, and not of any member, director, officer, employee or agent of the Issuer or any natural person executing this

Agreement on behalf of the Issuer in such person's individual capacity, and no recourse shall be had for any reason whatsoever hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing this Agreement on behalf of the Issuer. No recourse shall be had for the payment of the principal of, redemption premium, if any, Sinking Fund Installments for, Purchase Price or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. In addition, in the performance of the agreements of the Issuer herein contained, any obligation the Issuer may incur for the payment of money shall not subject the Issuer to any pecuniary or other liability or create a debt of the State or the City, and neither the State nor the City shall be liable on any obligation so incurred and any such obligation shall be payable solely out of amounts payable to the Issuer by the Institution hereunder and under the Promissory Note.

Section 12.15 Legal Counsel; Mutual Drafting. Each party acknowledges that this Agreement is a legally binding contract and that it was represented by legal counsel in connection with the drafting, negotiation and preparation of this Agreement. Each party acknowledges that it and its legal counsel has cooperated in the drafting, negotiation and preparation of this Agreement and agrees that this Agreement and any provision hereof shall be construed, interpreted and enforced without regard to any presumptions against the drafting party. Each party hereby agrees to waive any rule, doctrine or canon of law, including without limitation, the *contra preferentum* doctrine, that would require interpretation of any ambiguities in this Agreement against the party that has drafted it.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Issuer has caused its corporate name to be subscribed unto this Loan Agreement by its duly authorized Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and the Institution has caused its name to be hereunto subscribed by its duly Authorized Representative, all being done as of the year and day first above written.

BUILD NYC RESOURCE CORPORATION

By:__________________________________
Anne Shutkin
Executive Director

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the ___ day of May, in the year 2018, before me, the undersigned, personally appeared **Anne Shutkin**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

____
Notary Public/Commissioner of Deeds

[Signature Page 1 of 2
to Loan Agreement]

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL

By:________________________________
Jenny Pichardo
Chief Operating Officer/Chief Financial Officer

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the 14th day of May in the year 2018, before me, the undersigned, personally appeared **Jenny Pichardo**, personally known to me or proved to me on the basis of satisfactory evidence to me the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

____
Notary Public

[Signature Page 2 of 2
to Loan Agreement]

APPENDICES

EXHIBIT A

DESCRIPTION OF THE LAND

The leasehold estate herein covers premises more particularly bounded and described as follows:

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of Isham Street with the westerly side of Tenth Avenue;

RUNNING THENCE westerly, along the southerly side of Isham Street, 68 feet 11-1/2 inches to a point on the southerly side of Isham Street distant 150 feet easterly from the corner formed by the intersection of the southerly side of Isham Street with the easterly side of Sherman Avenue;

THENCE southerly, parallel with the easterly side of Sherman Avenue, 150 feet;

THENCE easterly, parallel with the southerly side of Isham Street, 160 feet to the westerly side of Post Avenue;

THENCE northerly, along the westerly side of Post Avenue, 20 feet to the corner formed by the intersection of the westerly side of Post Avenue with the northwesterly side of Tenth Avenue;

THENCE northeasterly, along the northwesterly side of Tenth Avenue, 158 feet 8-1/4 inches to the corner formed by the intersection of the southerly side of Isham Street with the westerly side of Tenth Avenue, at the point or place of BEGINNING.

EXHIBIT B

DESCRIPTION OF THE FACILITY PERSONALTY

The acquisition of fixtures and other equipment for incorporation and/or use at the building located at 3896 10th Avenue, New York, New York 10034 (Block 2223 Lot 16), financed with the proceeds of the Build NYC Resource Corporation Revenue Bonds, Series 2018 (Inwood Academy for Leadership Charter School Project).

EXHIBIT C

AUTHORIZED REPRESENTATIVE

Name	Title	Signature
Jenny Pichardo	Chief Operating Officer/Chief Financial Officer	__________________
Christina Reyes	Executive Director	__________________
Tomas Almonte	Treasurer	__________________

EXHIBIT D

PRINCIPALS OF THE INSTITUTION

Name	Title
Jenny Pichardo	Chief Operating Officer/Chief Financial Officer
Christina Reyes	Executive Director
Tomas Almonte	Treasurer

EXHIBIT E

PROJECT COST BUDGET

	Bond Proceeds	Funds of Institution	Total
Land and Building Acquisition	$	$	$
Renovation/Building Improvements			
Equipment			
Fees/Other Soft Costs	________	________	________
Total	$	$	$

<u>**EXHIBIT F**</u>

FORM OF REQUIRED DISCLOSURE STATEMENT

The undersigned, an authorized representative of ___________________________, a _________________________ organized and existing under the laws of the State of _________, DOES HEREBY CERTIFY, REPRESENT AND WARRANT to Build NYC Resource Corporation (the "Issuer") pursuant to [Section 8.20] [Section 8.9] of that certain Loan Agreement, dated as of May 1, 2018 between the Issuer and Inwood Academy for Leadership Charter School, a not-for-profit corporation organized and existing under the laws of the State of New York (the "Loan Agreement") THAT:

[if being delivered pursuant to 8.20 of the Loan Agreement] None of the surviving, resulting or transferee Entity, any of the Principals of such Entity, or any Person that directly or indirectly Controls, is Controlled by, or is under common Control with such Entity:

[if being delivered pursuant to 8.9 of the Loan Agreement] None of the assignee, transferee or lessee Entity, any of the Principals of such Entity, or any Person that directly or indirectly Controls, is Controlled by, or is under common Control with such Entity:

(1) is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Issuer, the NYCIDA, the NYCEDC or the City, unless such default or breach has been waived in writing by the Issuer, the NYCIDA, the NYCEDC or the City, as the case may be;

(2) has been convicted of a misdemeanor related to truthfulness and/or business conduct in the past five (5) years;

(3) has been convicted of a felony in the past ten (10) years;

(4) has received formal written notice from a federal, state or local governmental agency or body that such Person is currently under investigation for a felony criminal offense; or

(5) has received written notice of default in the payment to the City of any taxes, sewer rents or water charges, which have not been paid, unless such default is currently being contested with due diligence in proceedings in court or other appropriate forum.

As used herein, the following capitalized terms shall have the respective meanings set forth below:

"City" shall mean The City of New York.

"Control" or "Controls" shall mean the power to direct the management and policies of a Person (x) through the ownership, directly or indirectly, of not less than a majority of its voting securities, (y) through the right to designate or elect not less than a majority of the members of its board of directors or trustees or other Governing Body, or (z) by contract or otherwise.

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

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

"NYCEDC" shall mean New York City Economic Development Corporation, a New York not-for-profit corporation, and any successor thereof.

"NYCIDA" shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

"Person" shall mean an individual or any Entity.

"Principal(s)" shall mean, with respect to any Entity, the most senior three officers of such Entity, any Person with a ten percent (10%) or greater ownership interest in such Entity, and any Person as shall have the power to Control such Entity, and "principal" shall mean any of such Persons.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this ____ day of _____________, 20__.

[NAME OF CERTIFYING ENTITY]

By:________________________________
Name:
Title:

EXHIBIT G

FORM OF
PROJECT COMPLETION CERTIFICATE OF INSTITUTION
AS REQUIRED BY SECTIONS 3.2(f) AND 8.14(g)
OF THE LOAN AGREEMENT

The undersigned, an Authorized Representative (as defined in the Loan Agreement referred to below) of Inwood Academy for Leadership Charter School, a not-for-profit corporation organized and existing under the laws of the State of New York (the "Institution"), HEREBY CERTIFIES that this Certificate is being delivered in accordance with the provisions of Section 3.2(f) and 8.14(g) of that certain Loan Agreement, dated as of May 1, 2018 (the "Loan Agreement"), between Build NYC Resource Corporation (the "Issuer") and the Institution, and FURTHER CERTIFIES THAT (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Loan Agreement):

(i) the Project Work is finished and has been completed substantially in accordance with the plans and specifications therefor;

(ii) attached hereto is a copy of one of the following (check only one and attach a copy of the indicated document):

☐ certificate of occupancy, or

☐ temporary certificate of occupancy, or

☐ amended certificate of occupancy, or

☐ letter of no objection;

(iii) there is no certificate, license, permit, written approval or consent or other document required to permit the occupancy, operation and use of the Facility as the Approved Facility that has not already been obtained or received, except for such certificates, licenses, permits, authorizations, written approvals and consents that will be obtained in the ordinary course of business and the issuance of which are ministerial in nature;

(iv) the Facility is ready for occupancy, use and operation for the Approved Project Operations in accordance with all applicable laws, regulations, ordinances and guidelines;

(v) check as applicable:

☐ all costs for Project Work have been paid, or

☐ all costs for Project Work have been paid except for

☐ amounts not yet due and payable (attach itemized list) and/or

amounts the payments for which are being contested in good faith (attach itemized list with explanations); and

(vi) releases of mechanics' liens have been obtained from the general contractor and from all contractors and materialmen who supplied work, labor, services, machinery, equipment, materials or supplies in connection with the Project Work, except for releases-of-liens pertinent to (y) amounts not yet due and payable, or (z) any amount the payment of which is being contested in good faith; copies of all such releases of mechanics' liens are attached hereto.

[ATTACH to this Certificate copies of all such releases of liens.]

Notwithstanding anything herein or elsewhere that may be inferred to the contrary, the undersigned hereby understands and agrees on behalf of the Institution as follows: (a) the Issuer does not waive its right to require delivery of releases-of-liens in connection with the costs of Project Work; (b) the Issuer does not waive its right under the Loan Agreement to demand the discharge of mechanics' and materialmens' liens encumbering the Facility Realty, whether by bond or otherwise; and (c) the Certificate shall be deemed incomplete if, in the Issuer's sole discretion, the Institution has unreasonably failed to bond or otherwise discharge any liens in respect of the costs of Project Work when payment for the same is due.

This Certificate is given without prejudice to any rights of the Institution against third parties existing on the date hereof or which may subsequently come into being and no Person other than the Issuer may benefit from this Certificate.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this _____ day of _______________, ____.

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL

By:___________________________
Name:
Title:

EXHIBIT H-1

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS PROMISSORY NOTE, THIS PROMISSORY NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH OF WHICH ARE REFERRED TO HEREIN.

$17,560,000 May 15, 2018

PROMISSORY NOTE

FOR VALUE RECEIVED, INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL, a not-for-profit corporation organized and existing under the laws of the State of New York (the "Borrower"), by this promissory note hereby promises to pay to the order of BUILD NYC RESOURCE CORPORATION (the "Issuer") and U.S. BANK NATIONAL ASSOCIATION, as Trustee (the "Trustee"), the principal sum of Seventeen Million Five Hundred Sixty Thousand and NO/100 Dollars ($17,560,000), together with interest on the unpaid principal amount hereof, from the date of the issuance and delivery of the Series 2018A Bonds (as such term is hereinafter defined) until paid in full, at a rate per annum equal to the respective rates of interest borne from time to time by the Series 2018A Bonds, together with all Sinking Fund Installments and Redemption Price payments as and when due. All capitalized terms used but not defined in this Promissory Note shall have the respective meanings assigned such terms by the Indenture (as hereinafter defined) or by the Loan Agreement (as hereinafter defined). All such payments shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America and shall be paid at the designated corporate trust office of the Trustee or its successor under the Indenture.

The principal amount, interest, Sinking Fund Installments and Redemption Price shall be payable on the dates and in the amounts that principal of, interest, Sinking Fund Installments and Redemption Price on the Initial Bonds are payable under the Loan Agreement (as defined below), subject to prepayments and credits to the extent provided in the Indenture and the Loan Agreement.

This promissory note is the "Series 2018A Promissory Note" referred to in the Loan Agreement, dated as of May 1, 2018 (as the same may be amended or supplemented, the "Loan Agreement"), between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference.

This Series 2018A Promissory Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of May 1, 2018 (as the same may be amended or supplemented, the "Indenture"), by and between the Issuer and the Trustee, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of the Issuer's $17,560,000 in aggregate principal amount of Revenue Bonds, Series 2018A (Inwood Academy for Leadership Charter School Project) (the "Series 2018A Bonds") issued by the Issuer pursuant to the Indenture. All

the terms, conditions and provisions of the Indenture, the Loan Agreement and the Series 2018A Bonds are hereby incorporated as a part of this Series 2018A Promissory Note.

The Borrower may at its option, and may under certain circumstances be required to, prepay together with accrued interest, all or any part of the amounts due under this Series 2018A Promissory Note, as provided in the Loan Agreement and the Indenture.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Borrower.

The Borrower hereby promises to pay costs of collection and attorneys' fees in case of default on this Series 2018A Promissory Note.

(Remainder of Page Intentionally Left Blank – Signature Page Follows)

This Series 2018A Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York without regard to conflicts of law principles thereof.

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL

By:___________________________________

Name: Jenny Pichardo
Title: Chief Operating Officer/ Chief Financial Officer

ENDORSEMENT

Pay to the order of U.S. Bank National Association, without recourse, as Trustee under the Indenture referred to in the within mentioned Loan Agreement, as security for the 2018A Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Series 2018A Promissory Note.

BUILD NYC RESOURCE CORPORATION

By:____________________________________
Anne Shutkin
Executive Director

Dated: May 15, 2018

EXHIBIT H-2

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS PROMISSORY NOTE, THIS PROMISSORY NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH OF WHICH ARE REFERRED TO HEREIN.

$435,000 May 15, 2018

PROMISSORY NOTE

FOR VALUE RECEIVED, INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL, a not-for-profit corporation organized and existing under the laws of the State of New York (the "Borrower"), by this promissory note hereby promises to pay to the order of BUILD NYC RESOURCE CORPORATION (the "Issuer") and U.S. BANK NATIONAL ASSOCIATION, as Trustee (the "Trustee"), the principal sum of Four Hundred Thirty-Five Thousand No/100 Dollars ($435,000), together with interest on the unpaid principal amount hereof, from the date of the issuance and delivery of the Series 2018B Bonds (as such term is hereinafter defined) until paid in full, at a rate per annum equal to the respective rates of interest borne from time to time by the Series 2018B Bonds, together with all Sinking Fund Installments and Redemption Price payments as and when due. All capitalized terms used but not defined in this Promissory Note shall have the respective meanings assigned such terms by the Indenture (as hereinafter defined) or by the Loan Agreement (as hereinafter defined). All such payments shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America and shall be paid at the designated corporate trust office of the Trustee or its successor under the Indenture.

The principal amount, interest, Sinking Fund Installments and Redemption Price shall be payable on the dates and in the amounts that principal of, interest, Sinking Fund Installments and Redemption Price on the Initial Bonds are payable under the Loan Agreement (as defined below), subject to prepayments and credits to the extent provided in the Indenture and the Loan Agreement.

This promissory note is the "Series 2018B Promissory Note" referred to in the Loan Agreement, dated as of May 1, 2018 (as the same may be amended or supplemented, the "Loan Agreement"), between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference.

This Series 2018B Promissory Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of May 1, 2018 (as the same may be amended or supplemented, the "Indenture"), by and between the Issuer and the Trustee, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of the Issuer's $435,000 in aggregate principal amount of Taxable Revenue Bonds, Series 2018B (Inwood Academy for Leadership Charter School Project) (the "Series 2018B Bonds") issued by the Issuer pursuant to the Indenture.

All the terms, conditions and provisions of the Indenture, the Loan Agreement and the Initial Bonds are hereby incorporated as a part of this Series 2018B Promissory Note.

The Borrower may at its option, and may under certain circumstances be required to, prepay together with accrued interest, all or any part of the amounts due under this Series 2018B Promissory Note, as provided in the Loan Agreement and the Indenture.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Borrower.

The Borrower hereby promises to pay costs of collection and attorneys' fees in case of default on this Series 2018B Promissory Note.

(Remainder of Page Intentionally Left Blank)

This Series 2018B Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York without regard to conflicts of law principles thereof.

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL

By:______________________________
Name: Jenny Pichardo
Title: Chief Operating Officer/
Chief Financial Officer

ENDORSEMENT

Pay to the order of U.S. BANK NATIONAL ASSOCIATION, without recourse, as Trustee under the Indenture referred to in the within mentioned Loan Agreement, as security for the Series 2018B Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Series 2018B Promissory Note.

BUILD NYC RESOURCE CORPORATION

By:____________________________________
Anne Shutkin
Executive Director

Dated: May 15, 2018

EXHIBIT I

HireNYC

The Institution must collaborate with the New York City Department of Small Business Services or such other a New York City agency as may be designated by NYCEDC in a notice to the Institution ("**Designated City Agency**"). The Designated City Agency will assist the Institution in implementing the HireNYC Program including the screening of candidates from the target population ("**Target Population**"), defined as persons who have an income that is below two hundred percent (200%) of the poverty level as determined by the New York City Center for Economic Opportunity (a description of the income level meeting this threshold for each household size is available at http://www.nyc.gov/html/ceo/downloads/pdf/ceo_poverty_measure_2005_2013.pdf). The HireNYC Program will be in effect for a period of eight (8) years from the Operations Commencement Date ("**HireNYC Program Term**").

The HireNYC Program will apply to the Institution, its successors and assigns, and to all tenants (which term also includes subtenants) at the Facility during the HireNYC Program Term.

I. Goals. The HireNYC Program includes, at a minimum, the following hiring and workforce development goals (collectively, the "**Goals**"):

Hiring Goal: Fifty percent (50%) of all new permanent jobs created in connection with the Facility (including jobs created by tenants, but excluding jobs relocated from other sites) will be filled by members of the Target Population referred by the Designated City Agency for a period beginning, for each employer, at commencement of business operations and continuing through the end of the HireNYC Program Term. Notwithstanding the foregoing, the Hiring Goal shall only apply to hiring on occasions when the Institution (or a tenant) is hiring for five (5) or more permanent jobs.

Retention Goal: Forty percent (40%) of all employees whose hiring satisfied the Hiring Goal will be retained for at least nine (9) months from date of hire.

Advancement Goal: Thirty percent (30%) of all employees whose hiring satisfied the Hiring Goal will be promoted to a higher paid position within one (1) year of date of hire.

Training Goal: Cooperation with NYCEDC and the Designated City Agency to provide skills-training or higher education opportunities to members of the Target Population.

II. Program Requirements. HireNYC Program includes all of the following requirements:

1. Designation of a workforce development liaison by the Institution to interact with NYCEDC and the Designated City Agency during the course of the HireNYC Program.

2. Commitment by the Institution to do the following:

   a. use good faith efforts to achieve the Goals;

   b. notify NYCEDC six (6) weeks prior to commencing business operations;

   c. with respect to initial hiring for any new permanent jobs associated with the commencement of business at the Facility (but only if initial hiring is for five (5) or more permanent jobs):

      (i) provide NYCEDC and the Designated City Agency with the approximate number and type of jobs that will become available, and for each job type a description of the basic job qualifications, at least three (3) months before commencing hiring; and

      (ii) consider only applicants referred by the Designated City Agency for the first ten (10) business days, until the Hiring Goal is achieved or until all open positions are filled, whichever occurs first;

   d. with respect to ongoing hiring on occasions when hiring for five (5) or more permanent jobs:

      (i) provide NYCEDC and the Designated City Agency with the approximate number and type of jobs that will become available, and for each job type a description of the basic job qualifications, at least one (1) month before commencing hiring or as soon as information is available, but in all cases not later than one (1) week before commencing hiring; and

      (ii) consider only applicants referred by the Designated City Agency for the first five business days, until the Hiring Goal is achieved or until all open positions are filled, whichever occurs first;

   e. notify NYCEDC thirty (30) days prior to execution of any tenant lease at the Facility;

   f. provide NYCEDC with one (1) electronic copy of all tenant leases at the project location within fifteen (15) days of execution;

   g. submit to NYCEDC an annual HireNYC Employment Report in the form provided by NYCEDC (or quarterly reports at the discretion of NYCEDC);

h. cooperate with annual site visits and, if requested by NYCEDC, employee satisfaction surveys relating to employee experience with the Institution's HireNYC Program;

i. provide information related to the HireNYC Program and the hiring process to NYCEDC upon request; and

j. allow information collected by NYCEDC and the Designated City Agency to be included in public communications, including press releases and other media events.

III. General Requirements. The following are general requirements of the HireNYC Program

1. The Institution is required to incorporate the terms of its HireNYC Program into all tenant leases obligating tenants to comply with the Goals and other requirements in the Institution's HireNYC Program to the same extent as the Institution is required to comply with such Goals and other requirements.

2. Enforcement. In the event NYCEDC determines that the Institution or any of its tenants has violated any of the HireNYC Program requirements, including, without limitation, a determination that the Institution or any of its tenants, has failed to use good faith efforts to fulfill the Goals, NYCEDC shall notify the Issuer of the violation and the Issuer may (1) assess liquidated damages set forth immediately below; and/or (2) assert any other right or remedy it has under the Agreement.

3. Liquidated Damages. If the Institution or any of its tenants, does any of the following:

(i) fail to comply with its obligations set forth in Section II(2) clauses (a)(with respect to the Hiring Goal), (c), and/or (d), and as a result the Designated City Agency was unable to refer applicants or participate in the hiring process as required by the program; or

(ii) fail to comply with its obligations set forth in Section II(2) clauses, (f), (g), (h), (i), and/or (j) and such failure shall continue for a period of thirty (30) days after receipt of notice from NYCEDC,

then, in the case of clause (i), the Issuer may assess liquidated damages in the amount of $2,500 for each position for which the Designated City Agency was unable to refer applicants or otherwise participate in hiring as required by the program; and in the case of clause (ii), the Issuer may assess damages for breach of each requirement in the amount of $1,000. In view of the difficulty of accurately ascertaining the loss which the Issuer will suffer by reason of the Institution's failure to comply with Program requirements, the foregoing amounts are hereby fixed and agreed as the liquidated damages that the Issuer will suffer by reason of such failure, and not as a penalty. The Institution shall be liable for and shall pay to the Issuer all damages assessed against the Institution or any of its tenants at the project upon receipt of demand from the Issuer.

EXHIBIT J
FORM OF LW AGREEMENT

LIVING WAGE AGREEMENT

This LIVING WAGE AGREEMENT (this "Agreement") is made as of [_______], by [________] ("Obligor") in favor of Institution, the Issuer, the City, the DCA and the Comptroller (each as defined below) (each, an "Obligee"). In consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Obligor hereby covenants and agrees as follows:

1. Definitions. As used herein the following capitalized terms shall have the respective meanings specified below.

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

"Asserted Cure" has the meaning specified in paragraph 10(a).

"Asserted LW Violation" has the meaning specified in paragraph 10(a).

"City" means The City of New York.

"Comptroller" means the Comptroller of The City of New York or his or her designee.

"Concessionaire" means a Person that has been granted the right by Institution, an Affiliate of Institution or any tenant, subtenant, leaseholder or subleaseholder of Institution or of an Affiliate of Institution to operate at the Facility for the primary purpose of selling goods or services to natural persons at the Facility.

"Control" or "Controls", including the related terms "Controlled by" and "under common Control with", means the power to direct the management and policies of a Person (a) through the ownership, directly or indirectly, of not less than a majority of its voting equity, (b) through the right to designate or elect not less than a majority of the members of its board of directors, board of managers, board of trustees or other governing body, or (c) by contract or otherwise.

"Covered Counterparty" means a Covered Employer whose Specified Contract is directly with Obligor or an Affiliate of Obligor to lease, occupy, operate or perform work at the Obligor Facility.

"Covered Employer" means any of the following Persons: (a) Obligor, (b) a tenant, subtenant, leaseholder or subleaseholder of Obligor that leases any portion of the Obligor Facility (or an Affiliate of any such tenant, subtenant, leaseholder or subleaseholder if such Affiliate has one or more direct Site Employees), (c) a Concessionaire that operates on any portion of the Obligor Facility, and (d) a Person that contracts or subcontracts with any

Covered Employer described in clauses (a), (b) or (c) above to perform work for a period of more than ninety days on any portion of the Obligor Facility, including temporary services or staffing agencies, food service contractors, and other on-site service contractors; provided, however, that the term "Covered Employer" shall not include (i) a Person of the type described in Section 6-134(d)(2), (3), (4) or (5) of the New York City Administrative Code, (ii) a Person that has annual consolidated gross revenues that are less than the Small Business Cap unless the revenues of the Person are included in the consolidated gross revenues of a Person having annual consolidated gross revenues that are more than the Small Business Cap, in each case calculated based on the fiscal year preceding the fiscal year in which the determination is being made, and in each case calculated in accordance with generally accepted accounting principles, (iii) any otherwise covered Person operating on any portion of the Obligor Facility if residential units comprise more than 75% of the total Facility area and all of the residential units are subject to rent regulation, (iv) any otherwise covered Person that the Issuer has determined (in its sole and absolute discretion) in writing to be exempt on the basis that it works significantly with a Qualified Workforce Program, (v) a Person whose Site Employees all are paid wages determined pursuant to a collective bargaining or labor agreement, (vi) if Institution is a "covered developer" under and as defined in the Prevailing Wage Law, a Person that is a "building services contractor" (as defined in the LW Law) so long as such Person is paying its "building service employees" (as defined in the Prevailing Wage Law) no less than the applicable "prevailing wage" (as defined in the Prevailing Wage Law), or (vii) a Person exempted by a Deputy Mayor of The City of New York in accordance with the Mayor's Executive Order No. 7 dated September 30, 2014.

"DCA" means the Department of Consumer Affairs of The City of New York, acting as the designee of the Mayor of The City of New York, or such other agency or designee that the Mayor of The City of New York may designate from time to time.

"Facility" means the land and real property improvements located at 3896 10th Avenue, New York, New York 10034 (Block 2223 Lot 16).

"Institution" means Inwood Academy for Leadership Charter School, a not-for-profit education corporation organized and existing under the laws of the State of New York, having its principal office at 108 Cooper Street, New York, New York 10034, or its permitted successors or assigns as Institution under the Project Agreement.

"Issuer" means Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038.

"LW" has the same meaning as the term "living wage" as defined in Section 6-134(b)(9) of the New York City Administrative Code and shall be adjusted annually in accordance therewith, except that as of April 1, 2015, the "living wage rate" component of the LW shall be eleven dollars and sixty-five cents per hour ($11.65/hour) and the "health benefits supplement rate" component of the LW shall be one dollar and sixty-five cents per hour ($1.65/hour). The annual adjustments to the "living wage rate" and "health benefits

supplement rate" will be announced on or around January 1 of each year by the DCA and will go into effect on April 1 of such year.

"LW Agreement" means, with respect to any Covered Counterparty, an enforceable agreement in the form attached hereto as Attachment 1 (except only with such changes as are necessary to make such Covered Counterparty the obligor thereunder).

"LW Agreement Delivery Date" means, with respect to any Covered Counterparty, the latest of (a) the effective date of such Covered Counterparty's Specified Contract, (b) the date that such Covered Counterparty becomes a Covered Employer at the Obligor Facility and (c) the date of this Agreement.

"LW Law" means the Fair Wages for New Yorkers Act, constituting Section 6-134 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

"LW Term" means the period commencing on the date of this Agreement and ending on the date that is the earlier to occur of: (a) the later to occur of (i) the date on which Institution is no longer receiving financial assistance under the Project Agreement or (ii) the date that is ten years after the Facility commences operations; or (b) the end of the term of Obligor's Specified Contract (including any renewal or option terms pursuant to any exercised options), whether by early termination or otherwise.

"LW Violation Final Determination" has the meaning specified in paragraph 10(a)(i), paragraph 10(a)(ii)(1) or paragraph 10(a)(ii)(2), as applicable.

"LW Violation Initial Determination" has the meaning specified in paragraph 10(a)(ii).

"LW Violation Notice" has the meaning specified in paragraph 10(a).

"LW Violation Threshold" means \$100,000 multiplied by 1.03^n, where "n" is the number of full years that have elapsed since January 1, 2015.

"Obligor Facility" means the applicable portion of the Facility covered by the Specified Contract of Obligor.

"Operational Date" means the date that Obligor commences occupancy, operations or work at the Obligor Facility.

"Owed Interest" means the interest accruing on Owed Monies, which interest shall accrue from the relevant date(s) of underpayment to the date that the Owed Monies are paid, at a rate equal to the interest rate then in effect as prescribed by the superintendent of banks pursuant to Section 14-a of the New York State Banking Law, but in any event at a rate no less than six percent per year.

"Owed Monies" means, as the context shall require, either (a) the total deficiency of LW required to be paid by Obligor in accordance with this Agreement to its direct Site

Employee(s) after taking into account the wages actually paid (which shall be credited towards the "living wage rate" component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the "health benefits supplement rate" component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis; or (b) if Obligor failed to obtain a LW Agreement from a Covered Counterparty as required under paragraph 5 below, the total deficiency of LW that would have been required to be paid under such Covered Counterparty's LW Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the "living wage rate" component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the "health benefits supplement rate" component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis, during the period commencing on the LW Agreement Delivery Date applicable to such Covered Counterparty and ending immediately prior to the execution and delivery by such Covered Counterparty of its LW Agreement (if applicable).

"Person" means any natural person, sole proprietorship, partnership, association, joint venture, limited liability company, corporation, governmental authority, governmental agency, governmental instrumentality or any form of doing business.

"Pre-Existing Covered Counterparty" has the meaning specified in paragraph 5.

"Pre-Existing Specified Contract" has the meaning specified in paragraph 5.

"Prevailing Wage Law" means Section 6-130 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

"Project Agreement" means that certain Loan Agreement, dated as of May 1, 2018 between the Issuer and the Institution (as amended, restated, supplemented or otherwise modified from time to time), pursuant to which Institution has or will receive financial assistance from the Issuer.

"Qualified Workforce Program" means a training or workforce development program that serves youth, disadvantaged populations or traditionally hard-to-employ populations and that has been determined to be a Qualified Workforce Program by the Director of the Mayor's Office of Workforce Development.

"Site Employee" means, with respect to any Covered Employer, any natural person who works at the Obligor Facility and who is employed by, or contracted or subcontracted to work for, such Covered Employer, including all employees, independent contractors, contingent workers or contracted workers (including persons made available to work through the services of a temporary services, staffing or employment agency or similar entity) that are performing work on a full-time, part-time, temporary or seasonal basis; provided that the term "Site Employee" shall not include any natural person who works less than seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility unless the primary work location or home base of such person is at the Obligor Facility (for the avoidance of doubt, a natural person who works at least seventeen

and a half (17.5) hours in any consecutive seven day period at the Obligor Facility shall thereafter constitute a Site Employee).

"Small Business Cap" means three million dollars; provided that, beginning in 2015 and each year thereafter, the Small Business Cap shall be adjusted contemporaneously with the adjustment to the "living wage rate" component of the LW using the methodology set forth in Section 6-134(b)(9) of the New York City Administrative Code.

"Specified Contract" means (a) in the case of Obligor, the [______], dated as of [______], by and between Obligor and [______], or (b) in the case of any other Person, the principal written contract that makes such Person a Covered Employer hereunder.

2. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall pay each of its direct Site Employees no less than an LW.

3. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall, on or prior to the day on which each direct Site Employee of Obligor begins work at the Obligor Facility, (a) post a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement in a conspicuous place at the Obligor Facility that is readily observable by such direct Site Employee and (b) provide such direct Site Employee with a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement. Such written notice shall also provide a statement advising Site Employees that if they have been paid less than the LW they may notify the Comptroller and request an investigation. Such written notice shall be in English and Spanish.

4. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall not take any adverse employment action against any Site Employee for reporting or asserting a violation of this Agreement.

5. During the LW Term, Obligor shall cause each Covered Counterparty to execute an LW Agreement on or prior to the LW Agreement Delivery Date applicable to such Covered Counterparty; provided that Obligor shall only be required to use commercially reasonable efforts (without any obligation to commence any action or proceedings) to obtain an LW Agreement from a Covered Counterparty whose Specified Contract with Obligor was entered into prior to the date hereof (a "Pre-Existing Covered Counterparty" and a "Pre-Existing Specified Contract"). Prior to the renewal or extension of any Pre-Existing Specified Contract (or prior to entering into a new Specified Contract with a Pre-Existing Covered Counterparty), Obligor shall cause or otherwise require the Pre-Existing Covered Counterparty to execute an LW Agreement, provided that the foregoing shall not preclude Obligor from renewing or extending a Pre-Existing Specified Contract pursuant to any renewal or extension options granted to the Pre-Existing Covered Counterparty in the Pre-Existing Specified Contract as such option exists as of the date hereof. Obligor shall deliver a copy of each Covered Counterparty's LW Agreement to the Issuer, the DCA and the Comptroller at the notice address specified in paragraph 12 below and promptly upon written request. Obligor shall

retain copies of each Covered Counterparty's LW Agreement until six (6) years after the expiration or earlier termination of such Covered Counterparty's Specified Contract.

6. Commencing on the Operational Date and thereafter during the remainder of the LW Term, in the event that an individual with managerial authority at Obligor receives a written complaint from any Site Employee (or such individual otherwise obtains actual knowledge) that any Site Employee has been paid less than an LW, Obligor shall deliver written notice to the Issuer, the DCA and the Comptroller within 30 days thereof.

7. Obligor hereby acknowledges and agrees that the Issuer, the City, the DCA and the Comptroller are each intended to be direct beneficiaries of the terms and provisions of this Agreement. Obligor hereby acknowledges and agrees that the DCA, the Comptroller and the Issuer shall each have the authority and power to enforce any and all provisions and remedies under this Agreement in accordance with paragraph 10 below. Obligor hereby agrees that the DCA, the Comptroller and the Issuer may, as their sole and exclusive remedy for any violation of Obligor's obligations under this Agreement, bring an action for damages (but not in excess of the amounts set forth in paragraph 10 below), injunctive relief or specific performance or any other non-monetary action at law or in equity, in each case subject to the provisions of paragraph 10 below, as may be necessary or desirable to enforce the performance or observance of any obligations, agreements or covenants of Obligor under this Agreement. The agreements and acknowledgements of Obligor set forth in this Agreement may not be amended, modified or rescinded by Obligor without the prior written consent of the Issuer or the DCA.

8. No later than 30 days after Obligor's receipt of a written request from the Issuer, the DCA and/or the Comptroller, Obligor shall provide to the Issuer, the DCA and the Comptroller (a) a written list of all Covered Counterparties, together with the LW Agreements of such Covered Counterparties. From and after the Operational Date, no later than 30 days after Obligor's receipt of a written request from the Issuer, the DCA and/or the Comptroller, Obligor shall provide to the Issuer, the DCA and the Comptroller (b) a certification stating that all of the direct Site Employees of Obligor are paid no less than an LW and stating that Obligor is in compliance with this Agreement in all material respects, (c) certified payroll records in respect of the direct Site Employees of Obligor, and/or (d) any other documents or information reasonably related to the determination of whether Obligor is in compliance with its obligations under this Agreement.

9. From and after the Operational Date, Obligor shall, annually by August 1 of each year during the LW Term, submit to Institution such data in respect of employment, jobs and wages at the Obligor Facility as of June 30 of such year that is needed by Institution for it to comply with its reporting obligations under the Project Agreement.

10. Violations and Remedies.

    (a) If a violation of this Agreement shall have been alleged by the Issuer, the DCA and/or the Comptroller, then written notice will be provided to Obligor for such alleged violation (an "LW Violation Notice"), specifying the nature of the alleged violation in such reasonable detail as is known to the Issuer, the DCA and the

Comptroller (the "Asserted LW Violation") and specifying the remedy required under paragraph 10(b), (c), (d), (e) and/or (f) (as applicable) to cure the Asserted LW Violation (the "Asserted Cure"). Upon Obligor's receipt of the LW Violation Notice, Obligor may either:

(i) Perform the Asserted Cure no later than 30 days after its receipt of the LW Violation Notice (in which case a "LW Violation Final Determination" shall be deemed to exist), or

(ii) Provide written notice to the Issuer, the DCA and the Comptroller indicating that it is electing to contest the Asserted LW Violation and/or the Asserted Cure, which notice shall be delivered no later than 30 days after its receipt of the LW Violation Notice. Obligor shall bear the burdens of proof and persuasion and shall provide evidence to the DCA no later than 45 days after its receipt of the LW Violation Notice. The DCA shall then, on behalf of the City, the Issuer and the Comptroller, make a good faith determination of whether the Asserted LW Violation exists based on the evidence provided by Obligor and deliver to Obligor a written statement of such determination in reasonable detail, which shall include a confirmation or modification of the Asserted LW Violation and Asserted Cure (such statement, a "LW Violation Initial Determination"). Upon Obligor's receipt of the LW Violation Initial Determination, Obligor may either:

(1) Accept the LW Violation Initial Determination and shall perform the Asserted Cure specified in the LW Violation Initial Determination no later than 30 days after its receipt of the LW Violation Initial Determination (after such 30 day period has lapsed, but subject to clause (2) below, the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination"), or

(2) Contest the LW Violation Initial Determination by filing in a court of competent jurisdiction or for an administrative hearing no later than 30 days after its receipt of the LW Violation Initial Determination, in which case, Obligor's obligation to perform the Asserted Cure shall be stayed pending resolution of the action. If no filing in a court of competent jurisdiction or for an administrative hearing is made to contest the LW Violation Initial Determination within 30 days after Obligor's receipt thereof, then the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination". If such a filing is made, then a "LW Violation Final Determination" will be deemed to exist when the matter has been finally adjudicated. Obligor shall perform the Asserted Cure (subject to the

judicial decision) no later than 30 days after the LW Violation Final Determination.

(b) For the first LW Violation Final Determination imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees; and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation

(c) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees, and Obligor shall pay fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee; and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.

(d) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, if the aggregate amount of Owed Monies and Owed Interest paid or payable by Obligor in respect of its direct Site Employees is in excess of the LW Violation Threshold for all past and present LW Violation Final Determinations imposed on Obligor, then in lieu of the remedies specified in subparagraph (c) above and at the direction of the Issuer or the DCA (but not both), Obligor shall pay (i) two hundred percent (200%) of the Owed Monies and Owed Interest in respect of the present LW Violation Final Determination to the affected direct Site Employees of Obligor, and (ii) fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee.

(e) If Obligor fails to obtain an LW Agreement from its Covered Counterparty in violation of paragraph 5 above, then at the discretion of the Issuer or the DCA (but not both), Obligor shall be responsible for payment of the Owed Monies, Owed Interest and other payments described in subparagraphs (b), (c) and (d) above (as applicable) as if the direct Site Employees of such Covered Counterparty were the direct Site Employees of Obligor.

(f) Obligor shall not renew the Specified Contract of any specific Covered Counterparty or enter into a new Specified Contract with any specific Covered Counterparty if both (i) the aggregate amount of Owed Monies and Owed Interest paid or payable by such Covered Counterparty in respect of its direct Site Employees for all past and present LW Violation Final Determinations (or that would have been payable had such Covered Counterparty entered into an LW Agreement) is in excess of the LW Violation Threshold and (ii) two or more LW Violation Final Determinations against such Covered Counterparty (or in respect of the direct Site Employees of such Covered Counterparty) occurred within the

last 6 years of the term of the applicable Specified Contract (or if the term thereof is less than 6 years, then during the term thereof); provided that the foregoing shall not preclude Obligor from extending or renewing a Specified Contract pursuant to any renewal or extension options granted to the Covered Counterparty in the Specified Contract as in effect as of the LW Agreement Delivery Date applicable to such Covered Counterparty.

(g) It is acknowledged and agreed that (i) the sole monetary damages that Obligor may be subject to for a violation of this Agreement are as set forth in this paragraph 10, and (ii) in no event will the Specified Contract between Obligor and a given Covered Counterparty be permitted to be terminated or rescinded by the Issuer, the DCA or the Comptroller by virtue of violations by Obligor or a Covered Counterparty.

11. Obligor acknowledges that the terms and conditions of this Agreement are intended to implement the Mayor's Executive Order No. 7 dated September 30, 2014.

12. All notices under this Agreement shall be in writing and shall be delivered by (a) return receipt requested or registered or certified United States mail, postage prepaid, (b) a nationally recognized overnight delivery service for overnight delivery, charges prepaid, or (c) hand delivery, addressed as follows:

    (a) If to Obligor, to [Obligor's Name], [Street Address], [City], [State], [Zip Code], Attention: [Contact Person].

    (b) If to the Issuer, to Build NYC Resource Corporation, 110 William Street, New York, NY, 10038, Attention: General Counsel, with a copy to Build NYC Resource Corporation, 110 William Street, New York, NY, 10038, Attention: Executive Director.

    (c) If to the DCA, to Department of Consumer Affairs of The City of New York, 42 Broadway, New York, NY, 10004, Attention: Living Wage Division.

    (d) If to the Comptroller, to Office of the Comptroller of The City of New York, One Centre Street, New York, NY 10007, Attention: Chief, Bureau of Labor Law.

13. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York.

14. Obligor hereby irrevocably and unconditionally (a) agrees that any suit, action or other legal proceeding arising out of this Agreement may be brought in the courts of record of the State of New York in New York County or the United States District Court for the Southern District of New York; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; (c) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (d) waives and relinquishes any rights it might otherwise have (i) to move to dismiss on grounds of forum non conveniens, (ii) to remove to any federal court other than the United States District Court for the Southern District of New York, and (iii) to move for a change of venue to a New York State Court outside New York County.

15. Notwithstanding any other provision of this Agreement, in no event shall the partners, members, counsel, directors, shareholders or employees of Obligor have any personal obligation or liability for any of the terms, covenants, agreements, undertakings, representations or warranties of Obligor contained in this Agreement.

IN WITNESS WHEREOF, Obligor has executed and delivered this Agreement as of the date first written above.

[________________]

By:___________________________
Name:
Title:

ATTACHMENT 1 to EXHIBIT J
FORM OF LW AGREEMENT

LIVING WAGE AGREEMENT

This LIVING WAGE AGREEMENT (this "Agreement") is made as of [_______], by [________] ("Obligor") in favor of Institution, the Issuer, the City, the DCA and the Comptroller (each as defined below) (each, an "Obligee"). In consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Obligor hereby covenants and agrees as follows:

1. Definitions. As used herein the following capitalized terms shall have the respective meanings specified below.

"Asserted Cure" has the meaning specified in paragraph 9(a).

"Asserted LW Violation" has the meaning specified in paragraph 9(a).

"City" means The City of New York.

"Comptroller" means the Comptroller of The City of New York or his or her designee.

"Covered Employer" means Obligor; provided, however, that the term "Covered Employer" shall not include (i) a Person of the type described in Section 6-134(d)(2), (3), (4) or (5) of the New York City Administrative Code, (ii) a Person that has annual consolidated gross revenues that are less than the Small Business Cap unless the revenues of the Person are included in the consolidated gross revenues of a Person having annual consolidated gross revenues that are more than the Small Business Cap, in each case calculated based on the fiscal year preceding the fiscal year in which the determination is being made, and in each case calculated in accordance with generally accepted accounting principles, (iii) any otherwise covered Person operating on any portion of the Obligor Facility if residential units comprise more than 75% of the total Facility area and all of the residential units are subject to rent regulation, (iv) any otherwise covered Person that the Issuer has determined (in its sole and absolute discretion) in writing to be exempt on the basis that it works significantly with a Qualified Workforce Program, (v) a Person whose Site Employees all are paid wages determined pursuant to a collective bargaining or labor agreement, (vi) if Institution is a "covered developer" under and as defined in the Prevailing Wage Law, a Person that is a "building services contractor" (as defined in the LW Law) so long as such Person is paying its "building service employees" (as defined in the Prevailing Wage Law) no less than the applicable "prevailing wage" (as defined in the Prevailing Wage Law), or (vii) a Person exempted by a Deputy Mayor of The City of New York in accordance with the Mayor's Executive Order No. 7 dated September 30, 2014.

"DCA" means the Department of Consumer Affairs of The City of New York, acting as the designee of the Mayor of The City of New York, or such other agency or designee that the Mayor of The City of New York may designate from time to time.

"Facility" means the land and real property improvements located at 3896 10th Avenue, New York, New York 10034 (Block 2223 Lot 16.

"Institution" means Inwood Academy for Leadership Charter School, a not-for-profit education corporation organized and existing under the laws of the State of New York, having its principal office at 108 Cooper Street, New York, New York 10034, or its permitted successors or assigns as Institution under the Project Agreement.

"Issuer" means Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038.

"LW" has the same meaning as the term "living wage" as defined in Section 6-134(b)(9) of the New York City Administrative Code and shall be adjusted annually in accordance therewith, except that as of April 1, 2015, the "living wage rate" component of the LW shall be eleven dollars and sixty-five cents per hour ($11.65/hour) and the "health benefits supplement rate" component of the LW shall be one dollar and sixty-five cents per hour ($1.65/hour). The annual adjustments to the "living wage rate" and "health benefits supplement rate" will be announced on or around January 1 of each year by the DCA and will go into effect on April 1 of such year.

"LW Law" means the Fair Wages for New Yorkers Act, constituting Section 6-134 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

"LW Term" means the period commencing on the date of this Agreement and ending on the date that is the earlier to occur of: (a) the later to occur of (i) the date on which Institution is no longer receiving financial assistance under the Project Agreement or (ii) the date that is ten years after the Facility commences operations; or (b) the end of the term of Obligor's Specified Contract (including any renewal or option terms pursuant to any exercised options), whether by early termination or otherwise.

"LW Violation Final Determination" has the meaning specified in paragraph 9(a)(i), paragraph 9(a)(ii)(1) or paragraph 9(a)(ii)(2), as applicable.

"LW Violation Initial Determination" has the meaning specified in paragraph 9(a)(ii).

"LW Violation Notice" has the meaning specified in paragraph 9(a).

"LW Violation Threshold" means $100,000 multiplied by 1.03^n, where "n" is the number of full years that have elapsed since January 1, 2015.

"Obligor Facility" means the applicable portion of the Facility covered by the Specified Contract of Obligor.

"Operational Date" means the date that Obligor commences occupancy, operations

or work at the Obligor Facility.

"Owed Interest" means the interest accruing on Owed Monies, which interest shall accrue from the relevant date(s) of underpayment to the date that the Owed Monies are paid, at a rate equal to the interest rate then in effect as prescribed by the superintendent of banks pursuant to Section 14-a of the New York State Banking Law, but in any event at a rate no less than six percent per year.

"Owed Monies" means the total deficiency of LW required to be paid by Obligor in accordance with this Agreement to its direct Site Employee(s) after taking into account the wages actually paid (which shall be credited towards the "living wage rate" component of the LW), and the monetary value of health benefits actually provided (which shall be credited towards the "health benefits supplement rate" component of the LW), to such direct Site Employee(s), all as calculated on a per pay period basis.

"Person" means any natural person, sole proprietorship, partnership, association, joint venture, limited liability company, corporation, governmental authority, governmental agency, governmental instrumentality or any form of doing business.

"Prevailing Wage Law" means Section 6-130 of the New York City Administrative Code, as amended, supplemented or otherwise modified from time to time, and all rules and regulations promulgated thereunder.

"Project Agreement" means that certain Loan Agreement, dated as of May 1, 2018, between the Issuer and the Institution (as amended, restated, supplemented or otherwise modified from time to time), pursuant to which Institution has or will receive financial assistance from the Issuer.

"Qualified Workforce Program" means a training or workforce development program that serves youth, disadvantaged populations or traditionally hard-to-employ populations and that has been determined to be a Qualified Workforce Program by the Director of the Mayor's Office of Workforce Development.

"Site Employee" means any natural person who works at the Obligor Facility and who is employed by, or contracted or subcontracted to work for, Obligor, including all employees, independent contractors, contingent workers or contracted workers (including persons made available to work through the services of a temporary services, staffing or employment agency or similar entity) that are performing work on a full-time, part-time, temporary or seasonal basis; provided that the term "Site Employee" shall not include any natural person who works less than seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility unless the primary work location or home base of such person is at the Obligor Facility (for the avoidance of doubt, a natural person who works at least seventeen and a half (17.5) hours in any consecutive seven day period at the Obligor Facility shall thereafter constitute a Site Employee).

"Small Business Cap" means three million dollars; provided that, beginning in 2015 and each year thereafter, the Small Business Cap shall be adjusted contemporaneously with the adjustment to the "living wage rate" component of the LW using the methodology set

forth in Section 6-134(b)(9) of the New York City Administrative Code.

"Specified Contract" means (a) in the case of Obligor, the [______], dated as of [______], by and between Obligor and [______], or (b) in the case of any other Person, the principal written contract that makes such Person a Covered Employer hereunder.

2. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall pay each of its direct Site Employees no less than an LW.

3. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall, on or prior to the day on which each direct Site Employee of Obligor begins work at the Obligor Facility, (a) post a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement in a conspicuous place at the Obligor Facility that is readily observable by such direct Site Employee and (b) provide such direct Site Employee with a written notice detailing the wages and benefits required to be paid to Site Employees under this Agreement. Such written notice shall also provide a statement advising Site Employees that if they have been paid less than the LW they may notify the Comptroller and request an investigation. Such written notice shall be in English and Spanish.

4. Commencing on the Operational Date and thereafter during the remainder of the LW Term, if and for so long as Obligor is a Covered Employer, Obligor shall not take any adverse employment action against any Site Employee for reporting or asserting a violation of this Agreement.

5. Commencing on the Operational Date and thereafter during the remainder of the LW Term, in the event that an individual with managerial authority at Obligor receives a written complaint from any Site Employee (or such individual otherwise obtains actual knowledge) that any Site Employee has been paid less than an LW, Obligor shall deliver written notice to the Issuer, the DCA and the Comptroller within 30 days thereof.

6. Obligor hereby acknowledges and agrees that the Issuer, the City, the DCA and the Comptroller are each intended to be direct beneficiaries of the terms and provisions of this Agreement. Obligor hereby acknowledges and agrees that the DCA, the Comptroller and the Issuer shall each have the authority and power to enforce any and all provisions and remedies under this Agreement in accordance with paragraph 9 below. Obligor hereby agrees that the DCA, the Comptroller and the Issuer may, as their sole and exclusive remedy for any violation of Obligor's obligations under this Agreement, bring an action for damages (but not in excess of the amounts set forth in paragraph 9 below), injunctive relief or specific performance or any other non-monetary action at law or in equity, in each case subject to the provisions of paragraph 9 below, as may be necessary or desirable to enforce the performance or observance of any obligations, agreements or covenants of Obligor under this Agreement. The agreements and acknowledgements of Obligor set forth in this Agreement may not be amended, modified or rescinded by Obligor without the prior written consent of the Issuer or the DCA.

7. From and after the Operational Date, no later than 30 days after Obligor's receipt of a written request from the Issuer, the DCA and/or the Comptroller, Obligor shall provide to the Issuer, the DCA and the Comptroller (a) a certification stating that all of the direct Site Employees of Obligor are paid no less than an LW and stating that Obligor is in compliance with this Agreement in all material respects, (b) certified payroll records in respect of the direct Site Employees of Obligor, and/or (c) any other documents or information reasonably related to the determination of whether Obligor is in compliance with its obligations under this Agreement.

8. From and after the Operational Date, Obligor shall, annually by August 1 of each year during the LW Term, submit to its counterparty to its Specified Contract such data in respect of employment, jobs and wages at the Obligor Facility as of June 30 of such year that is needed by Institution for it to comply with its reporting obligations under the Project Agreement.

9. Violations and Remedies.

   (a) If a violation of this Agreement shall have been alleged by the Issuer, the DCA and/or the Comptroller, then written notice will be provided to Obligor for such alleged violation (an "LW Violation Notice"), specifying the nature of the alleged violation in such reasonable detail as is known to the Issuer, the DCA and the Comptroller (the "Asserted LW Violation") and specifying the remedy required under paragraph 9(b), (c) and/or (d) (as applicable) to cure the Asserted LW Violation (the "Asserted Cure"). Upon Obligor's receipt of the LW Violation Notice, Obligor may either:

      (i) Perform the Asserted Cure no later than 30 days after its receipt of the LW Violation Notice (in which case a "LW Violation Final Determination" shall be deemed to exist), or

      (ii) Provide written notice to the Issuer, the DCA and the Comptroller indicating that it is electing to contest the Asserted LW Violation and/or the Asserted Cure, which notice shall be delivered no later than 30 days after its receipt of the LW Violation Notice. Obligor shall bear the burdens of proof and persuasion and shall provide evidence to the DCA no later than 45 days after its receipt of the LW Violation Notice. The DCA shall then, on behalf of the City, the Issuer and the Comptroller, make a good faith determination of whether the Asserted LW Violation exists based on the evidence provided by Obligor and deliver to Obligor a written statement of such determination in reasonable detail, which shall include a confirmation or modification of the Asserted LW Violation and Asserted Cure (such statement, a "LW Violation Initial Determination"). Upon Obligor's receipt of the LW Violation Initial Determination, Obligor may either:

         (1) Accept the LW Violation Initial Determination and shall perform the Asserted Cure specified in the LW Violation Initial Determination no later than 30 days after its receipt of

the LW Violation Initial Determination (after such 30 day period has lapsed, but subject to clause (2) below, the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination"), or

(2) Contest the LW Violation Initial Determination by filing in a court of competent jurisdiction or for an administrative hearing no later than 30 days after its receipt of the LW Violation Initial Determination, in which case, Obligor's obligation to perform the Asserted Cure shall be stayed pending resolution of the action. If no filing in a court of competent jurisdiction or for an administrative hearing is made to contest the LW Violation Initial Determination within 30 days after Obligor's receipt thereof, then the LW Violation Initial Determination shall be deemed to be a "LW Violation Final Determination". If such a filing is made, then a "LW Violation Final Determination" will be deemed to exist when the matter has been finally adjudicated. Obligor shall perform the Asserted Cure (subject to the judicial decision) no later than 30 days after the LW Violation Final Determination.

(b) For the first LW Violation Final Determination imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees; and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.

(c) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, at the direction of the Issuer or the DCA (but not both), (i) Obligor shall pay the Owed Monies and Owed Interest in respect of such direct Site Employees of Obligor to such direct Site Employees, and Obligor shall pay fifty percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee, and/or (ii) in the case of a violation that does not result in monetary damages owed by Obligor, Obligor shall cure, or cause the cure of, such non-monetary violation.

(d) For the second and any subsequent LW Violation Final Determinations imposed on Obligor in respect of any direct Site Employees of Obligor, if the aggregate amount of Owed Monies and Owed Interest paid or payable by Obligor in respect of its direct Site Employees is in excess of the LW Violation Threshold for all past and present LW Violation Final Determinations imposed on Obligor, then in lieu of the remedies specified in subparagraph (c) above and at the direction of the Issuer or the DCA (but not both), Obligor shall pay (i) two hundred percent (200%) of the Owed Monies and Owed Interest in respect of the present LW Violation Final Determination to the affected direct Site Employees of Obligor, and (ii) fifty

percent (50%) of the total amount of such Owed Monies and Owed Interest to the DCA as an administrative fee.

(e) It is acknowledged and agreed that the sole monetary damages that Obligor may be subject to for a violation of this Agreement are as set forth in this paragraph 9.

10. Obligor acknowledges that the terms and conditions of this Agreement are intended to implement the Mayor's Executive Order No. 7 dated September 30, 2014.

11. All notices under this Agreement shall be in writing and shall be delivered by (a) return receipt requested or registered or certified United States mail, postage prepaid, (b) a nationally recognized overnight delivery service for overnight delivery, charges prepaid, or (c) hand delivery, addressed as follows:

    (a) If to Obligor, to [Obligor's Name], [Street Address], [City], [State], [Zip Code], Attention: [Contact Person].

    (b) If to the Issuer, to Build NYC Resource Corporation, 110 William Street, New York, NY, 10038, Attention: General Counsel, with a copy to Build NYC Resource Corporation, 110 William Street, New York, NY, 10038, Attention: Executive Director.

    (c) If to the DCA, to Department of Consumer Affairs of The City of New York, 42 Broadway, New York, NY, 10004, Attention: Living Wage Division.

    (d) If to the Comptroller, to Office of the Comptroller of The City of New York, One Centre Street, New York, NY 10007, Attention: Chief, Bureau of Labor Law.

12. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York.

13. Obligor hereby irrevocably and unconditionally (a) agrees that any suit, action or other legal proceeding arising out of this Agreement may be brought in the courts of record of the State of New York in New York County or the United States District Court for the Southern District of New York; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; (c) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (d) waives and relinquishes any rights it might otherwise have (i) to move to dismiss on grounds of forum non conveniens, (ii) to remove to any federal court other than the United States District Court for the Southern District of New York, and (iii) to move for a change of venue to a New York State Court outside New York County.

14. Notwithstanding any other provision of this Agreement, in no event shall the partners, members, counsel, directors, shareholders or employees of Obligor have any personal obligation or liability for any of the terms, covenants, agreements, undertakings, representations or warranties of Obligor contained in this Agreement.

IN WITNESS WHEREOF, Obligor has executed and delivered this Agreement as of the date first written above.

[_________________]

By:____________________________
Name:
Title:

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APPENDIX G

FORM OF INDENTURE

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BUILD NYC RESOURCE CORPORATION,
a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of
The City of New York, having its principal office at 110 William Street,
New York, New York 10038, as "Issuer",

TO

U.S. BANK NATIONAL ASSOCIATION,
a national banking association organized and existing under the laws of the United States of America, having a corporate trust office at 100 Wall Street, Suite 1600, New York, New York 10005, together with any successor trustee at the time serving as such under this Indenture of Trust, as "Trustee"

INDENTURE OF TRUST

Dated as of May 1, 2018

$17,560,000
Build NYC Resource Corporation
Revenue Bonds, Series 2018A
(Inwood Academy for Leadership Charter School Project)

and

$435,000
Build NYC Resource Corporation
Taxable Revenue Bonds, Series 2018B
(Inwood Academy for Leadership Charter School Project)

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated as of the date set forth on the cover page hereof (as the same may be amended and supplemented in accordance with its terms, this "**Indenture**"), by and between **BUILD NYC RESOURCE CORPORATION**, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038, party of the first part, to **U.S. BANK NATIONAL ASSOCIATION**, together with any successor trustee at the time serving as such under this Indenture of Trust, having a corporate trust office at 100 Wall Street, Suite 1600, New York, New York 10005, party of the second part (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms throughout this Indenture),

WITNESSETH:

WHEREAS, the Issuer is authorized pursuant to Section 1411(a) of the Not-for-Profit Corporation Law of the State of New York, as amended, and its Certificate of Incorporation and By-Laws, (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of The City of New York (the "**City**") by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their eligible projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other eligible projects that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to the City or by encouraging the development of or retention of an industry in the City, and lessening the burdens of government and acting in the public interest; and

WHEREAS, the Certificate of Incorporation of the Issuer further provides that the lessening of the burdens of government and the exercise of the powers conferred on the Issuer are the performance of an essential governmental function, which activities will assist the City in reducing unemployment and promoting additional job growth and economic development; and

WHEREAS, the Institution has entered into negotiations with officials of the Issuer for the Issuer's assistance with a tax-exempt and taxable revenue bond transaction, the proceeds of which, together with other funds of the Institution, will be used by the Institution to finance the Project; and

WHEREAS, the Issuer has determined that the providing of financial assistance to the Institution for the Project will promote and is authorized by and will be in furtherance of the corporate purposes of the Issuer; and

WHEREAS, as a result of such negotiations, the Institution has requested the Issuer to issue its bonds to finance a portion of the costs of the Project; and

WHEREAS, the Issuer adopted the Bond Resolution authorizing the Project and the issuance of its revenue bonds to finance a portion of the costs of the Project; and

WHEREAS, to facilitate the Project and the issuance by the Issuer of its revenue bonds to finance a portion of the costs of the Project, the Issuer and the Institution have entered into negotiations pursuant to which (i) the Issuer will make the Loan of the proceeds of the Initial Bonds, in the original aggregate principal amount of the Initial Bonds, to the Institution pursuant to the Loan Agreement, and (ii) the Institution will execute the Promissory Note in favor of the Issuer to evidence the Institution's obligation under the Loan Agreement to repay the Loan and the Issuer will endorse the Promissory Note to the Trustee; and

WHEREAS, to provide funds for a portion of the costs of the Project and for incidental and related costs and to provide funds to pay the costs and expenses of the issuance of the Initial Bonds, the Issuer has authorized the issuance of the Initial Bonds in the Authorized Principal Amount pursuant to the Bond Resolution and this Indenture; and

WHEREAS, concurrently with the execution hereof, in order to further secure the Initial Bonds, the Institution and the Friends will grant mortgage liens on and security interests in their respective interests in the Facility to the Issuer and the Trustee pursuant to the Mortgage, and the Issuer will assign its right, title and interest under the Mortgage to the Trustee pursuant to the Assignment of Mortgage; and

WHEREAS, additional moneys may be necessary to finance the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, or providing extensions, additions or improvements to the Facility or refunding outstanding Bonds and provision should therefore be made for the issuance from time to time of additional bonds; and

WHEREAS, the Initial Bonds and the Trustee's Certificate to be endorsed thereon are all to be in substantially the forms set forth in Exhibit C, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, all things necessary to make the Bonds when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal special limited revenue obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid pledge and assignment of the loan payments, revenues and receipts herein made to the payment of the principal of, Purchase Price or Redemption Price of, Sinking Fund Installments for, redemption premium, if any, and interest on the Bonds, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS INDENTURE WITNESSETH:

That the Issuer in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Holders and owners thereof, and of the sum of One Dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other

good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal, Purchase Price or Redemption Price of, and Sinking Fund Installments for, the Bonds and the indebtedness represented thereby and the redemption premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, convey, transfer, grant a security interest in, pledge and assign unto the Trustee, and unto its respective successors in trust, and to their respective assigns for the benefit of the Bondholders, forever for the securing of the performance of the obligations of the Issuer hereinafter set forth, the following:

GRANTING CLAUSES

I

All right, title and interest of the Issuer in and to the Loan Agreement, including all loan payments, revenues and receipts payable or receivable thereunder, excluding, however, the Issuer's Reserved Rights, which Issuer's Reserved Rights may be enforced by the Issuer and the Trustee, jointly or severally.

II

All right, title and interest of the Issuer in and to the Promissory Note.

III

All moneys and securities from time to time held by the Trustee under the terms of this Indenture including amounts set apart and transferred to the Earnings Fund, the Project Fund, the Renewal Fund, the Bond Fund, the Debt Service Reserve Fund (provided, however, that notwithstanding anything herein to the contrary, amounts in the Series 2018A Account of the Debt Service Reserve Fund shall be pledged for the benefit of the Series 2018A Bonds only and amounts in the Series 2018B Account of the Debt Service Reserve Fund shall be pledged for the benefit of the Series 2018B Bonds only) or any special fund, and all investment earnings of any of the foregoing, subject to disbursements from the Earnings Fund, the Debt Service Reserve Fund, the Project Fund, the Renewal Fund or any such special fund in accordance with the provisions of the Loan Agreement and this Indenture, but expressly excluding any moneys or securities held in the Rebate Fund and the Repair and Replacement Fund.

IV

Any and all other property of every kind and nature from time to time which was heretofore or hereafter is by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the Issuer or by any other Person, with or without the consent of the Issuer, to the Trustee which is hereby authorized to receive any and all such property at any time and at all times to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said Trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Holders and owners of the Bonds issued under and secured by this Indenture, without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any of the others of the Bonds, except as otherwise expressly provided in this Indenture, provided, however, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal and any applicable redemption premium, of the Bonds and the interest due or to become due thereon, at the times and in the manner provided in the Bonds according to the true intent and meaning thereof and shall make the payments into the Bond Fund as required under this Indenture or shall provide, as permitted hereby, for the payment thereof by depositing or causing to be deposited with the Trustee sufficient amounts, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared that, all the Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said loan payments, revenues and receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective Holders and owners, from time to time of the Bonds or any part thereof, as follows, that is to say:

ARTICLE I

DEFINITIONS

Section 1.01 **Definitions**. Unless otherwise herein defined, the following capitalized terms shall have the respective meanings specified in this Section 1.01 for purposes of this Indenture:

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

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

Approved Facility shall mean the Facility as 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 3896 10th Avenue, New York, New York 10034, for use by the Institution in the providing of education services to students from grade 9 through grade 12.

Assignment of Mortgage shall mean, collectively, the Assignment of Leasehold Mortgage and Security Agreement (Building Loan) and the Assignment of Leasehold Mortgage and Security Agreement (Indirect Loan) relating to the Facility, dated as of even date herewith, from the Issuer to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture.

Authorized Denomination shall mean, (i) in the case of the Series 2018A Bonds, $100,000 or any integral multiple of $5,000 in excess thereof, (ii) in the case of the Series 2018B Bonds, $100,000 or any integral multiple of $5,000 in excess thereof, and (iii) in the case of any Additional Bonds, such denominations as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Additional Bonds; provided, however, that if the Initial Bonds are rated investment grade by each Rating Agency then rating the Initial Bonds, then, upon the Trustee receiving written notice of the occurrence of such event, the Authorized Denomination with respect to the Initial Bonds shall be $5,000 or any integral multiple thereof.

Authorized Principal Amount shall mean, (i) in the case of the Series 2018A Bonds, $17,560,000, (ii) in the case of the Series 2018B Bonds, $435,000, and (iii) in the case of any Additional Bonds, such authorized principal amount as shall be set forth in the Supplemental Indenture executed and delivered in connection with such Additional Bonds.

Authorized Representative shall mean, (i) in the case of the Issuer, the Chairperson, Vice Chairperson, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, or any other officer or employee of the Issuer who is authorized to perform specific acts or to discharge specific duties, and (ii) in the case of the Institution, a person named in Exhibit C - "Authorized Representative" to the Loan Agreement or any other officer or employee of the Institution who is authorized to perform specific duties under the Loan Agreement or under any other Project Document and of whom another Authorized Representative of the Institution has given written notice to the Issuer and the Trustee; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of the Loan Agreement or any other Project Document, such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

Beneficial Owner shall mean, whenever used with respect to an Initial Bond, the Person in whose name such Initial Bond is recorded as the Beneficial Owner of such Initial Bond by the respective systems of DTC and each of the Participants of DTC. If at any time the Initial Bonds are not held in the Book-Entry System, Beneficial Owner shall mean "Holder" for purposes of the Security Documents.

Bond Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

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

Bond Purchase Agreement shall mean the Bond Purchase Agreement, dated May 1, 2018, among the Issuer, the Institution and the Underwriter.

Bond Registrar shall mean the Trustee acting as registrar as provided in Section 3.10.

Bond Resolution shall mean the resolution of the Issuer adopted on February 13, 2018, authorizing the Project and the issuance of the Initial Bonds.

Bonds shall mean the Initial Bonds and any Additional Bonds.

Building Loan Agreement shall mean the Building Loan Agreement, dated as of even date herewith, among the Issuer, the Institution and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Business Day shall mean any day that shall not be:

(ii) a Saturday, Sunday, or legal holiday;

(iii) a day on which banking institutions in the City are authorized by law or executive order to close; or

(iv) a day on which the New York Stock Exchange or the payment system of the Federal Reserve System is closed.

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

Closing Date shall mean May 15, 2018, the date of the initial issuance and delivery of the Initial Bonds.

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

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

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

Conduct Representation shall mean any representation by the Institution under Section 2.2(t) of the Loan Agreement, or by any other Person in any Required Disclosure Statement delivered to the Issuer.

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

Costs of Issuance shall mean issuance costs with respect to the Initial Bonds described in Section 147(g) of the Code and any regulations thereunder, including but not limited to the following: Underwriter's fee; counsel fees (including bond counsel, counsel to the Underwriter, Trustee's counsel, Issuer's counsel, Institution's counsel, 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 issuance of the Initial Bonds; printing costs (for the Initial Bonds and of the preliminary and final offering documents relating to the Initial Bonds); public approval and process costs; fees and expenses of the Issuer incurred in connection with the issuance of the Initial Bonds; and Blue Sky fees and expenses; and similar costs.

Debt Service Reserve Fund shall mean the special trust fund so designated, established pursuant to Section 5.01 of this Indenture.

Debt Service Reserve Fund Requirement shall mean, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) equal to the lesser of:

(i) ten percent (10%) of the Net Proceeds (as defined in the Tax Regulatory Agreement) of the Outstanding 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 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 Bonds; or

(iv) The amount permitted to be deposited into the Debt Service Reserve Fund, and invested at an unrestricted yield, under the Code; which amount shall be allocated between the Series 2018A Bonds and the Series 2018B Bonds based on the proceeds of each such Series of Bonds.

Debt Service Reserve Fund Valuation Date shall mean March 1 and September 1 of each year commencing September 1, 2018.

Defaulted Interest shall have the meaning specified in Section 2.02(f) in this Indenture.

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

Determination of Taxability shall mean:

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

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

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

(D) the admission in writing by the Institution;

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

(ii) the receipt by the Trustee of a written opinion of Nationally Recognized Bond Counsel to the effect that the interest payable on the Bonds is includable in gross income for federal income tax purposes or the refusal of any such counsel to render a written opinion that the interest on the Bonds is not so includable when required pursuant to a request by a Bondholder in accordance with the procedures set forth in this Indenture;

provided, however, that no such Determination of Taxability described in clauses (i)(B) or (i)(C) hereof shall be considered to exist unless (1) the Holder or former Holder of the Bond involved in such proceeding (y) gives the Institution and the Trustee prompt notice of the commencement thereof and (z) (if the Institution agrees to pay all expenses in connection therewith) offers the Institution the opportunity to control the defense thereof and (2) either (y) the Institution does not agree within thirty (30) days of receipt of such offer to pay such expenses and to control such defense or (z) the Institution shall exhaust or choose not to exhaust all available proceedings for the contest, review, appeal or rehearing of such decree, judgment or action which the Institution determines to be appropriate. A Bondholder shall have the right to request the Trustee to obtain a written opinion of Nationally Recognized Bond Counsel pursuant to clause (ii) above, at the expense of the Institution, upon delivery by the Bondholder to the Institution of a letter from the Bondholder's accountant stating that, in his or her reasonable opinion, interest on the Bonds is includable in the gross income of such Bondholder for federal income tax purposes and stating the reasons for such determination. No Determination of Taxability described above will result from the inclusion of interest on any Bond in the computation of minimum or indirect taxes.

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

Earnings Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

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

Event of Default shall have the meaning specified in Section 8.01(a).

Event of Taxability shall mean the date specified in a Determination of Taxability as the date interest paid or payable on any Series 2018A Bond becomes includable for federal income tax purposes in the gross income of any Holder thereof as a consequence of any act, omission or event whatsoever, including any change of law, and regardless of whether the same was within or beyond the control of the Institution.

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

Facility Personalty shall mean those items of machinery, equipment and other items of personalty the acquisition and/or the installation of which is to be financed in whole or in part with the proceeds of the Bonds for installation or use at the Facility Realty as part of the Project pursuant to Section 3.2 of the Loan Agreement and described in Exhibit B - "Description of the Facility Personalty", together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed thereto. Facility Personalty shall, in accordance with the provisions of Sections 3.5 and 6.4 of the Loan Agreement, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so substituted for or replaced, and further exclude all items of Facility Personalty removed as provided in Section 3.5 of the Loan Agreement.

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

Fitch shall mean Fitch, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Friends shall mean Friends of the Inwood Academy for Leadership Charter School, Inc., a New York not-for profit corporation, and its successors and/or assigns.

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.

Improvements shall mean:

(i) all buildings, structures, foundations, related facilities, fixtures and other improvements of every nature whatsoever existing on the Closing Date and hereafter erected or situated on the Land;

(ii) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land (including any improvements or demolitions made as part of the Project Work pursuant to Section 3.2 of the Loan Agreement); and

(iii) all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

Indenture shall mean this Indenture of Trust, dated as of May 1, 2018, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XI.

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

Initial Bonds shall mean collectively, the Series 2018A Bonds and the Series 2018B Bonds, authorized, issued, executed, authenticated and delivered on the Closing Date under this Indenture.

Institution shall mean Inwood Academy for Leadership Charter School, a not-for-profit education corporation organized and existing under the laws of the State of New York, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the Institution under Section 8.9 or 8.20 of the Loan Agreement.

Institution Documents shall mean the Bond Purchase Agreement, the Loan Agreement, the Mortgage, the Building Loan Agreement, the Sublease Agreement and the Tax Regulatory Agreement, each as may be amended from time to time.

Interest Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Interest Payment Date shall mean, with respect to the Initial Bonds, May 1 and November 1 of each year, commencing November 1, 2018, and with respect to any Series of Additional Bonds, the dates set forth therefor in the Supplemental Indenture pursuant to which such Series of Additional Bonds are issued.

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

Issuer's Reserved Rights shall mean, collectively,

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

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

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

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

(v) the right of the Issuer to amend with the Institution the provisions of Section 5.1 of the Loan Agreement without the consent of the Trustee or any Bondholder;

(vi) the right of the Issuer in its own behalf (or on behalf of the appropriate taxing authorities) to enforce, receive amounts payable under or otherwise exercise its rights under the following Articles and Sections of the Loan Agreement: Article III (except for Section 3.1), Sections 4.4, 4.5 and 4.6, Article V, Article VI, Article VIII (except for Section 8.26), Article IX, Article X and Sections 11.1, 11.3 and 11.5, and Article XII (except Section 12.2); and

(vii) the right of the Issuer in its own behalf to declare a default with respect to any of the Issuer's Reserved Rights and exercise the remedies set forth in Section 9.2(b) of the Loan Agreement.

Land shall mean the Institution's leasehold interest in those certain lots, pieces or parcels of land in Block 2223 and Lot 16, generally known by the street address of 3896 10th Avenue, New York, New York 10034, all as more particularly described in Exhibit A — "Description of the Land", together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 8.10 of the Loan Agreement.

Lease Agreement shall mean collectively, the Agreement of Lease, dated as of July 6, 2017, as modified by the Lease Modification Agreement, dated April 12, 2018, between 3896 10th Avenue Associates and the Friends, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture.

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.

Limited Guaranty shall mean the Limited Guaranty, dated as of even date herewith, from the Friends to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and herewith.

Loan shall mean the loan made by the Issuer to the Institution pursuant to the Loan Agreement as described in Section 4.1 thereof.

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

Loan Payment Date shall mean the last Business Day of each month, commencing on June 29, 2018.

Loss Event shall have the meaning specified in Section 6.1 of the Loan Agreement.

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

Moody's shall mean Moody's Investors Service Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Mortgage shall mean, collectively, the Leasehold Mortgage and Security Agreement (Building Loan) and the Leasehold Mortgage and Security Agreement (Indirect Loan) relating to the Facility, each dated as of even date herewith, and each from the Institution and the Friends to the Issuer and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture.

Mortgaged Property shall have the meaning specified in the Mortgage.

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

Net Proceeds shall mean, when used with respect to any insurance proceeds or condemnation award, compensation or damages, the gross amount of any such proceeds, award, compensation or damages less all expenses (including reasonable attorneys' fees and any extraordinary expenses of the Issuer or the Trustee) incurred in the collection thereof.

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

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

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

Outstanding, when used with reference to a Bond or Bonds, as of any particular date, shall mean all Bonds which have been issued, executed, authenticated and delivered under t0ise Indenture, except:

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

(ii) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with Article X, there has been separately set aside and held in the applicable subaccount of the Redemption Account of the Bond Fund either:

(A) moneys, and/or

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

in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment or redemption date, which payment or redemption date shall be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Defeasance Obligations to such payment on the date so specified, provided, that, if such Bond or portion thereof is to be redeemed, notice of such redemption shall have been given as provided in this Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article III,

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any other Security Document, Bonds owned by the Institution or any Affiliate of the Institution shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded. Bonds which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Institution or any Affiliate of the Institution.

Participants shall mean those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

Paying Agent shall mean any paying agent for the Bonds appointed pursuant to this Indenture (and may include the Trustee) and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to this Indenture.

Permitted Encumbrances shall mean:

(i) the Lease Agreement, the Sublease Agreement, the Mortgage (as assigned by the Assignment of Mortgage), the Building Loan Agreement and any other Project Document;

(ii) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not yet due and payable;

(iii) any mechanic's, workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien, security interest,

encumbrance or charge or right in respect thereof, placed on or with respect to the Facility or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to Section 8.11(b) of the Loan Agreement;

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

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

(vi) those exceptions to title to the Mortgaged Property enumerated in the title insurance policy delivered pursuant to Section 3.7 of the Loan Agreement insuring the Trustee's mortgagee interest in the Mortgaged Property, a copy of which is on file at the offices of the Issuer and at the designated corporate trust office of the Trustee;

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

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

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

(x) any purchase money security interest in movable personal property, including equipment leases and financing;

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

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

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

Person shall mean an individual or any Entity.

Principal Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Project shall mean the (1) the renovation, furnishing and equipping of an existing approximately 35,469 square foot 2-story building on an approximately 18,075 square foot parcel of land located at 3896 10th Avenue, New York, New York 10034; and (2) the payment of certain costs related to the issuance of the Initial Bonds.

Project Costs shall mean:

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

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

(iii) the interest on the Bonds during the construction and renovation of the Project;

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

(v) all costs of title insurance as provided in Section 3.7 of the Loan Agreement;

(vi) the payment of the Costs of Issuance with respect to the Initial Bonds;

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

(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, including any amounts required to reimburse the Institution for advances made for any item otherwise constituting

a Project Cost or for any other costs incurred and for work done which are properly chargeable to the Project; and

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

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

Project Documents shall mean, collectively, the Institution Documents and the Security Documents.

Project Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

Project Work shall mean (i) the design, construction and/or renovation of the Improvements, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Promissory Note or **Promissory Notes** shall mean, collectively, the Series 2018A Promissory Note and the Series 2018B Promissory Note with respect to the Initial Bonds, in substantially the form of Exhibit H to the Loan Agreement, and, 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 shall include in each case any and all amendments thereof and supplements thereto made in conformity with the Loan Agreement and this Indenture.

Purchase Price shall mean an amount equal to the Redemption Price that would be applicable to the Initial Bonds being purchased pursuant to Section 2.03(g) if such Initial Bonds were being optionally redeemed pursuant to Section 2.03(a) on the date such Initial Bonds are being so purchased, plus accrued interest thereon to the date of purchase.

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

(i) Government Obligations;

(ii) obligations rated at the time of purchase in one of the two highest whole rating categories (without regard to graduations within a category) by Moody's or S&P;

(iii) money market funds investing exclusively in Government Obligations;

(iv) shares of an Investment Company organized under the Investment Company Act of 1940, as amended, including an Investment Company for which the Trustee, or any of its affiliates, is investment advisor, which invests its assets substantially in Government Obligations;

(v) commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by S&P;

(vi) direct general obligations of any state of the United States or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" or better by Moody's and "A-" or better by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated, or Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in this section and rated "AA-" or better by S&P and "Aa3" or better by Moody's (any such securities are without regard to exemption of interest from federal taxation);

(vii) forward Purchase Agreements by a financial institution rated at the time of execution by any Rating Agency in one of three highest rating categories assigned by such Rating Agency (without regard to any refinement or graduation of rating category by numerical modifier or otherwise). Securities eligible for delivery under the agreement will include those described in sections (i) or (ii) above. Any Forward Purchase Agreement must be accompanied by a bankruptcy opinion that the securities delivered will not be considered part of the bankruptcy estate in the event of a declaration of bankruptcy or insolvency by the provider; or

(viii) investment agreements with banks that at the time such agreement is executed are rated by any Rating Agency in one of the three highest rating categories assigned by such Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) or investment agreements with non-bank financial institutions or vehicles if all of the unsecured, direct long-term debt of either the non-banking financial institution, vehicle, or the related guarantor of such non-bank financial institution or vehicle is rated by any Rating Agency at the time such agreement is executed in one of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) for obligations of that nature; or

(a) if such non-bank financial institutions vehicles or related guarantor have no outstanding long-term debt that is rated, all of the short-term debt of either the non-banking financial institution, vehicle, or the related guarantor of such non-bank financial institution is rated by any Rating Agency in the highest rating category (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) assigned to short-term indebtedness by such Rating Agency or

(b) such non-bank financial institution, vehicle, or the related guarantor has a claims paying ability rated by any Rating Agency in one of the three highest rating categories assigned by such Rating Agency (without regard to any refinement or gradation of rating category by numeral modifier or otherwise); provided that if at any time after purchase the provider of the investment agreement drops below the three highest rating

categories assigned by such Rating Agency, the investment agreement must, within 30 days, either be assigned to a provider rated in one of the three highest rating categories, or be secured by the provider with collateral securities described in clause (i) (ii) and (iii) above, the fair market value of which, in relation to the amount of the investment agreement including principal and interest, is equal to at least 102%.

Rating Agency shall mean any of S&P, Moody's or Fitch and such other nationally recognized securities rating agency as shall have awarded a rating to the Initial Bonds.

Rating Category shall mean one of the generic rating categories of a Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Rebate Amount shall have the meaning assigned to that term in the Tax Regulatory Agreement.

Rebate Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

Record Date shall mean, with respect to any Interest Payment Date for the Initial Bonds, the close of business on the fifteenth (15th) day of the month next preceding such Interest Payment Date, or, if such day is not a Business Day, the next preceding Business Day.

Redemption Account shall mean the special trust account of the Bond Fund so designated, established pursuant to Section 5.01.

Redemption Date shall mean the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of this Indenture.

Redemption Price shall mean, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Indenture.

Refunding Bonds shall have the meaning assigned to that term in Section 2.07(c).

Reimbursement Resolution shall mean, as the case may be and as more particularly described in the Tax Regulatory Agreement, the resolution adopted by the Issuer on February 13, 2018 with respect to the Project and the debt financing thereof or the resolution adopted by the Institution on February 12, 2018 with respect to the Project and the debt financing thereof.

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

Renewal Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

Repair and Replacement Fund shall mean the special trust fund so designated, established pursuant to Section 5.01.

Repair and Replacement Fund Requirement shall mean an amount equal to $200,000.

Representations Letter shall mean the Blanket Issuer Letter of Representations from the Issuer to DTC with respect to the Initial Bonds.

Responsible Officer shall mean, with respect to the Trustee, any officer within the corporate trust office of the Trustee, including any vice-president, any assistant vice-president, any secretary, any assistant secretary, the treasurer, any assistant treasurer or other officer of the corporate trust office of the Trustee customarily performing functions similar to those performed by any of the above designated officers, who has direct responsibility for the administration of the trust granted in this Indenture, and shall also mean, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

S&P shall mean Standard & Poor's Financial Services LLC, a Delaware limited liability company which is a subsidiary of McGraw Hill Financial, Inc., a corporation organized and existing under the laws of the State, its successors and assigns, and if such limited liability company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Securities Depository shall mean any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book-entry interests in the Bonds, and to effect transfers of book-entry interests in the Bonds in book-entry form, and includes and means initially DTC.

Security Documents shall mean, collectively, the Loan Agreement, the Promissory Note, this Indenture, the Limited Guaranty, the Tax Regulatory Agreement, the Building Loan Agreement, the Mortgage, the Lease Agreement, the Sublease Agreement and the Assignment of Mortgage.

Series shall mean all of the Bonds designated as being of the same series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to this Indenture.

Series 2018A Bonds shall mean the Issuer's $17,560,000 Revenue Bonds, Series 2018A (Inwood Academy for Leadership Charter School Project), authorized, issued, executed, authenticated and delivered on the Closing Date under this Indenture.

Series 2018A Promissory Note shall mean the Promissory Note in substantially the form of Exhibit H-1 to the Loan Agreement.

Series 2018B Bonds shall mean the Issuer's $435,000 Taxable Revenue Bonds, Series 2018B (Inwood Academy for Leadership Charter School Project), authorized, issued, executed, authenticated and delivered on the Closing Date under this Indenture.

Series 2018B Promissory Note shall mean the Promissory Note in substantially the form of Exhibit H-2 to the Loan Agreement

Sinking Fund Installment shall mean an amount so designated and which is established for mandatory redemption on a date certain of the Bonds of any Series of Bonds pursuant to this Indenture. The portion of any such Sinking Fund Installment of a Series of Bonds remaining after the deduction of any amounts credited pursuant to this Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments of such Series of Bonds due on a future date.

Sinking Fund Installment Account shall mean the special trust account of the Bond Fund so designated, which is established pursuant to Section 5.01.

Special Record Date shall have the meaning specified in Section 2.02(f).

State shall mean the State of New York.

Sublease Agreement shall mean the Sublease Agreement, dated as of April 12, 2018, between the Friends and the Institution, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with this Indenture.

Supplemental Indenture shall mean any indenture supplemental to or amendatory of this Indenture, executed and delivered by the Issuer and the Trustee in accordance with Article XI.

Tax 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 this Indenture.

Trustee shall mean U.S. Bank National Association, New York, New York, in its capacity as trustee under this Indenture, and its successors in such capacity and their assigns hereafter appointed in the manner provided in this Indenture.

Trust Estate shall mean all property, interests, revenues, funds, contracts, rights and other security granted to the Trustee under the Security Documents.

Underwriter shall mean RBC Capital Markets, LLC.

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

Section 1.02 Construction.

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Indenture, refer to this Indenture, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the Closing Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Indenture, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

(e) Unless the context indicates otherwise, references to designated "Exhibits", "Articles", "Sections", "Subsections", "clauses" and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Indenture.

(f) The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(g) The word "will" shall be construed to have the same meaning and effect as the word "shall".

(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein or herein).

(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person's successors and assigns or such Person's successors in such capacity, as the case may be.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.01 Authorized Amount of Bonds; Pledge Effected by this Indenture. (a) No Bond may be authenticated and delivered under the provisions of this Indenture except in accordance with this Article. Except as provided in Sections 2.07 and 3.07, the total aggregate principal amount of Bonds that may be authenticated and delivered hereunder is limited to the Authorized Principal Amount.

(b) The proceeds of the Bonds deposited in the Project Fund and certain of the loan payments, receipts and revenues payable under the Loan Agreement, including moneys which are required to be set apart, transferred and pledged to the Earnings Fund, to the Bond Fund, to the Debt Service Reserve Fund, to the Renewal Fund or to certain special funds, including the investments, if any, thereof (subject to disbursements from such Funds in accordance with the provisions of this Indenture) are pledged by this Indenture for the payment of the principal, Purchase Price or Redemption Price, if any, of, Sinking Fund Installments for, and interest on, the Bonds. All such Funds shall be held by the Trustee in trust for the benefit of the Bondholders, and while held by the Trustee constitute part of the Trust Estate and be subject to the lien hereof. The Rebate Fund and the Repair and Replacement Fund (including, in each case, amounts on deposit therein) shall not be subject to any assignment, pledge, lien or security interest in favor of the Trustee or any Bondholder or any other Person. The Bonds shall be the special limited revenue obligations of the Issuer and shall be payable by the Issuer as to the principal, Purchase Price or Redemption Price, if any, of the Bonds, Sinking Fund Installments for the Bonds, and interest on the Bonds only from the Funds, special funds and loan payments, revenues and receipts pledged therefor. The Bonds are additionally secured by a pledge and assignment of the Promissory Note and substantially all of the Issuer's right, title and interest in and to the Loan Agreement (excluding the Issuer's Reserved Rights). In addition, the Institution and the Friends have granted mortgage liens on and security interests in their respective interests in the Mortgaged Property to the Issuer and the Trustee pursuant to the Mortgage, and the Issuer has assigned its right, title and interest in the Mortgage to the Trustee pursuant to the Assignment of Mortgage.

In no event shall any obligations of the Issuer under this Indenture or the Bonds or under the Loan Agreement or under any other Security Document or related document for the payment of money create a debt of the State or the City and neither the State nor the City shall be liable on any obligation so incurred, but any such obligation shall be a special limited revenue obligation of the Issuer secured and payable solely as provided in this Indenture.

Section 2.02 Issuance and Terms of the Initial Bonds. (a) The Initial Bonds in the Authorized Principal Amount shall be issued under and secured by this Indenture. The Initial Bonds shall be issuable in fully registered form without coupons substantially in the forms set forth in Exhibit C and shall be dated as provided in Section 3.01.

(b) (i) The Series 2018A Bonds shall mature on the dates and in the principal amounts and bear interest at the annual rates, as set forth below:

Maturity Dates May 1	Principal Amount	Interest Rate
2031	$3,890,000	4.875%
2038	$4,225,000	5.125%
2048	$9,445,000	5.500%

(ii) The Series 2018B Bonds shall mature on the dates and in the principal amounts and bear interest at the annual rates, as set forth below:

Maturity Dates May 1	Principal Amount	Interest Rate
2022	$435,000	5.950%

Interest shall be payable on each Interest Payment Date and shall be computed on the basis of a 360-day year of twelve 30-day months. Notwithstanding anything herein to the contrary, the interest rate borne by the Initial Bonds shall not exceed the maximum permitted by, or enforceable under, applicable law.

(c) Reserved.

(d) Reserved.

(e) The Series 2018A Bonds shall be numbered from AR-1 upward in consecutive numerical order and the Series 2018B Bonds shall be numbered from BR-1 upward in consecutive numerical order. Initial Bonds issued upon any exchange or transfer hereunder shall be numbered in such manner as the Trustee in its discretion shall determine.

(f) The principal of, Sinking Fund Installments for, and Purchase Price or the Redemption Price, if applicable, on all Initial Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Initial Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, provided, however, that the payment in full of any Initial Bond either at final maturity or upon redemption in whole shall only be payable upon presentation and surrender of such Initial Bonds, at the designated corporate trust office of the Trustee or of any Paying Agent.

The interest payable on each Initial Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Initial Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Record Date for such interest, (1) by check or draft mailed to such registered owner at his address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Initial Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Initial Bonds in the aggregate principal amount of at least $1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Record Date for any interest payment.

Interest on any Initial Bond that is due and payable but not paid on the date due (“**Defaulted Interest**”) shall cease to be payable to the owner of such Initial Bond on the relevant Record Date and shall be payable to the owner in whose name such Initial Bond is registered at the close of business on a special record date (the “**Special Record Date**”) for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. It is provided in the Loan Agreement that the Institution shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Initial Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to

the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment. Money deposited with the Trustee on account of Defaulted Interest shall be held in trust for the benefit of the owners of the Initial Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt of such funds by the Trustee. The Trustee shall promptly notify the Institution of such Special Record Date and, in the name and at the expense of the Institution, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each owner of an Initial Bond entitled to such notice at the address of such owner as it appears on the bond registration books not less than ten (10) days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Initial Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Initial Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Initial Bond and each such Initial Bond shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

(g) The Initial Bonds are issuable in the form of fully registered bonds in the Authorized Denominations.

(h) Anything in the Initial Bonds or in this Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Initial Bonds shall be subject to the limitation that payments of interest or other amounts on the Initial Bonds shall not be required to the extent that receipt of any such payment by a Holder of an Initial Bond would be contrary to the provisions of law applicable to such Holder which would limit the maximum rate of interest which may be charged or collected by such Holder of an Initial Bond.

Section 2.03 Redemption of Initial Bonds.

(a) **General Optional Redemption.** The Series 2018A Bonds maturing on or after May 1, 2031 are subject to optional redemption, on or after May 1, 2028, in whole at any time or in part on any Interest Payment Date (but if in part in integral multiples of $5,000 and in the minimum principal amount of $100,000) at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement pursuant to Section 4.3(c) thereof), at the Redemption Price of 100% of unpaid principal amount of the Series 2018A Bonds to be redeemed, plus accrued interest to the date of redemption. The Series 2018B Bonds are not subject to optional redemption.

(b) **Extraordinary Redemption.** The Initial Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Institution (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement pursuant to Section 4.3(c) thereof), as a whole on any date, upon notice or waiver of notice as provided in this Indenture, at a Redemption Price of

one hundred percent (100%) of the unpaid principal amount thereof plus accrued interest to the date of redemption, if one or more of the following events shall have occurred:

(i) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of one year from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the Institution is thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

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

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

If the Initial Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise to such redemption, the Institution has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

(c) **Mandatory Sinking Fund Installment Redemption.** (i) The Series 2018A Bonds maturing on May 1, 2031 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.05(d) and (f):

Sinking Fund Installment Payment Date – May 1	Sinking Fund Installment
2022	$185,000
2023	335,000
2024	355,000
2025	370,000

2026	390,000
2027	410,000
2028	430,000
2029	450,000
2030	470,000
2031	495,000*

(*final maturity)

(ii) The Series 2018A Bonds maturing on May 1, 2038 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.05(d) and (f):

Sinking Fund Installment Payment Date – May 1	Sinking Fund Installment
2032	$515,000
2033	545,000
2034	570,000
2035	600,000
2036	630,000
2037	665,000
2038	700,000*

(*final maturity)

(iii) The Series 2018A Bonds maturing on May 1, 2048 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.05(d) and (f):

Sinking Fund Installment Payment Date – May 1	Sinking Fund Installment
2039	$735,000
2040	775,000
2041	815,000
2042	860,000
2043	910,000
2044	960,000
2045	1,010,000
2046	1,065,000
2047	1,125,000
2048	1,190,000*

(*final maturity)

(iv) The Series 2018B Bonds shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in Sections 5.05(d) and (f):

Sinking Fund Installment Payment Date – May 1	Sinking Fund Installment
2021	$300,000
2022	135,000*

(*final maturity)

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

(e) **Mandatory Taxability Redemption.** Upon the occurrence of a Determination of Taxability, the Series 2018A Bonds shall be redeemed prior to maturity on any date within one hundred twenty (120) days following such Determination of Taxability, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption. The Series 2018A Bonds shall be redeemed in whole unless redemption of a portion of the Series 2018A Bonds Outstanding would have the result that interest payable on the Series 2018A Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Series 2018A Bond. In such event, the Series 2018A Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

(f) **Mandatory Redemption if Lease Agreement or Sublease Agreement Terminates.** The Initial Bonds shall be subject to mandatory redemption, in whole, on the Business Day prior to the effective date of any termination or expiration of the Lease Agreement or the Sublease Agreement, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption.

(g) **Purchase in Lieu of Optional Redemption.** In lieu of calling the Series 2018A Bonds for optional redemption, the Series 2018A Bonds shall be subject to mandatory tender for purchase at the direction of the Issuer, upon the direction of the Institution, in whole or in part (and, if in part, in such manner as determined by the Institution) on any date on or after May 1, 2028, at a Purchase Price equal to the applicable Redemption Price for any optional redemption of such Series 2018A Bonds as provided in Section 2.03(a), plus accrued interest to the purchase date. Purchases of tendered Series 2018A Bonds may be made without regard to any provision of this Indenture relating to the selection of Series 2018A Bonds in a partial optional redemption. The Series 2018A Bonds purchased pursuant to any mandatory tender(s) are not required to be cancelled, and if not so cancelled (subject to Section 11.6 of the Loan Agreement), shall, prior to any resale by or on behalf of the Institution, not be deemed Outstanding in connection with any subsequent partial optional redemption solely for purposes of those provisions of this Indenture relating to the selection of the Series 2018A Bonds in a partial redemption.

Purchases in lieu of an optional redemption shall be permitted, with the consent of the Issuer, upon the delivery to the Issuer and the Trustee of (i) an opinion of Nationally Recognized Bond Counsel addressed to the Issuer and the Trustee substantially to the effect that (A) such purchases in lieu of optional redemption comply with the provisions of this Indenture and (B) neither such purchases in lieu of an optional redemption nor any transaction directly related thereto will adversely affect the exclusion from gross income of interest on the Series 2018A Bonds for purposes of federal income taxation, and (ii) such other opinions, certificates or documentation as the Issuer may require.

(i) Redemption of Initial Bonds permitted or required by this Article II shall be made as follows, and the Trustee shall give the notice of redemption required by Section 6.03 in respect of each such redemption:

(1) Redemption shall be made pursuant to the general optional redemption provisions of Section 2.03(a) or (b) at such times as are permitted under such Section and, in the case of Section 2.03(a), in such principal amounts, as the Institution shall request in a written notice to the Trustee in accordance with Section 4.3(c) of the Loan Agreement.

(2) Redemption shall be made pursuant to the mandatory Sinking Fund Installment redemption provisions of Section 2.03(c) as and when required by this Section without the necessity of any request by, or notification from the Issuer or from the Institution, but subject to the provisions of Section 5.05(d) and (f).

(3) Redemption shall be made pursuant to the mandatory redemption provisions of Section 2.03(d) on the date specified therein in the event

redemption is required under such circumstances, without the necessity of any instructions or further act of the Institution.

(4) Redemption shall be made pursuant to the mandatory taxability redemption provisions of Section 2.03(e) at the earliest possible date, but no later than one hundred twenty (120) days following the Determination of Taxability, without the necessity of any instructions or further act of the Issuer or the Institution.

(5) Redemption shall be made pursuant to the mandatory redemption provisions of Section 2.03(f) on the date specified therein in the event redemption is required under such circumstances, without the necessity of any instructions or further act of the Institution.

Section 2.04 **Delivery of Initial Bonds**. The Initial Bonds shall be executed in the form and manner set forth in this Indenture and shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of the Initial Bonds including the interest, if any, accrued on the Initial Bonds to the Closing Date, the Initial Bonds shall be delivered by the Trustee on behalf of the Issuer to or upon the order of the purchaser(s) thereof, but only upon receipt by the Trustee of:

(a) a copy, duly certified by the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel of the Issuer, of the Bond Resolution;

(b) an original executed counterpart of all Security Documents;

(c) a written opinion by Nationally Recognized Bond Counsel to the effect that the issuance of the Initial Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled; and

(d) the written order to the Trustee executed by an Authorized Representative of the Issuer to authenticate and deliver the Initial Bonds to the purchaser(s) therein identified upon payment to the Trustee for the account of the Issuer of the purchase price therein specified, plus accrued interest, if any.

Section 2.05 **Execution of Bonds**. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel of the Issuer, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the manual or facsimile signature of the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel of the Issuer. Any facsimile signatures shall have the same force and effect as if the appropriate officers had personally signed each of said Bonds. In case one or any of the officers who shall have signed or attested the Bonds or whose reproduced facsimile signature appears thereon shall cease to be such officer or officers before the Bonds so signed and attested shall have been actually issued and delivered, the Bonds may be issued and delivered as though the person who signed or attested or whose reproduced facsimile signature appears on the Bonds had not ceased to be such officer. Neither the members, directors, officers or agents of the Issuer nor any person executing

the Bonds shall be liable personally or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 2.06 Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication, in substantially the form set forth in the Forms of Initial Bonds in Exhibit C, duly executed by the Trustee, shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until such certificate of authentication on such Bond shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture. The Trustee shall note, with respect to each Bond to be authenticated under this Indenture in the space provided in the certificate of authentication for such Bond, the date of the authentication and delivery of such Bond. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds.

Section 2.07 Additional Bonds.

(a) So long as the Promissory Note, the Loan Agreement and the other Security Documents are each in effect, and the requirements of Section 8.31(d) of the Loan Agreement shall have been complied with or the prior written consent of the Majority Holders shall have been obtained, one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of (i) completing the Project, (ii) providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (iii) providing extensions, additions or improvements to the Facility, the purpose of which shall be for the Approved Project Operations, or (iv) refunding Outstanding Bonds. Such Additional Bonds shall be payable from the loan payments, receipts and revenues of the Facility including such extensions, additions and improvements thereto. Prior to the issuance of a Series of Additional Bonds and the execution of a Supplemental Indenture in connection therewith, the Issuer and the Institution shall enter into an amendment to the Loan Agreement, and the Institution shall execute a new Promissory Note, which shall provide, among other things, that the loan payments payable by the Institution under the Loan Agreement and the aggregate amount to be paid under all Promissory Notes shall be increased and computed so as to amortize in full the principal of and interest on such Additional Bonds and any other costs in connection therewith. In addition, the Institution and the Issuer shall enter into an amendment to each Security Document with the Trustee which shall provide that the amounts guaranteed or otherwise secured thereunder be increased accordingly.

(b) Each such Series of Additional Bonds shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of such Series of Additional Bonds, they shall be made available by the Trustee for pick-up by the order of the purchaser or purchasers thereof, but only upon receipt by the Trustee of:

(1) a copy of the resolution, duly certified by the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel of the Issuer, authorizing, issuing and awarding the Series of Additional

Bonds to the purchaser or purchasers thereof and providing the terms thereof and authorizing the execution of any Supplemental Indenture and any amendments of or supplements to the Loan Agreement and any other Security Document to which the Issuer shall be a party;

(2) original executed counterparts of the Supplemental Indenture and an amendment of or supplement to the Loan Agreement expressly providing that, to the extent applicable, for all purposes of the Supplemental Indenture, the Promissory Note, the Loan Agreement, and the Mortgage, the Facility referred to therein and the premises related or subject thereto shall include the buildings, structures, improvements, machinery, equipment or other facilities being financed, and the Bonds referred to therein shall mean and include the Series of Additional Bonds being issued as well as the Initial Bonds and any Series of Additional Bonds theretofore issued;

(3) a written opinion by Nationally Recognized Bond Counsel, to the effect that the issuance of the Series of Additional Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled and that the issuance of the Series of Additional Bonds will not cause the interest on any Series of Bonds Outstanding (other than the Series 2018B Bonds or any other Series of taxable Additional Bonds previously issued) to become includable in gross income for Federal income tax purposes;

(4) except in the case of a Series of Refunding Bonds (defined below) refunding all Outstanding Bonds, a certificate of an Authorized Representative of the Institution to the effect that each Security Document to which it is a party continues in full force and effect and that there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default;

(5) written evidence from each Rating Agency by which any Series of Outstanding Bonds are then rated, if any, to the effect that it has reviewed the documentation pertaining to the issuance of the Series of Additional Bonds, and that the issuance of such Series of Additional Bonds will not result in a withdrawal, a suspension or a reduction of the long and short-term ratings, if applicable, then assigned to any Series of Outstanding Bonds by such Rating Agency;

(6) an original, executed counterpart of the new Promissory Note and the amendment to each Security Document; and

(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.

(c) (1) Upon the request of the Institution, one or more Series of Additional Bonds may be authenticated and made available for pick-up upon original issuance to refund ("**Refunding Bonds**") all Outstanding Bonds or any Series of Outstanding Bonds or any part of one or more Series of Outstanding Bonds. Bonds of a Series of Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of this Indenture and of the resolution authorizing said Series of Refunding Bonds. In the case of the refunding under this Section 2.07 of less than all Bonds Outstanding of any Series or of any maturity within such Series, the Trustee shall proceed to select such Bonds in accordance with Section 6.02.

(2) A Series of Refunding Bonds may be authenticated and made available for pick-up only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 2.07(b), as may be applicable) of:

(A) Irrevocable instructions from the Issuer to the Trustee, satisfactory to it, to give due notice of redemption pursuant to Section 6.03 to the Holders of all the Outstanding Bonds to be refunded prior to maturity on the redemption date specified in such instructions; and

(B) Either:

(i) moneys in an amount sufficient to effect payment at maturity or upon redemption at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which moneys shall be held by the Trustee or any Paying Agent in a separate account irrevocably in trust for and assigned to the respective Holders of the Outstanding Bonds being refunded, or

(ii) Defeasance Obligations in such principal amounts, having such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of Article X, and any moneys required pursuant to said Section (with respect to all Outstanding Bonds or any part of one or more Series of Outstanding Bonds being refunded), which Defeasance Obligations and moneys shall be held in trust and used only as provided in Article X.

(3) The Institution shall furnish to the Trustee and the Issuer at the time of delivery of the Series of Refunding Bonds a certificate of an independent certified public accountant stating that the Trustee and/or the Paying Agent (and/or any escrow agent as shall be appointed in connection therewith) hold in trust the moneys or such Defeasance Obligations and moneys required to effect such payment at maturity or earlier redemption.

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

(e) No Series of Additional Bonds shall be issued unless the Promissory Note, the Loan Agreement, the Mortgage and the other Security Documents are in effect and, at the time of issuance, there is no Event of Default nor any event which upon notice or lapse of time or both would become an Event of Default.

Section 2.08 CUSIP Numbers. The Issuer in issuing the Bonds may use CUSIP numbers (if then generally in use), and, if so, the Trustee shall use such CUSIP numbers in notices of redemption as a convenience to registered owners; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee of any change in the CUSIP numbers of which it has actual knowledge.

Section 2.09 Book Entry Bonds.

(a) Except as provided in Section 2.09(c), the Holder of all of the Initial Bonds shall be DTC (the "**Securities Depository**") and the Initial Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest for any Initial Bond registered in the name of Cede & Co. shall be made by wire transfer of New York Clearing House or equivalent same day funds to the account of Cede & Co. on the Interest Payment Date for the Initial Bonds at the address indicated for Cede & Co. in the registration books of the Issuer kept by the Trustee. It is anticipated that during the term of the Initial Bonds, the Securities Depository will make book entry transfers among its Participants and receive and transmit payment of principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, redemption premium, if any, and interest on, the Initial Bonds to the Participants until and unless the Trustee authenticates and delivers replacement bonds to the Beneficial Owners as described in Section 2.09(c).

(b) The Initial Bonds shall be initially issued in the form of a separate single authenticated fully registered certificate for each maturity thereof. Upon initial issuance, the ownership of such Initial Bonds shall be registered in the registration books of the Issuer kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee, the Bond Registrar, the Paying Agent and the Issuer shall treat DTC (or its nominee) as the sole and exclusive Holder of the Initial Bonds registered in its name for the purposes of payment of the principal, Sinking Fund Installments, Redemption Price of or interest on the Initial Bonds, selecting the Initial Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Indenture, registering the transfer of Initial Bonds, obtaining any consent or other action to be taken by Holders of the Initial Bonds and for all other purposes whatsoever; and neither the Trustee, the Bond Registrar, the Paying Agent, the Institution nor the Issuer shall be affected by any notice to the contrary. All notices with respect to such Initial Bond shall be made and given, respectively, to DTC as provided in the Representations Letter. Neither the Trustee, the Bond Registrar, the Paying Agent nor the Issuer shall have any responsibility or

obligation to any Participant, any Person claiming a beneficial ownership interest in the Initial Bonds under or through DTC or any Participant, or any other Person that is not shown on the registration books of the Trustee as being a Holder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment of DTC or any Participant of any amount in respect of the principal, Sinking Fund Installments, Redemption Price of or interest on the Initial Bonds; any notice that is permitted or required to be given to Bondholders under this Indenture or any other Security Documents; the selection by DTC or any Participant of any Person to receive payment in the event of a partial redemption of the Initial Bonds; or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay all principal, Purchase Price or Redemption Price of, Sinking Fund Installments, redemption premium, if any, and interest on the Initial Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State) DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal, Purchase Price or Redemption Price of, Sinking Fund Installments, redemption premium, if any, and interest on the Initial Bonds to the extent of the sum or sums so paid. Except as otherwise provided in Section 2.09(c), no Person other than DTC shall receive an authenticated Initial Bond certificate evidencing the obligation of the Issuer to make payments of principal, Purchase Price or Redemption Price of, Sinking Fund Installments, redemption premium, if any, and interest on the Initial Bonds pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Indenture with respect to transfers of Bonds, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event the Issuer determines that it is in the best interest of the Beneficial Owners that they be able to obtain Initial Bond certificates, the Issuer may notify DTC and the Trustee, whereupon DTC will notify the Participants, of the availability through DTC of Initial Bond certificates. In such event, the Trustee shall issue, transfer and exchange Initial Bond certificates as requested by DTC in appropriate amounts within the guidelines set forth in this Indenture. DTC may determine to discontinue providing its services with respect to the Initial Bonds at any time by giving written notice to the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Issuer and the Trustee shall be obligated to deliver Initial Bond certificates as described in this Indenture. In the event Initial Bond certificates are issued, the provisions of this Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal. Purchase Price or Redemption Price of, Sinking Fund Installments, redemption premium, if any, and interest on such certificates. Whenever DTC requests the Issuer and the Trustee to do so, the Issuer will direct the Trustee (at the sole cost and expense of the Institution) to cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Initial Bonds to any DTC Participant having Initial Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Initial Bonds.

(d) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture or any other Security Document by the Issuer or the Trustee with respect to any consent or other action to be taken by Bondholders, the Issuer or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC

notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Such notice to DTC shall be given only when DTC is the sole Bondholder.

(e) NEITHER THE ISSUER, THE INSTITUTION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, SINKING FUND INSTALLMENTS, REDEMPTION PRICE OF OR INTEREST ON THE INITIAL BONDS; (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS INDENTURE TO BE GIVEN TO BONDHOLDERS; OR (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE INITIAL BONDS.

(f) SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE INITIAL BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE INITIAL BONDHOLDERS OR REGISTERED HOLDERS OF THE INITIAL BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE INITIAL BONDS.

(g) For so long as the Holder of all of the Initial Bonds shall be DTC, and all Initial Bonds shall be registered in the name of Cede & Co. as nominee for DTC, (i) only DTC may tender Initial Bonds upon redemption or retirement in whole and (ii) unless all Initial Bonds are being redeemed or retired in whole, Initial Bonds shall not be required to be presented to the Trustee for payment of principal, Sinking Fund Installments or Redemption Price except upon final maturity or redemption in whole.

(h) In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository that is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee upon its receipt of an Initial Bond or Bonds for cancellation shall cause the delivery of an Initial Bond or Bonds to the successor Securities Depository in appropriate Authorized Denominations and form as provided herein.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.01 **Date of Bonds**. The Initial Bonds shall be dated their date of original issuance (subject to the provisions set forth below with respect to transfers and exchanges)

and will bear interest from their date at the applicable rate or rates until the entire principal amount of the Initial Bonds has been paid. Bonds authenticated prior to the first Interest Payment Date shall bear interest from their date of original issuance. Bonds issued in exchange for or upon the registration of transfer of Bonds on or after the first Interest Payment Date thereon shall bear interest from and including the Interest Payment Date next preceding the date of the authentication thereof, unless the date of such authentication shall be an Interest Payment Date to which interest on the Bonds has been paid in full or duly provided for, in which case they shall bear interest from and including such Interest Payment Date; provided that if, as shown by the records of the Trustee, interest on the Bonds shall be in default, Bonds issued in exchange for or upon the registration of transfer of Bonds shall bear interest from the date to which interest has been paid in full on the Bonds, or if no interest has been paid on the Bonds, the date of the first delivery of fully executed and authenticated Bonds hereunder.

Section 3.02 Form and Denominations. Bonds shall be issued in fully registered form, without coupons, in any Authorized Denomination not exceeding the aggregate principal amount of Bonds of the same series, maturity and interest rate as the Bond for which the denomination is to be specified. Subject to the provisions of Section 3.03, the Initial Bonds shall be in substantially the form set forth in Exhibit C, with such variations, omissions and insertions as are permitted or required by this Indenture.

Section 3.03 Legends. Each Bond shall contain on the face thereof a statement to the effect that "THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR" and "THIS BOND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY TO A PERSON CONSTITUTING A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933, AS AMENDED) OR AN "ACCREDITED INVESTOR" (AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED)." The Bonds may in addition contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom or otherwise as may be determined by the Issuer prior to the delivery thereof.

Section 3.04 Medium of Payment. The principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Such payment may be made as provided in Section 2.02.

Section 3.05 Bond Details. Subject to the provisions hereof, the Bonds shall be dated, shall mature in such years and such amounts, shall bear interest at such rate or rates per annum, shall be subject to redemption on such terms and conditions and shall be payable as to principal or Redemption Price, if any, Sinking Fund Installments, and interest at such place or places as shall be specified in this Indenture.

Section 3.06 Interchangeability, Transfer and Registry. (a) Each Bond shall be transferable only upon compliance with the restrictions on transfer set forth on such Bond and only upon the books of the Issuer, which shall be kept for the purpose at the designated corporate trust office of the Trustee, by the registered owner thereof in person or by his duly authorized attorney-in-fact, upon surrender of such Bond together with a written instrument of transfer in the form appearing on such Bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15. Upon the transfer of any Bond the Trustee shall prepare and issue in the name of the transferee one or more new Bonds of the same aggregate principal amount, related Series, maturity and interest rate as the surrendered Bond.

(b) Each Holder and Beneficial Owner of a Bond, by the purchase and acceptance of such Bond, is deemed to have represented and agreed as follows: (i) it is either a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act")) or an "accredited investor" (as defined in Regulation D under the Securities Act), and it has acquired such Bond for its own account or for the account of a qualified institutional buyer or an accredited investor, and (ii) it understands and acknowledges that such Bond has not been registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer such Bond, such Bond may be offered, resold, pledged or transferred only in accordance with the above transfer restrictions set forth in Section 3.06(a) and only to a Person meeting the requirements set forth in the preceding clause (i).

(c) Any Bond, upon surrender thereof at the designated corporate trust office of the Trustee in the City with a written instrument of transfer in the form appearing on such Bond, duly executed by the registered owner or his duly authorized attorney-in-fact, with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, may, at the option of the owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and interest rate of any other Authorized Denominations. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

(d) The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name any Bond shall be registered as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of, Sinking Fund Installments for, and interest on such Bond and for all other purposes, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Institution, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

(e) In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Institution but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

Section 3.07 **Bonds Mutilated, Destroyed, Stolen or Lost**. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series, maturity, unpaid principal amount and interest rate as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and in substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence reasonably satisfactory to it that such Bond has been destroyed, stolen or lost, and upon furnishing the Issuer and the Trustee with indemnity (an undertaking from an insurance company acceptable to the Trustee and the Issuer) satisfactory to the Trustee and to the Issuer and complying with such other reasonable regulations as the Trustee may prescribe and paying such expenses as the Issuer and the Trustee may incur. All Bonds so surrendered to the Trustee shall be cancelled by it. Every new Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is destroyed, lost or stolen, shall, with respect to such Bond, constitute an additional contractual obligation of the Issuer whether or not the destroyed, lost or stolen Bond shall be found and shall be enforceable at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder. In the event any such destroyed, stolen or lost Bond shall have matured, or be about to mature, the Issuer may, instead of issuing a new Bond, cause the Trustee to pay the same without surrender thereof upon compliance with the condition in the first sentence of this Section out of moneys held by the Trustee and available for such purpose. All Bonds shall be held and owned upon the express condition (to the extent lawful) that the foregoing provisions are exclusive with respect to the replacement or payment of any mutilated, destroyed or lost or stolen Bond and shall preclude any and all other rights and remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 3.08 **Cancellation and Destruction of Bonds**. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled shall be destroyed by the Trustee.

Section 3.09 **Requirements With Respect to Transfers**. In all cases in which the privilege of transferring Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such transfer shall forthwith be cancelled by the Trustee. For every such transfer of Bonds, the Issuer or the Trustee may, as a condition precedent to the privilege of making such transfer, make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such transfer, which sum or sums shall be paid by the Person requesting such transfer.

Section 3.10 Bond Registrar. The Trustee shall also be Bond Registrar for the Bonds, and shall maintain a register showing the names of all registered Holders of Bonds, Bond numbers and amounts, and other information appropriate to the discharge of its duties hereunder. The Trustee shall make available to the Institution for its inspection during normal business hours the registration books for the Bonds, as may be requested by the Institution in connection with any purchase or tender offer by it with respect to the Bonds.

Section 3.11 Payments Due on Saturdays, Sundays and Holidays. In any case where any payment date of principal, Sinking Fund Installment and/or interest on the Bonds, or the date fixed for redemption of any Bonds, shall be a day other than a Business Day, then payment of such principal, Sinking Fund Installment and/or interest or the Redemption Price, if applicable, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the principal, Sinking Fund Installment and/or Interest Payment Date or the date fixed for redemption, as the case may be, except that interest shall continue to accrue on any unpaid principal.

ARTICLE IV

APPLICATION OF BOND PROCEEDS

Section 4.01 Application of Proceeds of Initial Bonds.

(a) Upon the receipt by the Trustee of the original proceeds of the sale and delivery of the Series 2018A Bonds, including the amount received as accrued interest, if any, thereon, the Trustee shall apply such proceeds as follows:

(i) $0.00, being the amount received as accrued interest on the Series 2018A Bonds, if any, shall be deposited in the Series 2018A subaccount of the Interest Account of the Bond Fund;

(ii) $1,784,887.24, shall be deposited in the Series 2018A Capitalized Interest Account of the Project Fund;

(iii) $1,225,589.44, being an amount equal to the Debt Service Reserve Fund Requirement with respect to the Series 2018A Bonds, shall be deposited in the Series 2018A Account of the Debt Service Reserve Fund; and

(iv) $14,446,710.07, being the balance of the proceeds of the Series 2018A Bonds, shall be deposited in the Project Fund.

(b) Upon the receipt by the Trustee of the original proceeds of the sale and delivery of the Series 2018B Bonds, including the amount received as accrued interest, if any, thereon, the Trustee shall apply such proceeds as follows:

(i) $0.00, being the amount received as accrued interest on the Series 2018B Bonds, if any, shall be deposited in the Series 2018B subaccount of the Interest Account of the Bond Fund;

(ii) $44,215.60, shall be deposited in the Series 2018B Capitalized Interest Account of the Project Fund;

(iii) $30,360.56, being an amount equal to the Debt Service Reserve Fund Requirement with respect to the Series 2018B Bonds, shall be deposited in the Series 2018B Account of the Debt Service Reserve Fund; and

(iv) $351,486.34, being the balance of the proceeds of the Series 2018B Bonds, shall be deposited in the Series 2018B Costs of Issuance Account of the Project Fund and applied to Costs of Issuance.

ARTICLE V

CUSTODY AND INVESTMENT OF FUNDS

Section 5.01 <u>Creation of Funds and Accounts</u>.

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

(1) Project Fund

(a) Series 2018B Costs of Issuance Account

(b) Series 2018A Capitalized Interest Account

(c) Series 2018B Capitalized Interest Account

(2) Bond Fund

(a) Principal Account; and, within such Principal Account, a Series 2018A subaccount and a Series 2018B subaccount

(b) Interest Account; and, within such Interest Account, a Series 2018A subaccount and a Series 2018B subaccount

(c) Redemption Account; and, within such Redemption Account, a Series 2018A subaccount and a Series 2018B subaccount

(d) Sinking Fund Installment Account; and, within such Sinking Fund Installment Account, a Series 2018A subaccount and a Series 2018B subaccount

(3) Renewal Fund

(4) Earnings Fund

(5) Rebate Fund

(6) Debt Service Reserve Fund

(a) Series 2018A Account

(b) Series 2018B Account

(7) Repair and Replacement Fund

(b) All of the Funds and Accounts created hereunder shall be held by the Trustee. All moneys required to be deposited with or paid to the Trustee for the credit of any Fund or Account under any provision of this Indenture and all investments made therewith shall be held by the Trustee in trust and applied only in accordance with the provisions of this Indenture, and while held by the Trustee shall constitute part of the Trust Estate (subject to the granting clauses of this Indenture), other than the Rebate Fund and the Repair and Replacement Fund, and be subject to the lien hereof.

Section 5.02 Project Fund.

(a) There shall be deposited in the Project Fund any and all amounts required to be deposited therein pursuant to Sections 4.01, 5.06 and 5.07 or otherwise required to be deposited therein pursuant to the Loan Agreement, or this Indenture.

The Trustee shall apply the amounts on deposit in the Project Fund to the payment, or reimbursement to the extent the same have been paid by or on behalf of the Institution or the Issuer, of Project Costs to the extent requisitioned under subsection (b) hereto. The Trustee shall automatically transfer amounts on deposit in the Series 2018A Capitalized Interest Account of the Project Fund to the Series 2018A subaccount of the Interest Account of the Bond Fund in an amount up to the amount of interest due and payable on the Series 2018A Bonds on the next succeeding Interest Payment Date on or prior to such Interest Payment Date. The Trustee shall automatically transfer amounts on deposit in the Series 2018B Capitalized Interest Account of the Project Fund to the Series 2018B subaccount of the Interest Account of the Bond Fund in an amount up to the amount of interest due and payable on the Series 2018B Bonds on the next succeeding Interest Payment Date on or prior to such Interest Payment Date.

(b) The Trustee is hereby authorized to disburse from the Project Fund amounts required to pay (in whole or in part) the Project Costs and is directed to issue its checks (or, at the direction of the Institution, make wire transfers) for each disbursement from the Project Fund for the Project Costs, upon a requisition submitted to the Trustee, signed by an Authorized Representative of the Institution; provided, however, that the Trustee shall retain in the Project Fund an amount equal to the greater of (a) $60,000 or (b) the lesser of (i) one percent (1%) of the original principal amount of the Initial Bonds or (ii) $500,000, until an Authorized Representative of the Institution shall have delivered the completion certificate and other documents required by Section 3.2(f) of the Loan Agreement.

The requisition from the Project Fund shall be accompanied by bills or invoices (stamped "paid" by the Person to whom payment was due or with other evidence of payment if reimbursement is to be made to the Institution), including evidence that the bill, invoice or other evidence was not incurred on a date prior to sixty (60) days prior to the date of adoption by the

Issuer or the Institution of the Reimbursement Resolution for the Project. Such requisition shall be as set forth in Exhibit D - "Form of Requisition from the Project Fund" and shall be submitted to the Trustee. The Trustee shall disburse amounts from the Project Fund not later than five (5) Business Days following the receipt of the executed requisition and accompanying bills or invoices, except that any such requisition and accompanying bills or invoices submitted on the Closing Date shall have disbursements made by the Trustee on such Closing Date. The Trustee shall be entitled to conclusively rely on the correctness and accuracy of such requisition as well as the propriety of the signature thereon.

In addition to the foregoing, any requisition submitted to the Trustee for costs of construction, improving and/or renovating the Facility Realty shall be accompanied by a notice of title continuation or an endorsement to the title insurance policies theretofore delivered pursuant to Section 3.7 of the Loan Agreement, indicating that since the last preceding disbursement of any amounts held in the Project Fund, there has been no change in the state of title and no exceptions not theretofore approved by the Issuer and the Trustee (which approvals shall not be unreasonably withheld), which notice or endorsement shall contain no exception for inchoate mechanic's liens (and such affirmative insurance relating thereto as the Issuer and/or the Trustee shall reasonably require) and shall have the effect of redating such policies to the date of the disbursement then being made and increasing the coverage of the policies by an amount equal to the disbursement then being made if the policies do not by their terms provide for such an increase.

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

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

(e) The completion of the Project shall be evidenced as set forth in Section 3.2(f) of the Loan Agreement including the filing of the certificate of an Authorized Representative of the Institution referred to therein. Upon the filing of such certificate, the balance in the Project Fund outside of the Series 2018B Costs of Issuance Account in excess of the amount, if any, stated in such certificate for the payment of any remaining part of the costs of the Project, shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.07, be deposited by the Trustee in the Series 2018A subaccount of the Redemption Account of the Bond Fund. Upon payment of all the costs and expenses incident to the completion of the Project, any balance of such remaining amount in the Project Fund, together with any amount on deposit in the Earnings Fund derived from transfers made thereto from the Project Fund, shall, after making any such transfer to the Rebate Fund, and after depositing in the Series 2018A Account of the Debt Service Reserve Fund an amount equal to any deficiency therein, be deposited in the Series 2018A subaccount of the Redemption Account of the Bond Fund to be applied to the redemption of Series 2018A Bonds at the earliest practicable date. Upon the filing of such certificate, the balance in the Series 2018B Costs of Issuance Account of the Project Fund in excess of the amount, if any, stated in such certificate for the payment of any

remaining Costs of Issuance, shall be deposited by the Trustee in the Series 2018B subaccount of the Redemption Account of the Bond Fund. Upon payment of all the costs and expenses incident to the completion of the Project, any balance of such remaining amount in the Series 2018B Costs of Issuance Account of the Project Fund shall, after depositing in the Series 2018B Account of the Debt Service Reserve Fund an amount equal to any deficiency therein, be deposited in the Series 2018B subaccount of the Redemption Account of the Bond Fund to be applied to the redemption of Series 2018B Bonds at the earliest practicable date. The Trustee shall promptly notify the Institution of any amounts so deposited in the subaccounts of the Redemption Account of the Bond Fund pursuant to this Section 5.02(e).

(f) In the event the Institution shall be required to or shall elect to cause the Bonds to be redeemed in whole pursuant to the Loan Agreement, (i) the balance in the Project Fund outside of the Series 2018B Costs of Issuance Account, 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 Section 5.07) and in the Series 2018A Account of the Debt Service Reserve Fund shall be deposited in the Series 2018A subaccount of the Redemption Account of the Bond Fund, and (ii) the balance in the Series 2018B Costs of Issuance Account of the Project Fund and in the Series 2018B Account of the Debt Service Reserve Fund shall be deposited in the Series 2018B subaccount of the Redemption Account of the Bond Fund. In the event the unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default hereunder, (i) the balance in the Project Fund outside of the Series 2018B Costs of Issuance Account, 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 Section 5.07) and in the Series 2018A Account of the Debt Service Reserve Fund shall be deposited in the Series 2018A subaccounts of the accounts of the Bond Fund as provided in Section 8.03, and (ii) the balance in the Series 2018B Costs of Issuance Account of the Project Fund and in the Series 2018B Account of the Debt Service Reserve Fund shall be deposited in the Series 2018B subaccounts of the accounts of the Bond Fund.

(g) Except as provided in Section 5.06, all earnings on amounts held in the Project Fund shall be transferred by the Trustee and deposited in the Earnings Fund. Any transfers by the Trustee of amounts to the Rebate Fund shall first be drawn by the Trustee from the Earnings Fund prior to drawing any amounts from the Project Fund.

Section 5.03 Payments into Renewal Fund; Application of Renewal Fund.

(a) The Net Proceeds resulting from any Loss Event with respect to the Facility, together with any other amounts so required to be deposited therein under the Loan Agreement or the Mortgage, shall be deposited in the Renewal Fund (except as otherwise provided in Section 3.11 of the Mortgage).

(b) In the event the Bonds shall be subject to redemption in whole (either by reason of such Loss Event or otherwise) pursuant to the terms thereof or this Indenture, and the Institution shall have so directed the Trustee in writing within ninety (90) days of the occurrence of such Loss Event, the Trustee shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.07, transfer the amounts deposited in the Renewal Fund to the Redemption Account of the Bond Fund.

If, on the other hand,

(1) the Bonds shall not be subject to optional redemption in whole (whether by reason of such Loss Event or otherwise), or

(2) the Bonds shall be subject to optional redemption in whole (whether by reason of such Loss Event or otherwise) and the Institution shall have failed to take action to effect such redemption, or

(3) the Institution shall have notified the Trustee of its intent to rebuild, replace, repair and restore the Facility,

the Trustee shall apply the amounts on deposit in the Renewal Fund, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.07, to such rebuilding, replacement, repair and restoration.

(c) If an Event of Default shall exist at the time of the receipt by the Trustee of the Net Proceeds in the Renewal Fund, the Trustee shall promptly request the written direction of the Majority Holders and shall thereupon apply such Net Proceeds, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.07, to the rebuilding, replacement, repair and restoration of the Facility, or for deposit, on a pro rata basis, in the subaccounts of the Redemption Account of the Bond Fund, as directed by the Majority Holders (or if no such direction shall be received within ninety (90) days after request therefor by the Trustee shall have been made, for deposit, on a pro rata basis, in the subaccounts of the Redemption Account of the Bond Fund).

(d) The Trustee is hereby authorized to apply the amounts in the Renewal Fund to the payment (or reimbursement to the extent the same have been paid by or on behalf of the Institution or the Issuer) of the costs required for the rebuilding, replacement, repair and restoration of the Facility upon written instructions from the Institution. The Trustee is further authorized and directed to issue its checks for each disbursement from the Renewal Fund upon a requisition submitted to the Trustee and signed by an Authorized Representative of the Institution. Each such requisition shall be accompanied by bills, invoices or other evidences or documentation (including, without limitation, a title continuation or other evidence that no mechanics or other liens have been filed) satisfactory to the Trustee. The Trustee shall be entitled to rely on such requisition. The Trustee shall keep and maintain adequate records pertaining to the Renewal Fund and all disbursements therefrom and shall furnish copies of same to the Issuer and the Institution upon reasonable written request therefor.

(e) The date of completion of the restoration of the Facility shall be evidenced to the Issuer and the Trustee by a certificate of an Authorized Representative of the Institution stating (i) the date of such completion, (ii) that all labor, services, machinery, equipment, materials and supplies used therefor and all costs and expenses in connection therewith have been paid for or arrangement for payment, reasonably satisfactory to the Trustee, has been made, (iii) that the Facility has been rebuilt, replaced, repaired or restored to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, (iv) that all property constituting part of the Facility is subject to the terms of the Loan

Agreement, and all that property constituting part of the Mortgaged Property is subject to the mortgage liens and security interests of the Mortgage subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Institution against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of this Section and Section 6.4 of the Loan Agreement, and (z) that no Person other than the Issuer or the Trustee may benefit therefrom. Such certificate shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if is a temporary certificate of occupancy, the Institution will proceed with due diligence to obtain a permanent certificate of occupancy), if required, and any and all permissions, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by the Loan Agreement; (ii) a certificate of an Authorized Representative of the Institution that all costs of rebuilding, repair, restoration and reconstruction of the Facility have been paid in full, together with releases of mechanics' liens by all contractors and materialmen who supplied work, labor, services, materials or supplies in connection with the rebuilding, repair, restoration and reconstruction of the Facility (or, to the extent that any such costs shall be the subject of a bona fide dispute, evidence to the Trustee that such costs have been appropriately bonded or that the Institution shall have posted a surety or security at least equal to the amount of such costs); and (iii) a search prepared by a title company, or other evidence satisfactory to the Trustee, indicating that there has not been filed with respect to the Facility any mechanic's, materialmen's or any other lien in connection with the rebuilding, replacement, repair and restoration of the Facility and that there exist no encumbrances other than those encumbrances consented to by the Issuer and the Trustee.

(f) All earnings on amounts on deposit in the Renewal Fund shall be transferred by the Trustee and deposited in the Earnings Fund. Any transfers by the Trustee of amounts to the Rebate Fund shall first be drawn by the Trustee from the Earnings Fund prior to drawing any amounts from the Renewal Fund.

(g) Any surplus remaining in the Renewal Fund after the completion of the rebuilding, replacement, repair and restoration of the Facility shall, after making any transfer to the Rebate Fund as directed pursuant to the Tax Regulatory Agreement and Section 5.07, and after depositing, on a pro rata basis, in the accounts of the Debt Service Reserve Fund an amount equal to any deficiency therein, be transferred, on a pro rata basis, by the Trustee to the subaccounts of the Redemption Account of the Bond Fund.

Section 5.04 Payments into Bond Fund. The Trustee shall promptly deposit the following receipts into the Bond Fund:

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

(b) (i) Amounts disbursed from the Series 2018A Capitalized Interest Account of the Project Fund for the payment of interest on the Series 2018A Bonds during the period of Project Work, which shall be credited to the Series 2018A subaccount of the Interest Account of the Bond Fund and applied to the payment of interest on the Series 2018A Bonds;

(iii) Amounts disbursed from the Series 2018B Capitalized Interest Account of the Project Fund for the payment of interest on the Series 2018B Bonds during the period of Project Work, which shall be credited to the Series 2018B subaccount of the Interest Account of the Bond Fund and applied to the payment of interest on the Series 2018B Bonds

(c) Excess or remaining amounts in the Project Fund required to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and Section 5.07, or to the Debt Service Reserve Fund to the extent of any deficiency therein) (i) in the applicable subaccount of the Redemption Account of the Bond Fund pursuant to Section 5.02(e) or the first sentence of Section 5.02(f), which shall be kept segregated from any other moneys within such subaccount, or (ii) in the applicable subaccounts of the accounts of the Bond Fund pursuant to the second sentence of Section 5.02(f).

(d) Loan payments received by the Trustee pursuant to Section 4.3(a)(i), (ii), (iii) or (v), or Section 4.3(i), of the Loan Agreement, which shall be deposited in and credited, to the extent necessary, first to the subaccounts of the Interest Account, second to the subaccounts of the Principal Account, and third to the subaccounts of the Sinking Fund Installment Account of the Bond Fund.

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

(f) Any amounts transferred from the Earnings Fund pursuant to Section 5.06(c), which shall be deposited in and credited to the Series 2018A subaccount of the Interest Account of the Bond Fund.

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

(h) Reserved.

(i) Amounts in the Renewal Fund required by Section 5.03 or by the Mortgage to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and Section 5.07 or to the Debt Service Reserve Fund to the extent of any deficiency therein) to the applicable subaccounts of the Redemption Account of the Bond Fund pursuant to Section 5.03(g).

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

credited (except as provided in Section 8.03) to the applicable subaccounts of the Redemption Account of the Bond Fund.

(k) Any amounts transferred from the accounts of the Debt Service Reserve Fund pursuant to Section 5.13, which shall be deposited in and credited to the related subaccounts of the Interest Account, the Principal Account, the Sinking Fund Installment Account or the Redemption Account, as the case may be, of the Bond Fund.

Section 5.05 <u>Application of Bond Fund Moneys</u>.

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

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

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

(d) Amounts in the subaccounts of the Redemption Account of the Bond Fund shall be applied, at the written direction of the Institution, as promptly as practicable, to the purchase of Bonds of the related Series of Bonds at prices not exceeding the Redemption Price thereof applicable on the earliest date upon which such Bonds are next subject to optional redemption, plus accrued interest to the date of redemption. Any amount in the subaccounts of the Redemption Account not so applied to the purchase of Bonds by forty-five (45) days prior to the next date on which the Bonds of the related Series are so redeemable shall be applied to the redemption of Bonds of such Series on such redemption date. Any amounts deposited in the subaccounts of the Redemption Account and not designated by the Institution in writing to the Trustee for payment of interest or principal on the related Series of Bonds and not applied within twelve (12) months of their date of deposit to the purchase or redemption of such Series of Bonds

(except if held in accordance with Article X) shall be transferred to the applicable subaccount of the Interest Account. Upon the purchase of any Bonds out of advance loan payments as provided in this subsection, or upon the redemption of any Bonds, an amount equal to the principal of such Bonds so purchased or redeemed shall be credited against the next ensuing and future Sinking Fund Installments for such Series of Bonds in chronological order of the due dates of such Sinking Fund Installments until the full principal amount of such Bonds so purchased or redeemed shall have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such Sinking Fund Installment for the purposes of any calculation thereof under this Indenture. The Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in Section 6.02. Amounts in the subaccounts of the Redemption Account to be applied to the redemption of Bonds shall be paid to the respective Paying Agents on or before the redemption date and applied by them on such redemption date to the payment of the Redemption Price of the Bonds being redeemed plus interest on such Bonds accrued to the redemption date.

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

(f) The Issuer shall receive a credit in respect of Sinking Fund Installments for any Bonds which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Issuer or the Institution to the Trustee on or before the forty-fifth (45th) day next preceding any Sinking Fund Installment payment date and for any Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installment Account) and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment (whether pursuant to Section 5.05(d) or otherwise). Each Bond so delivered, cancelled or previously purchased or redeemed shall be credited by the Trustee at one hundred per cent (100%) of the principal amount thereof against the obligation of the Issuer on such Sinking Fund Installment payment date with respect to Bonds of such Series and maturity and the principal amount of such Bonds to be redeemed by operation of the subaccounts of the Sinking Fund Installment Account on the due date of such Sinking Fund Installment shall be reduced accordingly, and any excess over such principal amount shall be credited on future Sinking Fund Installments in direct chronological order, and the principal amount of Bonds to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

(g) The Institution shall on or before the forty-fifth (45th) day next preceding each Sinking Fund Installment payment date furnish the Trustee with the certificate of an Authorized Representative of the Institution indicating whether or not and to what extent the provisions of this Section are to be availed of with respect to such Sinking Fund Installment payment, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment will be paid on or prior to the next succeeding Sinking Fund Installment payment date.

Section 5.06 Payments into Earnings Fund; Application of Earnings Fund.

(a) All investment income or earnings on amounts held in the Project Fund, the Renewal Fund, the Debt Service Reserve Fund or any other special fund (other than the Rebate Fund, the Repair and Replacement Fund or the Bond Fund) shall be deposited upon receipt by the Trustee into the Earnings Fund. The Trustee shall keep separate accounts of all amounts deposited in the Earnings Fund and by journal entry indicate the Fund source of the income or earnings.

(b) On the first Business Day following each Computation Period (as defined in the Tax 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.

(c) The foregoing notwithstanding, the Trustee shall not be required to transfer amounts from the Earnings Fund to the Rebate Fund (and shall instead apply such amounts in the Earnings Fund as provided in the immediately following 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 Series 2018A 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 Series 2018A 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 Series 2018A 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 Section shall be deposited in the Project Fund until the completion of the Project as provided in Section 3.2(f) of the Loan Agreement, and thereafter in the Series 2018A subaccount of the Interest Account of the Bond Fund.

Section 5.07 Payments into Rebate Fund; Application of Rebate Fund.

(a) The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee, any Bondholder or any other Person.

(b) The Trustee, upon the receipt of a certification of the Rebate Amount (as defined in the Tax Regulatory Agreement) from an Authorized Representative of the Institution, shall deposit in the Rebate Fund within sixty (60) days following each Computation Date (as defined in the Tax Regulatory Agreement), an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of such Computation Date. If there has been delivered to the Trustee a certification of the Rebate Amount in conjunction with the completion of the Project pursuant to Section 3.2(f) of the Loan Agreement or the restoration of the Facility pursuant to Section 5.03, at any time during a Bond Year, the Trustee shall deposit

in the Rebate Fund at that time an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated at the completion of the Project or the restoration of the Facility as aforesaid. The amount deposited in the Rebate Fund pursuant to the previous sentences shall be withdrawn from the Earnings Fund. If the amount on deposit in the Rebate Fund following such deposit is less than the Rebate Amount, the Trustee shall promptly deliver a notice stating the amount of such deficiency to the Institution. It is provided in the Loan Agreement that promptly upon receipt of such notice, the Institution shall deliver the amount necessary to make up such deficiency to the Trustee for deposit in the Rebate Fund.

(c) If within sixty (60) days following any Computation Date, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, shall withdraw such excess amount and deposit it in the Project Fund until the completion of the Project as provided in Section 3.2(f) of the Loan Agreement, or, after the completion of the Project, deposit it in the Series 2018A subaccount of the Interest Account of the Bond Fund.

(d) The Trustee, upon the receipt of written instructions from an Authorized Representative of the Institution, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each five (5) years after the Closing Date, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to 90% of the Rebate Amount with respect to the Series 2018A Bonds as of the date of such payment and (ii) notwithstanding the provisions of Article X, not later than thirty (30) days after the date on which all Series 2018A Bonds have been paid in full, 100% of the Rebate Amount as of the date of payment.

Section 5.08 Transfer to Rebate Fund. The Trustee shall have no obligation under this Indenture to transfer any amounts to the Rebate Fund unless the Trustee shall have received specific written instructions from an Authorized Representative of the Institution to make such transfer.

Section 5.09 Investment of Funds and Accounts.

(a) Amounts in any Fund or Account established under this Indenture may, if and to the extent then permitted by law, be invested only in Qualified Investments provided that any Qualified Investment shall not have a maturity date greater than five (5) years from the date of the making of such investment unless such Qualified Investment may be put at par at any time at the option of the owner thereof, and provided, further, that any investment of amounts held in the accounts of the Debt Service Reserve Fund shall be limited to Government Obligations. Any investment herein authorized is subject to the condition that no portion of the proceeds derived from the sale of the Series 2018A Bonds shall be used, directly or indirectly, in such manner as to cause any Series 2018A Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code. In particular, unexpended Series 2018A Bond proceeds transferred from the Project Fund (or from the Earnings Fund with respect to amounts deposited therein from the Project Fund) to the Series 2018A subaccount of the Redemption Account of the Bond Fund pursuant to Section 5.02(e) may not be invested at a Yield (as defined in the Tax Regulatory Agreement) which is greater than the Yield on the Series 2018A Bonds. Such investments shall be made by the Trustee only at the written request of an Authorized Representative of the Institution; and if such

investment is to be in one or more certificates of deposit, investment agreements or guaranteed investment contracts, then such written request shall include written assurance to the effect that such investment complies with the Tax Regulatory Agreement. Any investment hereunder shall be made in accordance with the Tax Regulatory Agreement, and the Institution shall so certify to the Trustee with each such investment direction as referred to below. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make payments from the applicable Fund. Net income or gain received and collected from such investments shall be credited and losses charged to (i) the Rebate Fund with respect to the investment of amounts held in the Rebate Fund, (ii) the Bond Fund with respect to the investment of amounts held in the Bond Fund, (iii) the Repair and Replacement Fund with respect to the investment of amounts held in the Repair and Replacement Fund and (iv) the Earnings Fund with respect to the investment of amounts held in any other Fund.

(b) At the written request of an Authorized Representative of the Institution no sooner than ten (10) days prior to each Loan Payment Date under the Loan Agreement, the Trustee shall notify the Institution of the amount of such net investment income or gain received and collected subsequent to the last such loan payment and the amount then available in the various Accounts of the Bond Fund.

(c) Upon the written direction of an Authorized Representative of the Institution, the Trustee shall sell at the best price reasonably obtainable, or present for redemption or exchange, any obligations in which moneys shall have been invested to the extent necessary to provide cash in the respective Funds or Accounts, to make any payments required to be made therefrom, or to facilitate the transfers of moneys or securities between various Funds and Accounts as may be required from time to time pursuant to the provisions of this Article. The Trustee shall not be liable for losses incurred as a result of actions taken in good faith in accordance with this Section 5.09(c). As soon as practicable after any such sale, redemption or exchange, the Trustee shall give notice thereof to the Issuer and the Institution.

(d) Neither the Trustee nor the Issuer shall be liable for any loss arising from, or any depreciation in the value of any obligations in which moneys of the Funds and Accounts shall be invested in accordance with this Indenture. The investments authorized by this Section 5.09 shall at all times be subject to the provisions of applicable law, as amended from time to time.

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

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

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

(ii) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*, the average bid price at such nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or as quoted in the Interactive Data Service; and

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

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

(f) In the case of the Debt Service Reserve Fund, a "surplus" means the amount by which the amount on deposit in the accounts therein is in excess of the Debt Service Reserve Fund Requirement with respect to the related Series of Bonds. On each Debt Service Reserve Fund Valuation Date, and upon any withdrawal from the Debt Service Reserve Fund, the Trustee shall determine the amount on deposit in the accounts of the Debt Service Reserve Fund. If on any such date a deficiency exists, the Trustee shall notify the Issuer and the Institution of such deficiency and that such deficiency must be replenished by the Institution as required by Section 4.3(a)(vi) of the Loan Agreement. If a surplus exists, the Trustee shall notify the Issuer and the Institution thereof and, subject to the requirements of the Tax Regulatory Agreement, shall upon written instructions of the Institution transfer an amount equal to such surplus to the Project Fund until the completion of the Project as provided in Section 3.2(f) of the Loan Agreement and thereafter shall transfer such amount to the applicable subaccount of the Interest Account of the Bond Fund.

Section 5.10 Application of Moneys in Certain Funds for Retirement of Bonds. Notwithstanding any other provisions of this Indenture, if on any Interest Payment Date or redemption date the amounts held in the Funds established under this Indenture (other than the Earnings Fund and the Rebate Fund) are sufficient to pay one hundred percent (100%) of the principal or Redemption Price, as the case may be, of all Outstanding Bonds and the interest accruing on such Bonds to the next date on which such Bonds are redeemable or payable, as the case may be, whichever is earlier, the Trustee shall so notify the Issuer and the Institution. Upon receipt of written instructions from an Authorized Representative of the Institution directing such redemption, the Trustee shall proceed to redeem all such Outstanding Bonds in the manner provided for redemption of such Bonds by this Indenture.

Section 5.11 Repayment to the Institution from the Funds. After payment in full of the Bonds (in accordance with Article X) and the payment of all fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents and all other amounts required to be paid hereunder and under each of the Security Documents, and the payment of any amounts which the Trustee is directed to rebate to the Federal government pursuant to this Indenture and the Tax Regulatory Agreement, all amounts remaining in any Fund shall be paid to the Institution upon the expiration or sooner termination of the term of the Loan Agreement as provided in Section 4.3(g) of the Loan Agreement.

Section 5.12 Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, and funds sufficient to pay any such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, together with interest to the date on which principal is due, all liability of the Issuer to the Holder thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to pay such funds to the Person entitled thereto or if the Person is not known to the Trustee, to hold such funds, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, such Bond. Such amounts so held shall, pending payment to the Holder of such Bond, (y) be subject to any rebate requirement as set forth in the Tax Regulatory Agreement or this Indenture, and (z) shall be uninvested, or, if invested, invested or re-invested only in Government Obligations maturing within thirty (30) days. Funds remaining with the Trustee as above and unclaimed for the earlier of two (2) years or one month less than the applicable statutory escheat period shall be paid to the Institution. After the payment of such unclaimed moneys to the Institution, the Holder of such Bond shall thereafter look only to the Institution for the payment thereof, and all obligations of the Trustee or such Paying Agent with respect to such moneys shall thereupon cease.

Section 5.13 Debt Service Reserve Fund.

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

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

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

(c) Upon the payment in full of the Series 2018B Bonds, all amounts on deposit in the Series 2018B Account of the Debt Service Reserve Fund shall be transferred by the Trustee to the Series 2018A Account of the Debt Service Reserve Fund.

Section 5.14 Repair and Replacement Fund.

(a) There shall be deposited into the Repair and Replacement Fund as and when received (a) all payments by the Institution pursuant to Section 8.31(e) of the Loan Agreement, (b) all other moneys deposited into the Repair and Replacement Fund pursuant to the Loan Agreement or this Indenture, and (c) all other moneys received by the Trustee when accompanied by directions not inconsistent with the Loan Agreement or this Indenture that such moneys are to be paid into the Repair and Replacement Fund. There shall also be retained in the Repair and Replacement Fund, interest and other income received on investment of moneys in the Repair and Replacement Fund to the extent provided in this Section 5.14. Any amounts on deposit in the Repair and Replacement Fund in excess of the Repair and Replacement Fund Requirement shall be transferred by the Trustee, on a pro rata basis, to the subaccounts of the Interest Account of the Bond Fund and applied to the payment of the interest on the Bonds; provided, however, that the amount remaining in the Repair and Replacement Fund immediately after such transfer shall not be less than the Repair and Replacement Fund Requirement.

(b) The Repair and Replacement Fund shall be in the custody of the Trustee, and, absent an Event of Default hereunder, the Trustee is hereby authorized and directed to make each disbursement authorized or required by the provisions of this Section 5.14 and to issue its checks therefor. The Trustee shall keep and maintain adequate records pertaining to the Repair and Replacement Fund and all disbursements therefrom and shall annually file an accounting thereof with the Issuer and the Institution.

(c) Payments shall be made from the Repair and Replacement Fund upon receipt by the Trustee of a written requisition from an Authorized Representative of the Institution setting forth the amount and the payee for the purpose of paying the cost of extraordinary maintenance and replacements which may be required to keep the Facility in sound condition, including but not limited to replacement of equipment, replacement of any roof or other structural component, exterior painting and the replacement of heating, air conditioning, plumbing and electrical equipment.

(d) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Repair and Replacement Fund shall be credited to the Repair and Replacement Fund if the amount therein is less than the Repair and Replacement Fund Requirement. If the amount in the Repair and Replacement Fund is greater than the Repair and Replacement Fund Requirement, such amount in excess of the Repair and Replacement Fund

Requirement shall be paid monthly, on a pro rata basis, into the subaccounts of the Interest Account of the Bond Fund.

ARTICLE VI

REDEMPTION OF BONDS

Section 6.01 **Privilege of Redemption and Redemption Price**. Bonds or portions thereof subject to redemption prior to maturity shall be redeemable, upon mailed notice as provided in this Article, at the times, at the Redemption Prices and upon such terms in addition to and consistent with the terms contained in this Article as shall be specified in this Indenture and in said Bonds.

Section 6.02 **Selection of Bonds to be Redeemed**. In the event of redemption of less than all the Outstanding Bonds of the same Series and maturity, the particular Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair, except that (i) Bonds of a Series to be redeemed from Sinking Fund Installments shall be redeemed by lot, and (ii) to the extent practicable, the Trustee shall select Bonds of a Series for redemption such that no Bond of such Series shall be of a denomination of less than the Authorized Denomination for such Series of Bonds. In the event of redemption of less than all the Outstanding Bonds of the same Series stated to mature on different dates, the principal amount of such Series of Bonds to be redeemed shall be applied in inverse order of maturity of the Outstanding Series of Bonds to be redeemed and by lot within a maturity. The portion of Bonds of any Series to be redeemed in part shall be in the principal amount of the minimum Authorized Denomination thereof or some integral multiple thereof and, in selecting Bonds of a particular Series for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of such Series which is obtained by dividing the principal amount of such registered Bond by the minimum Authorized Denomination thereof (referred to below as a "unit") then issuable rounded down to the integral multiple of such minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Bond shall forthwith surrender such Bond to the Trustee for (a) payment to such Holder of the Redemption Price of the unit or units of principal amount called for redemption and (b) delivery to such Holder of a new Bond or Bonds of such Series in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds of the same Series and maturity representing the unredeemed balance of the principal amount of such Bond shall be issued to the registered Holder thereof, without charge therefor. If the Holder of any such Bond of a denomination greater than a unit shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only).

Section 6.03 **Notice of Redemption**. When redemption of any Bonds is requested or required pursuant to this Indenture, the Trustee shall give notice of such redemption in the name of the Issuer, specifying the name of the Series, CUSIP number, Bond numbers, the date of original issue of such Series, the date of mailing of the notice of redemption, maturities, interest rates and principal amounts of the Bonds or portions thereof to be redeemed, the

redemption date, the Redemption Price, and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at the Trustee) and specifying the principal amounts of the Bonds or portions thereof to be payable and, if less than all of the Bonds of any maturity are to be redeemed, the numbers of such Bonds or portions thereof to be so redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond or portion thereof to be redeemed the Redemption Price thereof together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice may set forth any additional information relating to such redemption. The Trustee, in the name and on behalf of the Issuer, (i) shall mail a copy of such notice by first class mail, postage prepaid, not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption, to the registered owners of any Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of such Series of Bonds with respect to which proper mailing was effected; and (ii) cause notice of such redemption to be sent to a national information service that disseminates redemption notices. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. In the event of a postal strike, the Trustee shall give notice by other appropriate means selected by the Trustee in its discretion. If any Bond shall not be presented for payment of the Redemption Price within sixty (60) days of the redemption date, the Trustee shall mail a second notice of redemption to such Holder by first class mail, postage prepaid. Any amounts held by the Trustee due to non-presentment of Bonds for payments on or after any redemption date shall be retained by the Trustee for a period of at least one year after the final maturity date of such Bonds. Further, if any Holders of Bonds shall constitute registered depositories, the notice of redemption described in the first sentence of this Section 6.03 shall be mailed to such Holders at least two (2) days prior to the mailing of such notice to all Holders.

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

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

So long as the Securities Depository is effecting book entry transfers of the Bonds, the Trustee shall provide the notices specified above only to the Securities Depository. It is

expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Trustee, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Section 6.04 Payment of Redeemed Bonds.

(a) Notice having been given in the manner provided in Section 6.03, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption dates so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, (i) interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (ii) the Bonds or portions thereof so called for redemption shall cease to be entitled to any lien, benefit or security under this Indenture, and (iii) the Holders of the Bonds or portions thereof so called for redemption shall have no rights in respect thereof, except to receive payment of the Redemption Price together with interest accrued to the redemption date. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(b) Payment of the Redemption Price plus interest accrued to the redemption date shall be made to or upon the order of the registered owner only upon presentation of such Bonds for cancellation and exchange as provided in Section 6.05; provided, however, that any Holder of at least $1,000,000 in original aggregate principal amount of the Initial Bonds may, by written request to the Trustee no later than five (5) days prior to the date of redemption, direct that payments of Redemption Price and accrued interest to the date of redemption be made by wire transfer as soon as practicable after tender of the Bonds in Federal funds at such wire transfer address as the owner shall specify to the Trustee in such written request.

Section 6.05 Cancellation of Redeemed Bonds.

(a) All Bonds redeemed in full under the provisions of this Article, shall forthwith be cancelled and returned to the Issuer and no Bonds shall be executed, authenticated or issued hereunder in exchange or substitution therefor, or for or in respect of any paid portion of a Bond.

(b) If there shall be drawn for redemption less than all of a Bond, as described in Section 6.02, the Issuer shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, a Bond or Bonds of like Series and maturity in any of the authorized denominations.

Section 6.06 <u>No Partial Redemption After Default</u>. Anything in this Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default hereunder, there shall be no redemption of less than all of the Bonds Outstanding.

ARTICLE VII

PARTICULAR COVENANTS

Section 7.01 <u>Payment of Principal and Interest</u>. The Issuer covenants that it will from the sources herein contemplated promptly pay or cause to be paid the principal of, Sinking Fund Installments for, and interest on the Bonds, and the Purchase Price or Redemption Price, if any, together with interest accrued thereon to the date of redemption, at the place, on the dates and in the manner provided in this Indenture and in the Bonds according to the true intent and meaning thereof.

Section 7.02 <u>Performance of Covenants; Authority</u>. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State, including particularly its Organizational Documents, to issue the Bonds authorized hereby and to execute this Indenture, to make the Loan to the Institution pursuant to the Loan Agreement and the Promissory Note, to assign the Loan Agreement and the Promissory Note, to execute and deliver the Assignment of Mortgage, and to pledge the loan payments, revenues and receipts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the hands of the Holders thereof are and will be the valid and enforceable special limited revenue obligations of the Issuer according to the import thereof.

Section 7.03 <u>Books and Records; Certificate as to Defaults</u>. 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 Holders of any of the Bonds shall have the right at all reasonable times to inspect all records, accounts and data relating thereto. In this regard, so long as the Loan Agreement is in full force and effect, records furnished by the Issuer and the Institution to, or kept by, the Trustee in connection with its duties as such shall be deemed to be in compliance with the Issuer's obligations under this Section 7.03. Within thirty (30) days after receiving the certificate from the Institution as provided in Section 8.26(b) of the Loan Agreement, the Trustee shall render to the Issuer a statement that moneys received by the Trustee pursuant to the Loan Agreement and the Promissory Note were applied by it to the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds, at the place, on the dates and in the manner provided in this Indenture and that the Trustee has no knowledge of any defaults under this Indenture, the Promissory Note or the Loan Agreement or any other Security Document or specifying the particulars of such defaults which may exist.

Upon reasonable written request, the Trustee shall make available to the Institution for its inspection during normal business hours, its records with respect to the Project and the Facility.

The Trustee agrees that, upon the written request of the Institution or the Issuer, it will, not more than twice in each calendar year, provide a statement to the requesting party setting forth the principal amount of Bonds Outstanding as of the date of such statement.

Section 7.04 Loan Agreement. An executed copy of the Loan Agreement will be on file in the office of the Issuer and in the designated corporate trust office of the Trustee. Reference is hereby made to the Loan Agreement for a detailed statement of the terms and conditions thereof and for a statement of the rights and obligations of the parties thereunder. All covenants and obligations of the Institution under the Loan Agreement shall be enforceable either by the Issuer or by the Trustee, to whom, in its own name or in the name of the Issuer, is hereby granted the right, to the extent provided therefor in this Section 7.04 and subject to the provisions of Section 9.02, to enforce all rights of the Issuer and all obligations of the Institution under the Loan Agreement, whether or not the Issuer is enforcing such rights and obligations. The Trustee shall take such action in respect of any matter as is provided to be taken by it in the Loan Agreement (including, without limitation, Sections 3.5, 6.3 and 8.10 thereof) upon compliance or noncompliance by the Institution and the Issuer with the provisions of the Loan Agreement relating to the same.

Section 7.05 Creation of Liens; Indebtedness. It is the intention of the Issuer and the Trustee that each Mortgage is and will continue to be a mortgage lien upon the Facility (subject only to Permitted Encumbrances). The Issuer shall not create or suffer to be created, or incur or issue any evidences of indebtedness secured by, any lien or charge upon or pledge of the Trust Estate, except the lien, charge and pledge created by this Indenture and the other Security Documents.

Section 7.06 Ownership; Instruments of Further Assurance. The Trustee on behalf of the Institution, subject to Section 7.04 and upon the written direction of any Bondholder, shall defend the interest of the Institution in the Facility and every part thereof for the benefit of the Holders of the Bonds, to the extent permitted by law, against the claims and demands of all Persons whomsoever. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the property described herein and in the remainder of the Trust Estate, subject to the liens, pledge and security interests of this Indenture and of the other Security Documents and the loan payments, revenues and receipts pledged hereby to the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien, pledge and security interest hereof (other than the Institution's Property as defined in the Loan Agreement) and of the other Security Documents shall ipso facto, and without any further conveyance, assignment or act on the part of the Issuer or the Trustee, become and be subject to the lien, pledge and security interest of this Indenture and the Mortgage as fully and completely as

though specifically described herein and therein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Issuer heretofore made by this Section 7.06.

Section 7.07 Security Agreement; Filing.

(a) This Indenture constitutes a "security agreement" within the meaning of Article 9 (Secured Transactions) of the New York State Uniform Commercial Code. The security interest of the Trustee, as created by this Indenture, in the rights and other intangible interests described herein, shall be perfected by the filing of a financing statement by the Institution, at the direction of the Issuer, in the office of the Secretary of State of the State in the City of Albany, New York, which financing statement shall be in accordance with the New York State Uniform Commercial Code-Secured Transactions. Subsequent to the foregoing filings, this Indenture shall be re-indexed, and financing and continuation statements shall be filed and re-filed, by the Trustee whenever in the Opinion of Counsel to the Institution (which opinion shall be reasonably acceptable to and addressed to the Trustee) such action is necessary to preserve the lien and security interest hereof. Any such filings or re-filings shall be prepared and filed by the Institution and delivered to the Trustee (if electronic filing is not elected by the Issuer) on a timely basis accompanied by any fees or requisite charges and the Opinion of Counsel referred to above. The Trustee will thereupon effect any such filings and re-filings of financing and continuation statements in said office of the Secretary of State, and promptly notify the Institution of any such filings.

(b) The Issuer and the Trustee acknowledge that, as of the Closing Date,

(i) Section 9-515 of the New York State Uniform Commercial Code provides that an initial financing statement filed in connection with a "public-finance transaction" is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public-finance transaction,

(ii) Section 9-102(67) of the New York State Uniform Commercial Code defines a "public-finance transaction" as a secured transaction in connection with which (x) debt securities are issued, (y) all or a portion of the debt securities issued have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a security interest is a state or a governmental unit of a state, and

(iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.

(c) The parties hereto acknowledge and agree that, because the foregoing financing statements evidence collateral for the Initial Bonds, and because the Initial Bonds are municipal debt securities with a term that is at least twenty (20) years in duration, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the liens and security interests that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

Subsequent to the initial filings, if it is necessary to re-file financing statements and/or file continuation statements and/or take any other actions to preserve the lien and security interest of this Indenture (individually or collectively, the "**Continuation Action(s)**"), then, the Institution in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Trustee all necessary instruments and filing papers, together with remittances equal to the cost of required filing fees and other charges, so that the Trustee may perform the Continuation Actions, or (ii) electronically perform the Continuation Actions and deliver to the Trustee written certification (upon which the Trustee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause "(i)" and the others in the manner described in clause "(ii)"; and (B) if requested by the Trustee (acting at the direction of the Majority Holders) or the Issuer, deliver or cause to be delivered to the Issuer and the Trustee the Opinion of Counsel to the Institution as described below. The Trustee may conclusively rely upon (y) when applicable, the certification referred to in clause "(A)(ii)," and (z) in all instances, the Opinion of Counsel to the Institution. In the event the Institution chooses to have the Trustee perform all or some of the Continuation Actions, as provided in clause "(A)(i)" hereinabove, the Trustee shall reasonably promptly perform such Continuation Actions at the Institution's sole expense. The Institution shall perform the obligations described hereinabove in clauses "(A)" (in every case) and "(B)" (if so requested) no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause "(i)") on which a Continuation Action is to be taken to preserve the lien and security interest of this Indenture.

If an Opinion of Counsel to the Institution is requested pursuant to clause "(B)", then the Opinion of Counsel to the Institution shall be addressed to the Institution, the Issuer and the Trustee. If so requested, the Institution shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year anniversary thereafter through the term of the Initial Bonds, and/or (ii) the date of any required Continuation Action not covered by clause "(i)," in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Institution, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Trustee with instruments and papers prepared by the Institution, or (ii) the Institution through electronic filing, or (iii) the Trustee as to some Continuation Actions, and the Institution as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Institution, the Issuer and the Trustee then requisite to the maintenance of the perfection of the security interest of the Trustee in and to all property and interests which by the terms of this Indenture are to be subjected to the lien and security interest of this Indenture.

(d) Any filings with respect to Uniform Commercial Code financing statements may be made electronically, and the Issuer shall have the right to designate a company (which shall be reasonably acceptable to the Trustee) to facilitate the filing of Uniform Commercial Code financing statements.

(e) The Trustee acknowledges and agrees (on behalf of itself and the Bondholders) that neither the Issuer, nor any of its directors, members, officers, employees,

servants, agents, persons under its control or supervision, or attorneys (including Nationally Recognized Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests, or the recording or rerecording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

(f) All costs (including reasonable attorneys' fees and expenses) incurred in connection with the effecting of the requirements specified in this Section shall be paid by the Institution.

Section 7.08 Issuer Tax Covenant. The Issuer covenants that it shall not take any action within its control, nor refrain from taking any action reasonably requested by the Institution or the Trustee, that would cause the interest on the Series 2018A Bonds to become includable in gross income for Federal income tax purposes; provided, however, the breach of this covenant shall not result in any pecuniary liability of the Issuer and the only remedy to which the Issuer shall be subject shall be specific performance.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES OF BONDHOLDERS

Section 8.01 Events of Default; Acceleration of Due Date.

(a) Each of the following events is hereby defined as and shall constitute an "Event of Default":

(1) Failure in the payment of the interest on any Bond when the same shall become due and payable;

(2) Failure in the payment of the principal or redemption premium, if any, of, or Sinking Fund Installment for, any Bonds, when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon to the date of redemption after notice of redemption therefor or otherwise;

(3) Failure of the Issuer to observe or perform any covenant, condition or agreement in the Bonds or hereunder on its part to be performed (except as set forth in Section 8.01(a)(1) or (2)) and (A) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Issuer and the Institution specifying the nature of same from the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, or (B) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Issuer or the Institution fails to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence its

efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice; or

(4) The occurrence of an "Event of Default" under the Loan Agreement or any other Security Document.

(b) Upon the happening and continuance of any Event of Default, unless the principal of all the Bonds shall have already become due and payable, either the Trustee (by notice in writing to the Issuer and the Institution) or the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding (by notice in writing to the Issuer, the Institution and the Trustee) may declare the principal or Redemption Price, if any, of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything in this Indenture or in any of the Bonds contained to the contrary notwithstanding.

(c) If there shall occur an Event of Default under Section 9.1(d) or (e) of the Loan Agreement, the unpaid principal of all the Bonds (and all principal installments of loan payments under the Loan Agreement) and the interest accrued thereon shall be due and payable immediately without the necessity of any declaration or other action by the Trustee or any other Person.

(d) The right of the Trustee or of the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding to make any such declaration as aforesaid, however, is subject to the condition that if, at any time before such declaration, all overdue installments of principal of and interest on all of the Bonds which shall have matured by their terms and the unpaid Redemption Price of the Bonds or principal portions thereof to be redeemed has been paid by or for the account of the Issuer, and all other Events of Default have been otherwise remedied, and the reasonable and proper charges, expenses and liabilities of the Trustee, shall either be paid by or for the account of the Issuer or provision satisfactory to the Trustee shall be made for such payment and the Facility shall not have been sold or otherwise encumbered, and all defaults have been otherwise remedied as provided in this Article VIII, then and in every such case any such default and its consequences shall ipso facto be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

(e) Pursuant to the Loan Agreement, the Issuer has granted to the Institution full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged in any notice received by the Institution to constitute a default hereunder, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts with power of substitution. The Trustee agrees to accept such performance by the Institution as performance by the Issuer.

Section 8.02 <u>Enforcement of Remedies</u>.

(a) Upon the occurrence and continuance of any Event of Default, then and in every case the Trustee may proceed, and upon the written request of the Holders of over twenty-

five percent (25%) in aggregate principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Bonds, the Loan Agreement, this Indenture and under any other Security Document forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in this Indenture or in any other Security Document or in aid of the execution of any power granted in this Indenture or in any other Security Document or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under this Indenture or under any other Security Document. In addition to any rights or remedies available to the Trustee hereunder or elsewhere, upon the occurrence and continuance of an Event of Default the Trustee may take such action, without notice or demand, as it deems advisable.

(b) In the enforcement of any right or remedy under this Indenture or under any other Security Document, the Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due from the Issuer, for principal, interest, Sinking Fund Installments, Redemption Price, or otherwise, under any of the provisions of this Indenture, of any other Security Document or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under this Indenture, under any such other Security Document and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Issuer, but solely as provided in this Indenture and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the moneys in the Bond Fund and other moneys available therefor to the extent provided in this Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable. The Trustee shall file proof of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the Institution or the Issuer or their creditors or property.

(c) Regardless of the occurrence of an Event of Default, the Trustee, if requested in writing by the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Indenture or under any other Security Document by any acts which may be unlawful or in violation of this Indenture or of such other Security Document or of any resolution authorizing any Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; provided, that such request shall not be otherwise than in accordance with the provisions of law and of this Indenture and shall not be unduly prejudicial to the interests of the Holders of the Bonds not making such request.

Section 8.03 Application of Revenues and Other Moneys After Default.

(a) All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article or under any other Security Document shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys

and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited and available for payment of the Bonds shall be applied, subject to Section 9.04, as follows:

(A) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price, if any, of any of the Bonds or principal installments which shall have become due (other than Bonds or principal installments called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds or principal installments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

(B) If the principal of all the Bonds shall have become or have been declared due and payable, to the payment to the Bondholders of the principal and interest (at the rate or rates expressed in the Bonds) then due and unpaid upon the Bonds and if applicable to the Redemption Price of the Bonds without preference or priority of principal over interest or of interest over principal, Sinking Fund Installments, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

(C) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article VIII, then, subject to the provisions of Section 8.03(a)(B) which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the moneys shall be applied in accordance with the provisions of Section 8.03(a)(A).

(b) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the

likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; provided, however, that if the principal or Redemption Price of the Bonds Outstanding, together with accrued interest thereon, shall have been declared to be due and payable pursuant to Section 8.01, such date of declaration shall be the date from which interest shall cease to accrue. The Trustee shall give such written notice to all Bondholders as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 8.04 Actions by Trustee. All rights of actions under this Indenture, under any other Security Document or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall, subject to the provisions of Section 8.03, be for the equal benefit of the Holders of the Outstanding Bonds.

Section 8.05 Majority Holders Control Proceedings. Anything in this Indenture to the contrary notwithstanding, the Majority Holders shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 8.06 Individual Bondholder Action Restricted.

(a) No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity (i) with respect to the Bonds, this Indenture or any other Security Document, (ii) for the enforcement of any provisions of the Bonds, this Indenture or of any other Security Document, (iii) for the execution of any trust under this Indenture or (iv) for any remedy under this Indenture or under any other Security Document, unless such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default as provided in this Article, and the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in the Bonds, this Indenture or in such other Security Document or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his, its or their action to affect, disturb or prejudice the pledge created by this Indenture, or to enforce any right under this Indenture except in the manner herein provided; and that all proceedings at law or in

equity to enforce any provision of the Bonds or this Indenture shall be instituted, had and maintained in the manner provided in this Indenture and, subject to the provisions of Section 8.03, be for the equal benefit of all Holders of the Outstanding Bonds.

(b) Nothing in this Indenture, in any other Security Document or in the Bonds contained shall affect or impair the right of any Bondholder to payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on each of the Bonds to the respective Holders thereof at the time, place, from the source and in the manner herein and in said Bonds expressed.

Section 8.07 Effect of Discontinuance of Proceedings. In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case, the Institution, the Issuer, the Trustee and the Bondholders shall be restored, respectively, to their former positions and rights hereunder, and all rights, remedies, powers and duties of the Trustee shall continue as in effect prior to the commencement of such proceedings.

Section 8.08 Remedies Not Exclusive. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Indenture or now or hereafter existing at law or in equity or by statute.

Section 8.09 Delay or Omission. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon any default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

Section 8.10 Notice of Default. The Trustee shall promptly mail to the Issuer, to registered Holders of Bonds and to the Institution by first class mail, postage prepaid, written notice of the occurrence of any Event of Default. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required by this Section.

Section 8.11 Waivers of Default. The Trustee shall waive any default hereunder and its consequences and rescind any declaration of acceleration only upon the written request of the Majority Holders; provided, however, that there shall not be waived without the consent of the Holders of all the Bonds Outstanding (a) any default in the payment of the principal of any Outstanding Bonds at the date specified therein or (b) any default in the payment when due of the interest on any such Bonds, unless, prior to such waiver, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, and all arrears of payment of principal when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, or in case any proceeding taken by the Trustee on account of any such

default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Institution, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

ARTICLE IX

TRUSTEE, BOND REGISTRAR AND PAYING AGENTS

Section 9.01 **Appointment and Acceptance of Duties of Trustee**. The entity identified as the Trustee on the cover page hereof is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations of the Trustee hereunder and under each Security Document by executing this Indenture and agrees to perform said trusts as a corporate trustee ordinarily would under a corporate mortgage subject to the express terms and conditions herein. All provisions of this Article IX shall be construed as extending to and including all the rights, duties and obligations imposed upon the Trustee under the Loan Agreement and under any other Security Document to which it shall be a party as fully for all intents and purposes as if this Article IX were contained in the Loan Agreement and each such other Security Document.

Section 9.02 **Indemnity of Trustee**. The Trustee shall be under no obligation to institute any suit, or to take any remedial or legal action under this Indenture or under or pursuant to any other Security Document or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers or fulfillment of any extraordinary duties under this Indenture, or under any other Security Document, until it shall be indemnified to its satisfaction against any and all reasonable compensation for services, costs and expenses, outlays, and counsel fees and other disbursements, and against all liability not due to its willful misconduct or gross negligence.

Section 9.03 **Responsibilities of Trustee**.

(a) The Trustee shall have no responsibility in respect of the validity or sufficiency of this Indenture or of any other Security Document or the security provided hereunder or thereunder or the due execution of this Indenture by the Issuer, or the due execution of any other Security Document by any party (other than the Trustee) thereto, or in respect of the title or the value of the Facility, or in respect of the validity of the Bonds authenticated and delivered by the Trustee in accordance with this Indenture or to see to the recording or filing of any document or instrument whatsoever except as otherwise provided in Section 7.07. The recitals, statements and representations contained in this Indenture and in the Bonds shall be taken and be construed as made by and on the part of the Issuer and not by the Trustee, and the Trustee does not assume any responsibility for the correctness of the same; provided, however, that the Trustee shall be responsible for its representation contained in its certificate on the Bonds and for its responsibility as to filing or re-filing as contained in Section 7.07.

(b) The Trustee shall not be liable or responsible because of the failure of the Issuer to perform any act required of it by this Indenture or by any other Security Document or because of the loss of any moneys arising through the insolvency or the act or default or omission

of any depositary other than itself in which such moneys shall have been deposited under this Indenture or the Tax Regulatory Agreement. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred in accordance with this Indenture or the Tax Regulatory Agreement or for any loss resulting from any such investment. The Trustee shall not be liable in connection with the performance of its duties under the Loan Agreement, under this Indenture or under any other Security Document except for its own willful misconduct or gross negligence. The immunities and exemptions from liability of the Trustee shall extend to its directors, officers, employees, agents and servants and persons under the Trustee's control or supervision.

(c) The Trustee, prior to the occurrence of an Event of Default and after curing of all Events of Default which may have occurred, if any, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent man would exercise under the circumstances in the conduct of his own affairs. If an Event of Default has occurred (which has not been cured), and the Trustee, in exercising its remedies, as set forth in Section 8.02, proceeds to foreclose on the Mortgage, the Trustee may retain attorneys, receivers, managing agents, leasing agents and/or real estate brokers, all of whom shall be paid reasonable compensation, to be reimbursed by the Institution. The Trustee shall not be charged with knowledge of the occurrence of an Event of Default unless, (i) the Trustee has not received any certificate, financial statement, insurance notice or other document regularly required to be delivered to the Trustee under the Loan Agreement or any other Security Document, (ii) the Trustee has not received payment of any amount required to be remitted to the Trustee under the Loan Agreement or any other Security Document, (iii) a Responsible Officer of the Trustee has actual knowledge thereof, or (iv) the Trustee has received written notice thereof from the Institution, the Issuer or any Bondholder. The Trustee shall not be charged with the knowledge of a Determination of Taxability unless the Trustee has received written notice thereof from the Internal Revenue Service, the Institution, the Issuer or any Bondholder or former Bondholder.

(d) The Trustee shall not be liable or responsible for the failure of the Institution to effect or maintain insurance on the Facility as provided in the Loan Agreement or the Mortgage nor shall it be responsible for any loss by reason of want or insufficiency in insurance or by reason of the failure of any insurer in which the insurance is carried to pay the full amount of any loss against which it may have insured the Issuer, the Institution, the Trustee or any other Person.

(e) The Trustee shall execute and cause to be filed those continuation statements, any additional financing statements and all other instruments required by it by Section 7.07 at the expense of the Institution.

(f) The Trustee shall on the same date as it shall render the statement required of it by Section 7.03, make annual reports to the Issuer and the Institution of all moneys received and expended during the preceding year by it under this Indenture and of any Event of Default known to it under the Loan Agreement or this Indenture or under any other Security Document.

(g) With respect to the Tax Regulatory Agreement, the Trustee shall not be required to make any payment of a Rebate Amount or any transfer of funds or take any other action

required to be taken thereunder except upon the receipt of a written certificate of direction of an Authorized Representative of the Institution delivered to the Trustee in accordance with the terms of the Tax Regulatory Agreement. Notwithstanding any provision of the Tax Regulatory Agreement or any other Security Document, nothing in the Tax Regulatory Agreement, either expressed or implied, shall be deemed to impose upon the Trustee any responsibility for the legal sufficiency of the Tax Regulatory Agreement to effect compliance with the Code nor any duty to independently review or verify any information or calculation furnished to the Trustee by the Institution.

(h) The permissive right of the Trustee to do things enumerated in this Indenture or the other Security Documents shall not be construed as a duty, and in doing or not doing so the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

Section 9.04 Compensation of Trustee, Bond Registrar and Paying Agents. The Trustee, the Bond Registrar and Paying Agents shall be entitled to receive and collect from the Institution as provided in the Loan Agreement payment or reimbursement for reasonable fees for services rendered hereunder and under each other Security Document and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee, the Bond Registrar or Paying Agents in connection therewith. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first right of payment prior to payment on account of the principal of or interest on any Bonds, upon the revenues (but not including any amounts held by the Trustee under Section 5.12, 6.04 or Article X) for the foregoing advances, fees, costs and expenses incurred.

Section 9.05 Evidence on Which Trustee May Act.

(a) In case at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action, or doing or not doing anything, as such Trustee, and in any case in which this Indenture provides for permitting or taking any action, it may rely upon any certificate required or permitted to be filed with it under the provisions of this Indenture, and any such certificate shall be evidence of such fact to protect it in any action that it may or may not take, or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact.

(b) The Trustee may conclusively rely and shall be fully protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person, or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or, at the sole cost and expense of the Institution, and when determined necessary in the reasonable discretion of the Trustee, upon the written opinion of any attorney (who may be an attorney for the Issuer or an employee of the Institution), engineer, appraiser, architect or accountant believed by the Trustee to be qualified in relation to the subject matter.

Section 9.06 Trustee and Paying Agents May Deal in Bonds. Any national banking association, bank or trust company acting as a Trustee or Paying Agent, and its respective directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in any action which any Bondholder may be entitled to take with like effect as if such association, bank or trust company were not such Trustee or Paying Agent.

Section 9.07 Resignation or Removal of Trustee. The Trustee may resign and thereby become discharged from the trusts created under this Indenture for any reason by giving written notice by first class mail, postage prepaid, to the Issuer, to the Institution and to the Holders of all Bonds not less than sixty (60) days before such resignation is to take effect, but such resignation shall not take effect until the appointment and acceptance thereof of a successor Trustee pursuant to Section 9.08.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing filed with the Trustee and signed by the Issuer or the Majority Holders or their attorneys-in-fact duly authorized. Such removal shall become effective either upon the appointment and acceptance of such appointment by a successor Trustee or at the date specified in the instrument of removal. The Trustee shall promptly give notice of such filing to the Issuer and the Institution. No removal shall take effect until the appointment and acceptance thereof of a successor Trustee pursuant to Section 9.08.

If the Trustee shall resign or shall be removed, such Trustee must transfer and assign to the successor Trustee, not later than the date of this acceptance by the successor Trustee of its appointment as such, or thirty (30) days from the date specified in the instrument of removal or resignation, if any, whichever shall last occur, (i) all amounts (including all investments thereof) held in any Fund or Account under this Indenture, together with a full accounting thereof, (ii) all records, files, correspondence, registration books, Bond inventory, all information relating to this Indenture and to Bond payment status (i.e., outstanding principal balances, principal payment and interest payment schedules, Sinking Fund Installment schedules, pending notices of redemption, payments made and to whom, delinquent payments, default or delinquency notices, deficiencies in any Fund or Account balance, etc.) and all such other information (in whatever form) relating to all Funds and Accounts in the possession of the Trustee being removed or resigning, and (iii) all Security Documents and other documents or agreements, including, without limitation, all Uniform Commercial Code Financing Statements, all insurance policies or certificates, letters of credit or other instruments provided to the Trustee being removed or resigning (clauses (i), (ii) and (iii), together with the Trust Estate, being collectively referred to as the "**Trust Corpus**").

Section 9.08 Successor Trustee.

(a) If at any time the Trustee shall be dissolved or otherwise become incapable of acting or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator thereof, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason or if the Trustee shall resign, the Institution shall cooperate with the Issuer and the Issuer shall appoint a successor Trustee and shall use its best efforts to obtain acceptance of such trust by the successor Trustee within sixty (60) days from such vacancy or notice of resignation. Within

twenty (20) days after such appointment and acceptance, the Issuer shall notify in writing the Institution and the Holders of all Bonds.

(b) In the event of any such vacancy or resignation and if a successor Trustee shall not have been appointed within sixty (60) days of such vacancy or notice of resignation, the Majority Holders, by an instrument or concurrent instruments in writing, signed by such Bondholders or their attorneys-in-fact thereunto duly authorized and filed with the Issuer, may appoint a successor Trustee which shall, immediately upon its acceptance of such trusts, and without further act, supersede the predecessor Trustee. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 9.08, within ninety (90) days of such vacancy or notice of resignation, the Holder of any Bond then Outstanding, the Issuer or any retiring Trustee or the Institution may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

(c) Any Trustee appointed under this Section shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States authorized to exercise corporate trust powers under the laws of the State and authorized by law and its charter to perform all the duties imposed upon it by this Indenture and each other Security Document. At the time of its appointment, any successor Trustee shall (x) have a capital stock and surplus aggregating not less than $100,000,000 and (y) have an investment grade rating of at least "Baa3" or "P-3".

(d) Any predecessor Trustee shall transfer to any successor Trustee appointed under this Section as a result of a vacancy in the position the Trust Corpus by a date not later than thirty (30) days from the date of the acceptance by the successor Trustee of its appointment as such. Where no vacancy in the position of the Trustee has occurred, the transfer of the Trust Corpus shall take effect in accordance with the provisions of Section 9.07.

(e) Every successor Trustee shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, an instrument in writing accepting such appointment, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessor, with like effect as if originally named as such Trustee; but such predecessor shall, nevertheless, on the written request of its successor or of the Issuer, and upon payment of the compensation, expenses, charges and other disbursements of such predecessor which are due and payable pursuant to Section 9.04, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, immunities, powers and trusts of such predecessor and the Trust Corpus; and every predecessor Trustee shall deliver all property and moneys, together with a full accounting thereof, held by it under this Indenture to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such Trustee the estate, properties, rights, immunities, powers and trusts vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall, on request, be executed, acknowledged and delivered by the Issuer. Any successor Trustee shall promptly notify the Issuer and the Paying Agent of its appointment as Trustee.

(f) Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States and shall be authorized by law and its charter to perform all the duties imposed upon it by this Indenture and each other Security Document shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

Section 9.09 Paying Agents.

(a) The Trustee is hereby appointed as Paying Agent for the Bonds. The Issuer may also from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 9.09(b) for the appointment of a successor Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Issuer, and in the case of all Paying Agents other than the Trustee, to the Trustee a written acceptance thereof. The principal offices of the Paying Agents are designated as the respective offices or agencies of the Issuer for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds. Each Paying Agent shall not be liable in connection with the performance of its duties hereunder except for its own willful misconduct or gross negligence.

(b) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days prior written notice to the Issuer and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Issuer. Any successor Paying Agent shall be appointed by the Issuer, with the approval of the Trustee, and shall be a commercial bank or trust company duly organized under the laws of any state of the United States or a national banking association, having a capital stock and surplus aggregating at least $40,000,000, having an investment grade rating of at least "Baa3" or "P-3", and willing and able to accept the office on reasonable and customary terms and authorized by law and its charter to perform all the duties imposed upon it by this Indenture.

(c) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

Section 9.10 Appointment of Co-Trustee.

(a) It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or under any other Security Document, and in particular in case of the enforcement of any powers, rights or remedies on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any

other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional institution as a separate trustee or co-trustee. The following provisions of this Section are adapted to these ends.

(b) In the event that the Trustee appoints an additional institution as a separate trustee or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them. Such co-trustee may be removed by the Trustee at any time, with or without cause.

(c) Should any instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed or removed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

(d) No trustee shall be liable for the acts or omissions of any other trustee hereunder.

Section 9.11 Patriot Act. The Trustee hereby acknowledges that in accordance with Section 326 of the U.S.A. Patriot Act (being the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, as amended, and signed into law October 26, 2001), each depositary bank, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with a depositary bank. The Trustee hereby acknowledges that it shall obtain such information from the other Notice Parties as may be required in order for it to satisfy the requirements of the U.S.A. Patriot Act.

ARTICLE X

DISCHARGE OF INDENTURE; DEFEASANCE

Section 10.01 Defeasance.

(a) If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, interest and all other amounts due or to become due thereon or in respect thereof, at the times and in the manner stipulated therein and in this Indenture, and all fees and expenses and other amounts due and payable under this Indenture and the Loan Agreement, and any other

amounts required to be rebated to the Federal government pursuant to the Tax Regulatory Agreement or this Indenture, shall be paid in full, then the pledge of any loan payments, revenues or receipts from or in connection with the Security Documents or the Facility under this Indenture and the estate and rights hereby granted, and all covenants, agreements and other obligations of the Issuer to the Bondholders hereunder shall thereupon cease, terminate and become void and be discharged and satisfied and the Bonds shall thereupon cease to be entitled to any lien, benefit or security hereunder, except as to moneys or securities held by the Trustee or the Paying Agents as provided below in this subsection. At the time of such cessation, termination, discharge and satisfaction, (1) the Trustee shall cancel and discharge the lien of this Indenture and of the Mortgage and execute and deliver to the Institution all such instruments as may be appropriate to satisfy such liens and to evidence such discharge and satisfaction, and (2) the Trustee and the Paying Agents shall pay over or deliver to the Institution or on its order all moneys or securities held by them pursuant to this Indenture which are not required (i) for the payment of the principal or Redemption Price, if applicable, Sinking Fund Installments for, or interest on Bonds not theretofore surrendered for such payment or redemption, (ii) for the payment of all such other amounts due or to become due under the Security Documents, or (iii) for the payment of any amounts the Trustee has been directed to pay to the Federal government under the Tax Regulatory Agreement or this Indenture.

(b) Bonds or interest installments for the payment or redemption of which moneys (or Defeasance Obligations which shall not be subject to call or redemption or prepayment prior to maturity and the full and timely payment of the principal of and interest on which when due, together with the moneys, if any, set aside at the same time, will provide funds sufficient for such payment or redemption) shall then be set aside and held in trust by the Trustee or Paying Agents, whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section, if (i) in case any such Bonds are to be redeemed prior to the maturity thereof, all action necessary to redeem such Bonds shall have been taken and notice of such redemption shall have been duly given or provision satisfactory under the requirements of this Indenture to the Trustee shall have been made for the giving of such notice, and (ii) if the maturity or redemption date of any such Bond shall not then have arrived, (y) provision shall have been made by deposit with the Trustee or other methods satisfactory to the Trustee for the payment to the Holders of any such Bonds of the full amount to which they would be entitled by way of principal or Redemption Price, Sinking Fund Installments, and interest and all other amounts then due under the Security Documents to the date of such maturity or redemption, and (z) provision satisfactory to the Trustee shall have been made for the mailing of a notice to the Holders of such Bonds that such moneys are so available for such payment on such maturity or redemption date.

Section 10.02 **<u>Defeasance Opinion and Verification</u>.** Prior to any defeasance becoming effective as provided in Section 10.01(b), there shall have been delivered to the Issuer and to the Trustee (A) an opinion of Nationally Recognized Bond Counsel to the effect that interest on any Bonds being discharged by such defeasance will not become subject to federal income taxation by reason of such defeasance, and (B) a verification from an independent certified public accountant or firm of independent certified public accountants (in each case reasonably satisfactory to the Issuer and the Trustee) to the effect that the moneys and/or Defeasance Obligations are sufficient, without reinvestment, to pay the principal of, Sinking Fund Installments for, interest on, and redemption premium, if any, of the Bonds to be defeased.

Section 10.03 No Limitation of Rights of Holders. No provision of this Article X, including any defeasance of Bonds, shall limit the rights of the Holder of any Bonds under Section 3.06, 3.07 or 3.09 until such Bonds shall have been paid in full.

ARTICLE XI

AMENDMENTS OF INDENTURE

Section 11.01 Limitation on Modifications. This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article.

Section 11.02 Supplemental Indentures Without Bondholders' Consent.

(a) The Issuer and the Trustee may, from time to time and at any time, enter into Supplemental Indentures without the consent of the Bondholders for any of the following purposes:

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

(2) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as theretofore in effect.

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

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

(5) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture, of the properties of the Facility, or revenues or other income from or in connection with the Facility or of any other moneys, securities or funds, or to subject to the lien or pledge of this Indenture additional revenues, properties or collateral.

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

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

(8) To modify, amend or supplement this Indenture or any Supplemental Indenture in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to this Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

(9) To issue Additional Bonds in accordance with Section 2.07.

(b) Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to this Section, there shall have been filed with the Trustee an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms.

Section 11.03 <u>Supplemental Indentures With Bondholders' Consent</u>.

(a) Subject to the terms and provisions contained in this Article, the Majority Holders shall have the right from time to time, to consent to and approve the entering into by the Issuer and the Trustee of any Supplemental Indenture as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein. Nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of, Sinking Fund Installments for, redemption premium, if any, or interest on any Outstanding Bonds, a change in the terms of redemption or maturity of the principal of or the interest on any Outstanding Bonds, or a reduction in the principal amount of or the Redemption Price of any Outstanding Bond or the rate of interest thereon, or any extension of the time of payment thereof, without the consent of the Holder of such Bond, (ii) the creation of a lien upon or pledge of the Trust Estate other than the liens or pledge created by this Indenture and the other Security Documents, except as provided in this Indenture with respect to Additional Bonds, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, or (v) a modification, amendment or deletion with respect to any of the terms set forth in this Section 11.03(a), without, in the case of items (ii) through and including (v) of this Section 11.03(a), the written consent of one hundred percent (100%) of the Holders of the Outstanding Bonds.

(b) If at any time the Issuer shall determine to enter into any Supplemental Indenture for any of the purposes of this Section, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders.

(c) Within one year after the date of such notice, the Issuer and the Trustee may enter into such Supplemental Indenture in substantially the form described in such notice only if there shall have first been filed with the Trustee (i) the written consents of the Majority Holders or the Holders of not less than 100%, as the case may be, in aggregate principal amount of the Bonds then Outstanding and (ii) an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture (A) is authorized or permitted by this Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms and (B) will not cause the interest on any Series of Bonds (other than the Series 2018B Bonds and any other Series of taxable Additional Bonds) to become includable in gross income for Federal income tax purposes. Each valid consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient in accordance with this Indenture shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee prior to the execution of such Supplemental Indenture.

(d) If the Holders of not less than the percentage of Bonds required by this Section shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

(e) Upon the execution of any Supplemental Indenture pursuant to the provisions of this Section, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under this Indenture, subject in all respects to such modifications and amendments.

Section 11.04 Supplemental Indenture Part of this Indenture. Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all the terms and conditions contained in any such Supplemental Indenture as to any provisions authorized to be contained therein shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. The Trustee shall execute any Supplemental Indenture entered into in accordance with the provisions of Section 11.02 or 11.03.

ARTICLE XII

AMENDMENTS OF RELATED SECURITY DOCUMENTS

Section 12.01 Rights of Institution. Anything herein to the contrary notwithstanding, any Supplemental Indenture entered into pursuant to Article XI which materially

and adversely affects any rights, powers and authority of the Institution under the Loan Agreement or requires a revision of the Loan Agreement shall not become effective unless and until the Institution shall have given its written consent to such Supplemental Indenture signed by an Authorized Representative of the Institution.

Section 12.02 **<u>Amendments of Related Security Documents Not Requiring Consent of Bondholders</u>**. 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 including in connection with the issuance of Additional Bonds in accordance with Section 2.07; and (vi) to make any other change that, in the judgment of the Trustee (which, in exercising such judgment, may conclusively rely, and shall be protected in relying, in good faith, upon an Opinion of Counsel or an opinion or report of engineers, accountants or other experts) does not materially adversely affect the Bondholders. The Trustee shall have no liability to any Bondholder or any other Person for any action taken by it in good faith pursuant to this Section. Before the Issuer or the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Bonds (other than the Series 2018B Bonds and any other taxable Additional Bonds) to cease to be excluded from gross income for federal income tax purposes under the Code.

Section 12.03 **<u>Amendments of Related Security Documents Requiring Consent of Bondholders</u>**. Except as provided in Section 12.02, the Issuer and the Trustee shall not consent to any amendment, change or modification of any of the Related Security Documents, without mailing of notice and the written approval or consent of the Majority Holders given and procured as in Section 11.03 set forth; provided, however, there shall be no amendment, change or modification to (i) the obligation of the Institution to make loan payments with respect to the Bonds under the Loan Agreement or the Promissory Note or (ii) the Tax Regulatory Agreement, without the delivery of an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change, modification, reduction or postponement will not cause the interest on any Series of Bonds that are tax-exempt to become includable in gross income for Federal income tax purposes. If at any time the Institution shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change or modification to be mailed in the same manner as is provided in Article XI with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders. The Trustee may, but shall not be obligated to, enter into any such amendment, change or modification to a Related Security Document which affects the Trustee's own rights, duties or immunities under such Related Security Document or otherwise. Before the Trustee shall enter into or consent to

any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Bonds (other than the Series 2018B Bonds and any other taxable Additional Bonds) to cease to be excluded from gross income for federal income tax purposes under the Code.

ARTICLE XIII

MISCELLANEOUS

Section 13.01 Evidence of Signature of Bondholders and Ownership of Bonds.

(a) Any request, consent, revocation of consent, approval, objection or other instrument which this Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by any Bondholder in person or by his duly authorized attorney appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of this Indenture (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable: the fact and date of the execution by any Bondholder or his attorney of such instruments may be proved by a guarantee of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. For the purposes of the transfer or exchange of any Bond, the fact and date of the execution of the Bondholder or his attorney of the instrument of transfer shall be proved by a guarantee of the signature thereon by a member of the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(b) The ownership of Bonds and the amount, numbers and other identification shall be proved by the registry books.

(c) Except as otherwise provided in Section 11.03 with respect to revocation of a consent, any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer or the Trustee or any Paying Agent in accordance therewith.

Section 13.02 Notices. Any notice, demand, direction, certificate, Opinion of Counsel, request, instrument or other communication authorized or required by this Indenture to be given to or filed with the Issuer, the Institution or the Trustee shall be sufficient if sent (i) by return receipt requested or registered or certified United States mail, postage prepaid, (ii) by a

nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

(1) if to the Issuer, to

Build NYC Resource Corporation
110 William Street
New York, New York 10038
Attention: General Counsel (with a copy to the Executive Director of the Issuer at the same address)

(2) if to the Institution, to

Inwood Academy for Leadership Charter School
108 Cooper Street
New York, New York 10034
Attention: Jenny Pichardo, COO/CFO

with a copy to

Connell Foley LLP
185 Hudson St., Suite 2510
Jersey City, New Jersey 07311
Attention: Rafael Perez, Esq.

(3) if to the Trustee, to

U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Corporate Trust Administration

The Issuer, the Institution and the Trustee may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

Section 13.03 Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Institution, the Trustee, the Bond Registrar, the Paying Agents and the Holders of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof. All covenants, stipulations, promises and agreements in this Indenture

contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Institution, the Trustee, the Bond Registrar, the Paying Agents and the Holders of the Bonds.

Section 13.04 **Partial Invalidity**. If any one or more of the provisions of this Indenture or of the Bonds shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions hereof or of the Bonds, but this Indenture and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 13.05 **Effective Date; Counterparts**. The date of this Indenture shall be for reference purposes only and shall not be construed to imply that this Indenture was executed on the date first above written. This Indenture was delivered on the Closing Date. This Indenture shall become effective upon its delivery on the Closing Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.06 **Laws Governing Indenture**. This Indenture shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

Section 13.07 **No Pecuniary Liability of Issuer or Members; No Debt of the State or the City**. Every agreement, covenant and obligation of the Issuer under this Indenture is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall not create a debt of the State or the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor but shall be a limited revenue obligation of the Issuer payable by the Issuer solely from the loan payments, revenues and receipts pledged to the payment thereof in the manner and to the extent in this Indenture specified and nothing in the Bonds, in the Loan Agreement, in this Indenture or in any other Security Document shall be considered as pledging any other funds or assets of the Issuer. The Issuer shall not be required under this Indenture or the Loan Agreement or any other Security Document to expend any of its funds other than (i) the proceeds of the Bonds, (ii) the loan payments, revenues and receipts and other moneys pledged to the payment of the Bonds, (iii) any income or gains therefrom, and (iv) the Net Proceeds with respect to the Facility. No provision, covenant or agreement contained in this Indenture or in the Bonds or any obligations herein or therein imposed upon the Issuer or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit.

All covenants, stipulations, promises, agreements and obligations of the Issuer contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, director, officer, employee or agent of the Issuer in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. Neither the Bonds, the interest thereon, the Sinking Fund Installments therefor, nor the Redemption Price thereof shall ever constitute a debt of the State or of the City and neither the State nor the City shall be liable on any obligation so

incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor.

Section 13.08 **Priority of Indenture Over Liens**. This Indenture and the Mortgage are given in order to secure funds to pay for the Project and by reason thereof, it is intended that this Indenture and the Mortgage shall be superior to any laborers', mechanics' or materialmen's liens which may be placed upon the Facility subsequent to the recordation of the Mortgage. In compliance with Section 13 of the Lien Law, the Issuer will receive the advances secured by this Indenture and the Mortgage and will hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of improvements and that the Issuer will apply the same first to the payment of the costs of improvements before using any part of the total of the same for any other purpose.

Section 13.09 **Consent to Jurisdiction**. Each party hereto irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of or related to this Indenture may be brought in the courts of record of the State in New York County or the United States District Court for the Southern District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (x) to move to dismiss on grounds of forum non conveniens, (y) to remove to any federal court other than the United States District Court for the Southern District of New York, and (z) to move for a change of venue to a New York State Court outside New York County.

Section 13.10 **Waiver of Trial by Jury.** Each party hereto hereby expressly waives all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Indenture or any matters whatsoever arising out of or in any way connected with this Indenture. The provisions of this Indenture relating to waiver of trial by jury shall survive the termination or expiration of this Indenture.

Section 13.11 **Legal Counsel; Mutual Drafting.** Each party acknowledges that this Indenture is a legally binding contract and that it was represented by legal counsel in connection with the drafting, negotiation and preparation of this Indenture. Each party acknowledges that it and its legal counsel has cooperated in the drafting, negotiation and preparation of this Indenture and agrees that this Indenture and any provision hereof shall be construed, interpreted and enforced without regard to any presumptions against the drafting party. Each party hereby agrees to waive any rule, doctrine or canon of law, including without limitation, the *contra preferentum* doctrine, that would require interpretation of any ambiguities in this Indenture against the party that has drafted it

(Remainder of Page Intentionally Left Blank – Signature Page Follows)

IN WITNESS WHEREOF, Build NYC Resource Corporation, New York, New York, has caused these presents to be executed in its name and behalf by its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and, to evidence its acceptance of the trust hereby created, the Trustee has caused these presents to be signed in its name and behalf by an authorized representative and its corporate seal to be hereunto affixed, all as of the day and year first above written.

BUILD NYC RESOURCE CORPORATION

By:_______________________________________
Anne Shutkin
Executive Director

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the ___ day of May of the year 2018, before me, the undersigned, personally appeared **Anne Shutkin** known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon the behalf of whom the individual acted, executed the instrument.

____
Notary Public/Commissioner of Deeds

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By:____
Michelle Mena-Rosado
Vice President

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the ___ day of May, in the year 2018, before me, the undersigned, personally appeared **Michelle Mena-Rosado** personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon the behalf of whom the individual acted, executed the instrument.

____
Notary Public

APPENDICES

EXHIBIT A

DESCRIPTION OF THE LAND

The leasehold estate herein covers premises more particularly bounded and described as follows:

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of Isham Street with the westerly side of Tenth Avenue;

RUNNING THENCE westerly, along the southerly side of Isham Street, 68 feet 11-1/2 inches to a point on the southerly side of Isham Street distant 150 feet easterly from the corner formed by the intersection of the southerly side of Isham Street with the easterly side of Sherman Avenue;

THENCE southerly, parallel with the easterly side of Sherman Avenue, 150 feet;

THENCE easterly, parallel with the southerly side of Isham Street, 160 feet to the westerly side of Post Avenue;

THENCE northerly, along the westerly side of Post Avenue, 20 feet to the corner formed by the intersection of the westerly side of Post Avenue with the northwesterly side of Tenth Avenue;

THENCE northeasterly, along the northwesterly side of Tenth Avenue, 158 feet 8-1/4 inches to the corner formed by the intersection of the southerly side of Isham Street with the westerly side of Tenth Avenue, at the point or place of BEGINNING.

EXHIBIT B

DESCRIPTION OF THE FACILITY PERSONALTY

The acquisition of fixtures and other equipment for incorporation and/or use at the building located at 3896 10th Avenue, New York, New York 10034 (Block 2223 Lot 16), financed with the proceeds of the Build NYC Resource Corporation Revenue Bonds, Series 2018 (Inwood Academy for Leadership Charter School Project).

EXHIBIT C-1

FORM OF FULLY REGISTERED SERIES 2018A BOND

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR

THIS BOND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY TO A PERSON CONSTITUTING A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933, AS AMENDED) OR AN "ACCREDITED INVESTOR" (AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED)

BUILD NYC RESOURCE CORPORATION
REVENUE BOND, SERIES 2018A
(INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL PROJECT)

Bond Date: May 15, 2018

Maturity Date: May 1, [2031][2038][2048]

Registered Owner: Cede & Co.

Principal Amount: $[3,890,000][4,225,000][9,445,000]

Interest Rate: [4.875%][5.125%][5.500%]]

Bond Number: AR-[1][2][3]

CUSIP: [______][______][______]

Promise to Pay. Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York (herein called the "Issuer"), for value received, hereby promises to pay as hereinafter provided, solely from the loan payments, revenues and receipts as provided in the Indenture of Trust hereinafter referred to, to the Registered Owner identified above or registered assigns, upon presentation and surrender hereof, on the Maturity Date set forth above, the Principal Amount set forth above, and in like manner to pay interest at the Interest Rate set forth above on the unpaid principal balance hereof from the Bond Date hereof until the Issuer's obligation with respect to the payment of such Principal Amount shall be discharged. Payment of interest shall be made initially on November 1, 2018 and thereafter on

May 1 and November 1 in each year (or, if such day is not a Business Day, the immediately succeeding Business Day). Such interest shall be computed on the basis of a 360-day year of twelve 30-day months. In no event shall the interest rate payable hereon exceed the maximum permitted by or enforceable under, applicable law. Payment shall be made in any coin or currency of the United States of America which, on the respective dates of payment, is legal tender for the payment of public and private debts.

This bond shall bear interest from the Bond Date indicated above, if authenticated prior to the first Interest Payment Date. If authenticated on or after the first Interest Payment Date, in exchange for or upon the registration of transfer of Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

Method of Currency. The principal of, Sinking Fund Installments for, Redemption Price or Purchase Price, if applicable, and interest on the Bonds shall be payable in any coin or currency of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Payments. The principal of, Sinking Fund Installments for, and the Redemption Price, if applicable, on all Bonds shall be payable by check or draft or wire transfer of immediately available funds at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, provided, however, that the payment in full of any Bond either at final maturity or upon redemption in whole shall only be payable upon the presentation and surrender of such Bonds at the designated corporate trust office of U.S. Bank National Association in New York, New York, as trustee and paying agent (the "Paying Agent"), or at the corporate trust office of any successor Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Record Date for such interest, (1) by check or draft mailed to such registered owner at his address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least $1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Record Date for any interest payment.

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

Authorization and Purpose. This bond is one of an authorized issue of bonds designated as "Build NYC Resource Corporation Revenue Bonds, Series 2018A (Inwood Academy for Leadership Charter School Project)" (hereinafter called the "Series 2018A Bonds") issued in the aggregate principal amount of $17,560,000. Contemporaneously with the issuance of the Series 2018A Bonds, this Issuer is also issuing its Taxable Revenue Bonds, Series 2018B (Inwood Academy for Leadership Charter School Project)" (hereinafter called the "Series 2018B Bonds"; and, together with the Series 2018A Bonds, the "Bonds") in the aggregate principal amount of $435,000. The Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and under and pursuant to a resolution adopted by the members of the Issuer on February 13, 2018, authorizing the issuance of the Bonds and under and pursuant to an Indenture of Trust, dated as of May 1, 2018 (as the same may be amended or supplemented, the "Indenture"), made and entered into by and between the Issuer and U.S. Bank National Association, as trustee (said bank and any successor thereto under the Indenture being referred to herein as the "Trustee"), for the purpose of financing a portion of the cost of (1) the acquisition, renovation, furnishing and equipping of an existing approximately 35,469 square foot 2-story building on an approximately 18,075 square foot parcel of land located at 3896 10th Avenue, New York, New York 10034 (the "Facility"); and (2) the payment of certain costs related to the issuance of the Bonds (collectively, the "Project"), on behalf of the Institution. In order to finance a portion of the costs of the Project, the Issuer has made a loan to the Institution in the original principal amount of the Bonds from the proceeds of the Bonds pursuant to a certain Loan Agreement, dated as of May 1, 2018, between the Issuer and the Institution (as the same may be amended or supplemented, the "Loan Agreement"), and the Institution has executed certain Promissory Notes dated the date of original issuance of the Bonds in favor of the Issuer (as the same may be amended or supplemented, collectively, the "Promissory Note") to evidence the Institution's obligation under the Loan Agreement to repay such loan. Each of the Loan Agreement and the Promissory Note requires the payment by the Institution of loan payments sufficient to provide for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds as the same become due. Copies of the Indenture, the Loan Agreement, the Promissory Note, and the Mortgage hereinafter referred to are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, and the rights, duties and obligations of the Issuer, the Institution and the Trustee.

Pledge and Security. Pursuant to the Indenture, the Issuer has assigned to the Trustee all of its right, title and interest in and to the Promissory Note and substantially all of its right, title and interest in and to the Loan Agreement, including all rights to receive loan payments sufficient to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest and all other amounts due on the Bonds as the same become due, to be made by the Institution pursuant to the Loan Agreement and the Promissory Note. The Bonds are also secured by mortgage liens on and security interests in the Institution's and the Friends of the Inwood Academy for Leadership Charter School, Inc.'s (the "Friends") respective interests in the Facility pursuant to a Leasehold Mortgage and Security Agreement (Building Loan) and a Leasehold Mortgage and Security Agreement (Indirect Loan), each dated as of May 1, 2018, and each from the Institution and the Friends to the Issuer and the Trustee (as each of the same may hereafter be

amended or supplemented, collectively the "Mortgage"). Pursuant to an Assignment of Mortgage (as defined in the Indenture), the Issuer has assigned to the Trustee all of the Issuer's right, title and interest in and to the Mortgage.

THE BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER AND SHALL NEVER CONSTITUTE A DEBT OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE THEREON, NOR SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR.

Reference is hereby made to the Indenture for the definition of any capitalized word or term used but not defined herein and for a description of the property pledged, assigned and otherwise available for the payment of the Bonds, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Bonds, and the terms upon which the Bonds are issued and secured.

Additional Bonds. As provided in the Indenture, upon satisfying certain conditions including in certain circumstances obtaining certain prescribed Bondholder consents, a Series of Additional Bonds may be issued from time to time in one or more series for the purpose of financing the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, providing extensions, additions or improvements to the Facility, or refunding outstanding Bonds (to the extent that such Bonds shall be subject to earlier redemption). All bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

General Interest Rate Limitation. Anything herein or in the Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Indenture shall be subject to the limitation that payments of interest or other amounts hereon shall not be required to the extent that receipt of any such payment by a holder of this bond would be contrary to the provisions of law applicable to such holder of this bond which would limit the maximum rate of interest which may be charged or collected by such holder of this bond.

Redemption of Bonds. (A) General Optional Redemption. The Series 2018A Bonds maturing on or after May 1, 2031, are subject to optional redemption, on or after May 1, 2028, in whole at any time or in part on any Interest Payment Date (but if in part in integral multiples of $5,000 and in the minimum principal amount of $100,000) at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement), at the Redemption Price of 100% of unpaid principal amount of the Series 2018A Bonds to be redeemed, plus accrued interest to the date of redemption.

(B) Extraordinary Redemption. The Bonds are subject to redemption prior to maturity, at the option of the Issuer exercised at the direction of the Institution (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement), as a whole on any date, upon notice or waiver of notice as provided in the Indenture, at a Redemption Price of one hundred percent (100%) of the unpaid

principal amount thereof plus accrued interest to the date of redemption, if one or more of the following events shall have occurred:

(ii) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of one year from the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the Institution is thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

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

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

If the Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise to such redemption, the Institution has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

(C) Mandatory Sinking Fund Installment Redemption. (i) Series 2018A Bonds maturing on May 1, 2031 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date – May 1	Sinking Fund Installment
2022	$185,000
2023	335,000
2024	355,000
2025	370,000
2026	390,000

2027	410,000
2028	430,000
2029	450,000
2030	470,000
2031	495,000*

(*final maturity)

(v) The Series 2018A Bonds maturing on May 1, 2038 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date – May 1	Sinking Fund Installment
2032	$515,000
2033	545,000
2034	570,000
2035	600,000
2036	630,000
2037	665,000
2038	700,000*

(*final maturity)

(vi) The Series 2018A Bonds maturing on May 1, 2048 shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date – May 1	Sinking Fund Installment
2039	$735,000
2040	775,000
2041	815,000
2042	860,000
2043	910,000
2044	960,000
2045	1,010,000
2046	1,065,000
2047	1,125,000
2048	1,190,000*

(*final maturity)

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

(E) Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the Series 2018A Bonds shall be redeemed prior to maturity on any date within one hundred twenty (120) days following such Determination of Taxability, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption. The Series 2018A Bonds shall be redeemed in whole unless redemption of a portion of the Series 2018A Bonds Outstanding would have the result that interest payable on the Series 2018A Bonds remaining Outstanding after such redemption would not be includable in the gross income of any holder of a Series 2018A Bond. In such event, the Series 2018A Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

(F) Mandatory Redemption if Lease Agreement or Sublease Agreement Terminates. The Bonds shall be subject to mandatory redemption, in whole, on the Business Day prior to the effective date of any termination or expiration of the Lease Agreement or the Sublease Agreement, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption.

(G) Purchase in Lieu of Optional Redemption. In lieu of calling Series 2018A Bonds for optional redemption, the Bonds shall be subject to mandatory tender for purchase at the direction of the Issuer, upon the direction of the Institution, in whole or in part (and, if in part, in such manner as determined by the Institution) on any date on or after May 1, 2028, at a purchase price equal to the applicable Redemption Price for any optional redemption of such Series 2018A Bonds as provided above, plus accrued interest to the purchase date. Purchases of tendered Series 2018A Bonds may be made without regard to any provision of the Indenture relating to the selection of Series 2018A Bonds in a partial optional redemption. The Series 2018A Bonds purchased pursuant to any mandatory tender(s) are not required to be cancelled, and if not so

cancelled (subject to the Loan Agreement), shall, prior to any resale by or on behalf of the Institution, not be deemed Outstanding in connection with any subsequent partial optional redemption solely for purposes of those provisions of the Indenture relating to the selection of Series 2018A Bonds in a partial redemption.

Purchases in lieu of an optional redemption shall be permitted, with the consent of the Issuer, upon the delivery to the Issuer and the Trustee of (i) an opinion of Nationally Recognized Bond Counsel addressed to the Issuer and the Trustee substantially to the effect that (A) such purchases in lieu of optional redemption comply with the provisions of the Indenture and (B) neither such purchases in lieu of an optional redemption nor any transaction directly related thereto will adversely affect the exclusion from gross income of interest on the Series 2018A Bonds for purposes of federal income taxation, and (ii) such other opinions, certificates or documentation as the Issuer may require.

Redemption Procedures. If any of the Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed at least thirty (30) days prior to such redemption date to the registered owner of each Bond to be redeemed at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest after the date fixed for redemption if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Bonds called for redemption shall become due and payable on the redemption date, provided, however, that with respect to any optional redemption of the Bonds as provided in this bond, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

Amendment of Indenture. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Bonds at any time by the Issuer with the consent of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding thereunder. Any such consent shall be conclusive and binding upon each such holder and upon all future holders of each Bond and of any such Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

Denominations. The Bonds are issuable in the form of fully registered bonds in the denomination of $100,000 or any integral multiple of $5,000 in excess thereof; provided, however, that if the Bonds are rated investment grade by each Rating Agency then rating the Bonds, then, upon the Trustee receiving written notice of the occurrence of such event, the Authorized Denomination with respect to the Bonds shall be $5,000 or any integral multiple thereof.

Exchange of Bonds. The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

Transfer of Bonds. This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Institution, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Institution but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

Book Entry System. The Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Bonds by the Securities Depository's Participants, beneficial ownership of the Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption

premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Beneficial Owners of the Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Acceleration of Bonds. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds and Additional Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

Limitation on Bondholder Enforcement Rights. The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Special Obligation of the Issuer. This bond and the issue of which it forms a part are special limited revenue obligations of the Issuer, payable by the Issuer solely out of the loan payments, revenues or other receipts, funds or moneys of the Issuer pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds.

Estoppel Clause. It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

No Personal Liability. Neither the members, directors, officers or agents of the Issuer nor any person executing this bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

Authentication by Trustee. This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Build NYC Resource Corporation has caused this bond to be executed in its name by the manual or facsimile signature of its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and its official seal or a facsimile thereof to be hereunto impressed or imprinted hereon and attested by the manual or facsimile signature of its Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, all as of the Bond Date indicated above.

BUILD NYC RESOURCE CORPORATION

By:___________________________________
Authorized Signatory

(SEAL)

ATTEST:

____
Authorized Signatory

CERTIFICATE OF AUTHENTICATION

This bond is one of the Series 2018A Bonds of the issue described in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:____________________________
Authorized Signatory

Date of Authentication: May [15], 2018

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevocably constitute and appoint ______________________ Attorney to transfer such bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: ______________________

____
NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED
MEDALLION GUARANTEED

____
Authorized Signature
(Signature Guarantee Program Name)

[Signature Guarantee by (must be by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15)**]**

[END OF FORM OF SERIES 2018A BOND**]**

EXHIBIT C-2

FORM OF FULLY REGISTERED SERIES 2018B BOND

THIS BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OF THE BUILD NYC RESOURCE CORPORATION OTHER THAN THOSE PLEDGED THEREFOR

THIS BOND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY TO A PERSON CONSTITUTING A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933, AS AMENDED) OR AN "ACCREDITED INVESTOR" (AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED)

BUILD NYC RESOURCE CORPORATION
TAXABLE REVENUE BOND, SERIES 2018B
(INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL PROJECT)

Bond Date: May 15, 2018

Maturity Date: May 1, 2022

Registered Owner: Cede & Co.

Principal Amount: $435,000

Interest Rate: 5.950%

Bond Number: BR-1

CUSIP: [______]

Promise to Pay. Build NYC Resource Corporation, a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York (herein called the "Issuer"), for value received, hereby promises to pay as hereinafter provided, solely from the loan payments, revenues and receipts as provided in the Indenture of Trust hereinafter referred to, to the Registered Owner identified above or registered assigns, upon presentation and surrender hereof, on the Maturity Date set forth above, the Principal Amount set forth above, and in like manner to pay interest at the Interest Rate set forth above on the unpaid principal balance hereof from the Bond Date hereof until the Issuer's obligation with respect to the payment of such Principal Amount shall be discharged. Payment of interest shall be made initially on November 1, 2018 and thereafter on

May 1 and November 1 in each year (or, if such day is not a Business Day, the immediately succeeding Business Day). Such interest shall be computed on the basis of a 360-day year of twelve 30-day months. In no event shall the interest rate payable hereon exceed the maximum permitted by or enforceable under, applicable law. Payment shall be made in any coin or currency of the United States of America which, on the respective dates of payment, is legal tender for the payment of public and private debts.

This bond shall bear interest from the Bond Date indicated above, if authenticated prior to the first Interest Payment Date. If authenticated on or after the first Interest Payment Date, in exchange for or upon the registration of transfer of Bonds (as defined below), this bond shall bear interest from and including the Interest Payment Date next preceding the date of the authentication hereof, unless the date of such authentication shall be an Interest Payment Date to which interest hereon has been paid in full or duly provided for, in which case, this bond shall bear interest from and including such Interest Payment Date.

Method of Currency. The principal of, Sinking Fund Installments for, Redemption Price or Purchase Price, if applicable, and interest on the Bonds shall be payable in any coin or currency of the United States of America that on the respective dates of payment thereof is legal tender for the payment of public and private debts.

Payments. The principal of, Sinking Fund Installments for, and the Redemption Price, if applicable, on all Bonds shall be payable by check or draft or wire transfer of immediately available funds at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond registration books maintained by the Trustee as Bond Registrar at the maturity or redemption date thereof, provided, however, that the payment in full of any Bond either at final maturity or upon redemption in whole shall only be payable upon the presentation and surrender of such Bonds at the designated corporate trust office of U.S. Bank National Association in New York, New York, as trustee and paying agent (the "Paying Agent"), or at the corporate trust office of any successor Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond registration books of the Trustee as Bond Registrar at the close of business on the Record Date for such interest, (1) by check or draft mailed to such registered owner at his address as it appears on the bond registration books or at such other address as is furnished to the Trustee in writing by such owner, or (2) if such Bonds are held by a Securities Depository or, at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least $1,000,000 that all such payments be made by wire transfer, by electronic transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before an Interest Payment Date, but no later than a Record Date for any interest payment.

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

Authorization and Purpose. This bond is one of an authorized issue of bonds designated as "Build NYC Resource Corporation Taxable Revenue Bonds, Series 2018B (Inwood Academy for Leadership Charter School Project)" (hereinafter called the "Series 2018B Bonds") issued in the aggregate principal amount of $435,000. Contemporaneously with the issuance of the Series 2018B Bonds, this Issuer is also issuing its Revenue Bonds, Series 2018A (Inwood Academy for Leadership Charter School Project)" (hereinafter called the "Series 2018A Bonds"; and, together with the Series 2018B Bonds, the "Bonds") in the aggregate principal amount of $17,560,000. The Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the Not-for-Profit Corporation Law of the State of New York, and under and pursuant to a resolution adopted by the members of the Issuer on February 13, 2018, authorizing the issuance of the Bonds and under and pursuant to an Indenture of Trust, dated as of May 1, 2018 (as the same may be amended or supplemented, the "Indenture"), made and entered into by and between the Issuer and U.S. Bank National Association, as trustee (said bank and any successor thereto under the Indenture being referred to herein as the "Trustee"), for the purpose of financing a portion of the cost of (1) the acquisition, renovation, furnishing and equipping of an existing approximately 35,469 square foot 2-story building on an approximately 18,075 square foot parcel of land located at 3896 10th Avenue, New York, New York 10034 (the "Facility"); and (2) the payment of certain costs related to the issuance of the Bonds (collectively, the "Project") on behalf of the Institution. In order to finance a portion of the costs of the Project, the Issuer has made a loan to the Institution in the original principal amount of the Bonds from the proceeds of the Bonds pursuant to a certain Loan Agreement, dated as of May 1, 2018, between the Issuer and the Institution (as the same may be amended or supplemented, the "Loan Agreement"), and the Institution has executed certain Promissory Notes dated the date of original issuance of the Bonds in favor of the Issuer (as the same may be amended or supplemented, collectively, the "Promissory Note") to evidence the Institution's obligation under the Loan Agreement to repay such loan. Each of the Loan Agreement and the Promissory Note requires the payment by the Institution of loan payments sufficient to provide for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest on the Bonds as the same become due. Copies of the Indenture, the Loan Agreement, the Promissory Note, and the Mortgage hereinafter referred to are on file at the designated corporate trust office of the Trustee in New York, New York, and reference is made to such documents for the provisions relating, among other things, to the terms and security of the Bonds, the charging and collection of loan payments, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, and the rights, duties and obligations of the Issuer, the Institution and the Trustee.

Pledge and Security. Pursuant to the Indenture, the Issuer has assigned to the Trustee all of its right, title and interest in and to the Promissory Note and substantially all of its right, title and interest in and to the Loan Agreement, including all rights to receive loan payments sufficient to pay the principal or Redemption Price, if any, of, Sinking Fund Installments for, and interest and all other amounts due on the Bonds as the same become due, to be made by the Institution pursuant to the Loan Agreement and the Promissory Note. The Bonds are also secured by mortgage liens on and security interests in the Institution's and the Friends of the Inwood Academy for Leadership Charter School, Inc.'s (the "Friends") respective interests in the Facility pursuant to a Leasehold Mortgage and Security Agreement (Building Loan) and a Leasehold Mortgage and Security Agreement (Indirect Loan), each dated as of May 1, 2018, and each from the Institution and the Friends to the Issuer and the Trustee (as each of the same may hereafter be

amended or supplemented, collectively the "Mortgage"). Pursuant to an Assignment of Mortgage (as defined in the Indenture), the Issuer has assigned to the Trustee all of the Issuer's right, title and interest in and to the Mortgage.

THE BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER AND SHALL NEVER CONSTITUTE A DEBT OF THE STATE OF NEW YORK OR OF THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE THEREON, NOR SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR.

Reference is hereby made to the Indenture for the definition of any capitalized word or term used but not defined herein and for a description of the property pledged, assigned and otherwise available for the payment of the Bonds, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Bonds, and the terms upon which the Bonds are issued and secured.

Additional Bonds. As provided in the Indenture, upon satisfying certain conditions including in certain circumstances obtaining certain prescribed Bondholder consents, a Series of Additional Bonds may be issued from time to time in one or more series for the purpose of financing the cost of completing the Project, providing funds in excess of Net Proceeds to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, providing extensions, additions or improvements to the Facility, or refunding outstanding Bonds (to the extent that such Bonds shall be subject to earlier redemption). All bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, except as may otherwise be expressly provided in the Indenture.

General Interest Rate Limitation. Anything herein or in the Indenture to the contrary notwithstanding, the obligations of the Issuer hereunder and under the Indenture shall be subject to the limitation that payments of interest or other amounts hereon shall not be required to the extent that receipt of any such payment by a holder of this bond would be contrary to the provisions of law applicable to such holder of this bond which would limit the maximum rate of interest which may be charged or collected by such holder of this bond.

Redemption of Bonds. (A) General Optional Redemption. The Series 2018B Bonds are not subject to optional redemption prior to maturity.

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

(i) The Facility shall have been damaged or destroyed to such extent that, as evidenced by a certificate of an Independent Engineer filed with the Issuer and the Trustee, (A) the Facility cannot be reasonably restored within a period of one year from

the date of such damage or destruction to the condition thereof immediately preceding such damage or destruction, (B) the Institution is thereby prevented or likely to be prevented from carrying on its normal operation at the Facility for a period of one year from the date of such damage or destruction, or (C) the restoration cost of the Facility would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

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

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

If the Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise to such redemption, the Institution has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

(C) Mandatory Sinking Fund Installment Redemption. The Series 2018B Bonds shall be subject to mandatory redemption by the Issuer prior to maturity, in part by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption, from mandatory Sinking Fund Installments on the dates and in the principal amounts set forth below, provided that the amounts of such Sinking Fund Installments shall be reduced by the credits provided for in the Indenture:

Sinking Fund Installment Payment Date – May 1	Sinking Fund Installment
2021	$300,000
2022	135,000*

(*final maturity)

(D) Mandatory Redemption Upon Failure to Operate the Facility for the Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Bonds are also subject to mandatory redemption prior to maturity, at the option of the Issuer, as a whole only, in the event (i) the Issuer shall determine that (w) the Institution is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project

Operations, (x) the Institution, any Principal of the Institution or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Institution has committed a material violation of a material Legal Requirement, (y) any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (z) a Required Disclosure Statement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its sole discretion, or (ii) the Institution shall fail to obtain or maintain the liability insurance with respect to the Facility required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Institution shall fail to cure any such default or failure within the applicable time periods set forth in the Loan Agreement following the receipt by the Institution of written notice of such default or failure from the Issuer and a demand by the Issuer on the Institution to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in the Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Bonds, together with interest accrued thereon to the date of redemption.

(E) Mandatory Redemption if Lease Agreement or Sublease Agreement Terminates. The Bonds shall be subject to mandatory redemption, in whole, on the Business Day prior to the effective date of any termination or expiration of the Lease Agreement or the Sublease Agreement, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date of redemption.

Redemption Procedures. If any of the Bonds are to be called for redemption, the Indenture requires a copy of the redemption notice to be mailed at least thirty (30) days prior to such redemption date to the registered owner of each Bond to be redeemed at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest after the date fixed for redemption if funds for their redemption are on deposit at the place of payment at that time. If notice of redemption shall have been given as aforesaid, the Bonds called for redemption shall become due and payable on the redemption date, provided, however, that with respect to any optional redemption of the Bonds as provided in this bond, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, redemption premium, if any, and interest on such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of optional redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. If a notice of optional redemption shall be unconditional, or if the conditions of a conditional notice of optional redemption shall have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

Amendment of Indenture. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the holders of the Bonds at any time by the Issuer with the consent of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding thereunder. Any such consent shall be conclusive and binding upon each such holder and upon all

future holders of each Bond and of any such Bond issued upon the transfer thereof, whether or not notation of such consent is made thereon.

Denominations. The Bonds are issuable in the form of fully registered bonds in the denomination of $100,000 or any integral multiple of $5,000 in excess thereof; provided, however, that if the Bonds are rated investment grade by each Rating Agency then rating the Bonds, then, upon the Trustee receiving written notice of the occurrence of such event, the Authorized Denomination with respect to the Bonds shall be $5,000 or any integral multiple thereof.

Exchange of Bonds. The holder of this bond may surrender the same, at the designated corporate trust office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any of the Authorized Denominations of the same maturity and maturities and interest rate as this bond or the Bonds so surrendered, subject to the conditions and upon payment of the charges provided in the Indenture. However, the Trustee will not be required to (i) transfer or exchange any Bonds during the period between a Record Date and the following Interest Payment Date or during the period of fifteen (15) days next preceding any day for the selection of Bonds to be redeemed, or (ii) transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

Transfer of Bonds. This bond is transferable, as provided in the Indenture, only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney-in-fact, upon surrender of this bond (together with a written instrument of transfer in the form appearing on this bond duly executed by the registered owner or his duly authorized attorney-in-fact with a guaranty of the signature thereon by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15, and thereupon a new fully registered Bond in the same aggregate principal amount and maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture and upon payment of the charges therein prescribed. The Issuer, the Bond Registrar, the Trustee and any Paying Agent may deem and treat the Person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof, the Sinking Fund Installments therefor, and interest due hereon and for all other purposes whatsoever, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Institution, the Bond Registrar, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer or the Trustee may make a charge sufficient to reimburse it for any expenses and any tax, fee or other governmental charge required to be paid in connection therewith; any such expenses shall be paid by the Institution but any such tax, fee or other governmental charge shall be paid by the Holder requesting such transfer or exchange.

Book Entry System. The Bonds are being issued by means of a book entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered

in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or in the custody of its agent. The book entry system will evidence positions held in the Bonds by the Securities Depository's Participants, beneficial ownership of the Bonds in Authorized Denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including (i) payments of principal of, Sinking Fund Installments for, if any, redemption premium, if any, and interest on, this bond, (ii) notices, and (iii) voting. Transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, Sinking Fund Installments, interest and any redemption premium payments to Beneficial Owners of the Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such Beneficial Owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this bond, notwithstanding the provision hereinabove contained, payments of principal of, Sinking Fund Installments, if any, redemption premium, if any, and interest on this bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Acceleration of Bonds. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds and Additional Bonds issued under the Indenture and then Outstanding may be declared and may become due and payable before the stated maturities thereof, together with accrued interest thereon.

Limitation on Bondholder Enforcement Rights. The holder of this bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions and covenants thereof or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

Special Obligation of the Issuer. This bond and the issue of which it forms a part are special limited revenue obligations of the Issuer, payable by the Issuer solely out of the loan payments, revenues or other receipts, funds or moneys of the Issuer pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds.

Estoppel Clause. It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

No Personal Liability. Neither the members, directors, officers or agents of the Issuer nor any person executing this bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

Authentication by Trustee. This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Build NYC Resource Corporation has caused this bond to be executed in its name by the manual or facsimile signature of its Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel and its official seal or a facsimile thereof to be hereunto impressed or imprinted hereon and attested by the manual or facsimile signature of its Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, all as of the Bond Date indicated above.

BUILD NYC RESOURCE CORPORATION

By:___________________________________
Authorized Signatory

(SEAL)

ATTEST:

____
Authorized Signatory

CERTIFICATE OF AUTHENTICATION

This bond is one of the Series 2018B Bonds of the issue described in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:____________________________
Authorized Signatory

Date of Authentication: May [15], 2018

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(Please print or typewrite name, address and taxpayer identification number of transferee)

the within bond and does hereby irrevocably constitute and appoint ______________________ Attorney to transfer such bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: ______________________

____
NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED
MEDALLION GUARANTEED

____
Authorized Signature
(Signature Guarantee Program Name)

[Signature Guarantee by (must be by a member of the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with Securities and Exchange Commission Rule 17Ad-15)]

[END OF FORM OF SERIES 2018B BOND]

EXHIBIT D

Form of Requisition from the Project Fund

REQUISITION NO.

TO: U.S. Bank National Association, as Trustee

FROM: Inwood Academy for Leadership Charter School

Ladies and Gentlemen:

You are requested to draw from the Accounts of the Project Fund, established by Section 5.01 of the Indenture of Trust, dated as of May 1, 2018 (the "Indenture"), between Build NYC Resource Corporation (the "Issuer") and yourself, a check or checks in the amounts, payable to the order of those persons and for the purpose of paying those costs set forth on Schedule A attached hereto. All capitalized terms used in this Requisition not otherwise defined herein shall have the meanings given such terms by the Indenture or by the Loan Agreement referred to in the Indenture.

I hereby certify that

(i) I am an Authorized Representative of the Inwood Academy for Leadership Charter School (the "Institution");

(ii) the number of this Requisition is ____;

(iii) the items of cost set forth on Schedule A attached hereto are correct and proper under Section 5.02 of the Indenture and under Section 3.2 of the Loan Agreement and each such item has been properly paid or incurred as an item of Project Cost;

(iv) none of the items for which this Requisition is made has formed the basis for any disbursement heretofore made from the Project Fund;

(v) the payees and amounts stated in Schedule A attached hereto are true and correct and each item of cost so stated is due and owing;

(vi) each such item stated in Schedule A attached hereto is a proper charge against the Project Fund;

(vii) each such item in Schedule A attached hereto represents the value of work actually furnished, or labor or services actually rendered and no item relates to materials, that are not incorporated into the improvement or deposits toward same;

(viii) each item of cost set forth in Schedule A attached hereto is consistent in all material respects with the Tax Regulatory Agreement;

(ix) if the payment herein requested is a reimbursement to the Institution for costs or expenses of the Institution incurred by reason of work performed or supervised by officers or employees of the Institution or any Affiliate, such officers or employees were specifically employed for such purpose and the amount to be paid does not exceed the actual cost thereof to the Institution and such costs or expenses will be treated by the Institution on its books as a capital expenditure in conformity with generally accepted accounting principles applied on a consistent basis;

(x) no portion of the proceeds of the Bond will be applied to reimburse the Institution for Project Costs paid more than sixty (60) days prior to the date of the Reimbursement Resolution for the Project, except for amounts which do not exceed twenty percent (20%) of the Project Costs financed with the proceeds of the Bonds which were applied to finance certain preliminary expenses with respect to the Project. Preliminary expenses, for purposes of this exception, include architectural, engineering, surveying, soil testing and similar costs incurred prior to the commencement of construction or rehabilitation of the Project, but do not include land acquisition, site preparation and similar costs incident to the commencement of construction or rehabilitation of the Project. No portion of the proceeds of the Bonds will be applied to reimburse the Institution for a cost (other than preliminary expenditures) paid more than eighteen (18) months prior to the date of this requisition or the date the Facility to which the cost relates was placed in service, whichever is later. In no event shall the proceeds of the Bonds be applied to reimburse the Institution for a Project Cost paid more than three (3) years prior to the date of issuance of the Bonds, unless such cost is attributable to a preliminary expenditure, as described above;

(xi) no Determination of Taxability has occurred, and no Event of Default exists and is continuing under the Indenture or the Loan Agreement or any other Security Document nor any condition, event or act which, with notice or lapse of time or both, would constitute such an Event of Default;

(xii) I have no knowledge of any vendor's lien, mechanic's lien or security interest which should be satisfied or discharged before the payment herein requested is made or which will not be discharged by such payment or, to the extent that any such costs shall be the subject of a bona fide dispute, for which such costs have not been appropriately bonded or for which a surety or security has not been posted which is at least equal to the amount of such costs;

(xiii) each item which payment under this requisition is to be made when added to all other payments previously made from the Project Fund, will not result in less than 95% of the proceeds of the Bonds (exclusive of costs of issuance of the Bonds or any reasonably required reserve) (including any earnings thereon) being used for the acquisition, construction, reconstruction or improvement of land or property that is subject to the allowance for depreciation provided in section 167 of the Code;

(xiv) such item of cost for which payment is herein requested is chargeable to the capital account of the Facility for Federal income tax purposes, or would be so chargeable either with an election by the Institution or but for the election of the Institution to deduct the amount of such item; and

(xv) the representations and warranties made by the Institution in the Security Documents are correct on and as of the date of such disbursement as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date.

Attached to this Requisition is a schedule of or a copy of bills, invoices or other documents evidencing and supporting this Requisition.

Dated: _________________

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL

By:
____
Authorized Representative

SCHEDULE A TO REQUISITION NO. ___

Account of the Project Fund	Amount	Payee (with address)	Purpose

Receipt is hereby acknowledged of a payment in the amount of $___________ in connection with the submission of the attached Requisition.

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL

By: _____________________________________
Name:
Title

Date: _______________

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APPENDIX H

FORM OF LEASE AND LEASE MODIFICATION AGREEMENT

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LEASE MODIFICATION AGREEMENT

THIS LEASE MODIFICATION AGREEMENT (this "Agreement") is made as of the 12 day of April, 2018, by and between 3896 10th Ave. Associates, as Landlord ("Landlord"), having an office at c/o ABS Partners Real Estate, LLC, 200 Park Avenue South, New York, New York 10003 and Friends of Inwood Academy for Leadership Charter School, Inc. ("Tenant"), having an office at 108 Cooper Street, New York, New York 10034.

W I T N E S S E T H

WHEREAS, Landlord and Tenant previously entered into a certain Agreement of Lease dated as of July 6, 2017 (the "Lease") demising to Tenant the building known as and located at 3896 Tenth Avenue, New York, New York (the "demised premises"); and

WHEREAS, Landlord and Tenant desire to extend the term of the Lease and otherwise modify the Lease as set forth herein.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Preamble; Capitalized Terms

The terms of the preamble are incorporated into this Agreement and are made a part hereof. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Lease.

2. Commencement Date

Landlord and Tenant acknowledge and agree that the Commencement Date of the Lease is conclusively agreed to be March 24, 2018, and on such date Landlord delivered to Tenant the demised premises in the condition required by the Lease. Tenant further agrees that all conditions to the occurrence of the Commencement Date has either occurred or been waived by Tenant.

3. Extension of Term

Landlord and Tenant hereby agree to extend the term of the Lease so that the Expiration Date shall be September 30, 2060 (the "New Expiration Date"), unless same shall be sooner terminated in accordance with the provisions of the Lease, as modified hereby, and, accordingly, Tenant's use and occupancy of the demised premises from and after the date hereof shall be on all of the terms and conditions of the Lease, as modified hereby (including the Fixed Annual Rent and additional rent, as same is modified herein and as same has been and in the future may be adjusted in accordance with the provisions of the Lease). Notwithstanding the foregoing, if there is no event of default hereunder by Tenant, and Tenant's Initial Alterations are delayed to such a date that would push the substantial completion of such Initial Alterations (and as a result, the receipt of a temporary certificate of occupancy for the demised premises) beyond September 30, 2020, Landlord and Tenant agree to work in good faith to further modify the New

Expiration Date to be at least forty (40) years from the date upon which Tenant receives a temporary certificate of occupancy for the demised premises.

4. **Rent Commencement Date; Fixed Annual Rent**

Landlord and Tenant each acknowledge and agree that the Rent Commencement Date of the Lease shall be September 24, 2018. Accordingly, Section 2.1(b) of the Lease is modified to read as follows:

"(b) (i) Fixed Annual Rent shall be as follows:

(A) for the period from the September 24, 2018 through and including September 23, 2023, the amount of $657,000.00 per annum, such amount to be paid in consecutive equal monthly installments of $54,750.00 on the first (1st) day of each calendar month during such period;

(B) for the period from September 24, 2023 through and including September 23, 2028, the amount of $711,000.00 per annum, such amount to be paid in consecutive equal monthly installments of $59,250.00 on the first (1st) day of each calendar month during such period;

(C) for the period from September 24, 2028 through and including September 23, 2033, the amount of $770,400.00 per annum, such amount to be paid in consecutive equal monthly installments of $64,200.00 on the first (1st) day of each calendar month during such period;

(D) for the period from September 24, 2033 through and including September 23, 2038, the greater of (i) $835,740.00 (such amount to be paid in consecutive equal monthly installments of $69,645.00 on the first (1st) day of each calendar month during such period) or (ii) the then Fair Market Rental Value of the Premises (employing the same procedure as set forth in Section 44.2 hereof) (with the amount set forth in this subparagraph (ii), if applicable, to be paid in consecutive equal monthly installments on the first (1st) day of each calendar month during such period);

(E) for the period from September 24, 2038 through and including September 23, 2043, an amount equal to 110% of the Fixed Annual Rent payable pursuant to subparagraph (D) above, with such Fixed Annual Rent to be paid in consecutive equal monthly installments on the first (1st) day of each calendar month during such period;

(F) for the period from September 24, 2043 through and including September 23, 2048, an amount equal to 110% of the Fixed Annual Rent payable pursuant to subparagraph (E) above, with such Fixed Annual Rent to be paid in consecutive equal monthly installments on the first (1st) day of each calendar month during such period.

(G) for the period from September 24, 2048 through and including September 23, 2053, an amount equal to the greater of (i) 110% of the Fixed Annual

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Rent payable pursuant to subparagraph (F) above or (ii) the then Fair Market Rental Value of the Premises (employing the same procedure as set forth in Section 44.2 hereof) (with the applicable amount to be paid in consecutive equal monthly installments on the first (1st day of each calendar month during such period);

(H) for the period from September 24, 2053 through and including September 23, 2058, an amount equal to 110% of the Fixed Annual Rent payable pursuant to subparagraph (G) above, with such Fixed Annual Rent to be paid in consecutive equal monthly installments on the first (1st) day of each calendar month during such period; and

(I) for the period from September 24, 2058 through and including the New Expiration Date, an amount equal to 110% of the Fixed Annual Rent payable pursuant to subparagraph (H) above, with such Fixed Annual Rent to be paid in consecutive equal monthly installments on the first (1st) day of each calendar month during such period."

If Tenant shall not then be in default hereunder, Landlord shall (a) waive the monthly installments of Fixed Annual Rent for the period from March 24, 2018 through and including September 23, 2018 and (b) provide Tenant with an additional credit against Fixed Annual Rent in the amount of $22,500.00 per month, such credit to be applied against Tenant's Fixed Annual Rent obligations hereunder only for the period from September 24, 2018 through and including September 23, 2019. If the Term of this Lease is terminated prior to its stated Expiration Date for any reason as a result of Tenant's default, then in addition to all other damages and remedies herein provided and provided by law for Landlord, Landlord shall be entitled to the return of the unamortized portion of such rent credit theretofore enjoyed by Tenant (such amortization to be calculated on a straight-line basis over the originally scheduled Term of this Lease), which sum shall be deemed additional rent due and owing prior to such termination of the Term hereof. The obligation of Tenant to pay such additional rent to Landlord shall survive the termination of the term of this Lease.

For purposes hereof, the term "Rent Commencement Date" shall mean September 24, 2018."

5. Assignment and Subletting

The following new Section 17.15 is added to the Lease:

"Section 17.15. Landlord has been advised by Tenant that Tenant is obtaining a leasehold mortgage with U.S. Bank, National Association ("US Bank"), which leasehold mortgage will be secured by Tenant's interest in the Lease, as modified hereby. Landlord agrees that in the event US Bank obtains Tenant's interest in the Lease either by foreclosure, deed-in-lieu of foreclosure or otherwise, then in connection with any subsequent proposed assignment by US Bank of its interest in the Lease, as modified hereby, (i) Landlord's right to terminate the Lease, as modified hereby, as set forth in Section 17.6 of the Lease, shall not apply, (ii) the profit-sharing provisions set forth in Section 17.11 of the Lease shall not apply and (iii) the provisions of Section 17.8 of the Lease shall apply."

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6. <u>Subordination; Leasehold Mortgage</u>

Article XVIII of the Lease is modified as follows:

(a) Section 18.5(a) of the Lease is modified to provide that (i) US Bank shall be deemed an "Institutional Lender" for purposes of the Lease, (ii) the last word of the third sentence of such Section shall be changed from "$8,500,000.00" to "$18,500,000.00"; and (iii) Section 18.5(e) of the Lease is modified in its entirety to read as follows:

"(e) No Leasehold Mortgagee or its designee shall become personally liable for the performance or observation of any covenants or conditions to be performed or observed by Tenant unless and until such Leasehold Mortgagee or such designee becomes the owner of Tenant's interest hereunder upon the exercise of any remedy provided for in any Leasehold Mortgage or enters into a new lease with Landlord pursuant to subparagraph (d) above. Thereafter, such Leasehold Mortgagee or its designee (A) shall be liable for (i) the performance and observance of such covenants and conditions only so long as such Leasehold Mortgagee owns such interest or is the lessee under such new lease (such obligation of the Leasehold Mortgagee during such period to survive any subsequent assignment of the Leasehold Mortgagee's interest in the Premises) and (ii) any defaults by such Leasehold Mortgagee occurring during the period it owned such interest or was the lessee under such new lease (such obligation of the Leasehold Mortgagee during such period to survive any subsequent assignment of the Leasehold Mortgagee's interest in the Premises) and (B) (subject to the provisions of this Lease) during such period it is the owner of Tenant's interest hereunder (or under any new lease with Landlord), such Leasehold Mortgagee or its designee shall enjoy the rights, and perform all of the obligations, of the Tenant hereunder."

7. <u>Security Deposit</u>

(a) Section 23.1 of the Lease is modified to read as follows: "Tenant has deposited with Landlord the amount of $500,000.00 as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this Lease."

(b) Landlord acknowledges that prior to the date hereof it was holding $328,500.00 as Tenant's security deposit hereunder. The balance of Tenant's required security deposit, in the amount of $171,500.00, shall be transferred from the amount escrowed by Landlord pursuant to the Site Access Agreement previously executed by Landlord and Tenant and such combined amount, in the amount of $500,000.00, shall be held as Tenant's security deposit under the Lease, as modified hereby and, if necessary, applied in accordance with the provisions of the Lease, as modified hereby.

(c) Promptly following the date hereof, Landlord shall refund to Tenant that portion of the amount being escrowed by Landlord pursuant to the Site Access Agreement which is not being transferred as part of Tenant's security deposit pursuant to subparagraph (b) above.

(d) Section 23.4 of the Lease is hereby deleted in its entirety.

8. No Other Brokers

Tenant represents that it has dealt with no other real estate brokers or other persons acting as such in connection herewith other than ABS Partners Real Estate, LLC (the "Broker"). Tenant agrees that should any claim be made against Landlord for payment of a commission by any broker, other than the Broker, on account of any acts or dealings of Tenant or Tenant's representatives with such party in connection with this Agreement, Tenant will indemnify and hold Landlord harmless from and against any and all liabilities and expenses in connection therewith, including (without limitation) reasonable legal fees and disbursements. The provisions of this paragraph shall survive the expiration or sooner termination of the Lease as modified hereby.

9. Tenant's Representation

Tenant represents and warrants that (i) as of this date, there are no existing defenses or offsets which Tenant has against the enforcement of the Lease by Landlord, and Tenant has no knowledge of any event which with the giving of notice, the passage of time or both would constitute a defense under the Lease; (ii) as of this date, Tenant is not entitled to any offsets, abatements or deductions against the rent payable under the Lease to and including the date hereof (except as provided for in this Agreement); and (iii) Landlord is in compliance with all of its obligations under the Lease. All provisions, covenants, agreements, terms and conditions of the Lease are hereby declared by Tenant to be in full force and effect and binding upon Tenant.

10. Multiple Counterparts; Signatures

This Agreement may be executed in any number of counterparts, each of which shall constitute an original but all of which, taken together, shall constitute but one and the same instrument. Facsimile or .pdf signatures on this Agreement and the electronic transmission thereof shall have the same binding force and effect as original ink signatures.

11. Headings

The captions of the individual paragraphs are for convenience of reference only and shall not affect the construction to be given any provision hereof.

12. Superseding Effect

In the event that any of the terms or provisions of this Agreement are inconsistent with any of the terms or provisions of the Lease as originally executed, the terms and provisions of this Agreement shall govern and supersede the terms and provisions of the Lease as originally executed.

13. Confirmation of Lease

Except as otherwise set forth herein, the Lease is ratified and confirmed in all respects.

14. Non-Binding Effect

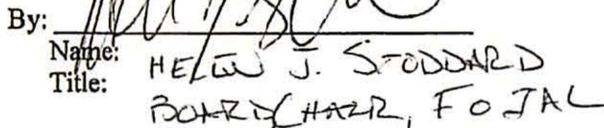
This Agreement shall not be binding upon or inure to the benefit of either party unless and until it is duly executed and delivered by both parties.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed and delivered as of the date first above written.

3896 10th Ave. Associates, as Landlord
By: ABS Partners Real Estate, LLC, as Agent

By: ________________________
Name: Gregg Schenker
Title: Member

Friends of Inwood Academy For Leadership Charter School, Inc., as Tenant



By: ________________________
Name: HELEN J. STODDARD
Title: BOARD CHAIR, FOIAL

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AGREEMENT OF LEASE

Dated as of July 6, 2017

between

3896 10TH AVE. ASSOCIATES,

Landlord,

and

FRIENDS OF INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL, INC.

Tenant

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AGREEMENT OF LEASE dated as of July 6, 2017, by and between 3896 10TH AVE. ASSOCIATES, having an address at c/o ABS Partners Real Estate, LLC, 200 Park Avenue South, New York, New York 10003 ("Landlord") and INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL, a New York not-for-profit education corporation having an address at 108 Cooper Street, New York, NY 10034 ("Tenant").

W I T N E S S E T H :

WHEREAS, Landlord and Tenant desire to enter into an agreement of lease with respect to certain premises hereinafter described, on the terms and conditions hereinafter stated.

NOW, THEREFORE, it is agreed as follows:

DEFINITIONS

The terms defined below shall, for all purposes of this Lease and all agreements supplemental hereto, have the meanings herein specified.

(1) "Architect" shall mean Spector Group.

(2) "Alteration" shall have the meaning provided in Section 9.1 hereof.

(3) "Applicable Rate" shall mean fifteen (15%) percent per annum, provided that in no event shall the Applicable Rate exceed the maximum rate permitted by applicable law.

(4) "Business Day" shall mean a day other than (a) Saturday, (b) Sunday, (c) any day on which state chartered commercial banks in New York City or New York State are required by law to close, or (d) any holiday recognized by the Federal or New York State governments.

(5) "Commencement Date" shall have the meaning provided in Section 1.2 hereof.

(6) "Default" or "default" shall mean any condition or event which constitutes or, after notice or lapse of time, or both, would constitute an Event of Default.

(7) "Default Termination" shall have the meaning provided in Section 15.2 hereof.

(8) "Event of Default" shall have the meaning provided in Section 14.1 hereof.

(9) "Expiration Date" shall have the meaning provided in Section 1.2 hereof.

(10) "Fair Market Rental Value" shall mean the annual amount of Fixed Annual Rent that a willing landlord and a willing tenant would agree upon, for a lease of the entirety of the Premises for a duration of fifteen (15) years (for purposes of Section 2.1 hereof) or ten (10) years (for purposes of Section 44 hereof), as of a valuation date six months prior to the date such valuation is to be used to determine Fixed Annual Rent, whereby (a) the Premises are deemed free of all occupants; (b) the Premises are immediately available for their highest and best use consistent with then applicable zoning; (c) the Premises are unencumbered by this Lease or any other Lease; (d) it is assumed that there has been a reasonable period within which to market the demised premises; and (e) all other relevant factors are taken into consideration.

(11) "Fixed Annual Rent" shall have the meaning provided in Section 2.1 hereof.

(12) "Hazardous Materials" shall have the meaning provided in Section 35.2 hereof.

(13) "Hazardous Materials Claims" shall have the meaning provided in Section 35.2 hereof.

(14) "Hazardous Materials Laws" shall have the meaning provided in Section 35.2 hereof.

(15) "Impositions" shall have the meaning provided in Section 3.1 hereof.

(16) "Landlord" shall mean 3896 10th Ave. Associates, or its successors and assigns.

(17) "Landlord Indemnitees" shall have the meaning provided in Section 33.1 hereof.

(18) "Lease" shall mean this Agreement of Lease and all amendments, modifications, extensions and renewals hereof.

(19) "Lease Year" shall mean the twelve (12) month period commencing on the Commencement Date, and each succeeding twelve (12) month period through the Expiration Date or earlier termination of this Lease.

(20) "Person" or "person" shall mean and include an individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated association or any other entity and any federal, state, county or municipal government, or any bureau, department or agency thereof.

(21) "Premises" or "demised premises" shall mean the land and the building thereon located at 3896 Tenth Avenue, New York, New York and any and all alterations, renewals and replacements thereof, additions thereto and substitutions therefor.

(22) "Rent" shall have the meaning provided in Section 2.3 hereof.

(23) "Replacement Value" shall have the meaning provided in Section 5.1 hereof.

(24) "Requirements" shall have the meaning provided in Section 7.1 hereof.

(25) "Restoration" shall have the meaning provided in Section 12.1 hereof.

(26) "Restore" shall have the meaning provided in Section 12.1 hereof.

(27) "Superior Loan" shall mean any institutional loan which may now or hereafter exist with respect to Landlord's interest in this Lease, the Premises and any consolidations, renewals, replacements, extensions, supplements, amendments and modifications to any of the foregoing.

(28) "Superior Lender" shall mean the holder of any Superior Loan.

(29) "Tenant" shall mean Inwood Academy for Leadership Charter School, a New York State charter school, and any permitted successors and assigns in accordance with the provisions of this Lease.

(30) "Term" shall mean the term of this Lease as provided in Section 1.2 hereof.

ARTICLE I

THE PREMISES AND TERM

Section 1.1 Landlord, for and in consideration of the rents, covenants and agreements hereinafter contained on the part of Tenant, its successors and assigns to be paid, observed and performed, has leased and demised and by these presents does lease and demise unto Tenant, and Tenant does hereby take and hire, upon and subject to the conditions and limitations hereinafter set forth, the "Premises";

TOGETHER with the appurtenances thereunto belonging;

TO HAVE AND TO HOLD the same unto the Tenant, its permitted successors and assigns, for the use and purposes as specified in Article VI hereof and for no other purpose, for and during the term hereinafter provided.

Section 1.2 The term of this Lease (the "Term") shall commence on the Commencement Date and shall expire on the day immediately preceding the thirty (30) year anniversary of the Rent Commencement Date (the "Expiration Date") unless sooner terminated pursuant to any provision hereof or by law provided, however, if the Expiration Date (determined as aforesaid) shall not be the last day of a calendar month, then the Expiration Date

shall be the last day of the calendar month in which occurs the day immediately preceding the thirty (30) year anniversary of the Rent Commencement Date. The "Commencement Date" shall be the date which is ten (10) days following the date Tenant has obtained "Zoning Approval" (defined below) provided, however, Landlord, if it so elects after Tenant has obtained "Zoning Approval", shall be permitted to extend the Commencement Date one (1) or more times but in no event may Landlord extend the Commencement Date to a date which is later than the later to occur of (1) September 30, 2017 or (2) the date which is ninety (90) days following the date Tenant obtains Zoning Approval (the operative such date, the "Target Date") provided further, however, that on the Commencement Date Landlord shall deliver to Tenant vacant possession of the Premises. Notwithstanding the foregoing, if Landlord fails to cause the Commencement Date to occur on or prior to the Target Date and such failure is due to (a) the holding over or retention of possession by any tenant or occupant in Premises, and/or (b) any other reason outside of Landlord's control, then (x) provided Landlord complies with the provisions set forth in clause (z) below, Landlord shall not be subject to any liability for failure to give possession on such date, (y) Tenant waives the right to rescind this Lease or to recover any damages that may result from the failure of Landlord to deliver possession of the Premises and agrees that the provisions of this subparagraph shall constitute an "express provision to the contrary" within the meaning of Section 223-a of the New York Real Property Law and (z) Landlord shall promptly institute and thereafter diligently prosecute at its sole cost and expense, eviction or holdover or other appropriate court-based proceedings (or settle the same under a settlement stipulation providing for the occupant to vacate the Premises on a date which Landlord reasonably believes is a date earlier than the date on which Landlord would obtain possession of the Premises if Landlord were to continue to diligently prosecute such holdover or other appropriate proceeding) against any occupant of the Premises. Landlord promptly shall provide Tenant with copies of any communications to or pleadings served upon the existing occupant of the Premises and provide Tenant or Tenant's legal counsel with such reasonable updates as Tenant may reasonably require for its internal coordination and planning purposes. Tenant shall, within fifteen (15) days of request therefor by Landlord, execute, acknowledge and deliver to Landlord an instrument in form reasonably satisfactory to Landlord confirming the Commencement Date of this Lease provided, however, that Tenant's failure to execute, acknowledge and deliver such instrument shall not affect the determination of the Commencement Date. The taking of occupancy or possession of the whole or any portion of the demised premises by Tenant shall be conclusive evidence that (a) Tenant accepts the same in "as is" condition as of the date of such possession or occupancy and (b) Tenant has obtained Zoning Approval. Tenant covenants and agrees that if permission is given to Tenant to enter into possession of all or any portion of the Premises prior to the Commencement Date, then Tenant shall pay all charges for water, sewage disposal, heating, cooling, electricity, lighting and any other utilities attributable to the demised premises which are payable by Tenant hereunder from the date upon which the demised premises are delivered to Tenant. Any such charges which may be paid by Landlord shall be reimbursed to Landlord by Tenant within fifteen (15) days of rendition of a bill therefor. In addition, from such date of delivery through and including the Commencement Date, Tenant shall perform all of its obligations hereunder (other than the obligation to pay Fixed Annual Rent) including, without limitation, its indemnity and insurance obligations.

For purposes of this Lease, the term "Zoning Approval" shall mean a zoning variance from the New York City Board of Standards and Appeals permitting school use of the Premises. Tenant agrees to promptly, diligently and continuously work in good faith to obtain Zoning Approval. Landlord, at no cost or expense to Landlord, shall reasonably cooperate with Tenant in connection with its efforts to obtain Zoning Approval.

Notwithstanding anything to the contrary contained in this Lease, (x) in the event that Tenant has been unable to obtain Zoning Approval within six (6) months of the date hereof, then either Landlord or Tenant, by written notice to the other, shall be permitted to terminate this Agreement and, in such event, Landlord shall return to Tenant the first installment of Fixed Annual Rent paid by Tenant upon its execution and delivery of this Lease along with the Security Deposit and thereafter neither Landlord nor Tenant shall have any further rights or obligations hereunder except to the extent otherwise provided in this Lease and (y) prior to expiration of the six (6) month period contemplated in (x) above, Tenant may elect in writing to extend such six (6) month period and, if Tenant so elects, such six (6) month period shall be extended for three (3) months provided, however, that if Tenant is unable to obtain Zoning

Approval on or before the last day of such three (3) month period as extended beyond the first six (6)months (so, nine (9) months from the date hereof), then either Landlord or Tenant, by written notice to the other, shall be permitted to terminate this Agreement and, in such event, Landlord shall return to Tenant the first installment of Fixed Annual Rent paid by Tenant upon its execution and delivery of this Lease along with the Security Deposit and thereafter neither Landlord nor Tenant shall have any further rights or obligations hereunder except to the extent otherwise provided in this Lease. If and when Tenant obtains Zoning Approval, then any right of Landlord or Tenant to terminate this Lease pursuant to the provisions of this Paragraph shall immediately be rendered null and void and of no further force or effect.

Notwithstanding anything to the contrary contained in this Lease, Tenant, at Tenant's sole cost and expense, shall be obligated to obtain a Certificate of Occupancy for the Premises permitting school use thereof following Tenant's performance of the Initial Tenant Alterations that are commenced after the occurrence of the Commencement Date. Landlord hereby agrees, at no cost or expense to Landlord, to reasonably cooperate in connection with both Tenant's various permits that will need to be filed with the Department of Buildings and other agencies, as applicable, so that Tenant may commence and complete the Initial Tenant Alterations (as hereinafter defined), as well as may be required to obtain a Certificate of Occupancy.

ARTICLE II

RENT AND ADDITIONAL RENT

Section 2.1 (a) Tenant covenants and agrees to pay to Landlord, in lawful money of the United States of America, in immediately available funds, fixed annual rent (the "Fixed Annual Rent") in the amounts and in the manner hereinafter provided, in equal monthly installments, in advance, on the first day of each calendar month during the Term, in each case without any set-off, counterclaim, abatement or deduction whatsoever, at the office of Landlord set forth above, or at such other place as Landlord may, from time to time, designate in writing. Fixed Annual Rent, payable as aforesaid, shall be in addition to and over and above all other payments made or to be made by Tenant under this Lease, as hereinafter provided.

(b) (i) Fixed Annual Rent shall be as follows:

(A) for the period from the Commencement Date through and including the day immediately preceding the fifth (5th) anniversary of the Rent Commencement Date, the amount of $657,000.00 per annum, such amount to be paid in consecutive equal monthly installments of $54,750.00 on the first (1st) day of each calendar month during such period;

(B) for the period from the fifth (5th) anniversary of the Rent Commencement Date through and including the day immediately preceding the tenth (10th) anniversary of the Rent Commencement Date, the amount of $711,000.00 per annum, such amount to be paid in consecutive equal monthly installments of $59,250.00 on the first (1st) day of each calendar month during such period;

(C) for the period from the tenth (10th) anniversary of the Rent Commencement Date through and including the day immediately preceding the fifteenth (15th) anniversary of the Rent Commencement Date, the amount of $770,400.00 per annum, such amount to be paid in consecutive equal monthly installments of $64,200.00 on the first (1st) day of each calendar month during such period;

(D) for the period from the fifteenth (15th) anniversary of the Rent Commencement Date through and including the day immediately preceding the twentieth (20th) anniversary of the Rent Commencement Date, the greater of (i) $835,740.00 (such amount to be paid in consecutive equal monthly installments of $69,645.00 on the first (1st) day of each calendar month during such period) or (ii) the then Fair Market Rental Value of the Premises (employing the same procedure as set forth in Section 44.2 hereof) (with the amount set forth in this subparagraph (ii), if applicable, to be paid in consecutive equal monthly installments on the first (1st) day of each calendar month during such period);

(E) for the period from the twentieth (20th) anniversary of the Rent Commencement Date through and including the day immediately preceding the twenty-fifth (25th) anniversary of the Rent Commencement Date, an amount equal to 110% of the Fixed Annual Rent payable pursuant to subparagraph (D) above, with such Fixed Annual Rent to be paid in consecutive equal monthly installments on the first (1st) day of each calendar month during such period; and

(F) for the period from the twenty-fifth (25th) anniversary of the Rent Commencement Date through and including the Expiration Date, an amount equal to 110% of the Fixed Annual Rent payable pursuant to subparagraph (E) above, with such Fixed Annual Rent to be paid in consecutive equal monthly installments on the first (1st) day of each calendar month during such period.

If Tenant shall not then be in default hereunder, Landlord shall (a) waive the monthly installments of Fixed Annual Rent for the period from the Commencement Date through the day immediately preceding the Rent Commencement Date and (b) provide Tenant with an additional credit against Fixed Annual Rent in the amount of $22,500.00 per month, such credit to be applied against Tenant's Fixed Annual Rent obligations hereunder only for the period from the Rent Commencement Date through and including the day immediately preceding the first (1) anniversary of the Rent Commencement Date. If the Term of this Lease is terminated prior to its stated Expiration Date for any reason as a result of Tenant's default, then in addition to all other damages and remedies herein provided and provided by law for Landlord, Landlord shall be entitled to the return of the unamortized portion of such rent credit theretofore enjoyed by Tenant (such amortization to be calculated on a straight-line basis over the originally scheduled Term of this Lease), which sum shall be deemed additional rent due and owing prior to such termination of the Term hereof. The obligation of Tenant to pay such additional rent to Landlord shall survive the termination of the term of this Lease.

For purposes hereof, the term "Rent Commencement Date" shall mean the day following the six (6) month period commencing on the Commencement Date.

Section 2.2 If, by reason of the provisions of this Lease, the Term hereof expires or is terminated on any date other than the last day of a calendar month (except if the Term terminates by reason of Tenant's default hereunder), the monthly installment of Fixed Annual Rent for such calendar month shall be prorated so that the Fixed Annual Rent payable for such calendar month shall be an amount equal to the monthly installment of Fixed Annual Rent otherwise payable (but for the expiration or termination of the Term hereof) multiplied by a fraction, the numerator of which is the number of days in such month to and including the termination (or expiration) date, and the denominator of which is the number of days in such month. Similarly, if the Rent Commencement Date of this Lease is other than the first day of a calendar month, Fixed Annual Rent for such month shall be appropriately prorated.

Section 2.3 Tenant shall pay or cause to be paid, without notice (except as may otherwise be required in this Lease) and in each case without any set-off, counterclaim, abatement or deduction whatsoever, as additional rent, all costs, fees, other assessments, taxes (real estate or otherwise), interest, charges, expenses, reimbursements and obligations, and all interest and penalties thereon, which Tenant in any of the provisions of this Lease has assumed or agreed to pay or which Tenant agrees are to be at the expense of Tenant and, in the event of non-payment thereof, Landlord shall have, in addition to all other rights and remedies under this Lease, all of the rights and remedies provided for herein or by law in the case of non-payment of Fixed Annual Rent. Notwithstanding the foregoing, for the parties' convenience, Landlord shall issue a commercially standard invoice detailing Additional Rent due and owing contemporaneously with the imposition of such charges.

All of the amounts payable by Tenant pursuant to this Lease, including, without limitation, Fixed Annual Rent, Impositions and any other sums, costs, fees, taxes (real estate or otherwise), expenses, late charges or deposits which Tenant in any of the provisions of this Lease assumes or agrees to pay and/or deposit (collectively "Rent"), shall constitute rent under this Lease and, in the event of Tenant's failure to pay Rent or any portion thereof, Landlord (in addition to all other rights and remedies) shall have all of the rights and remedies provided for herein or by law or at equity in the case of nonpayment of rent.

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Section 2.4 Nothing contained herein shall create, or be deemed to create, a partnership or joint venture as between Landlord and Tenant, or render Landlord in any way responsible for the debts or losses of Tenant, it being the parties' intention that the relationship of the parties hereto shall at all times be that of landlord and tenant.

Section 2.5 The first monthly installment of Fixed Annual Rent shall be paid by Tenant upon its execution and delivery of this Lease.

ARTICLE III

REAL ESTATE TAXES, UTILITIES, SERVICES, ETC.

Section 3.1 Tenant covenants and agrees to pay, as hereinafter provided, all of the following items which relate to or are assessed against the Premises ("Impositions"): (a) all taxes and assessments, (b) personal property taxes, (c) real estate taxes to the extent provided in Section 3.2 below, (d) occupancy and rent taxes, (e) on a direct meter basis, sprinklers, water, water meter and sewer rents, rates, taxes and charges, (f) transit taxes and vault taxes, (g) sales taxes, excises and levies, (h) inspection, license and permit fees, (i) charges with respect to police protection, fire protection and street, bridge and highway construction and maintenance and lighting and sanitation supply, if any, (j) interest, costs, fines, penalties and other similar or like governmental charges applicable to any of the foregoing, (k) charges for public and private utilities and services (including, without limitation, gas, electricity (to be furnished on a direct meter basis, with Tenant being responsible for, among other things, the installation, maintenance, repair and, if necessary, replacement of any such meters, Landlord having no responsibility or liability therefor), steam, light, heat, air-conditioning, power, cable, telephone and other communication, fire alarm and security services), and (l) to the extent not otherwise expressly excluded hereunder, any and all other levies, fees, rents, assessments or taxes and charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, which at any time during the Term and prior to the Expiration Date are (1) assessed, levied, confirmed, imposed upon, or would grow or become due and payable out of or in respect of, or charged with respect to, (i) the Premises or any part thereof, (ii) any document to which Tenant is a party transferring an interest or estate in the Premises or any part thereof, or (iii) the use and occupancy of the Premises or any part thereof by Tenant, or (2) encumbrances or liens placed by Tenant or arising out of the acts or omissions of Tenant, its employees, agents, contractors, guests, invitees, licensees or any other Person occupying (or having the right to occupy) the Premises by or through Tenant on (w) the Premises or any part thereof, (x) any appurtenances of the Premises, or (y) any personal property, equipment or other facility used in the operation thereof, or (z) the Rent payable by Tenant hereunder. Each Imposition, or installment thereof, shall be paid prior to the date on which any fine, penalty, interest or cost may be added thereto or imposed by law for the nonpayment thereof, provided, however, that if, by law, any Imposition may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Tenant may exercise the option to pay the same in such installments and shall be responsible for the payment of such installments (together with all interest thereon), provided, however, that all installments (together with all interest thereon) of any such Imposition which are to become due and payable after the Expiration Date shall be paid by Tenant prior to the Expiration Date.

Section 3.2 Tenant shall pay to Landlord, as additional rent, real estate tax escalations based on increases in Real Estate Taxes (defined below) in accordance with this Section 3.2:

(a) Definitions: For the purpose of this Section 3.2, the following definitions shall apply:

(i) The term "Base Tax Year" as hereinafter set forth for the determination of real estate tax escalation, shall mean the New York City real estate tax year commencing on July 1, 2015 and ending on June 30, 2016.

(ii) The term "Comparative Year" shall mean the twelve months following the Base Tax Year and each subsequent period of twelve months.

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(iii) The term "Real Estate Taxes" shall mean the total of all taxes and special or other assessments levied, assessed or imposed at any time by any governmental authority upon or against the Premises, and also any tax or assessment levied, assessed or imposed at any time by any governmental authority in connection with the receipt of income or rents from the Premises to the extent that same shall be in lieu of all or a portion of any of the aforesaid taxes or assessments, or additions or increases thereof, upon or against the Premises. If, due to a future change in the method of taxation or in the taxing authority or for any other reason, a franchise, income, transit, profit or other tax or governmental imposition, however designated, shall be levied against Landlord in substitution in whole or in part for the Real Estate Taxes or in lieu of or additions to or increases of said Real Estate Taxes, then such franchise, income, transit, profit or other tax or governmental imposition shall be deemed to be included within the definition of "Real Estate Taxes" for the purpose hereof. As to special assessments which are payable over a period of time extending beyond the term of this Lease, only a pro rata portion thereof, covering the portion of the term of this Lease unexpired at the time of the imposition of such assessment, shall be included in "Real Estate Taxes".

(iv) The phrase "Real Estate Taxes payable during the Base Tax Year" shall mean the Real Estate Taxes payable for the Base Tax Year.

(v) In addition to the foregoing, Tenant will be responsible to pay to Landlord, within ten (10) days of being billed therefor, any business improvement district or similar tax imposed against the Premises or Landlord.

(b) Real Estate Taxes:

(i) In the event that the Real Estate Taxes payable for any Comparative Year shall exceed the amount of such Real Estate Taxes payable during the Base Tax Year, Tenant shall pay to Landlord, as additional rent for such Comparative Year, an amount equal to the excess. Following the expiration of the Base Tax Year and each Comparative Year, Landlord shall submit to Tenant a statement, certified by Landlord, setting forth the Real Estate Tax escalation due for the current Comparative Year and the payment, if any, due to Landlord from Tenant for such Comparative Year. The rendition of such statement to Tenant together with a copy of the tax bill shall constitute prima facie proof of the accuracy thereof and, if such statement shows a payment due from Tenant to Landlord with respect to such current Comparative Year, then (i) Tenant shall make payment of any unpaid portion thereof within ten (10) days after receipt of such statement; and (ii) Tenant shall also pay to Landlord, as additional rent, within ten (10) days after receipt of such statement, an amount equal to the product obtained by multiplying the total payment due for the current Comparative Year by a fraction, the denominator of which shall be 12 and the numerator of which shall be the number of months or any portion thereof in the current Comparative Year which shall have elapsed prior to the first day of the month immediately following the rendition of such statement; and (iii) Tenant shall also pay to Landlord, as additional rent, commencing as of the first day of the month immediately following the rendition of such statement and on the first day of each month thereafter until a new statement is rendered, 1/12th of the total payment for the current Comparative Year. The aforesaid monthly payments based on the total payment due for the current Comparative Year may be adjusted to reflect, if Landlord can reasonably so estimate, increases in rates for the subsequent Comparative Year and/or the assessed valuation for the Premises. The payments required to be made under (ii) and (iii) above shall be credited toward the payment due from Tenant for the subsequent Comparative Year, subject to adjustment as and when the statement for such subsequent Comparative Year is rendered by Landlord.

(ii) Should the Real Estate Taxes payable for the Base Tax Year be reduced by final determination of legal proceedings, settlement or otherwise, then the Real Estate Taxes payable hereunder for all Comparative Years shall be recomputed on the basis of such reduction, and Tenant shall pay to Landlord, as additional rent, within thirty (30) days after being billed therefor, any deficiency between the amount of such additional rent as theretofore computed and the amount thereof due as the result of such recomputations. Should the Real Estate Taxes payable during the Base Tax Year be increased by such final determination of legal proceedings, settlement or otherwise, then appropriate recomputation and adjustment also shall be made with a credit in favor of Tenant to the next installment of Fixed Annual Rent

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that Tenant is obligated to pay after Landlord's receipt of such final determination of legal proceedings, settlement or otherwise.

(iii) If, after Tenant shall have made a payment of additional rent under this subdivision (b), Landlord shall receive a refund of any portion of the Real Estate Taxes payable during any Comparative Year on which such payment of additional rent shall have been based, as a result of a reduction of such Real Estate Taxes by final determination of legal proceedings, settlement or otherwise, Landlord shall, within ten (10) days after receiving the refund, pay to Tenant the refund less the reasonable expenses (including reasonable attorneys' and appraisers' fees) incurred by Landlord in connection with any such application or proceeding. If, prior to the payment of taxes for any Comparative Year, Landlord shall have obtained a reduction of that Comparative Year's assessed valuation of the Premises, and therefore of said taxes, then the term "Real Estate Taxes" for that Comparative Year shall be deemed to include the amount of Landlord's reasonable expenses in obtaining such reduction in assessed valuation, including reasonable attorneys' and appraisers' fees.

(c) In no event shall the Fixed Annual Rent under this Lease be reduced by virtue of this Section 3.2.

(d) Upon the date of any expiration or termination of this Lease, whether the same be the Expiration Date, as defined herein, or any prior or subsequent date, a proportionate share of the additional rent for the Comparative Year during which such expiration or termination occurs shall become due and payable by Tenant to Landlord. The said proportionate share shall be based upon the length of time that this Lease shall have been in existence during such Comparative Year. Promptly after said expiration or termination, Landlord shall compute the additional rent from Tenant, as aforesaid, which computations shall either be based on that Comparative Year's actual figures or be an estimate based upon the most recent statements theretofore prepared by Landlord and furnished to Tenant under subdivisions (b) and (c) above. If an estimate is used, then Landlord shall promptly cause statements to be prepared on the basis of that Comparative Year's actual figures and within ten (10) days after such statement or statements are prepared by Landlord and furnished to Tenant, Landlord and Tenant shall make appropriate adjustments of any estimated payments theretofore made.

(e) Notwithstanding any expiration or termination of this Lease prior to the Expiration Date (except in the case of a cancellation by mutual agreement, casualty or condemnation), Tenant's obligation to pay any and all additional rent under this Lease shall continue and shall cover all periods up to the Expiration Date or sooner termination date. Landlord's and Tenant's obligation to make the adjustments referred to in subdivision (d) above shall survive any expiration or termination of this Lease for a period of two (2) years.

Section 3.3 Nothing herein contained shall require Tenant to pay municipal, state or federal income, rent, capital stock, inheritance, estate, successor, business, transfer or gift taxes of Landlord, or any corporate franchise tax or other tax which is measured in any manner by the income or profit of Landlord, or any portion of any special assessment first assessed prior to the Commencement Date (except to the extent paid or payable during the Term hereof) imposed upon Landlord; provided, however, that if at any time during the Term the methods of taxation prevailing at the Commencement Date shall be altered so that in lieu of or as a substitute for (and designated as such) the whole or any part of the taxes, assessments, levies, impositions or charges now levied, assessed or imposed on real estate and the improvements thereon, there shall be levied, assessed and imposed (i) a tax, assessment, levy, imposition or charge, wholly or partially as a capital levy or otherwise, on the rents received therefrom, or (ii) a tax, assessment, levy, imposition or charge measured by or based in whole or in part upon the Premises and imposed upon Landlord, or (iii) a license fee measured by any portion of the Rent payable by Tenant under this Lease, then all such taxes, assessments, levies, impositions or charges or the part thereof so measured or based, shall be deemed to be included within the term "Impositions" for the purposes hereof to the extent that such Impositions would be payable if the Premises were the only property of Landlord subject to such Impositions and the income from the Premises were the only income of Landlord, and Tenant shall pay and discharge the same as herein provided for the payment of Impositions.

Section 3.4 Except as otherwise provided in this Lease, any Imposition relating to a period a part of which period is included within the Term and a part of which is not included within the Term, shall (whether or not such Imposition shall be assessed, levied, confirmed, imposed upon or in respect of or become a lien upon the Premises or any portion thereof, or shall become payable, during the Term) be apportioned between Landlord and Tenant, so that Tenant shall pay that portion of such Imposition for that part of such fiscal period included in the period of time within the Term, and Landlord shall pay the remainder thereof.

Section 3.5 Tenant shall pay or cause to be paid, prior to delinquency, any and all taxes and assessments levied upon all trade fixtures, inventories and other personal property placed in or upon the Premises.

Section 3.6 Subject to the provisions of this Lease, Tenant shall be solely responsible for providing to the Premises, and shall promptly pay, on a direct meter basis, all charges for steam, gas, water, electricity, sprinklers and any other utilities and utility services used or consumed on the Premises, and Landlord shall have no liability or responsibility whatsoever with respect thereto. Any risers, feeders or other equipment or service proper or necessary to supply Tenant's electrical and other utility requirements, upon the prior written approval of Landlord, will be installed by and at the sole cost and expense of Tenant if, in Landlord's sole judgment, the same are necessary and will not cause damage or injury to the demised premises or cause a dangerous or hazardous condition or entail excessive or unreasonable alterations, repairs or expense. At Landlord's option, rigid conduit only will be allowed. Only copper conductors and connectors will be used. Landlord shall not be liable to Tenant for interruption in or curtailment of any utility service nor shall any such interruption or curtailment constitute a constructive eviction or grounds for rent abatement in whole or in part hereunder.

Section 3.7 Landlord shall have no responsibility for the distribution of utilities throughout the demised premises, Tenant being solely responsible therefor. Tenant shall provide and pay for the cost of installation and operation of any heating, air-conditioning and ventilation systems for the demised premises. Tenant shall, at its sole cost and expense, maintain all such systems in good repair and working order, and replace same as necessary.

Section 3.8 Tenant's obligation to pay Impositions pursuant to this Lease (whether or not Landlord has timely billed therefor), with respect to the period covered by this Lease, shall survive the Expiration Date or sooner termination of this Lease.

Section 3.9 Tenant shall have the right to apply for an abatement of Real Estate Taxes, at any time and from time to time, in its own name or, upon prior written notice to Landlord, the name of Landlord (with such reasonable assistance given by Landlord as Tenant may reasonably require, such assistance to be provided at no cost or expense to Landlord) provided, however, that Landlord shall first review and approve (such approval not to be unreasonably withheld or delayed) any documentation submitted by Tenant which is in Landlord's name, provided further that no loss, cost, liability or expense thereby accrues to Landlord, Tenant hereby agreeing to defend, indemnify and hold harmless Landlord from any such loss, cost, liability or expense, such obligation of Tenant to survive the expiration or sooner termination of this Lease. If Tenant shall file an application for abatement of Real Estate Taxes for any tax year during the Term hereof, Tenant shall prosecute the same to final determination with due diligence and shall receive dollar for dollar the benefit of any such abatement granted by the New York City Department of Taxation and Finance for Tax Years subsequent to the Base Tax Year if and to the extent the applicable Tax Year falls within the Term of this Lease.

ARTICLE IV

LATE CHARGES

Section 4.1 If Tenant shall fail to pay all or any part of (i) any installment of Fixed Annual Rent for more than seven (7) days after the same shall have become due and payable, or (ii) any other item of Rent for more than twenty (20) days after same shall have become due and payable, (A) Tenant shall pay to Landlord, upon demand, as additional rent hereunder, a late charge equal to the greater of (a) $250.00 or (b) five ($.05) cents for each dollar of the amount of such Fixed Annual Rent or other Rent which shall not have been paid to Landlord within such

seven (7) days or twenty (20) days (whichever is applicable) after becoming due and payable and (B) for so long as such amount remains outstanding on the first day of each calendar month thereafter, Tenant shall pay a monthly late charge equal to the greater of (1) $250.00 or (2) interest on said outstanding amount for each day such amount is not paid at the Applicable Rate, until the outstanding amount not paid has been fully paid. Tenant acknowledges that the payment of Fixed Annual Rent and any other Rent after the date when first due shall result in loss and injury to Landlord, the exact amount of which is not susceptible of reasonable calculation and that the aforesaid amount of late charge and interest represents a reasonable estimate of such losses and injury under the circumstances, especially after taking into account the grace period hereby afforded Tenant before such late charge is to be imposed, and is not a penalty. The late charge payable pursuant to this Article shall be without prejudice to any of Landlord's rights and remedies hereunder at law and equity for non-payment or late payment of Fixed Annual Rent or other Rent and is in addition to any such rights and remedies, including the right to institute and prosecute a proceeding under Article 7 of the Real Property Actions and Proceedings Law. No failure by Landlord to insist upon the strict performance by Tenant of Tenant's obligations to pay late charges and interest as provided in this Article shall constitute a waiver by Landlord of its right to enforce the provisions of this Article in any instance thereafter occurring. The provisions of this Article shall not be construed in any way to extend the grace periods or notice periods provided for elsewhere in this Lease.

ARTICLE V

INSURANCE

Section 5.1 (a) Tenant, at its sole cost and expense, shall:

(i) keep the Premises insured against loss or damage by fire or other casualty, and all other hazards covered by an "all risk" policy (including, without limitation, coverage for loss or damage by water, sprinkler leakage or collapse, flood, building ordinance, vandalism, malicious mischief, terrorism, hail, fire, strike, riot, lightning, windstorm, explosion, smoke and earthquake) and in an amount sufficient to prevent Landlord and Tenant from becoming co-insurers under provisions of applicable policies of insurance, but in any event in an amount not less than one hundred percent (100%) of the actual replacement value ("Replacement Value") of the improvements, alterations and Tenant's personal property located in the Premises, with a maximum deductible of $50,000.00. Coverage shall include boiler and machinery insurance with limits no less than replacement cost (coverage may be provided under a separate policy, but a joint loss agreement endorsement must be provided on both policies);

(ii) provide and keep in force, or cause to be provided and kept in force, commercial general liability insurance and umbrella insurance for bodily injury, death and property damage, it being agreed that (A) all such insurance shall (1) be in such amounts as may from time to time be reasonably required by Landlord, and (2) include specifically the Premises, and (B) the insurance against liability for claims for bodily injury, death or property damage occurring on, in or about the Premises and adjoining areas, such insurance to afford protection of not less than One Million ($1,000,000.00) Dollars per occurrence (combined single limit), Three Million ($3,000,000.00) Dollars in the aggregate and Ten Million ($10,000,000.00) Dollars of Umbrella Liability insurance per occurrence and in the aggregate;

(iii) provide and keep in force, or cause to be provided and kept in force, worker's compensation and New York State disability benefits insurance (as required by law) covering Tenant's employees at the Premises, if any;

(iv) provide and keep in force, or cause to be provided and kept in force, business interruption insurance (including Landlord's loss of Rents) covering risk of loss due to the occurrence of any of the hazards covered by the insurance required to be maintained by Tenant described in subparagraph (i) above with coverage in a face amount of not less than the aggregate amount, for a period of twelve (12) months following the insured-against peril, of all Fixed Annual Rent and additional rent to be paid by Tenant under this Lease;

(v) provide and keep in force, or cause to be provided and kept in force, contractual liability insurance covering Tenant's obligations hereunder including, without limitation, Article XXXIII;

(vi) automobile liability insurance in an amount of $1,000,000 covering all owned, non-owned and hired vehicles; and

(vii) provide and keep in force, or cause to be provided and kept in force, such other and additional insurance, and in such amounts, as may from time to time reasonably be required by Landlord or required by law, against such other hazards as are commonly insured against in the case of similarly situated premises or with respect to persons engaged in businesses similar to Tenant's business conducted from the Premises.

(b) All insurance provided by Tenant, as required by this Lease, shall name as a named insured Landlord, as its interests may appear, each holder of each loan constituting a Superior Loan (as additional insureds) and any other persons or entities reasonably designated by Landlord, as additional insureds. Coverage for the additional insured shall apply on a primary basis. Definitions of additional insured shall include all partners, officers, directors and employees. No such policies shall contain exclusions relating to:

(a) contractual liability;
(b) independent contractors;
(c) gravity related injuries; and
(d) injuries sustained by employees of an insured or any insured rather than "the insured".

Section 5.2 All insurance required by this Article V shall be effected under standard form valid and enforceable policies issued by insurers of recognized responsibility, having a general policyholder rating of "A" and a financial rating of "XIII" or better as established by Best's Rating Guide or an equivalent rating with such other publication of a similar nature as shall be in current use, and are (a) licensed to do business in the State of New York reasonably approved by Landlord or (b) otherwise reasonably acceptable to Landlord. No deductibles under each insurance policy shall exceed $50,000.00. All insurance policies and endorsements required herein shall be fully paid for and nonassessable in accordance with the terms of such policies. Prior to the Commencement Date, and thereafter not less than fifteen (15) days prior to the expiration dates of the expiring policies theretofore furnished pursuant to this Article V and promptly after Tenant's receipt of any other policies as provided herein, certificates of the insurers satisfactory to Landlord, bearing notations evidencing the payment of premiums, or accompanied by other evidence of such payment satisfactory to Landlord, shall be delivered by Tenant to Landlord. Tenant shall procure policies for such insurance required by this Lease for periods of not less than one (1) year and copies thereof will be provided to Landlord upon request. Each such policy obtained by Tenant shall contain (and Tenant shall evidence to Landlord's reasonable satisfaction that such policies contain) an endorsement that such insurance may not be cancelled except upon at least thirty (30) days' prior written notice to Landlord.

Section 5.3 (a) Tenant and Landlord shall cooperate in connection with the collection of any insurance monies that may be due in the event of loss and Tenant and Landlord shall execute and deliver such proofs of loss and other instruments which may be required for the purpose of obtaining the recovery of any such insurance monies.

(b) Tenant shall not carry separate insurance concurrent in form or contributing in the event of loss with that required by this Lease to be furnished or which may be required to be furnished by Tenant unless Landlord and the holder of any Superior Loan whose name has been furnished to Tenant are included therein as insureds with loss payable as provided in this Lease. Tenant shall immediately notify Landlord and such holder of the carrying of any such separate insurance and shall cause the same to be delivered as required in this Lease. As long as Tenant maintains the insurance required by Section 5.1 hereof, Landlord shall not carry separate insurance concurrent in form or contributing in the event of loss with that required to be furnished by Tenant if the carrying of such insurance would diminish Tenant's ability to collect under its insurance policies.

(c) The insurance required by this Article V, at the option of Tenant, may be effected by umbrella or blanket policies issued to Tenant covering the Premises and other properties owned or leased by Tenant, provided that the policies otherwise comply with the provisions of this Article V and allocate to the Premises the specified coverage, without possibility of reduction or co-insurance by reason of, or damage to, any other premises named therein, and if the insurance required by this Article V shall be effected by any umbrella or blanket policy, Tenant shall furnish to Landlord, and any Superior Lender designated by Landlord, certified copies or originals of the policies, with schedules attached thereto showing the insurance afforded by such policies applicable to the Premises and naming Landlord and any holder of a Superior Loan whose name has been furnished to Tenant, as the case may be, as additional insureds. Any policies or copies thereof furnished to Landlord may exclude therefrom (i) information not applicable to the insurance coverage as it applies to the Premises and (ii) other confidential information or provisions, provided that Tenant shall advise Landlord, in writing, that such information and provisions are confidential or inapplicable to the insurance coverage as it applies to the Premises and such information and provisions do not limit or adversely affect the insurance coverage as described in the policies or the copies thereof furnished to Landlord.

(d) Tenant shall not violate or permit to be violated any of the conditions or provisions of any insurance policy required by this Article V, and Tenant shall so perform and satisfy or cause to be performed and satisfied the requirements of the insurance policies and the companies writing such policies so that at all times such companies shall provide the insurance required by this Article V.

(e) Each policy of insurance required to be obtained by Tenant as herein provided and each certificate therefor issued by the insurer shall provide that: (i) no act or omission of Tenant shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained, (ii) such policy (or if such policy is an umbrella or blanket policy, such policy as it relates to the Premises), shall not be cancelled or modified without at least thirty (30) days' prior written notice to Landlord and any Superior Lenders, and (iii) the insurer waives subrogation as to any rights to recovery of any amounts on account of the negligence of Landlord, any Superior Lenders, or their respective representatives, employees, agents or contractors.

Section 5.4 It is agreed that Landlord may from time to time, after notice to Tenant (but in no event more than one (1) time per calendar year), require Tenant to reasonably increase the limits of coverage provided in this Article V, and may require Tenant to carry other or additional insurance, so as to cause Tenant to maintain insurance of the types and in the amounts which in Landlord's reasonable judgment is generally carried on premises of the type and quality or utilized for purposes similar to the Premises.

ARTICLE VI

USE AND OCCUPANCY

Section 6.1 Subject to the provisions of this Lease, Tenant shall use and occupy the Premises for educational, administrative and other ancillary and lawful uses, including for programs supplemental and related to Tenant's educational program and the needs of its students and families, whether provided directly by Tenant or through a third party which Tenant contracts with, including, but not limited to: (i) before and after school and inter-session programs for students (including a summer program); (ii) workshops for students' parents or guardians; (iii) family literacy programs; (iv) test preparation programs run for the benefit of Tenant's students; and (v) programs for the school community at large in partnership with one or more community based organizations (collectively, the "Permitted Use"). All such uses by Tenant shall be subject, however, in all instances to compliance with the Premises' Certificate of Occupancy, and all Requirements.

Section 6.2 Tenant agrees that it shall not use or suffer or permit the use of the Premises or any part thereof for any use not permitted in Section 6.1 or in any way which would otherwise violate the terms, provisions and conditions of this Lease or for any unlawful purposes or in any unlawful manner.

Section 6.3 If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business or other activity carried on in the Premises, then Tenant, at Tenant's sole cost and expense, shall duly procure the same and make the same available for inspection by Landlord. Tenant, at Tenant's sole cost and expense, shall at all times comply with the requirements of each such license or permit.

Section 6.4 Tenant acknowledges and agrees that Landlord will have no obligation to, and will not, perform any work in and to the Premises, Tenant specifically agreeing to take the Premises in its then existing "as is" condition.

Section 6.5 As a material inducement for Landlord's execution and delivery of this Lease, (a) Tenant shall construct within the Premises, and maintain throughout the Term hereof, a school building and (b) in connection therewith, Tenant shall spend (and, upon completion, evidence to Landlord's reasonable satisfaction that Tenant has spent) not less than $8,500,000 on the actual "hard" costs, i.e., necessary repairs, alterations and improvements, to the Premises prior to Tenant's initial occupancy thereof for such purposes in accordance with the Plans for the Initial Tenant Alterations.

Section 6.6 Notwithstanding anything to the contrary contained in this Lease, Tenant covenants and agrees that it will not use, nor permit the Premises to be used for any use or occupancy outside of the Permitted Use that in Landlord's reasonable judgment would be likely to: (i) cause damage to the Premises or any equipment, facilities or other systems therein; (ii) adversely affect in any material respect the efficient and economical maintenance, operation and repair of the Premises or the equipment, facilities or systems thereof; (iii) violate any certificate of occupancy issued for the Premises nor (iv) permit within the Premises any illegal activity or any activity constituting a nuisance under applicable law or which is generally considered a nuisance in similar situations.

Section 6.7 Tenant intends to use and shall apply for the necessary approvals from applicable New York City agencies (e.g. Department of Transportation and Department of Education (any such entity, a "School Parking Agency")) to convert a portion of the sidewalk and curbside in the public street in front of the Premises to a designated school bus loading area and school business-only parking area ("School Parking"). Landlord, at Tenant's sole cost and expense, will provide reasonable cooperation to Tenant, in connection with the creation of the School Parking including, without limitation, by joining in or supporting applications for necessary approvals and by allowing Tenant to erect reasonable signage on the Premises in accordance with any rules and regulations that may be imposed by a School Parking Agency pertaining to such signage, to identify the School Parking.

ARTICLE VII

REQUIREMENTS OF GOVERNMENTAL AUTHORITIES AND OF INSURANCE UNDERWRITERS AND POLICIES

Section 7.1 Tenant, at its sole cost and expense, shall comply with any and all applicable present and future (i) laws, rules, orders, ordinances, regulations, statutes, requirements, codes and executive orders applicable to the use, alteration, maintenance and operation of the Premises including, but not limited to, the rules and requirements of the Americans with Disabilities Act, 42 U.S.C. § 12,101 et seq. and the regulations promulgated thereunder as in effect from time to time, (ii) requirements of any national or local Board of Fire Underwriters relating to the Premises, and (iii) provisions and requirements of any casualty, liability or other insurance policy required to be carried by Tenant under the provisions of this Lease (all of the foregoing, as set forth in (i)-(iii) above, collectively referred to as "Requirements").

Section 7.2 (a) Tenant, at its sole cost and expense and after notice to Landlord, may contest by appropriate proceedings prosecuted diligently and in good faith, the legality or applicability of any Requirement affecting the Premises, provided that (i) Landlord (or any Landlord Indemnitee) shall not be subject to imprisonment or to prosecution for a crime, nor shall the Premises, or any part thereof be subject to being fined, penalized, condemned or vacated, nor shall any certificate of occupancy for the Premises be suspended or threatened to be

suspended by reason of non-compliance or by reason of such contest; (ii) before the commencement of such contest, if Landlord or any Landlord Indemnitee or the Premises may be subject to any civil fines or penalties or other criminal penalties or if Landlord or the Premises may be liable to any independent third party as a result of such noncompliance, then Tenant, unless Landlord is itself contesting (along with Tenant) the legality or applicability of such Requirement, shall furnish to Landlord either (A) a bond of a surety company reasonably satisfactory to Landlord, in form and substance reasonably satisfactory to Landlord, and in an amount equal to one hundred twenty percent (120%) of the sum of (1) the cost of such compliance, (2) the criminal or civil penalties or fines that may accrue by reason of such non-compliance (as reasonably estimated by Landlord), and (3) the amount of such liability to independent third parties (as reasonably estimated by Landlord), and shall indemnify Landlord (and any Landlord Indemnitee) against the cost of such compliance and liability and damages to be incurred by Landlord resulting from or incurred in connection with such contest or non-compliance or (B) other security reasonably satisfactory in all respects to Landlord; (iii) such non-compliance or contest shall not constitute or result in a violation (either with the giving of notice or the passage of time or both) of the terms of any Superior Loan or any superior lease, or if such Superior Loan or any superior lease shall condition such non-compliance or contest upon the taking of action or furnishing of security by Landlord, such action shall be taken or such security shall be furnished at the expense of Tenant; and (iv) Tenant shall keep Landlord regularly advised as to the status of such proceedings. Without limiting the applicability of the foregoing, Landlord (or any Landlord Indemnitee) shall be deemed subject to prosecution for a crime if Landlord (or any Landlord Indemnitee), a lender, the holder of a superior lease or any of their officers, directors, partners, shareholders, agents or employees is charged with a crime of any kind whatsoever, unless such charges are withdrawn ten (10) days before Landlord (or any Landlord Indemnitee), or such lender, holder of a superior lease or such officer, director, partner, shareholder, agent or employee, as the case may be, is required to plead or answer thereto.

(b) Notwithstanding anything contained in this Lease to the contrary, if at any time during the Term of this Lease, Landlord expends any sums for alterations or improvements to the Premises which are required to be made pursuant to any Requirement, Tenant shall pay to Landlord, as additional rent, such cost within ten (10) days after demand therefor (such obligation of Tenant to survive the expiration or sooner termination of this Lease). For the purposes of this Section, the cost of any alteration or improvement made shall be deemed to include the cost of preparing any necessary plans and the fees for filing such plans and all other ancillary charges.

Section 7.3 Tenant shall be responsible for obtaining all permits, licenses and approvals (the "Approvals") of all governmental authorities which are necessary for the operation of its business at the Premises, with Landlord, at Tenant's sole cost and expense, providing such reasonable assistance as Tenant may reasonably require when either this Lease or the governmental authorities require Landlord's approval, signature or other reasonable input.

Section 7.4 Tenant shall not at any time use or occupy the Premises in violation of any certificate of occupancy issued for the Premises or applicable law.

ARTICLE VIII

REPAIRS, ETC.

Section 8.1 Tenant shall, at all times throughout the Term, at its sole cost and expense, keep and maintain the Premises and the fixtures, appurtenances, mechanical systems and installations therein contained in good order and condition, and shall make all repairs, interior and exterior, structural and non-structural, ordinary and extraordinary, foreseen and unforeseen so to keep and maintain the Premises and such other items, subject, however, to the provisions of this Lease. As used herein, "repairs" shall include replacements, restorations and/or renewals, when necessary or appropriate. In addition, Tenant shall keep and maintain the Premises in a clean and orderly condition. Notwithstanding the foregoing, if any structural repairs to the Premises are required, whether necessitated by the acts or omissions of Tenant, its employees, agents, or contractors, guests, invitees, licensees or any other Person occupying the Premises by

or through Tenant or for any other reason, then the repairs shall be effectuated by, at Landlord's option, either Landlord or Tenant but in any such case at Tenant's sole cost and expense.

Section 8.2 Tenant shall not permit, commit, nor lay waste to the Premises nor, except for reasonable wear and tear, allow the Premises to deteriorate.

Section 8.3 Landlord shall not be required to furnish any services, utilities or facilities whatsoever to the Premises. Landlord shall have no duty or obligation to make any alteration, change, improvement, replacement, Restoration or repair to the Premises unless necessitated by the acts of Landlord or the Landlord Indemnities provided, however, Landlord or the Landlord Indemnities will have no such obligations to the extent the cost of the alteration, change, improvement, replacement, Restoration or repair is covered by the insurance maintained or required to be maintained by Tenant hereunder. Tenant agrees that Landlord will have no obligations arising from the preceding sentence to the extent relating to the condition of the Premises on the Commencement Date (which Tenant agrees to take on an "as is" basis). Tenant assumes the full and sole responsibility for the condition, operation, repair, alteration, improvement, replacement, Restoration, maintenance and management of the Premises. Particularly, but without limitation of the immediately foregoing covenant, Tenant shall not clean nor require, permit, suffer nor allow any window in the Premises to be cleaned from the outside in violation of the rules of any state, county or municipal department, board or body having or asserting jurisdiction.

Section 8.4 It is understood and agreed that if the plumbing, electrical system or HVAC systems or any other system in the Premises are damaged by Tenant due to its use thereof or for any other reason, then such repairs shall be made at Tenant's expense.

Section 8.5 Tenant shall keep the demised premises clean and in good order and repair. Tenant shall take good care of the demised premises and the fixtures and appurtenances therein, and shall keep clean and free of snow and ice the sidewalks adjacent thereto, and shall make all structural repairs thereto at Tenant's expense, whether those are necessitated by the act, omission or negligence of Tenant or its agents, employees, contractors or invitees or otherwise. The exterior walls of the Premises, the windows and the portions of all window sills outside same are part of the Premises demised by this Lease, and Tenant shall be responsible therefor in accordance with the applicable provisions of this Lease. Tenant shall replace, at the expense of Tenant, any plate glass and other glass damaged or broken from any cause whatsoever in and about the demised premises unless caused by the acts or omissions of Landlord, its employees, agents or contractors. Tenant shall insure, and keep insured, at Tenant's expense, all plate and other glass in the demised premises.

ARTICLE IX

CHANGES AND ALTERATIONS BY TENANT

Section 9.1 Tenant may not make any change, alteration, restoration or improvement (herein collectively referred to as an "Alteration") in, to or of the Premises except at Tenant's sole cost and expense, except that (x) Decorative Alterations (i.e., painting, carpeting or wallpapering) shall not require Landlord's consent and (y) Landlord's consent shall not be unreasonably withheld or delayed with respect to interior nonstructural Alterations which (i) do not affect any system in the Premises, (ii) is not likely (in Landlord's reasonable opinion), to result in a violation of or require a change in any certificate of occupancy for the Premises, or (iii) do not affect the functioning in any material respect of any Premises equipment. Notwithstanding the foregoing, Landlord shall not unreasonably withhold, condition or delay its consent to Tenant's Alterations to be performed by Tenant prior to its initial occupancy of the Premises, which Alterations shall convert the cement structure of the Premises from a parking garage to a school building (such work, the "Initial Tenant Alterations"). Landlord hereby further agrees that it will not unreasonably withhold, condition or delay its consent to any changes to the plans (the "Plans") for the Initial Tenant Alterations mandated by the New York City Board of Standards and Appeals or the New York City Department of Buildings. For the avoidance of doubt, Tenant shall not be obligated to remove any of the Initial Tenant Alterations indicated in the Plans or additional Alterations approved by Landlord during the Term and any extension thereof unless Landlord, at the time it consents to such Alterations, notifies Tenant that

Tenant will be required to remove such Alterations upon the expiration or sooner termination of this Lease. Title to any Alteration (other than Tenant's trade fixtures) shall immediately vest in Landlord and shall, unless Landlord elects otherwise in writing at the time Landlord consents to Tenant's plans with respect thereto, be surrendered with the Premises at the expiration or sooner termination of the Term hereof. Any and all Alterations may be made only subject to and in compliance with the following:

(a) Before the commencement of any Alteration (other than Decorative Alterations) herein:

(i) Tenant shall, except in emergency, give ten (10) days' prior written notice to Landlord;

(ii) Tenant shall obtain Landlord's prior approval (which approval shall not be unreasonably withheld or delayed) of any additional licensed architect and/or the licensed professional engineer and the licensed and insured prime contractors and/or mechanics selected and paid for by Tenant who shall, respectively, supervise and perform any such Alteration. For the Initial Tenant Alterations, Landlord hereby approves the Architect as Tenant's architect. Any Persons performing Alterations at the Premises shall be licensed and insured (as evidenced to Landlord's reasonable satisfaction) labor having the proper jurisdictional qualifications. In the event that Landlord shall not respond to a written request to approve of Tenant's plans and/or plan modifications within ten (10) business days of receipt, then Tenant shall make a second written request therefor to Landlord with a copy sent simultaneously and in like manner to Morrison Cohen LLP, 909 Third Avenue, New York, New York 10022, Attention: Lawrence B. Simon, Esq. (which second request shall state that it is a second request and that Landlord's approval shall be deemed granted if Landlord fails to respond within five (5) business days) and, if Landlord shall not respond within five (5) business days of receipt of such second written request, such plans or plan modifications shall be deemed approved by Landlord. In the event Tenant fails to send such second request simultaneously and in like manner to Landlord's attorney as set forth above, Tenant shall be deemed to have not sent such second request to Landlord; and

(iii) Tenant shall, except in the case of a Decorative Alteration, obtain Landlord's prior approval (which approval from Landlord shall not be unreasonably withheld or delayed with respect to interior non-structural Alterations) of plans and specifications prepared by the aforesaid approved architect and/or engineer; and no Alteration shall be made except such as are in all material respects in accordance with such plans and specifications, or with any amendments or additions thereto, the same to be subject to Landlord's prior approval (except in the case of a Decorative Alteration), which approval shall not be unreasonably withheld or delayed with respect to interior non-structural Alterations.

(b) No Alteration shall be undertaken until Tenant shall have procured and paid for, so far as the same may be required from time to time, all permits and authorizations of any federal, state or municipal government or governmental or quasi-governmental agency, or any board, bureau, commission, department or body thereof, having or asserting jurisdiction.

(c) No Alteration shall (1) be of such character as to reduce the value of the Premises or (2) prevent or preclude Landlord from obtaining a change in use designation or approval from the New York City Department of Buildings.

(d) Intentionally deleted.

(e) Any Alterations shall be made in a good and workmanlike manner and in compliance with the Rules and Regulations annexed hereto as Exhibit A (as same may be amended or supplemented from time-to-time upon prior written notice to Tenant) and all applicable permits and authorizations and all Requirements. Tenant shall reimburse Landlord, within thirty (30) days of written request, for any actual, out-of-pocket, documented expenses incurred on account of the failure of Tenant to comply with any Requirements. In the event of any discrepancy between the terms of this Lease and the terms of the exhibits attached hereto, the terms of this Lease shall govern and control. In the event of any discrepancy between Tenant's approved plans and specifications and the Lease (including the exhibits) or any

design/construction criteria referred to therein, Tenant's approved Plans and specifications shall govern and control.

(f) The cost of any Alteration shall be paid when due so that the Premises shall at all times be free of liens for labor and materials supplied or claimed to have been supplied to the Premises and free from any encumbrances, chattel mortgages, conditional bills of sale, or security interests. In all events, any mechanic's or materialman's lien filed against the Premises for work done for, or claimed to have been done for, or materials furnished to, or claimed to have been furnished to, Tenant (or any Person occupying the Premises by or through Tenant) shall be discharged of record by Tenant within thirty (30) days thereafter, at Tenant's sole cost and expense. Tenant, at its sole cost and expense, shall defend the Premises and Landlord against all suits for the enforcement of any such lien or any bond in lieu of such lien, and Tenant hereby indemnifies Landlord and the Premises against any and all damages, expenses, or liabilities resulting from any such lien or suit. Should Tenant fail to so discharge any such lien within the time period set forth above, Landlord may do so by payment, bond or otherwise on five (5) days' notice to Tenant and the amount paid or incurred therefor by Landlord (together with any reasonable attorneys' fees and disbursements and interest at the Applicable Rate from the respective date of Landlord's making of the payment or incurring of the costs and expenses) shall be payable by Tenant as additional rent within five (5) days following written demand.

(i) (A) If requested by Landlord, no Alterations shall be undertaken until Tenant shall have delivered to Landlord insurance policies or certificates therefor issued by responsible insurers, bearing notations evidencing the payment of premiums or accompanied by other evidence reasonably satisfactory to Landlord of such payment, for "Builders All Risk" course of construction insurance, worker's compensation insurance covering all persons employed in connection with the Alterations and with respect to whom death or bodily injury claims could be asserted against Landlord, Tenant or the Premises, and owner's protective liability insurance expressly covering the additional hazards resulting from the Alterations with limits not less than those, and otherwise subject to the same conditions and requirements set forth in Article V with respect to the liability insurance required thereunder. If under the provisions of any fire, liability or other insurance policy or policies then covering the Premises or any part thereof any consent to such Alterations by said insurance company or companies issuing such policy or policies shall be required to continue and keep such policy or policies in full force and effect, Tenant shall obtain such consents and pay any additional premiums or charges therefor that may be imposed by said insurance company or companies.

(ii) Prior to the commencement of any Alteration by or for Tenant, Tenant shall comply with the following provisions:

(A) Tenant's contractor and its subcontractors shall not commence work in the Premises until they have obtained all insurance referred to herein and shall have provided proof thereof to Landlord.

(B) Tenant's contractor and its subcontractors shall secure, pay for and maintain the following insurance policies in full force and effect during the period of any Alterations being performed by them in and to the Premises:

1. Property Insurance upon all tools, material and equipment (owned, borrowed or leased by the contractor or their employees) to the full replacement value thereof. This insurance shall insure against damage or loss caused by fire and all other perils covered by a standard "All Risk" insurance policy. Tenant's contractor shall waive its right of subrogation against Landlord. The property policy shall allow for a waiver of subrogation in favor of Landlord. Failure of the contractor to secure and maintain adequate coverage shall not obligate Landlord or its agents or employees for any losses.

2. Workers Compensation insurance affording coverage under the Workers Compensation laws of the State of New York and standard unlimited Employers Liability coverage.

3. Commercial General Liability Insurance with limits of $5,000,000 per occurrence Bodily Injury and Property Damage Combined, $1,000,000 per occurrence Personal & Advertising Injury, $1,000,000 aggregate Products and Completed Operations Liability, and $2,000,000 General Aggregate per project (per project requirement may be waived if not commercially available). The policy shall be written on an occurrence basis with no deductible.

The policy shall not contain exclusions relating to:

(a) contractual liability;
(b) independent contractors;
(c) gravity related injuries; and
(d) injuries sustained by employees of an insured or any insured rather than "the insured".

The policy shall be endorsed to name Landlord as "additional insured". Definition of additional insured shall include all officers, directors and employees of the named entity. Further, coverage for the "additional insured" shall apply on a primary basis irrespective of any other insurance, whether collectible or not.

4. Automobile Liability Insurance for bodily injury and property damage in the amount of $1,000,000 combined and covering all owned, non-owned and hired vehicles.

5. Umbrella Liability Insurance for the total limit purchased by the contractor but not less than a $3,000,000 limit providing excess coverage over all limits and coverages noted in paragraphs 2, 3, and 4 above. This policy shall be written on an "occurrence" basis.

All policies noted above shall (a) be written with insurance companies licensed to do business in the State of New York and rated no lower than A-VIII in the most current edition of A.M. Best's Property-Casualty Key Rating Guide and (b) provide for not less than thirty (30) days' prior written notice to Landlord of cancellation. All such policies, or certificates therefor, issued by the insurer and bearing notations evidencing the payment of current premiums shall be delivered to Landlord prior to the performance of work.

(iii) Tenant, at its sole cost and expense, shall cause all insurance which it must maintain pursuant to Article V above and this Article IX, to be maintained at all times when the Alterations to be performed for or by Tenant is in progress. All such insurance shall be obtained from a company licensed to do business in the State of New York and reasonably satisfactory to Landlord, and all policies, or certificates therefor, issued by the insurer and bearing notations evidencing the payment of premiums shall be delivered to Landlord prior to the performance of the Alterations.

(g) Notwithstanding anything to the contrary contained in this Lease, Tenant shall not perform any Alterations that affect the structural elements of the demised premises without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

Section 9.2 All Alterations shall be performed by a duly licensed and qualified contractor selected by Tenant and reasonably approved in writing by Landlord, which approval shall not unreasonably withheld or delayed, and shall be carried out under the supervision of Tenant's architect and Tenant's construction manager. Notwithstanding the foregoing, during the progress of any Alterations to be performed by Tenant, and following the completion of such Alterations, such Alterations shall be subject to inspection by representatives of Landlord (at Landlord's expense), who shall be permitted access to the demised premises and the opportunity to inspect the demised premises and the Alterations performed (or being performed) by Tenant therein.

Section 9.3 Landlord, at Tenant's sole cost and expense, shall reasonably cooperate with Tenant in connection with any permits, approvals, consents and licenses which are reasonably required in connection with any Alterations to be performed by Tenant in and to the

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Premises and, in connection therewith, Landlord shall execute and deliver to Tenant, promptly after written request by Tenant, applications delivered by Tenant to Landlord which are reasonably required to be submitted to the local authorities in connection with such Alterations by Tenant.

Section 9.4 Tenant shall obtain and deliver to Landlord, within thirty (30) days following Tenant's performance of any Alterations which require a building permit or other governmental or quasi-governmental licenses, permits and the like, copies of all required sign-offs, approvals, certificates and the like.

Section 9.5 All alterations, including all leasehold improvements, additions and fixtures (collectively, the "Fixtures and Improvements"), constructed or installed in the Premises by Tenant as required in order to prepare the same for the Tenant's use and occupancy (but not Tenant's movable equipment and unattached displays, and other personal property including merchandise inventory) shall upon construction or installation therein become the property of Landlord (except for trade fixtures) and shall remain and be surrendered at the end of the Term of this Lease, provided that Tenant shall have throughout the Term of this Lease a leasehold interest therein in order to effectuate Tenant's rights and obligations subject to and in accordance with all other applicable provisions of this Lease. It is the intention of Landlord and Tenant that the Fixtures and Improvements shall constitute "leasehold improvements" within the meaning of Section 168(i)(8) of the Internal Revenue Code of 1986, as amended.

ARTICLE X

LANDLORD'S RIGHT TO PERFORM TENANT'S COVENANTS

Section 10.1 If Tenant shall be in default hereunder, Landlord may, upon five (5) days' prior notice to Tenant, or without notice in case of an emergency, cure such default on behalf of Tenant and upon demand Tenant shall reimburse Landlord for any reasonable and necessary expenses incurred by Landlord to effect such cure, together with interest thereon at the Applicable Rate, plus reasonable attorneys' fees and disbursements, such sums to constitute additional rent hereunder. This Section shall not be deemed to be a waiver of any of Landlord's rights and remedies under any other section of this Lease or Tenant's payment obligations hereunder.

Section 10.2 No entry by Landlord or its employees, agents or representatives, or by any other party at the direction of Landlord, shall be construed or interpreted as an ouster of Tenant from possession or as a constructive eviction or to alter, diminish or abate Landlord's rights under this Lease.

ARTICLE XI

SURRENDER

Section 11.1 Tenant shall, upon the expiration or any earlier termination of this Lease, or upon any entry or reentry by Landlord upon the Premises pursuant to this Lease, surrender and deliver up the Premises into the possession and use of Landlord without delay, in good order, condition and repair, reasonable wear and tear and normal deterioration excepted, free and clear of all liens, lettings and occupancies, and without violations.

Section 11.2 To the extent furnished by or at the expense of Tenant, furniture, furnishings, trade fixtures, machinery and business equipment may be removed by Tenant at or prior to the termination or expiration of this Lease; provided, however, that Tenant shall repair and restore the Premises to the condition thereof immediately preceding the installation of such furniture, furnishings, trade fixtures, machinery or business equipment, or pay or cause to be paid to Landlord the cost of repairing any damage or making any change required by or resulting or arising from such removal (such obligation of Tenant to survive the expiration or sooner termination of this Lease).

Section 11.3 Any personal property, fixtures, machinery and equipment of Tenant, any sublessee or any licensee which shall remain in the Premises after the termination or expiration

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of this Lease, and all paneling, partitions, railings and all other installations, may, at the option of Landlord, be deemed to have been abandoned by Tenant, such sublessee or such licensee, and may be retained by Landlord as its property, or may be disposed of, without accountability, in such manner as Landlord may see fit. At Landlord's election, any or all of such personal property, trade fixtures, machinery and equipment shall be removed by Tenant and any damage to the Premises caused by such removal shall be repaired, at Tenant's sole cost and expense, within ten (10) days following expiration or termination of the Term hereof.

Section 11.4 Notwithstanding anything to the contrary contained in this Lease, in no event shall Landlord be responsible for any loss or damage occurring to any property owned by Tenant, any sublessee or any licensee or any occupant of the Premises unless due to the gross negligence or willful misconduct of Landlord or the Landlord Indemnities.

Section 11.5 Applicable provisions of this Article XI shall survive any termination or expiration of the Term hereof.

ARTICLE XII

DAMAGE OR DESTRUCTION

Section 12.1 (a) In the event that the Premises shall be damaged or destroyed by fire or other casualty, Tenant shall promptly give notice thereof (when Tenant learns thereof) to Landlord, and Tenant shall promptly repair, restore, replace, or rebuild the same to as nearly as may be practicable to its condition and character immediately prior to such damage or destruction (which such Alterations, additions and improvements may be made under the provisions of Article IX, but subject to the terms and conditions thereof, including, without limitation, the requirements as to Landlord's prior consents and approvals) (collectively, "Restore") and so that upon completion of such repairs, restoration, replacement or rebuilding (collectively, "Restoration"), the Premises shall have a value not less than the value thereof immediately prior to the occurrence of such damage or destruction. Any insurance proceeds shall be handled and disbursed as provided in Section 5.1 hereof. In the event any such insurance proceeds are not sufficient to repair, restore, replace or rebuild the Premises as aforesaid, Tenant shall bear all the additional costs and expenses necessary to achieve such objective. If any such insurance proceeds remain after completion of such repairs, restoration, replacement or rebuilding, same shall be paid over to Tenant. Landlord, in no event, shall be called upon to Restore the Premises or any portion thereof or to pay any of the costs or expenses thereof.

(b) If Tenant shall fail or neglect to commence to Restore the Premises or the portion thereof so damaged or destroyed and such failure shall continue for a period of twenty (20) days after notice from Landlord, or having so commenced such Restoration, if Tenant shall fail to complete the same with reasonable diligence in accordance with the terms of this Lease, or if prior to the completion of any such Restoration by Tenant this Lease shall expire or be terminated for any reason, Landlord may complete the same at Tenant's expense. As used herein, "commence to Restore" shall include work performed by an architect or engineer engaged by Tenant in connection with the Restoration and consultations by Tenant and such architect or engineer in connection with the Restoration. All such Restoration work shall be performed in accordance with the provisions of this Lease.

Section 12.2 Notwithstanding any provision of this Lease to the contrary, in the event that the Premises shall be so damaged by fire or other casualty during the last two years of this Lease that (i) the cost of replacement or restoration thereof (as reasonably estimated by Landlord and Tenant) would exceed 75% of the then replacement value of the Premises, (ii) the period to complete replacement or restoration of the Premises (as reasonably estimated by Landlord) would exceed 365 days from the date of fire or other casualty, or (iii) following the anticipated date of completion of such replacement or restoration of the Premises (as reasonably estimated by Landlord), less than twelve (12) months of the Term would remain, Tenant may elect to cancel this Lease on at least thirty (30) days' notice, given within sixty (60) days after the date of such fire or other casualty, and this Lease shall come to an end on the date specified in such notice; provided, however, that all insurance policies required to be carried by Tenant pursuant to this Lease are in full force and effect and simultaneously with the giving of its notice, Tenant

shall deliver to Landlord an assignment, duly executed and acknowledged by Tenant, transferring to Landlord all of the rights and claims of Tenant and of such holders in, to and under all insurance proceeds covering such damage and in and to all insurance policies carried by Tenant pursuant to this Lease. In the event of any such cancellation, Tenant shall not be obligated to perform any Restoration, this Lease and the Term shall terminate as of the effective date of such cancellation as specified in the notice, all such insurance proceeds shall be the sole property of Landlord and Tenant shall not have any rights or claims with respect thereto. No such cancellation or termination shall release Tenant from any obligation hereunder for Rent accrued or payable for or during any period prior to the effective date of such cancellation.

Section 12.3 All Fixed Annual Rent and additional rent due and payable hereunder shall be abated proportionately (but only to the extent of any proceeds received by Landlord from rent abatement insurance) based upon the portion of the Premises which is not usable by Tenant as a result of such casualty for the period beginning on the date of such casualty and ending with a substantial completion by Tenant of the repair or reconstruction work which Tenant is obligated to perform.

Section 12.4 With respect to any damage to or destruction of the Premises, Tenant hereby waives all right to terminate this Lease pursuant to rights otherwise presently or hereafter accorded by law to tenants subject, however, to Section 12.2 hereof.

Section 12.5 Any Restoration shall be deemed to be an Alteration, and shall be performed in strict accordance with the provisions of Article IX hereof as well as this Article XII.

Section 12.6 Except as provided in Sections 12.2 and 12.3 hereof, this Lease shall not terminate, be forfeited or be affected in any manner, and there shall be no reduction or abatement of the Rent payable hereunder (except to the extent that such Rent shall be paid by application thereto by Landlord of the proceeds of rent insurance), by reason of damage to or total, substantial or partial destruction of the Premises or any part thereof or by reason of the untenantability of the same or any part thereof, for or due to any reason or cause whatsoever, and Tenant, notwithstanding any law or statute, present or future, waives any and all rights to seek a cancellation of this Lease or quit or surrender the Premises or any part thereof. Except as expressly provided herein, Tenant expressly agrees that its obligations hereunder, including the payment of Rent payable by Tenant hereunder (except to the extent that such Rent shall be paid by application thereto by Landlord of the proceeds of rent insurance), shall continue as though the Premises had not been damaged or destroyed and without abatement, suspension, diminution or reduction of any kind.

Section 12.7 This Article XII constitutes an express agreement governing any case of damage or destruction of the Premises by fire or other casualty, and Section 227 of the Real Property Law of the State of New York, which provides for such contingency in the absence of an express agreement, and any other law of like nature and purpose now or hereafter in force, shall have no application in any such case.

Section 12.8 Anything contained herein to the contrary notwithstanding, if there is a procedure by which the insurance proceeds are to be held or disbursed for the Restoration of the Premises as required by the holder of any Superior Loan, such procedure shall be binding on Tenant.

ARTICLE XIII

EMINENT DOMAIN

Section 13.1 If the whole of the Premises is acquired or condemned by eminent domain or sold in lieu of condemnation for any public or quasi-public use or purpose ("Condemned"), then the Term shall terminate as of the date title vests in such proceeding, and all Rent shall be adjusted to the date of termination. Tenant or Landlord shall immediately notify the other upon learning of any condemnation proceeding with respect to the Premises. If the whole of the Premises is Condemned for a temporary period greater than two years, Tenant may elect to cancel this Lease on at least thirty (30) days' notice given within ninety (90) days after the date

of such condemnation, and this Lease shall come to an end on the date specified in such notice and all Rent shall be adjusted as of such date.

Section 13.2 If any part, but less than all, of the Premises is Condemned, and such condemnation renders the Premises, in Landlord's reasonable opinion, unusable for the business of Tenant, then the Term shall terminate as of the date title vests in such proceeding and all Rent shall be adjusted to the date of termination. If such condemnation is not extensive enough to render the Premises unusable for the business of Tenant, as determined as aforesaid, then this Lease shall continue in full force and effect except that, after the date of such title vesting, the Fixed Annual Rent shall be reduced pro rata, and Tenant shall, at Tenant's sole cost and expense, restore the Premises to the condition in which it existed immediately prior to such condemnation, less the portions thereof lost in such condemnation; provided, however, that Landlord shall reimburse Tenant upon demand for expenses incurred in such restoration work, but only to the extent of any condemnation proceeds recovered by Landlord.

Section 13.3 If the Premises are wholly or partially Condemned, then subject to the provisions of Section 13.4 hereof, Landlord shall be entitled to the entire award paid for such condemnation, and Tenant waives any right or claim to any part thereof from Landlord or the condemning authority.

Section 13.4 Tenant shall have the right to claim and recover from the condemning authority, but not from Landlord, such compensation as may be separately awarded or recoverable by Tenant in Tenant's own right on account of any and all cost or loss (including loss of business) to which Tenant might be put in removing Tenant's merchandise, furniture, fixtures, leasehold improvements and equipment to a new location, provided that Tenant's claim or recovery shall not reduce any amount that would otherwise be payable to Landlord.

Section 13.5 If the whole or any part of the Premises shall be Condemned for any temporary public or quasi-public use or purpose, this Lease shall remain in effect and Tenant shall be entitled to receive for itself such portion or portions of any award made for such use with respect to the period of the taking which is within the Term. During the period of any such temporary condemnation, the Rent obligations of Tenant with respect to that portion of the Premises so condemned shall not exceed the amount of the award payable to Tenant with respect to that portion of the Premises so Condemned. If a temporary condemnation remains in force at the expiration or earlier termination of this Lease, Tenant shall pay to Landlord a sum equal to the reasonable cost of performing any obligations required of Tenant by this Lease with respect to a surrender of the Premises as of the time of such condemnation, including, without limitation, required repairs and maintenance, and upon such payment Tenant shall be excused from any such obligations. If a temporary condemnation is for an established period which extends beyond the Term, this Lease shall terminate as of the date of occupancy by the condemning authority and the damages shall be as provided in Sections 13.3 and 13.4 and all Rent shall be adjusted to such date of occupancy.

Section 13.6 Immediately upon learning of any condemnation or potential condemnation of any part of the Premises, the party acquiring such knowledge shall give notice to the other thereof. Landlord and Tenant agree to immediately execute and deliver to the other all instruments that may be required to effectuate the provisions of this Article.

ARTICLE XIV

EVENTS OF DEFAULT; CONDITIONAL LIMITATIONS

Section 14.1 Each of the following events shall be an "Event of Default" hereunder:

(a) if Tenant shall make an assignment of its property for the benefit of creditors or shall file a voluntary petition under any bankruptcy or insolvency law, or an involuntary petition under any bankruptcy or insolvency law shall be filed against Tenant and such involuntary petition is not dismissed within ninety (90) days after the filing thereof, or

(b) if a petition is filed by or against Tenant under Title 11 of the United States Code or under the provisions of any law of like import, unless such petition is not dismissed within one hundred twenty (120) days after its filing, or

(c) if a permanent receiver, trustee or liquidator shall be appointed for Tenant or of or for the property of Tenant, and such receiver, trustee or liquidator shall not have been discharged within one hundred twenty (120) days from the date of his appointment, or

(d) if Tenant shall default in the due keeping, observing or performance of any covenant, agreement, term, provision or condition of Article VI hereof on the part of Tenant to be kept, observed or performed and if such default shall continue and shall not be remedied by Tenant within ten (10) days after Tenant shall have received (or be deemed to have received) notice thereof from Landlord specifying the same, or

(e) if Tenant shall default in payment of any Fixed Annual Rent or additional rent or any other charge payable hereunder by Tenant to Landlord on any date upon which the same becomes due, and such default shall continue for five (5) days after Tenant shall have received (or be deemed to have received) notice from Landlord specifying such default, or

(f) if Tenant shall default in the due keeping, observing or performance of any covenant, agreement, term, provision or condition of this Lease on the part of Tenant to be kept, observed or performed (other than a default of the character referred to in clauses (d) or (e) of this Section 14.1), and if such default shall continue and shall not be remedied by Tenant within thirty (30) days after Tenant shall have received (or be deemed to have received) notice from Landlord specifying the same, or, in the case of such a default which for causes beyond Tenant's reasonable control cannot with due diligence be cured within said period of thirty (30) days, if Tenant (i) shall not, promptly upon receiving (or being deemed to have received) such notice, notify Landlord of Tenant's intention to take all steps necessary to remedy such default with due diligence, and (ii) shall not duly institute and thereafter diligently prosecute to completion all steps necessary to remedy the same, or

(g) if any event shall occur or any contingency shall arise (except as expressly permitted by this Lease) whereby this Lease or the estate hereby granted or the unexpired balance of the Term would, by operation of law or otherwise, devolve upon or pass to any firm, association, corporation, person or entity other than Tenant (except as expressly permitted by this Lease or consented to by Landlord), or whenever Tenant shall desert or abandon the Premises (whether the keys be surrendered or not, whether Tenant's personal property shall remain in the Premises or not, and whether the Rent be paid or not) (provided, however, that regularly scheduled school breaks shall not constitute abandonment),

then, in any of said cases, Landlord may give to Tenant a notice of intention to end the Term at the expiration of ten (10) days from the date of Tenant's receipt of such notice, and, in the event such notice is given, this Lease and the term and estate hereby granted (whether or not the Term shall theretofore have commenced) shall expire and terminate upon the expiration of said ten (10) days with the same effect as if that day were the date hereinbefore set for the expiration of the full term of this Lease, but Tenant shall remain liable for damages as provided in this Lease or pursuant to law. If this Lease shall have been assigned, the term "Tenant" for purposes hereof shall be deemed to include all assignees and assignors under any one or more assignments of this Lease unless Landlord shall, in connection with any such assignment, release the assignor from any further liability under this Lease, in which event the term "Tenant", as used in said clauses, shall not include the assignee or assignor so released.

ARTICLE XV

REENTRY BY LANDLORD

Section 15.1 If this Lease shall terminate as in Article XIV provided, Landlord or Landlord's agents and servants may immediately or at any time thereafter reenter into or upon the Premises, or any part thereof, either by summary dispossess proceedings or by any suitable action or proceeding at law, without being liable to indictment, prosecution or damages therefor, and may repossess the same, and may remove any persons therefrom, to the end that Landlord

may have, hold and enjoy the Premises again. The words "reenter", "reentry" and "reentering" as used in this Lease are not restricted to their technical legal meanings.

Section 15.2 In the event of any termination of this Lease under the provisions of Article XIV or in the event that Landlord shall reenter the Premises under the provisions of this Article XV or in the event of the termination of this Lease (or of reentry) by or under any summary dispossess or other proceeding or action or other measure undertaken by Landlord for the enforcement of its aforesaid right of reentry or any provision of law (any such termination of this Lease being hereinafter called a "Default Termination"), Tenant shall thereupon pay to Landlord the Fixed Annual Rent, additional rent and any other charge payable hereunder by Tenant to Landlord up to the time of such Default Termination or of such recovery of possession of the Premises by Landlord, as the case may be, and shall also pay to Landlord damages as provided in Article XVI or pursuant to law. Also, in the event of a Default Termination, Landlord shall be entitled to retain all monies, if any, paid by Tenant to Landlord, whether as advance rent, security or otherwise, but such moneys shall be credited by Landlord against any Fixed Annual Rent, additional rent or any other charge due from Tenant at the time of such Default Termination or, at Landlord's option, against any damages payable by Tenant under Article XVI or pursuant to law.

Section 15.3 In the event of a breach on the part of Tenant with respect to any of the covenants, agreements, terms, provisions or conditions on the part of or on behalf of Tenant to be kept, observed or performed, Landlord shall also have the right to seek an injunction. The specific remedies to which Landlord may resort hereunder are cumulative and are not intended to be inclusive of any other remedies or means of redress to which Landlord may lawfully be entitled at any time, and Landlord may invoke any remedy allowed at law or in equity as if specific remedies were not herein provided for.

ARTICLE XVI

DAMAGES

Section 16.1 In the event of a Default Termination of this Lease, Tenant will pay to Landlord as damages, at the election of Landlord, either:

(a) a sum which at the time of such Default Termination represents the then value of the excess, if any, of (i) the aggregate of the Fixed Annual Rent and any additional rent which would have been payable hereunder by Tenant for the period commencing with the day following the date of such Default Termination and ending with the date hereinbefore set for the expiration of the full Term hereby granted, over (ii) the aggregate rental value of the Premises for the same period, or

(b) sums equal to the aggregate of the Fixed Annual Rent and any additional rent hereunder which would have been payable by Tenant had this Lease not been terminated by such Default Termination, payable upon the due dates therefor specified herein following such Default Termination and until the date hereinbefore set for the expiration of the full Term hereby granted; provided, however, that if Landlord shall relet all or any part of the Premises for all or any part of said period (Landlord having no obligation to do so, Tenant hereby agreeing that any failure or refusal by Landlord to do so, or Landlord's failure to collect rent on any re-letting, shall not affect Tenant's liability hereunder), Landlord shall credit Tenant with the net rents received by Landlord from such reletting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such reletting the reasonable expenses incurred or paid by Landlord in terminating this Lease and or reentering the Premises and of securing possession thereof, as well as the reasonable expenses of reletting including, without limitation, free rent, altering and preparing the Premises for new tenants, brokerage commissions, legal expenses and all other expenses chargeable against the Premises and the rent therefrom in connection with such reletting, it being understood that any such reletting may be for a period equal to or shorter or longer than said period; provided, further, that (i) in no event shall Tenant be entitled to receive any excess of such net rents over the sums payable by Tenant to Landlord hereunder, and (ii) in no event shall Tenant be entitled, in any suit for the collection of damages pursuant to this clause (b), to a credit in respect of any net rents from a reletting except to the extent that such net rents are actually received by Landlord.

For the purposes of subdivision (a) of this Section 16.1, the amount of additional rent which would have been payable by Tenant hereunder for periods ending after such Default Termination shall be deemed to be an amount equal to the amount of such additional rent payable by Tenant for applicable periods ending immediately preceding such Default Termination. Suit or suits for the recovery of such damages, or any installments thereof, may be brought by Landlord from time to time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the Term would have expired but for such Default Termination.

Section 16.2 Notwithstanding anything to the contrary contained in this Lease, in no event shall Landlord be liable for any loss, injury or damage (including indirect, consequential or punitive damages) claimed by Tenant or any person or entity claiming through or under Tenant in connection with the failure or refusal by Landlord to grant its consent or approval with respect to any matter as to which it is entitled to give its consent or approval pursuant to this Lease. If Landlord withholds or delays its consent or conditions its consent and Tenant believes that Landlord did so unreasonably, Tenant may prosecute an action for declaratory relief to determine if Landlord properly withheld, delayed or conditioned its consent, but Tenant waives and discharges any claims it may have against Landlord for damages arising from Landlord's withholding, delaying or conditioning its consent. In any such action, the non-prevailing party shall bear all reasonable attorneys' fees incurred by the parties in connection therewith.

Section 16.3 If the Premises, or any part thereof, shall be relet, the rents collected or reserved under any such reletting and the expenses of any such reletting shall be equitably apportioned for the purposes hereof. Tenant shall not be entitled to any rents collected or payable under any reletting, whether or not such rents exceed the Fixed Annual Rent reserved in this Lease. Nothing contained in this Lease shall be deemed to limit or preclude the recovery by Landlord from Tenant of the maximum amount allowed to be obtained under applicable Requirements with respect to the damages incurred by Landlord, or of any sums or damages to which Landlord may be entitled in addition to the damages set forth in this Article.

Section 16.4 Any damages payable under this Lease and not paid when due shall bear interest at the Applicable Rate from the due date until paid, and the interest shall be deemed additional rent. If Tenant is in arrears in the payment of Fixed Annual Rent, Tenant waives Tenant's right, if any, to designate the items against which any payments made by Tenant are to be credited, and Landlord may apply any payments made by Tenant to any items Landlord sees fit, regardless of any request by Tenant.

ARTICLE XVII

ASSIGNMENT, MORTGAGING AND SUBLETTING

Section 17.1 Except as otherwise specifically provided in this Lease, Tenant shall not, whether voluntarily, involuntarily, by operation of law or otherwise (a) assign or otherwise transfer this Lease or the term and estate hereby granted, (b) sublet the Premises or any portion thereof, or allow the same to be used, occupied or utilized by anyone other than Tenant, or (c) secure, pledge, encumber or otherwise hypothecate this Lease, the Premises or any part thereof in any manner whatsoever, without in each instance obtaining the prior written consent of Landlord.

Section 17.2 If Tenant is a corporation or limited liability company, the provisions of subdivision (a) of Section 17.1 shall be deemed to apply in the event of a transfer of a majority of the common stock or membership interests of Tenant (that is, such a transaction shall be deemed an assignment) but such provisions shall not be applicable to transactions involving the merger or consolidation of Tenant with or into another corporation or other entity or to transactions involving the transfer of all or substantially all of Tenant's assets to another corporation or other entity, but only if in any of such events the successor to Tenant has a net worth, computed in accordance with generally accepted accounting principles, equal to or greater than the net worth of Tenant immediately prior to such merger, consolidation or transfer.

Section 17.3 If this Lease be assigned, whether or not in violation of the provisions of this Lease, Landlord may collect Rent from the assignee. If the Premises or any part thereof are

sublet or used or occupied by anybody other than Tenant, whether or not in violation of this Lease, Landlord may, after default by Tenant, and expiration of Tenant's time to cure such default, collect rent from the subtenant or occupant. In either event, Landlord may apply the net amount collected to the Fixed Annual Rent and additional rent herein reserved and the charges herein provided for, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of any of the provisions of Section 17.1, or the acceptance of the assignee, subtenant or occupant as tenant, or as a release of Tenant from the performance by Tenant of Tenant's obligations under this Lease. The consent by Landlord to an assignment, subletting, use or occupancy by others shall not in any way be considered or construed to relieve Tenant from obtaining the express consent of Landlord to any other or further assignment, subletting, use or occupancy by others not expressly permitted in this Article. Notwithstanding anything to the contrary contained in this Lease, in no event shall any permitted subtenant assign or encumber its sublease or further sublet any portion of the Premises. A modification, amendment or extension of a sublease shall be deemed a sublease and shall require Landlord's consent. References in this Lease to use or occupancy of the Premises by Persons other than Tenant shall not be construed as limited to subtenants and those claiming under or through subtenants but shall also include licensees and others claiming under or through Tenant, immediately or remotely.

Section 17.4 Any assignment or transfer, whether made with or without Landlord's consent pursuant to Section 17.1 or Section 17.2, shall be made only if, and shall not be effective until, the assignee shall execute, acknowledge and deliver to Landlord an agreement, in form and substance satisfactory to Landlord, whereby the assignee shall assume the obligations of this Lease on the part of Tenant to be performed or observed and agree that the provisions in Section 17.1 shall, notwithstanding such assignment or transfer, continue to be binding upon it in respect of all future assignments and transfers. The original named Tenant covenants that, notwithstanding any assignment or transfer, whether or not in violation of the provisions of this Lease, and notwithstanding the acceptance of Fixed Annual Rent and/or additional rent by Landlord from an assignee, transferee, or any other party, the original named Tenant shall remain fully liable for the payment of the Fixed Annual Rent and additional rent and for the other obligations of this Lease on the part of Tenant to performed or observed.

Section 17.5 The joint and several liability of Tenant and any immediate or remote successor in interest of Tenant and the due performance of the obligations of this Lease on Tenant's part to be performed or observed shall not be discharged, released or impaired in any respect by any agreement or stipulation made by Landlord extending the time of, or modifying any of the obligations of this Lease, or by any waiver or failure of Landlord to enforce any of the obligations of this Lease.

Section 17.6 If Tenant shall at any time or times during the Term desire to assign this Lease or to sublet all or any portion of the Premises, Tenant shall give notice thereof to Landlord, which notice shall be accompanied by (a) a photostatic copy of the proposed assignment or sublease, the effective or commencement date of which shall be at least thirty (30) days after the giving of such notice, (b) a statement setting forth in reasonable detail the identity of the proposed assignee or subtenant, the nature of its business and its proposed use of the Premises, and (c) current financial information with respect to the proposed assignee or subtenant, including, without limitation, its most recent financial report sufficient (in Landlord's reasonable opinion), to enable Landlord to determine the financial wherewithal of the proposed assignee or subtenant. Such notice shall be deemed an offer from Tenant to Landlord whereby Landlord (or Landlord's designee) may, for a period of thirty (30) days from Landlord's receipt of such notice, have an option to terminate this Lease (if the proposed transaction is an assignment of this Lease or a sublease of all of the Premises). Such option may be exercised by Landlord by notice to Tenant at any time within thirty (30) days after such notice has been given by Tenant to Landlord; and during such thirty (30) day period Tenant shall not assign this Lease or sublet the Premises to any person.

Section 17.7 If Landlord exercises its option to terminate this Lease in the case where Tenant desires either to assign this Lease or sublet all of the Premises, then this Lease shall end and expire on the date that such assignment or sublet was to be effective or commence, as the case may be, and the Fixed Annual Rent and additional rent shall be paid and apportioned to such date.

Section 17.8 In the event Landlord does not exercise its option pursuant to Section 17.6 to terminate this Lease and provided that Tenant is not in default of any of Tenant's obligations under this Lease, Landlord's consent to the proposed assignment or sublease shall not be unreasonably withheld or delayed, provided and upon condition that:

(a) Tenant shall have complied with the provisions of Section 17.6 and Landlord shall not have exercised its option under said Section 17.6 within the time permitted therefor;

(b) In Landlord's reasonable judgment, the proposed assignee or subtenant is engaged in a business, and the Premises, or the relevant part thereof, will be used in a manner which is in keeping with the then standards of the Premises;

(c) The proposed assignee or subtenant is a reputable Person of good character and with sufficient financial worth considering the responsibility involved, and Landlord has been furnished with reasonable proof thereof;

(d) The form of the proposed sublease or assignment shall comply with the applicable provisions of this Article and otherwise be reasonably acceptable to Landlord;

(e) The rent and other terms and conditions of the sublease or assignment are the same as those contained in the proposed sublease or assignment furnished to Landlord pursuant to Section 17.6;

(f) Tenant shall reimburse Landlord on demand for any reasonable, actual, out-of-pocket documented costs that may be incurred by Landlord in connection with said assignment or sublease, including, without limitation, the reasonable costs of making investigations as to the acceptability of the proposed assignee or subtenant, and reasonable legal costs incurred in connection with the granting of any requested consent;

(g) Tenant shall not have advertised or publicized in any way the availability of any portion of the Premises without prior notice to and approval by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed); and

(h) Landlord shall have no liability or responsibility for the costs and expenses arising from or attributable to demising the sublet space (if the sublet space is less than the entire Premises) from the balance of the Premises (including, but not limited to, segregating all utilities).

Any consent by Landlord to a proposed sublease or assignment by Tenant is expressly subject to and conditioned upon there being no default by Tenant under this Lease, upon the expiration of any applicable notice or cure periods, as of the effective date of such sublease or assignment. Accordingly, if subsequent to Landlord's issuance of its consent to an assignment or sublease a default by Tenant shall occur, then Landlord, upon written notice to Tenant, may immediately revoke Landlord's consent to such assignment or sublease.

Each subletting pursuant to this Article shall be subject to all of the covenants, agreements, terms, provisions and conditions contained in this Lease. Notwithstanding any subletting and/or acceptance of rent or additional rent by Landlord from any subtenant, Tenant shall remain fully liable for the payment of the Fixed Annual Rent and additional rent due and to become due hereunder and for the performance of all the covenants, agreements, terms, provisions and conditions contained in this Lease on the part of Tenant to be performed, and all acts and omissions of any licensee or subtenant or anyone claiming under or through any subtenant which shall be in violation of any of the obligations of this Lease shall be deemed to be a violation by Tenant. Tenant further agrees that notwithstanding any such subletting and notwithstanding anything to the contrary contained in this Lease, no other and further subletting of the Premises by Tenant or any person claiming through or under Tenant shall or will be made unless Landlord consents thereto, and if Landlord does consent thereto, such further subletting shall comply with and shall be subject to the provisions of this Article and this Lease. If Landlord shall decline to give its consent to any proposed assignment or sublease or if Landlord

shall exercise its option under Section 17.6, Tenant shall indemnify, defend and hold harmless Landlord against and from any and all loss, liability, damages, costs and expenses (including reasonable attorneys' fees) resulting from any claims that may be made against Landlord by the proposed assignee or subtenant or by any brokers or other persons claiming a commission or similar compensation in connection with the proposed assignment or sublease. The preceding sentence shall survive the Expiration Date or sooner termination of this Lease.

Section 17.9 In the event that (a) Landlord fails to exercise its option under Section 17.6 and consents to a proposed assignment or sublease, and (b) Tenant fails to execute and deliver the assignment or sublease to which Landlord consented within ninety (90) days after the giving of such consent, then Tenant shall again comply with all of the provisions and conditions of Section 17.6 before assigning this Lease or subletting all or part of the Premises.

Section 17.10 With respect to each and every sublease or subletting authorized by Landlord under the provisions of this Lease, it is further agreed:

(a) The subletting shall be for a term ending prior to the Expiration Date of this Lease.

(b) No sublease shall be valid, and no subtenant shall take possession of the Premises or any part thereof, until an executed counterpart of such sublease has been delivered to Landlord.

(c) Each sublease shall provide that it is subject and subordinate to this Lease and to the matters to which this Lease is or shall be subordinate, and that in the event of termination, reentry or dispossess by Landlord of the right, title and interest of Tenant, as sublessor, under such sublease, such subtenant shall, at Landlord's option, attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not (i) be liable for any previous act or omission of Tenant under such sublease, (ii) be subject to any offset which theretofore accrued to such subtenant against Tenant, (iii) be bound by any previous modification of such sublease or by any previous prepayment of more than one month's rent, (iv) be bound to return such subtenant's security deposit, if any, except to the extent that Landlord shall receive actual possession of such security deposit and such subtenant shall be entitled to the return of all or any portion of such security deposit under the terms of its sublease or (v) be obligated to make any payment to or on behalf of such subtenant, or to perform any work in the Premises or in any way to prepare the Premises for occupancy.

Section 17.11 If Landlord shall give its consent to any assignment of this Lease or to any sublease, Tenant shall in consideration therefor pay to Landlord, as additional rent:

(a) in the case of an assignment, an amount equal to 50% of all sums and other consideration paid to Tenant by the assignee for or by reason of such assignment (including, but not limited to, sums paid for the sale or lease of Tenant's fixtures, leasehold improvements, equipment, furniture, furnishings or other personal property, less, in the case of a sale thereof, the then depreciated cost thereof determined on the basis of Tenant's federal income tax returns); and

(b) in the case of a sublease, 50% of any rents, additional rent or other consideration payable under the sublease to Tenant by the subtenant which is in excess of the Fixed Annual Rent and additional rent accruing during the term of the sublease in respect of the subleased space (at the rate per square foot payable by Tenant hereunder) pursuant to the terms hereof (including, but not limited to, sums paid for the sale or lease of Tenant's fixtures, leasehold improvements, equipment, furniture or other personal property less, in the case of the sale thereof, the then depreciated cost thereof determined on the basis of Tenant's federal income tax returns). The sums payable by Tenant under this Section 17.11(b) shall be paid to Landlord as and when received by Tenant.

Section 17.12 Notwithstanding anything to the contrary contained herein, Landlord's consent shall not be required for, and the options afforded to Landlord under Section 17.6 shall not be applicable to, any assignment of this Lease or sublease of all or any part of the Premises to any corporation or other business entity that directly or indirectly controls, is controlled by, or is

under common control with, Tenant (any such corporation or entity being hereinafter referred to as a "Related Entity"), provided that (a) Tenant shall not then be in default in the performance of any of its obligations hereunder, and (b) prior to the effective date of such subletting or assignment, Landlord shall have been provided with proof reasonably satisfactory to it of the fact that such subtenant or assignee is a Related Entity. In the event of an assignment of this Lease or a subletting of the Premises to a Related Entity, Tenant shall remain fully liable for the performance of all of Tenant's obligations hereunder and Tenant and the assignee or subtenant shall enter into an instrument of assignment or sublease (as the case may be) in form and substance reasonably satisfactory to Landlord. If at any time such subtenant or assignee shall cease to be a Related Entity of Tenant, then Tenant shall immediately notify Landlord thereof and such notice shall be deemed a request for Landlord's consent thereto. If Landlord shall not then consent to such subletting or assignment, then such sublessee or assignee shall vacate the Premises within sixty (60) days after Landlord notifies Tenant that it has withheld consent and Tenant shall either immediately reoccupy the Premises or be deemed to be in default hereof. Any such assignment or sublease shall be and shall provide that it is subject and subordinate to all of the terms, covenants and provisions contained in this Lease provided further, however, that Sections 17.6, 17.7, 17.8 (a), (c), (d), (f), (g), 17.9 and 17.11 in this Article shall not apply to any sublease or assignment to a Related Entity provided further, however, that such Sections shall immediately apply if the Related Entity ceases to be a Related Entity as defined hereunder.

Section 17.13 Additionally, notwithstanding the foregoing, Tenant may from time to time license or provide limited access on a temporary basis of any portion of the Premises, to accommodate community events, fundraisers and to other independent outside groups participating in activities that would ordinarily and customarily take place at a public school's facility, provided that (i) each licensee shall be subject to all of the covenants, agreements, terms, provisions and conditions contained in this Lease and Tenant's facilities usage policies; (ii) Tenant shall and will remain fully liable for the payment of the Fixed Annual Rent and Additional Rent due, and to become due, hereunder, for the performance of all of the covenants, agreements, terms, provisions and conditions contained in this Lease on the part of Tenant to be performed and for all acts and omissions of any licensee or any other person claiming under, by or through any such licensee that shall be in violation of any of the obligations of Tenant under this Lease, and any such violation shall be deemed to be a violation by Tenant; (iii) Tenant shall indemnify and save Landlord harmless from and against any claims, penalties, loss, damage or expense imposed thereof relating to or arising from any such license; (iv) notwithstanding any such license, no other and further licensing of the Premises by Tenant, or any person claiming through or under Tenant, shall, or will, be made, except upon compliance with, and subject to, the provisions of this Section; (v) each licensee shall maintain proper insurance naming the Tenant and Landlord, as additional insured and Landlord will be provided with evidence thereof prior to the commencement of any such license; and (vi) no such licensee shall have or be deemed to have any interest in this Lease, and a termination of this Lease shall automatically terminate any such license.

Section 17.14 Notwithstanding anything to the contrary contained in this Lease, Landlord hereby consents to Tenant's sublease of the entire Premises to Inwood Academy for Leadership Charter School.

ARTICLE XVIII

SUBORDINATION; LEASEHOLD MORTGAGE

Section 18.1 Tenant covenants and agrees that this Lease shall be and it hereby is made subject and subordinate and shall at all times be subject and subordinate to the lien of any Superior Loan heretofore or hereafter made affecting the Premises, and to all extensions, renewals, modifications, consolidations, extensions, assignments, refinancings or replacements thereof; provided that no such loan shall be deemed to be a lien upon any trade fixtures or equipment or machinery owned or installed by Tenant.

Section 18.2 The subordination of this Lease and Tenant's rights hereunder, as provided in Section 18.1, shall be self-operative and effective without the execution of any further or other instruments by Tenant but Tenant shall, at Landlord's request, upon fifteen (15) days' written

notice, time being of the essence, and without charge therefor to Landlord, execute and deliver any further document or instrument to evidence the subordination of this Lease to such lenders as shall comply with the provisions of Section 18.1; and, to the extent requested by any such lender, Tenant shall execute and deliver such instruments and documents as shall confirm Tenant's undertaking and agreement to attorn to such lender or to the designee or nominee of such lender, or to the purchaser of the Premises in a foreclosure sale or a sale of the Premises pursuant to such power of sale as may be contained in such loan, and to recognize such lender, its designee or nominee or such purchaser as the Landlord hereunder from and after the date of such a transfer of title, with the same force and effect as if the Premises had been sold or conveyed to such new landlord by the prior landlord hereunder.

Section 18.3 Any holder of a Superior Loan may elect that this Lease shall have priority over such Superior Loan and, upon notification by such holder of a Superior Loan to Tenant, this Lease shall be deemed to have priority over such Superior Loan, whether this Lease is dated prior to or subsequent to the date of such Superior Loan. In the event that the interests of Landlord under this Lease are transferred by reason of or assigned in lieu of foreclosure or other proceedings for enforcement of any loan, or if the holder of any loan acquires a lease in substitution therefor, or if the holder of any Superior Loan shall otherwise succeed to Landlord's estate in the Premises, or the rights of Landlord under this Lease, then Tenant will, at the option to be exercised in writing by the lessor under the lease, the holder of any loan or such purchaser, assignee or lessee, as the case may be, (i) attorn to it and will perform for its benefit all of the then executory terms, covenants and conditions of this Lease on the Tenant's part to be performed with the same force and effect as if said lessor, lender or such purchaser, assignee or lessee, were the landlord originally named in this Lease, or (ii) enter into a new lease with said lessor, lender or such purchaser, assignee or lessee, as landlord, for the remaining term of this Lease and otherwise on the same terms, conditions and rentals as herein provided. The foregoing provisions shall inure to the benefit of any such successor landlord, shall apply notwithstanding that, as a matter of law, this Lease may terminate upon the termination of any Superior Loan, shall be self-operative upon any such request and no further instrument shall be required to give effect to said provisions; provided, however, that upon request of any such successor landlord, Tenant shall promptly execute and deliver, from time to time, any instrument in recordable form that any successor landlord may request to evidence and confirm the foregoing provisions of this Section, in form and content satisfactory to each such successor landlord, acknowledging such attornment and setting forth the terms and conditions of its tenancy. Upon such attornment, this Lease shall continue in full force and effect as a direct lease between such successor landlord and Tenant upon all of the then executory terms of this Lease except that such successor landlord shall not be: (a) liable for any previous act or omission or negligence of any prior landlord under this Lease (including, without limitation, Landlord); (b) subject to any counterclaim, demand, defense, deficiency, credit or offset which Tenant might have against any prior landlord under this Lease (including, without limitation, Landlord); (c) bound by any prepayment of more than one month's Fixed Annual Rent or additional rent, unless such prepayment shall have been approved in writing by the successor landlord; (d) bound by any security deposit or other prepaid charge which Tenant might have paid in advance to any prior landlord under this Lease (including, without limitation, Landlord), unless such payments have been received by the successor landlord; and (e) bound by any agreement of any landlord under the Lease (including, without limitation, Landlord) with respect to the completion of any improvements affecting the Premises, or any part thereof or for the payment or reimbursement to Tenant of any contribution to the cost of the completion of any such improvements.

Section 18.4 Promptly following the mutual execution and delivery of this Lease, but no later than fifteen (15) Business Day following the date hereof, Landlord shall procure for Tenant a subordination, non-disturbance and attornment agreement (an "SNDA") from the existing fee mortgage, which SNDA shall be in form and substance customarily acceptable to the holder of such SNDA and reasonably acceptable to Tenant. In addition, Landlord shall obtain for Tenant's benefit an SNDA from all future fee mortgagees, which SNDA shall likewise be in form and substance customarily acceptable to the holder of such SNDA and reasonably acceptable to Tenant.

Section 18.5 (a) Notwithstanding anything to the contrary in this Lease, Tenant may at any time execute and deliver a mortgage (such mortgage is herein called a "Leasehold

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Mortgage") granting a security interest in Tenant's leasehold estate and rights hereunder to (A) a savings bank, savings and loan association, bank or trust company or an insurance company, REIT, a federal, state, municipal, teachers, or other public or private employees' welfare, pension or retirement trust, fund or system pension fund, Community Development Financial Institution, governmental entity, investment bank or hedge fund or (B) any other entity having a combined capital and surplus of not less than $250,000,000 (any such entity (i.e., a lender provided in (A) or (B) above) being hereinafter referred to as an "Institutional Lender"), without the consent of, but upon prior written notice to, Landlord. In no event shall any such Leasehold Mortgage encumber Landlord's fee interest in the Premises or the interest in the Premises of any fee mortgagee and the interest held by any such holder shall be subordinate to Landlord's fee interest and the interest in the Premises held by any fee mortgagee. If either Tenant or the holder of any such Leasehold Mortgage notifies Landlord of the existence of such Leasehold Mortgage and the address of the holder thereunder for the service of notices, such holder shall be deemed to be a "Leasehold Mortgagee", as such term is used in this Section provided that all such leasehold mortgages obtained by Tenant shall not, in the aggregate, have a principal balance exceeding $8,500,000.00. Landlord shall be under no obligation under this provision to any holder of a Leasehold Mortgage of whom Landlord has not received such notice. From and after the date upon which the Leasehold Mortgagee or its respective affiliates shall give Landlord the aforesaid notice, Landlord and Tenant will not surrender, modify or amend this Lease (although Landlord retains the right (in accordance with the provisions of this Lease) to unilaterally terminate this Lease arising from a default by Tenant), subject to the cure rights granted in this Lease to a Leasehold Mortgagee, and Tenant shall not voluntarily waive any of its rights hereunder by its affirmative act, in any respect without the prior written consent of the Leasehold Mortgagee, or its affiliates (such consent not to be unreasonably withheld or delayed) and no Leasehold Mortgagee or its affiliate shall be bound by any such surrender, modification or amendment. No Leasehold Mortgagee or its affiliate shall become liable under the provisions of this Lease unless and until such time as it becomes, and then only for as long as it remains, the owner of Tenant's estate in this Lease and during its ownership thereof, such Leasehold Mortgagee (or its affiliate), shall, for the period of its ownership of Tenant's leasehold estate, be deemed to have agreed to perform all of the terms, covenants and conditions of Tenant under this Lease. Tenant covenants and agrees that, notwithstanding anything to the contrary in this Lease, any Leasehold Mortgagee hereunder will be an Institutional Lender, and the provisions of this Section will not inure to the benefit of any Leasehold Mortgagee which is not an Institutional Lender.

(b) If an Event of Default by Tenant under this Lease occurs, Landlord shall give written notice thereof to any Leasehold Mortgagee (provided, however, that the sole effect of Landlord's failure to give any notice to a Leasehold Mortgagee at or about the same time that such notice is given to Tenant shall be that such notice shall not be effective as to such Leasehold Mortgagee unless and until such notice is given to such Leasehold Mortgagee, and the cure periods set forth herein for the Leasehold Mortgagee shall not begin to run unless and until such notice is given) and Landlord shall take no action to terminate this Lease or to interfere with the occupancy, use of or equipment in the Premises, provided that:

(i) if such Event of Default is a default in the payment of any installment of Fixed Annual Rent or any additional rent, such Leasehold Mortgagee cures such default not later than fifteen (15) days after receipt of such notice, time being of the essence;

(ii) if such Event of Default is a non-monetary default and such default can be cured by such Leasehold Mortgagee without obtaining possession of the Premises, such Leasehold Mortgagee remedies such default within thirty (30) days, time being of the essence, after Tenant fails to cure within its cure period, Landlord hereby agreeing to provide the Leasehold Mortgagee with notice of such additional thirty (30) day period; provided, however, in the case of a default that cannot with diligence be cured within such thirty (30) days, such Leasehold Mortgagee shall have such additional period (not to exceed one hundred twenty (120) days following the last day of the thirty (30) day period provided to such Leasehold Mortgagee as may be reasonably necessary to cure such default with diligence and continuity until completion and provided such Leasehold Mortgagee shall cause all Fixed Annual Rent and additional rent to be paid currently during such cure period; or

(iii) if such Event of Default is a non-monetary default that can only be remedied by such Leasehold Mortgagee upon obtaining possession of the Premises, such Leasehold Mortgagee obtains such possession with diligence and continuity, through a receiver or otherwise, and cures such default within thirty (30) days after obtaining such possession, time being of the essence, provided, however, in the case of a default that cannot with diligence be cured within such period of thirty (30) days, such Leasehold Mortgagee shall have such additional period (not to exceed one hundred twenty (120) days from the last day of the initial thirty (30) day period provided to such Leasehold Mortgagee) as may be reasonably necessary to cure such default with diligence and continuity and provided such Leasehold Mortgagee causes all Fixed Annual Rent and additional rent to be paid currently during the period it attempts to obtain possession and thereafter during such cure period;

(iv) with respect to a non-monetary default by Tenant, if such non-monetary default is incapable of being cured by the Leasehold Mortgagee or a purchaser at a foreclosure sale (a "Personal Default"), such non-monetary default shall be deemed waived as against the Leasehold Mortgagee or the purchaser at a foreclosure sale (unless such purchaser is Tenant or any affiliate thereof). For purposes hereof, the term "Personal Default" means any of the following that may actually constitute a default under this Lease: a bankruptcy proceeding affecting Tenant; a prohibited transfer; failure to deliver financial information within Tenant's control; failure to remove or retain any particular officer, employee, or director of Tenant; and any other nonmonetary default that by its nature relates only to, or can reasonably be performed only by, Tenant or its affiliates.

(c) If any Leasehold Mortgagee or a Person designated by such party either becomes the owner of the interest of Tenant hereunder upon the exercise of any remedy provided for in the Leasehold Mortgage, or enters into a new lease with Landlord as provided in subsection (d) below, such Leasehold Mortgagee or such person shall have the right to assign to any Person such interest or such new lease, provided such Person assumes all obligations of Tenant accruing hereunder from and after the date of such assignment.

(d) If this Lease terminates for any reason or is rejected or disaffirmed pursuant to bankruptcy law or other law affecting creditors' rights, any Leasehold Mortgagee or a Person designated by such Leasehold Mortgagee shall have the right, exercisable by notice to Landlord to be given within thirty (30) days, time being of the essence, after receipt of Landlord's notice of termination or Tenant's notice of rejection or disaffirmance, time being of the essence, to enter into a new lease of the Premises with Landlord. The term of said new lease shall begin on the date of the termination of this Lease and shall continue for the remainder of the Term. Such new lease shall otherwise contain the same terms and conditions as those set forth herein, except for requirements that are no longer applicable or have already been performed; provided that such Leasehold Mortgagee shall have cured all defaults on the part of Tenant hereunder that are susceptible of being cured by the payment of money, and provided further that such new lease shall require the tenant thereunder promptly to commence, and expeditiously to continue to cure all other defaults on the part of Tenant hereunder to the extent susceptible of being cured. In addition, all subleases which theretofore may have been assigned to Landlord shall be assigned and transferred, without recourse, by Landlord to the tenant named in such new lease. Between the date of termination of this Lease and the date of execution and delivery of the new lease, if the Leasehold Mortgagee shall have requested such new lease, Landlord will not cancel any subleases or accept any cancellation, termination or surrender thereof (unless arising from the default by the subtenant thereunder or unless such termination shall be effected as a matter of law on the termination of this Lease) without the consent of the Leasehold Mortgagee. In the event that a default by a subtenant shall exist, the Leasehold Mortgagee shall not unreasonably withhold or delay its consent to such termination. The provisions of this subparagraph shall survive the termination of this Lease and shall continue in full force and effect thereafter to the same extent as if this subparagraph were a separate and independent contract among Landlord, Tenant and the Leasehold Mortgagee. From the later of the termination or the date on which any Leasehold Mortgagee serves upon Landlord the notice of the exercise of its right to a new lease, such Leasehold Mortgagee may use and enjoy the Premises without hindrance by Landlord (subject to the indemnity and insurance obligations of Tenant herein, which shall be binding on the Leasehold Mortgagee during such period);

provided, however, that all Fixed Annual Rent and additional rent shall be paid, or caused to be paid, by the Leasehold Mortgagee.

(e) No Leasehold Mortgagee or its designee shall become personally liable for the performance or observation of any covenants or conditions to be performed or observed by Tenant unless and until such Leasehold Mortgagee or such designee becomes the owner of Tenant's interest hereunder upon the exercise of any remedy provided for in any Leasehold Mortgage or enters into a new lease with Landlord pursuant to subparagraph (d) above. Thereafter, such Leasehold Mortgagee or its designee shall be liable for (A) the performance and observance of such covenants and conditions only so long as such Leasehold Mortgagee owns such interest or is the lessee under such new lease (such obligation of the Leasehold Mortgagee during such period to survive any subsequent assignment of the Leasehold Mortgagee's interest in the Premises) and (B) any defaults by such Leasehold Mortgagee occurring during the period it owned such interest or was the lessee under such new lease (such obligation of the Leasehold Mortgagee during such period to survive any subsequent assignment of the Leasehold Mortgagee's interest in the Premises).

(f) Upon the reasonable request of any Leasehold Mortgagee, Landlord (at Tenant's sole cost and expense) and Tenant shall cooperate in including in this Lease by suitable amendment from time to time any provision for the purpose of implementing the protective provisions contained in this Lease for the benefit of such Leasehold Mortgagee in allowing such Leasehold Mortgagee reasonable means to protect or preserve the lien of its proposed Leasehold Mortgage on the occurrence of a default by Tenant under the terms of this Lease. Landlord and Tenant shall execute, deliver and acknowledge any amendment reasonably necessary to effectuate any such requirement; provided, however, that any such amendment shall not in any way affect the Term or rental under this Lease nor otherwise in any material respect adversely affect any rights of Landlord under this Lease.

ARTICLE XIX

LEASE CONTAINS ALL AGREEMENTS

Section 19.1 This Lease contains all of the covenants, agreements, terms, provisions and conditions relating to the leasing of the Premises hereunder, and Landlord has not made and is not making, and Tenant in executing and delivering this Lease is not relying upon, any warranties, representations, promises or statements, except to the extent that the same may expressly be set forth in this Lease.

Section 19.2 The failure of either party to insist in any instance upon the strict performance of any provision of this Lease or to exercise any election herein contained shall not be construed as a waiver or relinquishment for the future of such provision or election, but the same shall continue and remain in full force and effect. No waiver or modification by either party of any provision of this Lease or other right or benefit shall be deemed to have been made unless expressed in writing and signed by such party. No surrender of the Premises or of any part thereof or of any remainder of the Term shall be valid unless specifically accepted by Landlord in writing. Any breach by Tenant of any provision of this Lease shall not be deemed to be waived by (a) the receipt and retention by Landlord of Fixed Annual Rent or additional rent from anyone other than Tenant or (b) the acceptance of such other person as a tenant or (c) a release of Tenant from the further performance by Tenant of the provisions of this Lease or (d) the receipt and retention by Landlord of Fixed Annual Rent or additional rent with knowledge of the breach of any provision of this Lease. No payment by Tenant or receipt or retention by Landlord of a lesser amount than any Fixed Annual Rent or additional rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement of or on any check or any letter accompanying any check or payment as such be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such amounts due and owing or pursue any other remedy provided in this Lease or at law. No agreement hereafter made between Landlord and Tenant shall be effective to change, modify, waive, release, discharge, terminate or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing, refers expressly to this Lease and is signed by the party against whom enforcement of the

change, modification, waiver, release, discharge or termination or effectuation of the abandonment is sought.

ARTICLE XX

PARTIES BOUND

Section 20.1 The covenants, agreements, terms, provisions and conditions of this Lease shall bind and benefit the respective successors, assigns and legal representatives of the parties hereto with the same effect as if mentioned in each instance where a party hereto is named or referred to, except that no violation of the provisions of Article XVII hereof shall operate to vest any rights in any successor, assignee or legal representative of Tenant.

ARTICLE XXI

NOTICES

Section 21.1 Any notice, consent, approval, demand or statement hereunder by either party to the other party shall be in writing and shall be deemed to have been duly given if sent by certified mail, return receipt requested, or by overnight express mail or other overnight delivery service, addressed to such other party, which address for Landlord shall be the address as hereinbefore set forth and which address for Tenant shall be the address for Tenant as hereinbefore set forth. For purposes of the foregoing, and notwithstanding anything to the contrary contained in this Lease, notices from Landlord's managing agent or attorney shall be deemed notice from Landlord and, for purposes hereof, such notices shall include, without limitation, (a) demands for payment of Fixed Annual Rent and/or additional rent, performance of any obligation or demand for cure of any default, (b) notices of default or termination and (c) all other notices required by law or by this Lease or otherwise desired by Landlord in connection with or as predicate to any action or proceeding for Fixed Annual Rent, additional rent or for possession of the Premises. Tenant agrees that it shall not (and hereby waives the right) to contest such authorization or raise any defense to any action or proceeding predicated on any allegation of lack of such authorization. Either party may at any time change the address for such notices, consents, approvals, demands or statements by mailing, as aforesaid, to the other party a notice stating the change and setting forth the changed address. Every notice, consent, approval, demand or statement hereunder shall be deemed to have been given or served in the case of overnight express mail or other overnight delivery service, upon receipt by the addressees thereof and/or upon the refusal of such addressees to accept receipt, or in the case of certified mail, three (3) business days from when the same shall have been deposited in the United States mails, in the manner aforesaid. If the term "Tenant" as used in this Lease refers to more than one Person, any notice, consent, approval, demand or statement given as aforesaid to any one of such Persons shall be deemed to have been duly given to Tenant.

Any non-routine notice sent by Tenant to Landlord shall be sent simultaneously and in like manner to (a) Mr. Gregg Schenker, c/o ABS Partners Real Estate, LLC, 200 Park Avenue South, New York, New York 10003 and (b) Morrison Cohen LLP, 909 Third Avenue, New York, New York 10022, Attn: Lawrence B. Simon, Esq. Similarly, any non-routine notice sent by Landlord to Tenant shall be sent simultaneously and in like manner to Cohen Schneider LLP, 275 Madison Avenue, Suite 1905, New York, New York 10016, Attn: Cliff S. Schneider, Esq.

ARTICLE XXII

INABILITY TO PERFORM

Section 22.1 If, by reason of (a) strike, (b) labor troubles, (c) governmental preemption in connection with a national emergency, (d) any rule, order or regulation of any governmental agency, (e) conditions of supply or demand, (f) conditions affected by, or actions (including without limitation any evacuation or closure of the Premises) taken by Landlord or others reasonably intended to assure the health, security or safety of the Premises or any person in response to war, any act of terrorism or violence (even if not directed at the Premises or any occupant thereof), or other national, state or municipal emergency (whether or not officially proclaimed by any governmental authority), (g) unavailability of power or any disruption of

electrical or any other utility service, or (h) any other cause beyond Landlord's control, Landlord does not fulfill any obligation under this Lease or shall be unable to supply any service which Landlord is obligated to supply, this Lease and Tenant's obligation to pay Rent hereunder shall in no event be affected, impaired or excused. As Landlord shall learn of the happening of any of the foregoing conditions, Landlord shall promptly notify Tenant of such event and, if ascertainable, its estimated duration, and will proceed promptly and diligently with the fulfillment of its obligations as soon as reasonably possible.

ARTICLE XXIII

SECURITY

Section 23.1 Tenant has deposited with Landlord the amount of $328,500.00 as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this Lease.

Section 23.2 It is agreed that in the event Tenant defaults in respect of any of the terms, provisions and conditions of this Lease, including but not limited to, the payment of Fixed Annual Rent and additional rent, Landlord may use, apply or retain the whole or any part of the security so deposited to the extent required for the payment of any Fixed Annual Rent and additional rent or any other sum which Landlord may expend or may be required to expend by reason of Tenant's default in respect of any of the terms, covenants and conditions of this Lease including, but not limited to, any damages or deficiency in the reletting of the Premises, whether such damages or deficiency accrued before or after summary proceedings or other re-entry by Landlord. In the event that Tenant shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this Lease, the security shall be returned to Tenant promptly after (a) the date fixed as the end of the Lease and (b) delivery of entire possession of the Premises to Landlord. In the event of a sale of the Premises or leasing of the Premises, Landlord shall have the right to transfer the security to the vendee or lessee and Landlord shall thereupon be released by Tenant from all liability for the return of such security; and Tenant agrees to look to the new Landlord solely for the return of said security; and it is agreed that the provisions hereof shall apply to every transfer or assignment made of the security to a new Landlord. Tenant further covenants that it will not assign or encumber or attempt to assign or encumber the monies deposited herein as security and that neither Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

Section 23.3 All interest accruing on the security deposited shall remain Tenant's property (less standard annual management charge of 1%) and, provided Tenant is not in default in the performance of the terms, conditions and covenants of this Lease, shall be paid to Tenant at the expiration of the Term hereof.

Section 23.4 Provided that Tenant (i) shall not (a) have previously been in default under this Lease beyond any applicable notice and cure periods or (b) then be in default of any of its obligations hereunder, (ii) has obtained a Certificate of Occupancy for the Premises providing for school use of the Premises and (iii) is then operating in the Premises for the use contemplated in Section 6.1 hereof, Landlord shall, upon Tenant's written request to be given not sooner than the second (2nd) anniversary of the Rent Commencement Date, return to Tenant $164,250.00 of the security. Notwithstanding anything to the contrary contained herein, the security shall at all times remain at least $164,250.00.

ARTICLE XXIV

END OF TERM

Section 24.1 Upon the expiration or other termination of this Lease, Tenant shall quit and surrender to Landlord the Premises, vacant, broom clean, in good order and condition, ordinary wear and tear and damage for which Tenant is not responsible under the terms of this Lease excepted, and otherwise in compliance with the provisions of this Lease. If the last day of the Term falls on a Saturday or Sunday, this Lease shall expire on the Business Day immediately preceding. Tenant expressly waives, for itself and for any Person claiming through or under

Tenant, any rights which Tenant or any such Person may have under the provisions of Section 2201 of the New York Civil Practice Law and Rules and of any successor law of like import then in force in connection with any holdover summary proceedings which Landlord may institute to enforce the foregoing provisions of this Article XXIV. Tenant acknowledges that possession of the Premises must be surrendered to Landlord on the Expiration Date. Tenant agrees to indemnify and save Landlord harmless from and against all claims, losses, damages, liabilities, costs and expenses (including, without limitation, attorneys' fees and disbursements) resulting from delay by Tenant in so surrendering the Premises, including, without limitation, any claims made by any succeeding tenant founded on such delay. The parties recognize and agree that the damage to Landlord resulting from any failure by Tenant to timely surrender possession of the Premises as aforesaid will be extremely substantial, will exceed the amount of the monthly installments of the Rent and will be impossible to accurately measure. Tenant therefore agrees that if possession of the Premises is not surrendered to Landlord within twenty-four (24) hours after the Expiration Date, in addition to any other rights or remedies Landlord may have hereunder or at law, and without in any manner limiting Landlord's right to demonstrate and collect any damages suffered by Landlord and arising from Tenant's failure to surrender the Premises as provided herein, Tenant shall pay to Landlord on account of use and occupancy of the Premises for each month and for each portion of any month during which Tenant holds over in the Premises after the Expiration Date, a sum equal two (2) times the greater of (i) the Fixed Annual Rent and additional rent which was payable under this Lease during the last month of the Term, and (ii) the then monthly fair market rental value for the Premises. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Premises after the Expiration Date or to limit in any manner Landlord's right to regain possession of the Premises through summary proceedings or otherwise, and no acceptance by Landlord of payments from Tenant after the Expiration Date shall be deemed to be other than on account of the amount to be paid by Tenant in accordance with the provisions of this Article XXIV. Anything in this lease to the contrary notwithstanding, the acceptance of any Rent paid by Tenant pursuant to this Article shall not preclude Landlord from commencing and prosecuting a holdover or summary eviction proceeding, and the foregoing shall be deemed an agreement expressly "providing otherwise" within the meaning of Section 232-c of the Real Property Law of the State of New York and any successor law of like import. The provisions of this Article XXIV shall survive the Expiration Date or sooner termination of the Term hereof.

ARTICLE XXV

FAILURE TO GIVE POSSESSION

Section 25.1 Tenant waives any right to rescind this Lease under Section 223-a of the New York Real Property Law or any successor statute of similar nature and purpose then in force and further waives the right to recover any damages which may result from Landlord's failure for any reason to deliver possession of the Premises on the date set forth in Section 1.2 hereof for the commencement of the Term. The provisions of this Article are intended to constitute an "express provision to the contrary" within the meaning of Section 223-a of the New York Real Property Law.

ARTICLE XXVI

QUIET ENJOYMENT

Section 26.1 Landlord covenants that, if and so long as Tenant shall perform the agreements, terms, covenants and conditions hereof, Tenant will and may (subject, however, to the exceptions, reservations, terms and conditions of this Lease) peaceably and quietly have, hold and enjoy the Premises for the Term without molestation or disturbance and free of any encumbrance created or suffered by Landlord, except those encumbrances to which this Lease is subject and subordinate.

ARTICLE XXVII

WAIVER OF TRIAL BY JURY

Section 27.1 The respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, or for the enforcement of any remedy under any statute, emergency or otherwise. If Landlord commences any summary proceeding against Tenant, Tenant will not interpose any counterclaim of whatever nature or description in any such proceeding (unless failure to interpose such counterclaim would preclude Tenant from asserting in a separate action the claim which is the subject of such counterclaim), and will not seek to consolidate such proceeding with any other action which may have been or will be brought in any other court by Tenant.

ARTICLE XXVIII

BROKERS

Section 28.1 Landlord represents and warrants to Tenant that Landlord has dealt with no realtors, brokers or agents other than ABS Partners Real Estate, LLC and Jones Lang LaSalle (collectively, the "Broker") in the negotiation and execution of this Lease. Tenant similarly represents and warrants to Landlord that Tenant has dealt with no realtors, brokers or agents other than the Broker in the negotiation and execution of this Lease. The Broker shall be paid for its services by Landlord pursuant to a separate agreement between them. Each of Landlord and Tenant hereby indemnifies the other and agrees to hold the other harmless from and against the claim of any realtor, broker or agent (other than the Broker) with whom the indemnifying party may have dealt with regard to this Lease or the Premises. The foregoing indemnity made by each party to the other (a) shall cover all loss, cost, damage or expense (including, without limitation, reasonable attorneys' fees) which the indemnified party incurs as a result of the aforesaid representation by the indemnifying party being incorrect in any material respect and (b) shall survive the Expiration Date or the sooner termination of this Lease.

ARTICLE XXIX

VARIOUS COVENANTS

Section 29.1 Tenant agrees that Tenant will:

(a) Permit Landlord, any lender, and each of their representatives, to enter the Premises on at least 24 hours notice, or, in case of emergency, without notice, for the purposes of inspection or (if and to the extent required by Landlord) of making repairs, replacements or improvements in or to the Premises, or of complying with all Requirements or of exercising any right reserved to Landlord by this Lease (including the right during the progress of such repairs, replacements or improvements or while performing work and furnishing materials in connection therewith, to keep and store within the Premises all necessary materials, tools and equipment), all without the same constituting an actual or constructive eviction in whole or in part and without any abatement of Fixed Annual Rent or additional rent. Notwithstanding the foregoing, Landlord shall use commercially reasonable efforts to minimize interference with Tenant's operation of the school (as opposed to operation of the Premises) and shall at all times comply with Tenant's reasonable security procedures and rules applicable to invitees to the Premises while school is in session.

(b) Make no claim against Landlord for any damage to property of Tenant or of others or for any loss of or damage to any property of Tenant by theft or any injury or damage to Tenant or other persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or snow or leaks from any part of the Premises or from the pipes, appliances or plumbing works or from the roof, street or subsurface or from any other place or by dampness or by any defects in the Premises, latent or otherwise, or by any other cause of whatsoever nature, unless, in the case of Landlord, caused by or due to the gross negligence or willful misconduct of Landlord, its agents, servants or employees.

(c) Permit Landlord, on at least 24 hours notice (which notice may be oral), to (i) show the Premises to any lender or mortgagee, or any prospective purchaser, assignee of the Premises or any loan or mortgage, and their representatives, and during the period of twelve (12) months immediately preceding the scheduled Expiration Date, similarly show any part of the Premises to any person or entity contemplating the leasing of all or a portion of the same, or (ii) otherwise examine the Premises. Notwithstanding the foregoing, Landlord shall use commercially reasonable efforts to minimize interference with Tenant's operation of the school (as opposed to operation of the Premises) and shall at all times comply with Tenant's reasonable security procedures and rules applicable to invitees to the Premises while school is in session.

(d) At any time and from time to time upon not less than ten (10) days' prior notice by Landlord to Tenant, Tenant shall execute, acknowledge and deliver to Landlord, or to anyone Landlord shall designate, a written statement executed by an authorized signatory of Tenant certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), specifying the dates to which the Fixed Annual Rent, additional rent and other charges have been paid in advance, if any, stating whether or not to the best knowledge of the signer of such certificate Landlord is in default in performance of any provision of this Lease and, if so, specifying each default of which the signer may have knowledge, and containing such other information or statements reasonably required by Landlord or Landlord's designee, it being intended that any such statement so delivered may be relied upon by any lender or any prospective purchaser, lessee or assignee of any loan.

(e) Not clean, nor require, permit, suffer or allow any window in the Premises to be cleaned in violation of Section 202 of the Labor Law or of any board or body having or asserting jurisdiction.

ARTICLE XXX

CONVEYANCE BY LANDLORD

Section 30.1 In the event that Landlord, or any successor owner of the Premises, or any holder of Landlord's interest in this Lease, shall convey or otherwise dispose thereof, or shall assign Landlord's interest in this Lease, then all liabilities and obligations thereafter accruing or maturing on the part of Landlord or any such successor owner of the Premises or holder of Landlord's interest under this Lease, shall cease and terminate and each successor owner of the Premises, or holder of Landlord's interest under this Lease shall, without further agreement, be bound by Landlord's covenants and obligations, but only during the period of its respective ownership; and Tenant shall continue to be bound by this Lease, and shall recognize the successor to Landlord's interests as its Landlord hereunder. The term "Landlord", as used in this Lease, means only the owner of the Premises, or holder of Landlord's interest under this Lease, for the time being, so that in the event of a sale or sales of the Premises, or in the event of a lease subject to this Lease, each prior landlord shall be and hereby is entirely freed and relieved of all covenants and obligations thereafter accruing or maturing of Landlord hereunder, same to be deemed and construed to have been assumed and agreed to by each such successor to Landlord's interest hereunder, for the limited period herein specified.

ARTICLE XXXI

DISCHARGE OF LIENS; BONDS

Section 31.1 Except as otherwise permitted in this Lease, Tenant shall not create or permit to be created any lien, encumbrance or charge upon the Premises or any part thereof or the income therefrom, or any assets of Landlord, and Tenant in no event shall suffer or permit any other matter or thing whereby the estate, rights and interest of Landlord in the Premises or any part thereof, or any assets of Landlord, might be impaired.

Section 31.2 If any mechanic's, laborer's or materialman's lien at any time shall be filed against the Premises or any part thereof, Tenant, within thirty (30) days after notice to Tenant of the filing thereof, shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If Tenant shall fail to cause such lien to

be discharged within the period aforesaid, in addition to any other right or remedy, Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding proceedings. Any amount so paid by Landlord, with all costs and expenses incurred by Landlord in connection therewith, together with interest thereon at the Applicable Rate from the respective dates of Landlord's making of the payment or incurring of the costs and expenses, shall be paid by Tenant to Landlord on demand.

Section 31.3 Nothing contained in this Lease shall be deemed or construed in any way as constituting the consent or approval of Landlord, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to or repair of the Premises or any part thereof, nor as giving Tenant any right, power or authority to contract for or permit the rendering of any services or the furnishing of materials that would give rise to the filing of any lien against the Premises or any part thereof or any assets of Landlord. Notice is hereby given, and Tenant shall cause all construction agreements to provide, that Landlord shall not be liable for any work performed or to be performed at the Premises for Tenant or for any materials furnished or to be furnished at the Premises for any of the foregoing, and that no mechanic's or other lien for such work or materials shall attach to or affect the estate or interest of Landlord in and to the Premises or any asset of Landlord.

Section 31.4 Except as specifically provided in this Lease, Tenant shall have no power to do any act or make any contract which may create or be the foundation for any lien, loan, mortgage or other encumbrance upon the estate or assets of Landlord or of any interest of Landlord in the Premises.

Section 31.5 Unless Landlord consents thereto and except with respect to any leasehold mortgage for which Landlord has already provided its approval, Tenant shall not be permitted to install and make part of the Premises any materials, fixtures or articles which are subject to liens, chattel mortgages or security interests (as such term is defined in the Uniform Commercial Code as then in effect in New York) provided, however, that if Landlord does consent thereto, then Landlord and Tenant shall execute and deliver such documentation reasonably acceptable to Landlord evidencing Landlord's consent and Tenant shall pay all reasonable legal fees and disbursements incurred by Landlord in connection therewith.

ARTICLE XXXII

NO REPRESENTATIONS BY LANDLORD

Section 32.1 Tenant acknowledges that it is fully familiar with the Premises and the physical condition thereof and that, except as otherwise provided herein, Tenant shall accept the Premises in the condition and state of repair which shall exist on the Commencement Date "as is", except as otherwise expressly set forth herein, and Tenant agrees that, except as expressly stated herein, no representations, statements or warranties, express or implied, have been made by or on behalf of Landlord in respect of the Premises, the status of title thereof, the physical condition thereof (including, without limitation, the presence or absence of Hazardous Materials), the zoning or other laws, regulations, rules and orders applicable thereto, the compliance with applicable Requirements of the Premises or the use that may be made of the Premises, that Tenant has relied on no such representations, statements or warranties, and that Landlord shall in no event whatsoever be liable for any latent or patent defects in the Premises.

ARTICLE XXXIII

INDEMNIFICATION OF LANDLORD

Section 33.1 Notwithstanding anything to the contrary contained in this Lease, Tenant shall not do or permit any act or thing to be done upon the Premises which may subject Landlord to any liability or responsibility for injury, damages to persons or property or to any liability by reason of any violation of law or of any Requirement, but shall exercise such control over the Premises as to fully protect Landlord against any such liability. Tenant shall indemnify and save Landlord, its direct and indirect shareholders, tenants-in-common, directors, officers, principals,

members, employees, partners, agents, contractors, lenders, successors and assigns (collectively, the "Landlord Indemnitees"), harmless from and against (a) all claims, actions, suits, demands, damages, judgments, costs, interest and expenses (collectively, "claims") of whatever nature arising from any act, omission or negligence of Tenant, its contractors, agents, employees, subtenants, assignees, licensees, invitees or visitors, (b) all claims arising from any accident, injury or damage whatsoever caused to any person or to the property of any Person and occurring during the Term in or about the Premises (other than that caused by Landlord, its contractors, employees or agents), (c) any breach, violation or nonperformance of any covenant, condition or agreement in this Lease set forth and contained on the part of Tenant to be fulfilled, kept, observed and performed, (d) the performance of any labor or services or the furnishing of any materials or other property in respect of the Premises or any part thereof by or on behalf (or alleged to be on behalf) of Tenant, (e) any contest conducted pursuant to this Lease, or (f) any loss of, or diminution in the value of, the Premises or Landlord's ownership thereof. This indemnity and hold harmless agreement shall include indemnity from and against any and all liability, fines, suits, demands, costs and expenses of any kind or nature (including, without limitation, attorneys' fees and disbursements) incurred in or in connection with any such claim or proceeding brought thereon, and the defense thereof.

Section 33.2 The obligations of Tenant under this Article XXXIII shall not in any way be affected by the absence in any case of covering insurance or by the failure or refusal of any insurance carrier to perform any obligation on its part to be performed under insurance policies affecting the Premises.

Section 33.3 If any claim, action or proceeding is made or brought against any Landlord Indemnitee, which claim, action or proceeding Tenant shall be obligated to indemnify such Landlord Indemnitee against pursuant to the terms of this Lease then, upon demand by such Landlord Indemnitee, Tenant, at its sole cost and expense, shall resist or defend such claim, action or proceeding in such Landlord Indemnitee's name, if necessary, by such attorneys as such Landlord Indemnitee shall approve. Notwithstanding the foregoing, a Landlord Indemnitee may engage its own attorneys to defend it or to assist in its defense and Tenant shall pay the reasonable fees and disbursements of such attorneys.

Section 33.4 The provisions of this Article XXXIII shall survive the expiration or earlier termination of this Lease.

ARTICLE XXXIV

RIGHT OF INSPECTION AND ACCESS

Section 34.1 Tenant shall permit Landlord and its agents, employees and representatives to enter the Premises at all reasonable times upon reasonable prior notice (except in the case of an emergency), which notice may be oral, for the purpose of (a) inspecting the Premises, and (b) making any necessary or desirable repairs thereto and performing any necessary or desirable work therein. Except in an emergency, Landlord shall afford Tenant reasonable opportunity for a representative of Tenant to accompany Landlord during Landlord's entry into any area of the Premises. Landlord shall at all times comply with Tenant's reasonable security procedures and rules applicable to invitees to the Premises while school is in session. Should Landlord or its representatives, agents, invitees or licensees access the Premises for the purposes of performing work or maintenance on the Premises as contemplated under this Lease, Landlord shall use its commercially reasonable efforts to ensure that Tenant's property is undisturbed and not damaged, and, subject to the provisions of this Lease, Landlord shall defend, indemnify and hold Tenant harmless from and against any damage to Tenant's property or the Premises caused by Landlord, its representatives, agents, invitees or licensees during any such access.

Section 34.2 Nothing in this Article XXXIV or elsewhere in this Lease shall imply any duty upon the part of Landlord to do any work, and performance thereof by Landlord shall not constitute a waiver of Tenant's default in failing to perform the same. Landlord shall not be liable for any inconvenience, annoyance, disturbance, loss of business or other damage of Tenant or any subtenant by reason of making such repairs or the performance of any such work or inspection, and the obligations of Tenant under this Lease shall not be affected thereby.

expenses incurred by the Landlord Indemnitees in connection therewith including, but not limited to, reasonable attorneys' fees and disbursements. The foregoing indemnity shall apply regardless of whether the generation, use, handling, manufacture, processing, distribution, emission, storage, transport, treatment, release, threatened release, disposal, discharge or presence of any such Hazardous Materials was or will be undertaken in accordance with applicable laws, regulations, codes or ordinances and, to the extent that any Landlord Indemnitee is liable under applicable laws, regulations, codes or ordinances, Tenant's obligation to such Landlord Indemnitee under this indemnity shall likewise be without regard to fault on the part of Tenant with respect to the violation of the law, regulation, code or ordinance which results in liability to such Landlord Indemnitee. The provisions of this Section 35.2(c) shall survive the expiration or termination of this Lease.

(d) If Tenant shall fail to comply with the requirements of this Article XXXV then, in addition to any remedies which Landlord otherwise may have under this Lease, at law or in equity, Landlord shall have the right to enter the Premises to cure any such failure at Tenant's sole cost and expense.

ARTICLE XXXVI

LANDLORD'S CONSENTS AND APPROVALS

Section 36.1 All consents and approvals which may be given under this Lease, as a condition of their effectiveness, shall be in writing and delivered in accordance with the provisions of Article XXI of this Lease. It is understood and agreed that the granting of any consent or approval by Landlord to Tenant to perform any act of Tenant requiring Landlord's consent or approval under the terms of this Lease, or the failure on the part of Landlord to object to any such action taken by Tenant without Landlord's consent or approval, shall not be deemed a waiver by Landlord of its right to require such consent or approval for any further or similar act by Tenant, and Tenant hereby expressly covenants and warrants that as to all matters requiring Landlord's consent or approval under the terms of this Lease, Tenant shall secure such consent or approval for each and every happening of the event requiring such consent or approval, and shall not claim any waiver on the part of Landlord of the requirement to secure such consent or approval.

ARTICLE XXXVII

LIABILITY OF LANDLORD

Section 37.1 Notwithstanding anything to the contrary contained in this Lease, (a) the liability of Landlord hereunder for damages or otherwise shall be limited to Landlord's interest in the Premises and to the net proceeds of insurance and the net award with respect to any taking or condemnation actually received by Landlord and not applied to Restoration and (b) neither Landlord nor the direct or indirect tenants-in-common, shareholders, directors, officers, principals, members, partners, successors and assigns of Landlord shall have any personal liability beyond its interest in the Premises and no other property or assets of Landlord nor of Landlord's direct and indirect tenants-in-common, shareholders, directors, officers, principals, members, partners, successors and assigns shall be subject to any judgment, levy, execution, nor shall the direct or indirect tenants-in-common, shareholders, directors, officers, principals, members, partners, successors and assigns of Landlord be liable for the performance of Landlord's obligations under this Lease.

ARTICLE XXXVIII

SHORING

Section 38.1 In the event that any excavation shall be made for building or other purposes upon land adjacent to the Premises, Tenant, upon reasonable notice, shall afford to the Person causing or authorized to cause such excavation a license to enter upon the Premises for the purpose of doing such work as said Person shall deem to be necessary to preserve the wall or walls, structure or structures of the Premises from injury or damage and to support the same by proper foundations. Tenant, at its own expense, shall remain responsible for repairing any

damage caused to any part of the Premises because of any excavation, construction work or other work of a similar nature which may be done on any such adjacent lands and is authorized to seek appropriate relief against the adjoining owners, or the parties causing such damage, but Tenant expressly agrees that Landlord shall have no liability therefor. Landlord shall use reasonable efforts to cause the party performing such excavation to (i) provide reasonable notice to Tenant prior to such entry and (ii) minimize its interference with Tenant's use and occupancy of the Premises during such entry provided, however, under no circumstances will Landlord be liable in any way to Tenant as a result of any such work.

ARTICLE XXXIX

INVALIDITY OF CERTAIN PROVISIONS

Section 39.1 If any term or provision of this Lease or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

ARTICLE XL

RECORDING OF MEMORANDUM

Section 40.1 Neither Landlord nor Tenant shall record this Lease and any purported recording of this Lease shall be void and, if Tenant effectuates such recording, same shall be a default of this Lease. Landlord or Tenant (at the recording party's expense) may record a memorandum of lease signed by both parties if required by any leasehold mortgagee.

ARTICLE XLI

NON-MERGER

Section 41.1 There shall be no merger of this Lease or the leasehold estate created hereby with the fee estate in the Premises or any part thereof by reason of the same Person acquiring or holding, directly or indirectly, this Lease or the leasehold estate created hereby or any interest in this Lease or in such leasehold estate as well as the Premises.

ARTICLE XLII

SIGNS

Section 42.1 Tenant shall not, without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed, place or install any sign on any exterior portion of the Premises (including, without limitation, both the interior and exterior surfaces of windows and doors) provided that Landlord's consent shall not be required to install any sign that is (i) made up of ordinary and customary student artwork or school projects, (ii) required by law, or (iii) an interior sign that is not visible from the exterior of the Premises. Tenant shall comply with all of Landlord's reasonable requirements and policies for signage which are visible from outside the Premises, including but not limited to erection and maintenance. Notwithstanding the foregoing, Landlord shall permit the Tenant to place such temporary signs and notices as would ordinarily and customarily be posted by a school on its building.

Section 42.2 Tenant agrees that no signs shall be installed in the Premises until all approvals and permits are first obtained and copies thereof delivered to Landlord together with evidence of payment in full by Tenant therefor.

Section 42.3 Tenant shall procure appropriate worker's compensation and liability insurance policies covering the installation and maintenance of any signs, and all such policies or certificates of such policies shall be delivered to Landlord prior to the commencement of any work and shall provide that such policies shall not be cancelable, except upon thirty (30) days' prior written notice to Landlord.

Section 42.4 Tenant agrees that Landlord makes no warranty or representation as to the legality of any sign and/or awning to be installed by Tenant, notwithstanding any approval thereof by Landlord pursuant to the provisions of this Lease.

Section 42.5 Landlord, at Tenant's sole cost and expense, shall reasonably cooperate with Tenant in connection with any permits, approvals, consents and licenses which are reasonably required in connection with the installation or maintenance of said signs and in connection therewith Landlord shall execute and deliver to Tenant, promptly after request by Tenant, all sign applications reasonably required to be submitted to the local governmental authorities.

ARTICLE XLIII

MISCELLANEOUS

Section 43.1 If, in connection with Landlord's obtaining financing for the Premises, a bank, insurance company or other lender shall request reasonable modifications to this Lease as a condition to such financing, Tenant will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not materially increase the obligations of Tenant hereunder, decrease the rights of Tenant hereunder or materially adversely affect the leasehold interest hereby created.

Section 43.2 At any time and from time to time upon not less than ten (10) days' prior notice by Tenant to Landlord, Landlord shall execute, acknowledge and deliver to Tenant, or to anyone Tenant shall designate, a statement of Landlord (or if Landlord is a corporation, an appropriate officer of Landlord) in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), specifying the dates to which the Fixed Annual Rent, additional rent and other charges have been paid in advance, if any, and stating whether or not to the best knowledge of the signer of such certificate Tenant is in default in performance of any provision of this Lease and, if so, specifying each default of which the signer may have knowledge.

Section 43.3 Tenant shall not place a load upon any floor of the Premises exceeding the floor load per square foot which such floor was designed to carry. If the Premises be or becomes infested with vermin, Tenant shall, at Tenant's sole cost and expense, cause the same to be exterminated from time to time to the satisfaction of Landlord and shall employ such exterminators and such exterminating company or companies as shall be approved by Landlord, such approval not to be unreasonably withheld, conditioned or delayed.

Section 43.4 The article headings of this Lease are for convenience only and are not to be considered in construing same.

Section 43.5 The submission by Landlord of this Lease in draft form shall be deemed submitted solely for Tenant's consideration and not for acceptance and execution. Such submission shall have no binding force or effect and shall confer no rights nor impose any obligations, including brokerage obligations, on either party unless and until both Landlord and Tenant shall have executed this Lease and duplicate originals thereof shall have been delivered to the respective parties.

Section 43.6 This Lease shall be construed and enforced in accordance with the laws of the State of New York and any suit, action or proceeding against Tenant or Landlord arising out of or relating to this Lease may be instituted in any federal or state court in New York, New York, and for that purpose Landlord and Tenant each expressly and irrevocably submit itself to the jurisdiction of such courts. Landlord and Tenant each agree that so far as is permitted under applicable law, this consent to personal jurisdiction shall be self-operative and no further instrument or action, other than service of process in one of the manners specified in this Lease, or as otherwise permitted by law, shall be necessary in order to confer jurisdiction upon it in any such court. Landlord and Tenant each further agree that judgment against it in any such action or proceeding shall be conclusive and, to the extent permitted by applicable law, may be enforced in any other jurisdiction within or outside the United States of America by suit on the judgment,

a certified or exemplified copy of which shall be conclusive evidence of the fact and of the amount of its indebtedness. If any provision of this Lease shall be invalid or unenforceable, the remainder of this Lease shall not be affected but rather shall be enforced to the fullest extent permitted by law.

Section 43.7 The terms, covenants, conditions and agreements herein contained shall bind and inure to the benefit of the parties hereto and their respective representatives, successors and assigns; the provisions of this Section, however, shall not be deemed to authorize the assignment of this Lease without the prior consent of Landlord to the extent hereinabove provided.

Section 43.8 This instrument contains the entire and only agreement between the parties hereto, and no oral statements, agreements or representations not embodied in this instrument shall have any force or effect. This instrument shall not be modified or amended in any manner except in writing by instrument executed by both parties. This Lease shall be interpreted and enforced without the aid of any canon or rule of law requiring or suggesting construction against the party drafting or causing the drafting of the provision in question.

Section 43.9 The person executing this Lease on behalf of Tenant covenants, represents and warrants to Landlord that such person is duly authorized to execute and deliver this Lease on behalf of Tenant.

Section 43.10 Tenant, at Tenant's sole cost and expense, shall be responsible for removing garbage, refuse and trash located in, upon or about the sidewalk adjacent to the Premises at least once per day so as to keep the same in a clean and orderly condition. Furthermore, Tenant, at Tenant's sole cost and expense, shall be responsible for shoveling snow and removing ice on the sidewalk immediately adjacent to the demised premises at such times and in such manner as is reasonably required to make such sidewalk safe for pedestrian traffic. Tenant shall comply with all rules and regulations established by Landlord with respect to Tenant's obligations in this Section.

Section 43.11 Tenant, its employees, agents and contractors shall observe and comply with the Rules and Regulations, as reasonably supplemented or amended from time to time, provided, however, that in case of any conflict or inconsistency between the provisions of this Lease and any of the Rules and Regulations as originally promulgated or as supplemented or amended from time to time, the provisions of this Lease shall control. Landlord reserves the right, from time to time, to adopt additional reasonable Rules and Regulations and to amend the Rules and Regulations then in effect for which Tenant must comply, on not less than thirty (30) days' written notice to Tenant.

ARTICLE XLIV

TENANT'S EXTENSION OPTION

Section 44.1 Provided (1) this Lease shall then be in full force and effect, (2) Tenant shall be in actual physical occupancy of the entire Premises and (3) Tenant shall not be in default hereunder either as of the date of Tenant's exercise of the extension option described herein or as of the day which would otherwise be the first day of the Extension Term, as defined herein (which conditions regarding default may be waived by Landlord in its sole discretion), Tenant shall have one (1) option to extend the term of this Lease, for an additional term of ten (10) years (the "Extension Term"). The Extension Term shall commence on the day immediately following the Expiration Date and shall expire on the tenth (10th) anniversary of the Expiration Date unless the Extension Term shall sooner end pursuant to any of the terms, covenants or conditions of this Lease or pursuant to law. Tenant shall give Landlord written notice of Tenant's intention to exercise such option on or before the date which is not more than eighteen (18) months nor less than twelve (12) months prior to the Expiration Date, the time of such exercise being of the essence, and upon the giving of such notice, this Lease and the term hereof shall be extended without execution or delivery of any other or further documents, with the same force and effect as if the Extension Term had originally been included in the term of this Lease, and the Expiration Date shall thereupon be deemed to be the last day of the Extension Term. All of the terms, covenants and conditions of this Lease shall continue in full force and effect during the

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Extension Term, including items of additional rent which shall remain payable on the terms herein set forth, except that the initial Fixed Annual Rent for the Extension Term shall be as determined in accordance with this Article.

Section 44.2 The initial Fixed Annual Rent payable by Tenant for the Premises for the first five (5) years of the Extension Term shall be equal to the greater of (a) 110% of the Fixed Annual Rent in existence for the one (1) year period immediately preceding the Expiration Date or (b) 95% of the then Fair Market Rental Value for the Premises. The Fixed Annual Rent payable by Tenant for the Premises for the second five (5) years of the Extension Term shall be 110% of the Fixed Annual Rent for the immediately preceding five (5) year period. The Fair Market Rental Value for the Premises shall be determined in accordance with the following procedure:

(a) Immediately after the exercise by Tenant of its option under Section 44.1 above, Landlord and Tenant shall use their commercially reasonable efforts to agree upon the Fair Market Rental Value for the Premises for the Premises for the five (5) year period commencing on the day immediately subsequent to the Extension Term. In the event Landlord and Tenant cannot reach agreement within thirty (30) business days after the date of Tenant's notice of exercise of its option, Landlord and Tenant shall each select a reputable, independent, qualified, licensed real estate broker or appraiser having an office in New York County, with at least ten (10) years experience as a retail real estate broker or appraiser, who is familiar with the rentals then being charged in comparable buildings in comparable locations in Manhattan (respectively, "Landlord's Broker/Appraiser" and "Tenant's Broker/Appraiser"), who shall confer promptly after their selection by Landlord and Tenant and shall use their commercially reasonable efforts to agree upon the Fair Market Rental Value for the Premises. If Landlord's Broker/Appraiser and Tenant's Broker/Appraiser cannot reach agreement within sixty (60) days after the date of Tenant's notice of exercise of its option, then within ten (10) days thereafter, they shall designate a third reputable, independent, similarly qualified, licensed real estate broker having an office in New York County (the "Independent Broker/Appraiser"). Upon the failure of Landlord's Broker/Appraiser and Tenant's Broker/Appraiser to agree upon the designation of the Independent Broker/Appraiser, then the Independent Broker/Appraiser shall be appointed by a Justice of the Supreme Court of the State of New York upon ten (10) days notice, or by any other court in New York County having jurisdiction and exercising functions similar to those exercised by the Supreme Court of the State of New York. Concurrently with such appointment, Landlord's Broker/Appraiser and Tenant's Broker/Appraiser shall each submit a letter to the Independent Broker/Appraiser, with a copy to Landlord and Tenant, setting forth such broker's (or appraiser's) estimate of the Fair Market Rental Value for the Premises (respectively, "Landlord's Letter" and "Tenant's Letter").

(b) The Independent Broker/Appraiser shall conduct such investigations and hearings as he may deem appropriate and shall, within sixty (60) days after the date of his designation, choose either the rental set forth in Landlord's Letter or Tenant's Letter to be the Fair Market Rental Value for the Premises and such choice shall be binding upon Landlord and Tenant. Once such determination has been made, the initial Fixed Annual Rent payable by Tenant for the first five (5) years of the Extension Term shall be the greater of (a) 110% of the Fixed Annual Rent for the Premises for the five (5) year period immediately preceding the Expiration Date or (b) 95% of the Fair Market Rental Value for the Premises, as finally determined in accordance with this Article. Landlord and Tenant shall each pay the fees and expenses of its respective broker (or appraiser). The fees and expenses of the Independent Broker/Appraiser shall be shared equally by Landlord and Tenant. The initial Fixed Annual Rent for the Extension Term shall be applicable for the first five (5) years of the Extension Term and shall thereafter be 110% of the immediately preceding Fixed Annual Rent. All payments of Fixed Annual Rent during the Extension Term shall be made in consecutive equal monthly installments on the first (1st) day of each calendar month during such period.

Section 44.3 In the event the Extension Term shall commence prior to the determination of the initial Fixed Annual Rent for the Extension Term as herein provided, then the initial Fixed Annual Rent to be paid by Tenant to Landlord until such determination has been made shall be 110% of the Fixed Annual Rent for the Premises for the five (5) year period immediately preceding the Expiration Date. After such determination has been made for the

initial Fixed Annual Rent to be paid by Tenant during the Extension Term, any deficiency in Fixed Annual Rent due from Tenant to Landlord during the Extension Term shall be paid within fifteen (15) days after demand therefor.

Section 44.4 Promptly after the initial Fixed Annual Rent for the Extension Term has been determined, Landlord and Tenant shall execute and deliver an agreement setting forth the initial Fixed Annual Rent for the Premises for the Extension Term, as finally determined, provided the failure of the parties to do so shall not affect their respective rights and obligations hereunder.

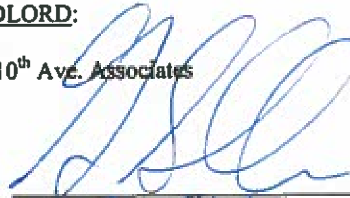
Section 44.5 It is expressly understood that the provisions of this Article shall not inure to the benefit of any permitted assignee of Tenant's interest in this Lease, Tenant hereby acknowledging and agreeing that notwithstanding anything to the contrary contained in this Section 44 and this Lease, the extension option set forth herein is for the personal benefit of the Tenant originally named herein and shall not inure to the benefit of any assignee of this Lease.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease as of the year and date first above written.

LANDLORD:

3896 10th Ave. Associates



By: ______________________
Name: Gregg Schenker
Title: Authorized Signatory

TENANT:

Friends of Inwood Academy for Leadership Charter School, Inc.

By: ______________________
Print Name: Christina Reyes
Print Title: Secretary

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EXHIBIT A

RULES AND REGULATIONS

1. Fire exits and stairways are for emergency use only, and they shall not be used for any other purpose by any Tenant Party or any other person.

2. Landlord shall have the right to reasonably prescribe the weight and position of safes and other objects of excessive weight, and no safe or other object whose weight exceeds the lawful load for the area upon which it would stand shall be brought into or kept upon the Premises. If, in the reasonable judgment of Landlord, it is necessary to distribute the concentrated weight of any safe or other heavy object, the work involved in such distribution shall be done in such manner as Landlord shall reasonably determine and the expense thereof shall be paid by Tenant. The moving of safes and other heavy objects shall take place only upon previous notice to, and in a manner reasonably approved by, Landlord, and the persons employed to move the same in and out of the Premises shall be reasonably acceptable to Landlord.

3. No dangerous, flammable, combustible or explosive object or material shall be brought into or kept in the Premises (with the exception of standard cleaning solutions and other materials used in the normal operations of a building or school) by Tenant or with the permission of Tenant, except as expressly permitted by the Lease and by law and the insurance companies insuring the Premises or the property therein.

4. In the event Landlord desires to enter upon the Premises after Tenant's normal business hours and provided that Landlord gives Tenant reasonable advance notice thereof (provided no notice is required in cases of emergency) using commercially reasonable efforts to not disturb the operations of Tenant given that Tenant is operating the Premises as a school, Tenant, at its sole cost and expense, shall either provide Landlord with a complete set of keys to the Premises to enable Landlord to have complete access throughout the Premises (the "Keys") or cause a representative of Tenant with a set of the Keys to accompany Landlord during the entire period of such entry to provide Landlord with complete access throughout the Premises. Upon the Expiration Date or earlier termination of this Lease, all Keys of the Premises shall be delivered to Landlord.

5. All entrance doors in the Premises shall be left locked by Tenant when the Premises are not in use. No door (other than a door in an interior partition of the Premises) shall be left open at any time except as may be required by the Fire Department of New York or other federal, state or local law, ordinance, rule or regulation.

6. Subject to the provisions of the Lease to which these Rules and Regulations are attached, Landlord reserves the right to rescind, alter or waive any rule or regulation at any time prescribed by Landlord when, in its judgment, it deems it necessary, desirable or proper for its best interest or for the best interests of others.

7. Tenant shall promptly notify Landlord of any inspection of the Premises by governmental agencies having jurisdiction over matters involving health or safety when any warnings or actual violation notices are issued by such agency.

8. Tenant shall be responsible for maintaining the Premises rodent and insect free. Extermination services shall be provided by Tenant on a monthly basis and additionally as reasonably required by Landlord.

9. All food storage areas shall be adequately protected against vermin entry by a contractor approved in advance by Landlord, such approval not to be unreasonably withheld, conditioned or delayed.

10. Drain pipes shall be kept free of obstructions and operable at all times.

11. Exit signs shall be illuminated, and other exit identification shall be operable, at all times.

12. Emergency lighting, including battery components, shall be in good working condition at all times.

APPENDIX I

FORM OF SUBLEASE

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SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT (this "Sublease") dated as of the 12th day of April, 2018, by and between Friends of Inwood Academy for Leadership Charter School, Inc. ("Sublandlord"), and Inwood Academy for Leadership Charter School ("Subtenant").

WHEREAS, Sublandlord is the tenant under a lease made by 3896 10th Ave. Associates ("Overlandlord") to Sublandlord dated as of July 6, 2017 for those certain premises located at 3896 10th Avenue, New York, NY (said lease, the "Lease" (attached hereto as Exhibit A), and said premises, the "Premises"); and

WHEREAS, Sublandlord desires to sublease the Premises, subject to the Lease; and

WHEREAS, Subtenant desires to sublease the Premises from the Sublandlord, all upon the terms and subject to the provisions and conditions hereinafter set fort; and

WHEREAS, as a condition to entering into the Lease, Overlandlord requires that Subtenant guarantees the Lease pursuant to the terms set forth in the guaranty attached hereto as Exhibit B (the "Guaranty").

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants, conditions and agreements hereinafter contained, do hereby agree as follows:

1. Sublease. Sublandlord, for and in consideration of the covenants and agreements herein contained on the part of Subtenant to be performed, hereby subleases the Premises to Subtenant, and Subtenant accepts from Sublandlord, the Premises and agrees to perform each and every obligation set forth therein.

2. Term. The term (the "Term") of this Sublease shall commence on Commencement Date (as defined in the Lease; to wit: March 24, 2018) and shall expire on September 29, 2060 (the "New Expiration Date") unless otherwise terminated in accordance with the Lease. Notwithstanding the foregoing, if there is no event of default hereunder by the Subtenant, and Initial Alterations are delayed to such a date that would push the substantial completion of such Initial Alterations (and as a result, the receipt of a temporary certificate of occupancy) beyond September 30, 2020, Sublandlord shall work in good faith with Overlandlord to further modify Overlease and in turn this Sublease so that the New Expiration Date shall be at least forty (40) years from the date on which Tenant receives a temporary certificate of occupancy for the Premises.

3. Rental. This Sublease is made for and in consideration of rent (the "Base Rent"), payable to Sublandlord on or before the first of each month during the Term as follows:

Year	Annual Rent	Monthly Rent
Year 1	$ 2,179,050.00	$ 181,587.50
Year 2	$ 2,179,050.00	$ 181,587.50

Year 3	$ 2,179,050.00	$ 181,587.50
Year 4	$ 2,179,050.00	$ 181,587.50
Year 5	$ 2,179,050.00	$ 181,587.50
Year 6	$ 2,179,050.00	$ 181,587.50
Year 7	$ 2,179,050.00	$ 181,587.50
Year 8	$ 2,179,050.00	$ 181,587.50
Year 9	$ 2,179,050.00	$ 181,587.50
Year 10	$ 2,179,050.00	$ 181,587.50
Year 11	$ 2,179,050.00	$ 181,587.50
Year 12	$ 2,179,050.00	$ 181,587.50
Year 13	$ 2,179,050.00	$ 181,587.50
Year 14	$ 2,179,050.00	$ 181,587.50
Year 15	$ 2,179,050.00	$ 181,587.50
Year 16	$ 2,222,631.00	$ 185,219.25
Year 17	$ 2,222,631.00	$ 185,219.25
Year 18	$ 2,222,631.00	$ 185,219.25
Year 19	$ 2,222,631.00	$ 185,219.25
Year 20	$ 2,222,631.00	$ 185,219.25
Year 21	$ 2,267,083.62	$ 188,923.64
Year 22	$ 2,267,083.62	$ 188,923.64
Year 23	$ 2,267,083.62	$ 188,923.64
Year 24	$ 2,267,083.62	$ 188,923.64
Year 25	$ 2,267,083.62	$ 188,923.64
Year 26	$ 2,312,425.29	$ 192,702.11
Year 27	$ 2,312,425.29	$ 192,702.11
Year 28	$ 2,312,425.29	$ 192,702.11
Year 29	$ 2,312,425.29	$ 192,702.11
Year 30	$ 2,312,425.29	$ 192,702.11
Year 31	$ 2,358,673.80	$ 196,556.15
Year 32	$ 2,358,673.80	$ 196,556.15
Year 33	$ 2,358,673.80	$ 196,556.15
Year 34	$ 2,358,673.80	$ 196,556.15
Year 35	$ 2,358,673.80	$ 196,556.15
Year 36	$ 2,405,847.27	$ 200,487.27
Year 37	$ 2,405,847.27	$ 200,487.27
Year 38	$ 2,405,847.27	$ 200,487.27
Year 39	$ 2,405,847.27	$ 200,487.27
Year 40	$ 2,405,847.27	$ 200,487.27
Year 41	$ 2,453,964.22	$ 204,497.02
Year 42	$ 2,453,964.22	$ 204,497.02

Additionally, Subtenant shall pay all other payments due and owing by Sublandlord to Overlandlord under the Lease, if any, as Additional Rent, said payments payable as and when the same are due to the Overlandlord under the Lease and billed by Sublandlord to Subtenant.

Notwithstanding the foregoing, from the Commencement Date through December 31, 2018, Base Rent shall be abated in full.

Furthermore, in keeping with Sublandlord's mission and purpose, should Subtenant's rental assistance be insufficient to cover the Rent set forth above, Sublandlord shall work collaboratively to abate or defer portions of Rent to ensure Subtenant maintains a balanced budget.

4. <u>No Default under Lease</u>. To the best of the knowledge and belief of Subtenant and Sublandlord, the Lease is, as of the date hereof, in full force and effect, and no event of default has occurred under the Lease and no event has occurred and is continuing that would constitute an event of default under the Lease but for the requirement of the giving of notice and/or the expiration of the period of time to cure.

5. <u>Payments made by Sublandlord</u>. If Subtenant shall default in making any payment required to be made by Subtenant or in performing any obligation of Subtenant under this Sublease which shall require the expenditure of money and such default shall continue beyond applicable notice and cure periods provided herein (except in case of emergency in which case no notice shall be required), Sublandlord may, but shall not be obligated to, make such payment on behalf of Subtenant or expend such sum as may be necessary to perform or fulfill such obligation. Any sums so paid by Sublandlord shall be deemed rent and shall be due and payable to Sublandlord immediately.

6. <u>Improvements by Subtenant</u>. Subtenant may construct such improvements within the Premises only under the conditions and only to the extent that Sublandlord would be permitted to construct same under the Lease. Subtenant shall cause such construction work to be done and completed in good and workmanlike manner, free from faults and defects and in compliance with all legal requirements. Subtenant shall provide and pay for all labor, materials, goods, supplies, equipment, appliances, tools, construction equipment and machinery necessary for the proper execution and completion of such work; promptly pay when due all costs and expenses incurred in connection with such work; and at all times maintain the Premises free and clear from any and all liens, claims, security interests and encumbrances arising from or in connection with such work.

7. <u>Security</u>. Subtenant shall deposit with Sublandlord (or directly with Landlord, as the parties shall determine most efficient) the sum of $328,500, in a segregated account, as security for the faithful performance and observance by Subtenant of the terms, provisions and conditions of this Sublease and the Lease; it is agreed that in the event Subtenant defaults in respect of any of the terms, provisions and conditions of this Sublease or the Lease, including, but not limited to, the payment of Base Rent, Additional Rent or any other sum as to which Subtenant is in default or for any sum which Sublandlord may expend or may be required to expend by reason of Subtenant default in respect of any of the terms, covenants and conditions of this Sublease and the Lease including but not limited to, any damages or deficiency in the re-letting of the Premises, whether such damages or deficiency accrued before or after summary proceedings or other re-entry by Sublandlord or Overlandlord. In the event that Subtenant shall fully and faithfully comply with all of the terms, provisions, covenants of the Sublease and Lease, the

security shall be returned to Subtenant after the date fixed as the end of the Sublease and after delivery of entire possession of the Premises to Sublandlord.

8. Utilities and Services. Upon taking occupancy of the Premises, Sublandlord shall pay for all heat, electricity, gas, water, sewer, telephone, cable, cleaning, janitorial, pest control and air conditioning and other utility service for the Premises, except to the extent Overlandlord shall be responsible for the same under the Lease.

9. Maintenance. Sublandlord shall be responsible for the maintenance, repair and replacement of the Premises, except to the extent Overlandlord shall be responsible for the same under the Lease.

10. Assignment and Sublease. Subtenant may not, without Overlandlord's and Sublandlord's prior written consent, assign this Sublease or further sublease any portion or all of the Premises. Any attempted assignment or subletting made contrary to the provisions of this Sublease shall be null and void.

11. Indemnity from Liens. Subtenant agrees to indemnify and hold Overlandlord and Sublandlord harmless from and against any and all mechanic's or other liens or claims for work, labor or services performed, or for materials furnished, and all costs, damages and expenses in connection therewith, by reason of any act or omission on the part of Subtenant.

12. Indemnity. Subtenant shall indemnify and hold Overlandlord and Sublandlord and their respective directors, officers, employees, contractors, representatives and agents harmless from all liabilities, charges, expenses (including reasonable counsel fees), and costs on account of all claims for damages by reason of any injury or injuries to any person or property of any kind whatsoever, which is occasioned by the negligence or willful actions of Subtenant or third parties they engage to work, services or duties on their behalf. Sublandlord shall save and hold Subtenant and its directors, officers, employees, contractors, representatives and agents harmless from all liabilities, charges, expenses (including counsel fees), and costs on account of all claims for damages by reason of any injury or injuries to any person or property of any kind which is occasioned by the negligence or willful actions of Overlandlord and Sublandlord.

13. Insurance Coverage. To the extent not the obligation of Sublandlord under the Lease, Subtenant shall during the entire term of this Sublease, at Subtenant's own expense, keep in force all insurance as shall be required under the Lease, naming Overlandlord and Sublandlord as additional insureds on a primary and non-contributory basis. Additionally, Subtenant shall also provide evidence on an annual basis of its insurance coverage including without limitation general liability, workers' compensation, automobile, personal property (with coverage for 100% full replacement cost) and business interruption insurance equal to 12 months of rent, and name Sublandlord as an additional insured on such policies as the carriers will permit, provided that Subtenant shall not be required to do so if a carrier charges additional costs/premiums.

14. Personal Property Taxes. Subtenant shall pay all taxes, public rates, dues and special assessments of every kind which shall become due and payable or which are assessed against or levied upon any personal property or other items placed upon the Premises by Subtenant.

15. Obligations of Subtenant, Default. Subtenant shall perform all obligations of Sublandlord under the Lease. Any default or event of default under the Lease, which is, under this Sublease, the obligation of Subtenant, shall be a default under this Sublease. It is agreed that Subtenant shall be in default if Subtenant shall file bankruptcy or otherwise become insolvent. In the event a default occurs as set forth above, Sublandlord may terminate this Sublease, take possession of the Premises and recover any other damages allowable by law.

16. Casualty. If the Premises should be totally destroyed by fire or other casualty or if they should be so damaged so that rebuilding cannot reasonably be completed within the period set forth for such rebuilding under the Lease, this Sublease shall terminate and the rent shall abate pursuant to the terms of the Lease.

17. Laws, Rules and Regulations. Subtenant shall fully comply with and obey all laws, rules and regulations of regularly constituted authorities which govern the use of the Premises.

18. Inspections. Subtenant shall permit Overlandlord and Sublandlord and the agents of Overlandlord and Sublandlord to enter upon the Premises at all reasonable times after notice to Subtenant to examine the condition thereof.

19. Surrender at Termination. At the termination of this Sublease, Subtenant shall surrender the Premises to Sublandlord in the condition required under the Lease for surrender.

20. Compliance with Regulations. It is expressly understood that the parties intend that this Sublease will comply with all applicable rules and regulations of all governmental, regulatory and accreditation authorities. Accordingly, the parties agree to renegotiate, in good faith, any term, condition or provision of this Sublease, or any other agreement between the parties, that any such authority determines to be in contravention of any federal, state or local regulation or law.

21. Attorneys' Fees. If either party named herein brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, trial or appeal thereon shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the court in the same or separate suit, and whether or not such action is pursued to decision or judgment.

22. Holding Over. Should Subtenant, with or without the express or implied consent of Sublandlord, continue to hold and occupy the Premises after the expiration of the term of this Sublease, all payments due from Sublandlord to Overlandlord during any period of holding over shall be an obligation of Subtenant under this Sublease, payable as and when due to the Overlandlord under the Lease. Subtenant shall, unless otherwise directed by Sublandlord, pay all such payments directly to the Overlandlord.

23. Waivers. No waiver of any default or breach of any covenant, agreement or condition of this Sublease shall be construed to be a waiver of the rights as to any future default or breach by Subtenant or Sublandlord.

24. Remedies to be Cumulative. The remedies available to the parties under the terms of this Sublease and in law or equity shall be cumulative and the exercise of any remedy shall not constitute an election of remedies.

25. Notice. Any notice required to be given hereunder shall be in writing and shall be served by hand delivery or by reputable overnight express courier for next business day delivery. All such notices shall be sent as follows:

If to Sublandlord:

Friends of Inwood Academy for Leadership Charter School, Inc.
108 Cooper Street
New York, NY 10034
Attn: Board Chair

If to Subtenant:

Prior to occupancy of the Premises:

Inwood Academy for Leadership Charter School
108 Cooper Street
New York, NY 10034
Attn: Christina Reyes, Principal

Upon occupancy of the Premises:

Inwood Academy for Leadership Charter School
3896 Tenth Avenue
New York, NY 10034
Attn: Christina Reyes, Principal

Either party may hereafter and from time to time designate in writing a different address for the mailing of notices.

25. Captions. The paragraph captions in this Sublease are for convenience only and shall have no effect upon the terms and provisions of this Sublease.

26. No Joint Venture. Nothing contained in this Sublease shall be deemed or construed to create the relationship of principal and agent or of partnership or joint venture or of any association whatsoever between Sublandlord and Subtenant, except that of sublandlord and subtenant.

27. Quiet Enjoyment. Sublandlord represents that it has good right and authority to lease the Premises and that Subtenant shall quietly enjoy the Premises so long as it complies with the terms and conditions of this Sublease.

28. Severable Provisions. The provisions of this Sublease shall be severable and if any provisions shall be invalid or void or unenforceable in whole or in part for any reason, the remaining provisions shall remain in full force and effect.

29. Entire Agreement. This Sublease and any other agreements executed and delivered contemporaneously herewith contain the entire agreement of the parties and supersede any and all prior agreements between the parties, written or oral, with respect to the subject matter contemplated hereby. This Sublease may not be changed or terminated orally, but may only be changed by an agreement in writing signed by the party or parties against whom enforcement of any waiver, change, modification, extension, discharge or termination is sought.

30. Binding Effect. This Sublease shall be binding and shall inure to the benefit of the parties hereto, and their respective heirs, legatees, executors, administrators, successors and assigns.

31. Incorporation and Reference. The terms of the Lease and the Sublease are incorporated herein. Any capitalized terms not defined herein shall have the meanings ascribed to them in the Sublease.

32. Right to Inspect Books and Records. Subtenant shall have the right, upon reasonable notice and at reasonable times, to inspect the books and records of Sublandlord for the purpose of verifying any amounts due under the Sublease.

33. Self-Help. If Sublandlord or Subtenant shall default in the performance or observance of any agreement, condition or other provision in this Sublease and shall not cure such default within thirty days after notice in writing from the other party specifying the default (or shall not within said period commence to cure such default and thereafter prosecute the curing of such default to completion with due diligence) the non-defaulting party may (in addition to any other remedy available to the non-defaulting party at law or in equity) at any time thereafter cure such default and the defaulting party shall reimburse the non-defaulting party for any amount paid and any expense or contractual liability so incurred, and any amounts due from Subtenant shall be deemed additional rent due and payable with the next installment of monthly rent and any amount due from Sublandlord may be deducted by Subtenant from any rent due hereunder; provided however, that either may cure any such default as aforesaid prior to the expiration of said cure period but after notice to the other party, if it is necessary to protect the Premises, or to prevent injury or damages to persons or property.

34. Overlandlord and Sublandlord Access. Overlandlord and Sublandlord, and Overlandlord's and Sublandlord's agents, contractors, consultants, mortgagees and insurers shall have access to the Premises in any emergency at any time, and at reasonable times and upon reasonable notice to Subtenant, for purposes of determining the general condition of the

Premises, or for the purpose of complying with the laws, regulations or directions of governmental authorities, or for the purpose of showing the Premises to prospective tenants.

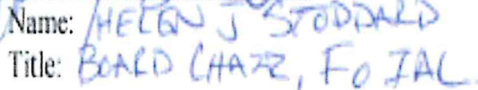
37. Subordination. This Sublease is subject and subordinate to all mortgages that may now or hereafter affect the Premises (the "Underlying Mortgages") and to all renewals, modifications, consolidations, replacements and extensions of any such Underlying Mortgages. This clause shall be self-operative, and no further instrument of subordination shall be required by any mortgagee affecting this Sublease or the real property of which the Premises are a part. Subtenant shall, nevertheless, promptly execute and deliver such further instruments confirming the subordination of this lease as may be desired by the holder of any Underlying Mortgage, or by the Overlandlord and Sublandlord without charge or delay.

38. Landlord Consent Not Required. Pursuant to Section 18(a) of the Lease, Landlord's consent is not required for this Sublease.

IN WITNESS WHEREOF, Sublandlord and Subtenant have hereunto executed this Sublease on the day and year first above written.

SUBLANDLORD:

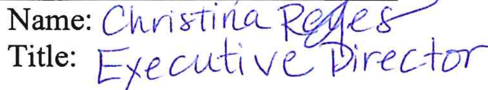
FRIENDS OF INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL, INC.



By: ____________________
Name: HELEN J STODDARD
Title: BOARD CHAIR, FOIAL

SUBTENANT:

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL



By: ____________________
Name: Christina Reyes
Title: Executive Director

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APPENDIX J

FORM OF LEASEHOLD MORTGAGE

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LEASEHOLD MORTGAGE AND SECURITY AGREEMENT
(BUILDING LOAN)

From

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL,
a not-for-profit education corporation organized and existing under the laws of the State of New York, having its principal office at 108 Cooper Street, New York, New York 10834, as Debtor

and

FRIENDS OF THE INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL, INC.,
a not-for-profit corporation organized and existing under the laws of the State of New York, having its principal office at 108 Cooper Street, New York, New York 10834, as Debtor

To

BUILD NYC RESOURCE CORPORATION,
a local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York at the direction of the Mayor of The City of New York, having its principal office at 110 William Street, New York, New York 10038, as Issuer and Mortgagee

and

U.S. BANK NATIONAL ASSOCIATION,
a national banking association organized and existing under the laws of the United States of America, together with any successor trustee at the time serving as such under the Indenture referred to herein, together with any successor Trustee under the Indenture, as Trustee and Mortgagee

Dated as of May 1, 2018

$ 17,560,000
Build NYC Resource Corporation
Revenue Bonds, Series 2018A
(Inwood Academy for Leadership Charter School Project)

and

$ 435,000
Build NYC Resource Corporation
Taxable Revenue Bonds, Series 2018B
(Inwood Academy for Leadership Charter School Project)

Affecting that real property described in the Description of Land in the appendices to this Leasehold Mortgage and Security Agreement (Building Loan)
in the County of New York, The City of New York, State of New York

Record and Return to:	Address	Section	Block(s)	Lot
Nixon Peabody LLP	3896 10th Avenue		2223	16
Tower 46	New York, New York 10034			
55 West 46th Street				
New York, NY 10036-4120				
Attention: Scott Singer, Esq.				

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LEASEHOLD MORTGAGE AND SECURITY AGREEMENT
(BUILDING LOAN)

This **LEASEHOLD MORTGAGE AND SECURITY AGREEMENT (BUILDING LOAN)** made and entered into as of the date set forth on the cover page hereof (this "**Mortgage**") from those entities identified on the cover page hereof as the Debtors to the Issuer and the Trustee as the Mortgagee (capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture or in the Loan Agreement, each as referred to below):

W I T N E S S E T H :

WHEREAS, the Issuer is authorized pursuant to Section 1411(a) of the Not-for-Profit Corporation Law of the State of New York, as amended, and its Certificate of Incorporation and By-laws, (i) to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of The City of New York (the "City") by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access tax-exempt and taxable financing for their eligible projects; (ii) to issue and sell one or more series or classes of bonds, notes and other obligations through private placement, negotiated underwriting or competitive underwriting to finance such activities above, on a secured or unsecured basis; and (iii) to undertake other projects that are appropriate functions for a non-profit local development corporation for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City by attracting new industry to the City or by encouraging the development of or retention of an industry in the City, and lessening the burdens of government and acting in the public interest; and

WHEREAS, the Issuer intends to issue the Bonds pursuant to the Bond Resolution and the Indenture; and

WHEREAS, to facilitate the Project and the issuance by the Issuer of the Bonds, (i) the Issuer will make the Loan of the proceeds of the Bonds, in the original principal amount of the Bonds, to the Institution pursuant to a certain Loan Agreement, dated as of even date herewith, between the Issuer and the Institution (as the same may be amended or supplemented, the **"Loan Agreement"**), and (ii) the Institution will execute the Promissory Notes in favor of the Issuer dated the Closing Date (as the same may be amended or supplemented, collectively, the **"Promissory Note"**) to evidence the Institution's obligation under the Loan Agreement to repay the Loan; and

WHEREAS, the proceeds derived from the issuance of the Bonds are to be used to finance a portion of the cost of the Project to constitute a facility (the "**Facility**"), which Facility is located at the Facility Address; and

WHEREAS, the Facility will be leased by the Friends from 3896 10th Avenue Associates (together with its successors and assigns, the "**Landlord**") pursuant to an Agreement of Lease, dated as of July 6, 2017, between the Friends and the Landlord (as the same may be amended or supplemented, the **"Lease Agreement"**); and

WHEREAS, the Facility will be further subleased by the Friends to the Institution pursuant to a certain Sublease Agreement, dated as of April 12, 2018, between the Friends and the Institution (as the same may be amended or supplemented, the **"Sublease Agreement"**); and

WHEREAS, in order to further secure the Bonds, the Friends will execute and deliver a Limited Guaranty Agreement, dated as of even date herewith, from the Friends to the Trustee (as the same may be amended or supplemented, the **"Limited Guaranty"**), pursuant to which Limited Guaranty, the Friends will guaranty the payment of the Bonds but solely to the extent of their leasehold interest in the Facility; and

WHEREAS, in order to induce the Issuer to issue, and the initial owners to purchase, the Bonds, the Debtors are entering into this Mortgage; and

WHEREAS, pursuant to the Assignment of Mortgage, the Issuer intends to assign to the Trustee all of its right, title and interest as Mortgagee under this Mortgage; and

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure:

(i) payment of the Secured Principal Amount of the Bonds and the indebtedness represented thereby, the Purchase Price, if applicable, and the redemption premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the Issuer of all the covenants of the Issuer expressed or implied in the Bonds and in the Security Documents, and

(ii) payment, performance and observance of all obligations of the Debtors under the Security Documents including this Mortgage,

whether now arising or hereafter arising, direct or indirect, absolute or contingent, joint or several, due or to become due, liquidated or unliquidated, secured or unsecured, original, renewed or extended, whether arising directly or acquired from others (all such indebtedness and obligations described in clauses (i) and (ii) above being collectively referred to herein as the "Obligations"), provided, however, that the maximum principal amount secured hereby shall not exceed the Secured Principal Amount, the Debtors do hereby grant, bargain, sell, convey, transfer, mortgage, grant a security interest in, pledge and assign to the Issuer and the Trustee as Mortgagee, and their respective assigns forever, their respective right, title and interest in and to the following (the "**Mortgaged Property**");

GRANTING CLAUSES

I

The Lease Agreement and the leasehold estate and other estates created thereby, together with all the estate and rights of the Friends, in and to the Facility Realty under and by virtue of the Lease Agreement.

II

The Sublease Agreement and the leasehold estates and other estates created thereby, together with all the estate and rights of the Friends and the Institution, respectively, in and to the Facility Realty under and by virtue of the Sublease Agreement.

III

The Facility Realty together with the tenements, hereditaments, servitudes, appurtenances, estate, rights, privileges, liberties, licenses, royalties, mineral, oil and gas rights, water, water rights, reversions, remainders and immunities thereunto belonging or appertaining which may from time to time be owned or leased by the Debtors, including all the right, title and interest of the Debtors in and to all streets, ways, alleys, roads, waters, water courses, water rights, waterways, passages, sewer rights and public places adjoining the Facility Realty and all easements and rights-of-way, public or private, and gores of land, now or hereafter used in connection therewith, together with all land lying in the bed of any street, road or avenue, open or proposed, in front of or adjoining the Facility Realty to the center line thereof, now or hereafter used in connection with the Facility Realty.

IV

The Facility Personalty together with all fixtures, equipment, machinery, apparatus, appliances, fittings, chattels and articles of personal property of every kind and nature useable in connection with the operation of the improvements now or hereafter located at the Facility Realty, and all building materials and supplies of any nature whatsoever whether now or owned or hereafter acquired, now or hereafter attached to, or used or usable in connection with any present or future operation or occupancy of the Facility and owned by the Debtors or in which the Debtors has or shall have an interest and all renewals and replacements thereof and additions and accessions thereto, including without limitation all partitions, elevators, lifts, steam and hot water boilers, heating and air conditioning equipment, lighting and power plants, engines, motors, compressors, ducts, coal, oil and gas burning apparatus, pipes, pumps, plumbing, radiators, sinks, bath tubs, water closets, refrigerators, gas and electrical fixtures, communications apparatus, stoves, ranges, shades, screens, awnings, vacuum cleaning system, and sprinkler system or other fire prevention or extinguishing apparatus and materials, all of which shall be deemed to be, remain and form a part of the Facility and are covered by the lien of this Mortgage; excluding, however, the Institution's Property (as defined in Section 3.4(d) of the Loan Agreement) from the lien of this Mortgage.

V

All property insurance proceeds, awards, payments and other compensation payments, including interest thereon, and the right to receive the same, which are heretofore or hereafter made with respect to the Facility as a result of or in lieu of any taking by eminent domain (including any transfer made in lieu of the exercise of said right), the alteration of the grade of any street, or any other damage or injury to or decrease in the value of the Facility or the occurrence of any Loss Event (as defined in Section 6.1 of the Loan Agreement), to the extent of all amounts which may be secured by this Mortgage at the date of receipt of any such award or payment by the

Mortgagee, and of the reasonable attorneys' fees, costs and disbursements incurred by the Mortgagee in connection with the collection of such award or payment, subject to the terms of the Indenture and the Loan Agreement as to the application of all such amounts so received.

VI

All right, title and interest of the Debtors in and to (a) any and all present and future leases of space in any building(s) on or to be erected upon the Facility Realty; (b) any and all present and future subleases of space in any building(s) on or to be erected upon the Facility Realty; (c) all rents, issues and profits payable under any such leases and subleases; (d) any contracts for the sale of all or any portion of the Facility Realty or any building(s) or portions thereof on or to be erected upon the Facility Realty ("sale contracts"); and (e) any interest of the Debtors in contracts, agreements or other arrangements with architects, engineers and other professionals responsible for the design and supervision of the Project Work. Nothing in this paragraph is intended to constitute the consent of the Issuer, the Trustee or the Bondholders to any such leases, subleases or sale contracts (other than the Lease Agreement and the Sublease Agreement).

VII

All right, title and interest of the Debtors in all proceeds of any unearned premiums on any insurance policies (other than liability insurance policies) concerning the Facility, including, without limitation, the right to receive and apply the proceeds of any property insurance, judgments or settlements made in lieu thereof, for damages to the Facility, subject, however, to the terms of the Indenture and the Loan Agreement.

VIII

All right, title and interest of the Debtors in all construction contracts, payment bonds, performance bonds, surety bonds, warranties, guarantees, maintenance, repair or replacement agreements and other contractual obligations of any contractor, subcontractor, surety, guarantor, manufacturer, dealer, laborer, supplier or materialman made with respect to the Facility or any part thereof.

IX

All the right, in the name and on behalf of the Debtors, to appear in and defend any action or proceeding brought with respect to the Facility and to commence any action or proceeding to protect the interest of the Mortgagee in the Facility.

X

Any and all air rights, development rights, zoning rights or other similar rights or interests which benefit or are appurtenant to the Facility and any proceeds arising therefrom.

XI

All agreements (other than the Loan Agreement) and/or contracts now or hereafter entered into by the Debtors for the Project Work or any part thereof, and all permits, licenses, bonds, plans and specifications relative to the Project.

XII

In connection with the Facility Realty, all of the Friends and/or the Institution's claims and rights to damages and any other remedies in connection with or arising from the rejection of the Lease Agreement Lease or the Sublease Agreement by the Debtors, or any trustee, custodian or receiver pursuant to the Bankruptcy Code in the event that there shall be filed by or against the Debtors or any petition, action or proceeding under the Bankruptcy Code or under any other similar Federal or state law now or hereafter in effect

XIII

Any and all further estate, right, title, interest, property, claim and demand whatsoever of the Debtors in and to any of the above.

XIV

Any and all other property of every kind and nature from time to time which was heretofore or hereafter is by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the Debtors or by any other Person with or without the consent of the Debtors, to the Mortgagee which is hereby authorized to receive any and all such property at any time and at all times to hold and apply the same subject to the terms hereof.

XV

All proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned or agreed or intended so to be, to the Mortgagee and their successors and to them and their assigns forever;

THIS MORTGAGE secures the payment, performance and observance of the Obligations and shall continue in full force and effect until the Obligations shall be paid and satisfied in full or otherwise provided for in accordance with their respective terms.

THIS IS A BUILDING LOAN MORTGAGE, the proceeds of which are advanced and to be advanced pursuant to the terms of a Building Loan Agreement dated as of even date herewith by and among the parties hereto.

Notwithstanding anything contained herein to the contrary, the maximum amount of Obligations secured by this Mortgage at execution or which under any contingency may become

secured hereby at any time hereafter is the Secured Principal Amount plus interest thereon, plus all amounts expended by the Mortgagee after default by the Debtors which constitute payment of (i) taxes, charges or assessments which may be imposed by law upon the Mortgaged Property; (ii) premiums on insurance policies covering the Mortgaged Property; (iii) expenses incurred in protecting or upholding the lien of this Mortgage, including, but not limited to the expenses of any litigation to prosecute or defend the rights and lien created by this Mortgage; (iv) expenses incurred in protecting the collateral encumbered by this Mortgage; or (v) any amount, cost or charge to which the Mortgagee becomes subrogated upon payment, whether under recognized principles of law or equity, or under express statutory authority.

DEBTORS HEREBY represent, warrant, covenant and agree with the Mortgagee as set forth below:

ARTICLE I

DEFINITIONS; CONSTRUCTION

Section 1.1. Certain Definitions. The following terms shall have the respective meanings in this Mortgage, except as the context otherwise requires:

Assignment of Mortgage shall mean the Assignment of Leasehold Mortgage and Security Agreement (Building Loan) and the Assignment of Leasehold Mortgage and Security Agreement (Indirect Loan) relating to the Facility, dated as of even date herewith, from the Issuer to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Bond Resolution shall mean the resolution of the Issuer adopted on February 13, 2018 authorizing the Project and the issuance of the Bonds.

Bonds shall mean shall mean the Initial Bonds and any Additional Bonds.

Business Day shall have the meaning assigned to that term in the Indenture.

Closing Date shall mean May 15, 2018, the date of the initial issuance and delivery of the Bonds.

Debtors shall mean the Institution and the Friends, jointly and severally.

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

Facility Address shall mean 3896 10th Avenue, New York, New York 10034.

Facility Personalty shall mean those items of machinery, equipment and other items of personalty the acquisition and/or the installation of which is to be financed in whole or in part with the proceeds of the Bonds for installation or use at the Facility Realty as part of the Project pursuant to Section 3.2 of the Loan Agreement and described in Exhibit B — "Description of Facility Personalty", together with all repairs, replacements, improvements, substitutions and renewals thereof or therefor, and all parts, additions and accessories incorporated therein or affixed

thereto. Facility Personalty shall, in accordance with the provisions of Sections 3.5 and 6.4 of the Loan Agreement, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so substituted for or replaced, and further exclude all items of Facility Personalty removed as provided in Section 3.5 of the Loan Agreement.

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

Friends shall mean Friends of the Inwood Academy for Leadership Charter School, Inc., a New York not-for profit corporation, and its successors and/or assigns.

Holders shall have the meaning assigned to that term in the Indenture.

Improvements shall mean (i) all buildings, structures, foundations, related facilities, fixtures and other improvements existing on the Closing Date and erected or situated on the Land; (ii) any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land (including any improvements or demolitions made as part of the Project Work pursuant to Section 3.2 of the Loan Agreement); and (iii) all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

Indenture shall mean the Indenture of Trust, dated as of even date herewith, between the Issuer and the Trustee, and includes any and all amendments thereof and supplements thereto made in accordance therewith.

Initial Bonds shall mean collectively, the Series 2018A Bonds and the Series 2018B Bonds, authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Institution shall mean Inwood Academy for Leadership Charter School, a not-for-profit corporation organized and existing under the laws of the State of New York, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the Institution under Section 8.9 or 8.20 of the Loan Agreement.

Land shall mean the Debtors' leasehold interest in that certain lot, piece or parcel of land in Block 2223 and Lot 16, generally known by the street address 3896 10th Avenue, New York, New York 10034, all as more particularly described in Exhibit A — "Description of the Land", together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to Section 8.10(c) of the Loan Agreement.

Lease Agreement shall mean collectively, the Agreement of Lease, dated as of July 6, 2017, as modified by the Lease Modification Agreement, dated April 12, 2018, between 3896 10th Avenue Associates and the Friends, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Limited Guaranty shall mean the Limited Guaranty, dated as of even date herewith, from the Friends to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Loan Agreement shall mean the Loan Agreement, dated as of even date herewith, between the Issuer and the Institution, and includes any and all amendments thereof and supplements thereto made in accordance therewith and with the Indenture.

Loan shall have the meaning assigned to that term on the Loan Agreement.

Majority Holders shall have the meaning assigned to that term in the Indenture.

Mortgage and Security Agreement (Indirect Loan) shall mean the Leasehold Mortgage and Security Agreement (Indirect Loan), dated as of even date herewith, from the Debtors to the Issuer and the Trustee, as Mortgagee, and includes any and all amendments thereof and supplements thereto made in accordance therewith and with the Indenture.[1]

Mortgage shall mean this Leasehold Mortgage and Security Agreement (Building Loan) from the Debtors to the Issuer and the Trustee, as Mortgagee, and includes any and all amendments hereof and supplements hereto made in accordance herewith and with the Indenture.

Opinion of Counsel shall have the meaning assigned to that term in the Indenture.

Outstanding shall have the meaning assigned to that term in the Indenture.

Permitted Encumbrances shall have the meaning assigned to that term in the Indenture.

Person shall have the meaning assigned to that term in the Indenture.

Project shall mean the (1) the renovation, furnishing and equipping of an existing approximately 35,469 square foot 2-story building on an approximately 18,075 square foot parcel of land located at 3896 10th Avenue, New York, New York 10034; and (2) the payment of certain costs related to the issuance of the Initial Bonds.

Project Work shall mean the acquisition, renovation and equipping of the Facility.

Promissory Note shall have the meaning assigned to that term in the Loan Agreement.

Purchase Price shall have the meaning assigned to that term in the Indenture.

Secured Principal Amount shall mean $[___________].

Security Documents shall have the meaning assigned to that term in the Indenture.

State shall have the meaning assigned to that term in the Indenture.

Sublease Agreement shall mean the Sublease Agreement, dated as of April 12, 2018, between the Friends and the Institution, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Section 1.2. Construction. In this Mortgage, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Mortgage, refer to this Mortgage, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the Closing Date.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Mortgage, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Mortgage, nor shall they affect its meaning, construction or effect.

(e) Unless the context indicates otherwise, references to designated "Exhibits," "Articles", "Sections", "Subsections", "clauses" and other subdivisions are to the designated Exhibits, Articles, Sections, Subsections, clauses and other subdivisions of or to this Mortgage.

(f) The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(g) The word "will" shall be construed to have the same meaning and effect as the word "shall".

(h) Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein).

(i) Any reference to any Person, or to any Person in a specified capacity, shall be construed to include such Person's successors and assigns or such Person's successors in such capacity, as the case may be.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF DEBTORS

Section 2.1. Representations and Warranties of Debtors. Each Debtor does hereby represent and warrant that:

(a) Such Debtor is a not-for-profit corporation duly organized under the laws of the state set forth on the cover page of this Mortgage, is validly existing and in good standing

under the laws of its state of organization, is duly qualified to do business and in good standing under the laws of the State, is not in violation of any provision of its charter or certificate of incorporation, as applicable, or by-laws, has the requisite corporate power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Mortgage and each other Project Document to which it is or shall be a party.

(b) The execution, delivery and performance of this Mortgage and each other Project Document to which such Debtor is or shall be a party and the consummation of the transactions herein and therein contemplated will not (x) violate any provision of law, any order of any court or agency of government, or any of the charter or certificate of incorporation, as applicable, or by-laws of such Debtor, or any indenture, agreement or other instrument to which such Debtor is a party or by which it or any of its property is bound or to which it or any of its property is subject, (y) be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or (z) result in the imposition of any lien, charge or encumbrance of any nature whatsoever other than Permitted Encumbrances.

(c) There is no action or proceeding pending or, to the best of such Debtor's knowledge, after diligent inquiry, threatened by or against such Debtor by or before any court or administrative agency that would adversely affect the ability of such Debtor to perform its obligations under this Mortgage or any other Project Document to which it is or shall be a party.

(d) Such Debtor has obtained all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by such Debtor as of the Closing Date in connection with the execution and delivery of this Mortgage and each other Project Document to which such Debtor is a party or in connection with the performance of the obligations of such Debtor hereunder and under each of the Project Documents.

(e) This Mortgage and the other Project Documents to which such Debtor is a party (x) have been duly authorized by all necessary action on the part of such Debtor, (y) have been duly executed and delivered by such Debtor, and (z) constitute the legal, valid and binding obligations of such Debtor, enforceable against such Debtor in accordance with their respective terms.

(f) The assumption by such Debtor of its obligations hereunder will result in a direct financial benefit to such Debtor.

(g) Such Debtor has power to enter into and perform this Mortgage, to create, pledge and grant the mortgage, pledge, assignment and security interest in the Mortgaged Property as provided in this Mortgage, and to own its property and assets.

(h) Such Debtor is vested with good and marketable leasehold title to the Facility Realty, subject to no mortgage, lien, charge, pledge, assignment, security interest, conditional sale agreement or encumbrance of any kind whatsoever, other than Permitted Encumbrances.

(i) Such Debtor is, as of the Closing Date, and after giving effect to all instruments evidencing or securing the Obligations will be, in a solvent condition.

(j) The execution and delivery of this Mortgage does not constitute a "fraudulent conveyance" within the meaning of Title 11 of the United States Code as so constituted or under any other applicable law.

(k) No bankruptcy or insolvency proceedings are pending or contemplated by or, to the best knowledge of such Debtor, against, such Debtor.

(l) This Mortgage does not give any Person other than the Mortgagee the right to payment of the Obligations.

(m) Such Debtor is duly authorized to mortgage and grant a security interest in the Mortgaged Property, and this Mortgage is a second lien upon the Mortgaged Property, subject only to the Leasehold Mortgage and Security Agreement (Building Loan) and Permitted Encumbrances.

ARTICLE III

GENERAL AGREEMENTS OF DEBTORS

Section 3.1. **Payment, Performance, Observance and Compliance.** The Debtors agree to pay, perform, observe and comply with such of the Obligations to which they shall be subject (including this Mortgage) upon the terms and provisions required of the Debtors therein.

Section 3.2. **Acknowledgment of Amount Due.** The Debtors shall, upon request, furnish to the Mortgagee, in person within five (5) days, or, by mail within ten (10) days, a written statement duly acknowledged of the amount due under this Mortgage and whether any offsets or defenses exist against the Obligations.

Section 3.3. **Security Agreement.** This Mortgage is and shall be deemed to be a security agreement under the New York State Uniform Commercial Code with respect to the Mortgaged Property, and the Mortgagee shall have all the rights of a secured party thereunder with respect to that part of the Mortgaged Property that constitutes personal property subject thereto (sometimes referred to herein as the "Secured Property"). Upon request by the Mortgagee, Debtors, at their sole cost and expense, shall execute and deliver to the Mortgagee any security agreement, financing or continuation statement or other document the Mortgagee reasonably deems necessary to protect or perfect its lien on the Mortgaged Property. If the Debtors shall default under this Mortgage, the Mortgagee, in addition to any other rights and remedies that it may have, shall have and may exercise immediately and without demand any and all rights and remedies granted to a secured party upon default under the New York State Uniform Commercial Code, including the right to take possession of the Secured Property or any part thereof or indicia thereof, and to take such other measures as the Mortgagee may deem necessary for the care, protection and preservation of the Secured Property. Upon request or demand of the Mortgagee, the Debtors shall, at the Debtors' sole cost and expense, assemble the Secured Property and make it available to the Mortgagee at a convenient place acceptable to the Mortgagee. The Debtors shall pay to the Mortgagee on demand all costs and expenses, including reasonable legal expenses and attorneys' fees and expenses, incurred or paid by the Mortgagee in protecting its interest in the

Secured Property and in enforcing its rights hereunder with respect to the Secured Property. Any notice of sale, other disposition, or other intended action by the Mortgagee with respect to the Secured Property sent to the Debtors in accordance with the provisions of this Mortgage at least seven (7) days prior to the date of any such sale, other disposition, or other intended action set forth or specified in the notice shall conclusively be deemed to be commercially reasonable within the meaning of the New York State Uniform Commercial Code unless objected to in writing by the Debtors within five (5) days after receipt by the Debtors of the notice. The proceeds of any sale or other disposition of the Secured Property, or any part thereof, shall be applied to the payment of the Obligations as provided in Section 5.17.

Section 3.4. Ownership; Instruments of Further Assurance. The Mortgagee on behalf of the Debtors (at the sole cost and expense of the Debtors) shall defend the title of the Debtors to the Mortgaged Property and every part thereof and the Debtors agree to warrant and defend such title against the claims and demands of all Persons whomsoever. The Debtors covenant that they will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, at the sole cost and expense of the Debtors, such supplements hereto and such further acts, instruments and transfers as the Mortgagee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Mortgagee all and singular the property herein described and subject to the lien and security interest of this Mortgage and those revenues pledged hereby and by the Indenture to the payment of the Obligations. Any and all property hereafter acquired (other than the Institution's Property) which is of the kind or nature herein provided to be and become subject to the lien and security interest hereof shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtors or the Mortgagee, become and be subject to the lien and security interest of this Mortgage as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Debtors heretofore made by this Section 3.4.

Section 3.5. Creation of Liens; Indebtedness; Sale of Facility. The Debtors covenant that this Mortgage is and will be a first lien upon the Mortgaged Property, subject only to the Permitted Encumbrances. The Debtors shall not create or suffer to be created any lien or charge upon or pledge of the Mortgaged Property or any part thereof, except the lien, charge and pledge created by this Mortgage and the other Permitted Encumbrances. The Debtors shall not incur any indebtedness or issue any evidences of indebtedness, other than the Obligations, secured by a lien on or pledge of the Mortgaged Property, except for Permitted Encumbrances or as set forth in the Loan Agreement. The Debtors further covenant and agree not to sell, convey, transfer, lease, mortgage or encumber the Facility or any part thereof except as specifically permitted under the Loan Agreement, the Indenture, this Mortgage and the other Permitted Encumbrances, so long as any of the Obligations are Outstanding.

Section 3.6. Release of Property. Reference is made to the provisions of the Loan Agreement, including, without limitation, Sections 3.5 and 8.10 thereof, whereby the Debtors may withdraw from the Facility any Facility Personalty or fixtures or any right-of-way, easement, permit or license or unimproved portion thereof, all upon compliance with the terms and conditions of the Loan Agreement. At the request of the Debtors, and at the sole cost and expense of the Debtors, the Mortgagee shall release from the lien and security interest of this Mortgage and the Leasehold Mortgage and Security Agreement (Indirect Loan), and release from the Loan

Agreement, such portion of the property of the Facility so withdrawn upon compliance with the provisions of the Loan Agreement and shall confirm any such release.

Section 3.7. Recording and Filing. (a) The Debtors shall cause this Mortgage and all supplements hereto to be recorded (at the sole cost and expense of the Debtors) as a mortgage of real property in the appropriate offices of the Register of The City of New York or in such other offices as may be at the time provided by law as the proper place for the recordation thereof. In addition, the security interest of the Mortgagee, as created by this Mortgage, in the personal property and fixtures and the rights and other intangible interests herein described, shall be perfected by the filing of financing statements by the Debtors, at the sole cost and expense of the Debtors, in the offices of the Secretary of State of the State in the City of Albany, New York, and in the offices of such Register of The City of New York, which financing statements shall be in accordance with the New York State Uniform Commercial Code - Secured Transactions. All mortgage recording taxes, if any, and filing and recording charges and fees shall be payable by the Debtors.

(b) The Debtors and the Mortgagee acknowledge that, as of the Closing Date,

(i) Section 9-515 of the New York State Uniform Commercial Code provides that an initial financing statement filed in connection with a "public-finance transaction" is effective for a period of thirty (30) years after the date of filing if such initial financing statement indicates that it is filed in connection with a public-finance transaction,

(ii) Section 9-102(67) of the New York State Uniform Commercial Code defines a "public-finance transaction" as a secured transaction in connection with which (x) debt securities are issued, (y) all or a portion of the debt securities issued have an initial stated maturity of at least twenty (20) years, and (z) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a security interest is a state or a governmental unit of a state, and

(iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.

(c) The parties hereto acknowledge and agree that, because the foregoing financing statements evidence collateral for the Bonds, and because the 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 foregoing recordation and filings, if in the Opinion of Counsel to the Debtors (described hereinbelow), to preserve (after the thirtieth (30th) anniversary of the Closing Date) the lien and security interest of this Mortgage, it is necessary to re-record and/or re-index documents, re-file financing statements and/or file continuation statements and/or take any other actions (individually or collectively, the "**Continuation Action(s)**"), then, the Debtors in a

timely manner shall: (A) as applicable, (i) prepare and deliver to the Mortgagee all necessary instruments and filing papers, together with remittances equal to the cost of required filing fees and other charges, so that the Mortgagee may perform the Continuation Actions, or (ii) electronically perform the Continuation Actions and deliver to the Mortgagee written certification (upon which the Mortgagee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause "(i)" and the others in the manner described in clause "(ii)"; and (B) if requested by the Mortgagee (acting at the direction of the Majority Holders), deliver or cause to be delivered to the Mortgagee the Opinion of Counsel to the Debtors as described below. The Mortgagee may conclusively rely upon (y) when applicable, the certification referred to in clause "(A)(ii)," and (z) in all instances, the Opinion of Counsel to the Debtors. In the event the Debtors choses to have the Mortgagee perform all or some of the Continuation Actions, as provided in clause "(A)(i)" hereinabove, the Mortgagee shall reasonably promptly perform such Continuation Actions at the Debtors' sole expense. The Debtors shall perform the obligations described hereinabove in clauses "(A)" and "(B)" no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause "(i)") on which a Continuation Action is to be taken to preserve the lien and security interest of this Mortgage.

If an Opinion of Counsel to the Debtors is requested pursuant to clause "(B)", then the Opinion of Counsel to the Debtors shall be addressed to the Debtors and the Mortgagee. Counsel shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year period thereafter through the term of the Bonds, and/or (ii) the date of any required Continuation Action not covered by clause "(i)," in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Debtors, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Mortgagee with instruments and papers prepared by the Debtors, or (ii) the Debtors through electronic filing, or (iii) the Mortgagee as to some Continuation Actions, and the Debtors as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Debtors and the Mortgagee then requisite to the maintenance of the perfection of the security interest of the Mortgagee in and to all property and interests which by the terms of this Mortgage are to be subjected to the lien and security interest of this Mortgage.

(d) Any filings with respect to the Uniform Commercial Code financing statements may be made electronically, and the Debtors shall have the right to designate a company (which shall be reasonably acceptable to the Trustee) to facilitate the filing of the Uniform Commercial Code financing statements.

(e) The Debtors and the Trustee (on behalf of itself and the Bondholders) acknowledge and agree that neither the Issuer nor the Trustee, nor any of their respective directors, members, officers, employees, servants, agents, persons under its control or supervision, or attorneys (including Nationally Recognized Bond Counsel to the Issuer), shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or

continuation of perfection of any security interests, or the recording or rerecording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

(f) All costs (including reasonable attorneys' fees and expenses) incurred in connection with the effecting of the requirements specified in this Section shall be paid by the Debtors.

(g) The Debtors agree to perform all other acts (including the payment of all fees and expenses) necessary in order to enable the Mortgagee to comply with this Section, and with Section 7.07 of the Indenture, including but not limited to, providing prompt notice to the Mortgagee of any change in either of the names or addresses of the Debtors. The Debtors agree that the Mortgagee, if permitted by applicable law, may provide for the re-recording of the Indenture or any other Security Document or the filing or re-filing of continuation statements without the cooperation of the Debtors as necessary at the Debtors' sole cost and expense.

Section 3.8. <u>After-Acquired Property</u>. Except as provided in Section 3.4(d) of the Loan Agreement, all right, title and interest of the Debtors in and to all improvements, betterments, renewals, substitutes and replacements of, and all additions, accessions and appurtenances to, the Mortgaged Property (other than trade fixtures), or any part thereof, hereafter acquired, constructed, assembled or placed by or at the direction of the Debtors on or in the Facility (other than trade fixtures), and all conversions and proceeds of the security constituted thereby, immediately upon such acquisition, construction, assembly, placement or conversion, as the case may be, and in each such case without any further mortgage, conveyance or assignment or other act of the Debtors, shall become subject to the security and lien of this Mortgage as fully and completely, and with the same effect, as though now owned by the Debtors and specifically described in the Granting Clauses hereof; but at any and all times the Debtors, on demand, will execute, acknowledge, deliver to the Mortgagee and the Debtors will cause to be recorded or filed as provided in Section 3.7, any and all such further assurances and mortgages, conveyances or assignments thereof as the Mortgagee may reasonably require for the purposes of expressly and specifically subjecting the same to the security and lien of this Mortgage.

Section 3.9. <u>Additional Taxes or Charges</u>. If any law or ordinance is enacted or adopted which imposes a tax, either directly or indirectly, on this Mortgage, the Debtors will pay such tax, with interest and penalties thereon, if any. If at any time the United States of America, any state thereof or any governmental subdivision of any such state, shall require revenue or other stamps to be affixed to this Mortgage or any of the other Security Documents, the Debtors agree to pay for the same, with interest and penalties thereon, if any. Nothing contained in this Section 3.9 shall obligate the Debtors to indemnify the Mortgagee for any income tax liability of the Mortgagee arising by reason of this Mortgage.

Section 3.10. <u>Notice of Event of Default</u>. The Debtors shall immediately notify the Mortgagee in writing of any Event of Default or any event which with notice and/or lapse of time would constitute an Event of Default under any Security Document. Any notice required to be given pursuant to this Section shall be signed by the Debtors and set forth a description of the

default and the steps, if any, being taken to cure said default. If no steps have been taken to cure a default, the notice should plainly state this fact.

Section 3.11. <u>Insurance Requirements</u>. In addition to any insurance required pursuant to Section 8.1 of the Loan Agreement, the Debtors do hereby warrant and agree as follows:

(a) At all times throughout the term of this Mortgage, including without limitation during any period of construction, reconstruction or substantial renovation of the Facility, the Debtors shall maintain insurance, or cause there to be maintained insurance, if applicable, with insurance companies licensed to do business in the State, against such risks, loss, damage and liability (including liability to third parties) and for such amounts as are customarily insured against by other enterprises of like size and type as that of the Debtors. In addition to this general requirement, such insurance shall, for purposes of subsections (b) through (f) of this Section 3.11, include, without limitation, insurance coverage described in paragraphs (i) through (iv) below (hereinafter, "Specific Coverage"):

(i) (A) Property damage insurance, and (B) during any period of construction, reconstruction or substantial renovation of the Facility (to the extent not otherwise covered by property damage insurance), Builders' All Risk Insurance written on "100% builders' risk completed value, non-reporting form" including coverage therein for "completion and/or premises occupancy" and coverage for property damage insurance, all of which insurance shall include coverage for removal of debris, insuring the buildings, structures, facilities, fixtures and other property constituting a part of the Facility against loss or damage to the Facility by all risk of physical loss at all times in an amount such that the proceeds of such insurance shall be sufficient to prevent the Issuer, the Debtors or the Trustee from becoming a co-insurer of any loss under the insurance policies but in any event in amounts equal to the greater of (A) 110% of the actual replacement value of the Facility as determined by a qualified insurance appraiser or insurer (selected by the Debtors) not less often than once every three years, at the expense of the Debtors, and (B) the principal amount of the Outstanding Bonds; any such insurance may provide that the insurer is not liable to the extent of the first $10,000 with the result that the Debtors are their own insurer to the extent of $10,000 of such risks;

(ii) Boiler and machine property damage insurance in respect of any steam and pressure boilers and similar apparatus located on the Facility from risks normally insured against under boiler and machinery policies and in amounts and with deductibles customarily obtained for similar business enterprises;

(iii) To the extent the Facility may be located in a flood zone, or if otherwise required by federal law, flood certification or flood insurance, to the extent not covered by property damage insurance, in an amount equal to the greater of the full replacement cost or the maximum amount then available under the National Flood Insurance Program; and

(iv) Such other insurance, including revision of the insurance requirements set forth above, in such amounts and against such insurable hazards as the

Trustee (at the specific written direction of the Majority Holders) from time to time may reasonably require.

(b) All Specific Coverage required by Section 3.11(a) shall be procured and maintained in financially sound and generally recognized responsible insurance companies authorized to write such insurance in the State and having an A.M. Best rating of "A" or better. At least once every two Fiscal Years, the Debtors agree to deliver a certificate of an independent insurance consultant to the Trustee which indicates that the insurance then maintained by the Debtors meet the requirements of this Section 3.11 and Section 8.1 of the Loan Agreement.

(c) Each of the policies evidencing the Specific Coverage required above to be obtained shall:

(i) designate the Debtors and the Trustee as additional insureds as their respective interests may appear;

(ii) provide that all insurance proceeds with respect to loss or damage to the property of the Facility be endorsed and made payable to the Trustee and shall name the Trustee as a loss payee under the standard loss payee clause and as a mortgagee under the terms of a standard mortgagee clause, which insurance proceeds shall be paid over to the Trustee and deposited in the Renewal Fund;

(iii) provide that there shall be no recourse against the Trustee for the payment of premiums or commissions or (if such policies or binders provide for the payment thereof) additional premiums or assessments;

(iv) provide that in respect of the interest of the Trustee in such policies, the insurance shall not be invalidated by any action or inaction of the Debtors or any other Person and shall insure the Trustee regardless of, and any losses shall be payable notwithstanding, any such action or inaction;

(v) provide that such insurance shall be primary insurance without any right of contribution from any other insurance carried by the Trustee to the extent that such other insurance provides the Trustee with contingent and/or excess liability insurance with respect to its interest in the Facility;

(vi) provide that if the insurers cancel such insurance for any reason whatsoever, including the insured's failure to pay any accrued premium, or the same is allowed to lapse or expire, or there be any reduction in amount, or any material change is made in the coverage, such cancellation, lapse, expiration, reduction or change shall not be effective as to the Trustee until at least thirty (30) days, or ten (10) days due to nonpayment of premium, after receipt by the Trustee of written notice by such insurers of such cancellation, lapse, expiration, reduction or change;

(vii) waive any right of subrogation of the insurers thereunder against any Person insured under such policy, and waive any right of the insurers to any setoff or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any Person insured under such policy; and

(viii) contain such other terms and provisions as any owner or operator of facilities similar to the Facility would, in the prudent management of its properties, require to be contained in policies or interim insurance contracts with respect to facilities similar to the Facility owned or operated by it.

(d) The Net Proceeds of any insurance received with respect to any loss or damage to the property of the Facility (except if such Net Proceeds so received for any Loss Event shall be less than $50,000 in which event such Net Proceeds shall be paid directly to the Institution and applied by the Institution to the rebuilding, replacement, repair and restoration of the Facility with any excess to be retained by the Institution) shall be deposited in the Renewal Fund and applied in accordance with Section 6.2 of the Loan Agreement and the Indenture.

(e) The Debtors shall deliver or cause to be delivered to the Trustee the following documents evidencing compliance with the Specific Coverage requirements of this Section 3.11: (i) on or prior to the Closing Date: (A) a broker's certificate of coverage, upon which the Trustee may conclusively rely in order to confirm compliance with the requirements of this Section 3.11, confirming that the Debtors, as of the Closing Date, has obtained Specific Coverage in accordance with the requirements of this Section 3.11, and (B) evidence of property insurance and certificates or other evidence of other required insurance and, (ii) as soon as practicable thereafter, duplicate copies of insurance policies and/or binders. At least seven (7) Business Days prior to the expiration of any such policy, the Debtors shall furnish the Trustee with evidence that such policy has been renewed or replaced or is no longer required by this Mortgage.

(f) The Debtors shall, at their own cost and expense, make all proofs of loss and take all other steps necessary or reasonably requested by the Trustee (upon the specific written direction of the Majority Holders) to collect from insurers for any loss covered by any insurance required to be obtained by this Section 3.11. The Debtors shall not do any act, or suffer or permit any act to be done, whereby any Specific Coverage required by this Section 3.11 would or might be suspended or impaired.

(g) THE DEBTORS ACKNOWLEDGE THAT THE INSURANCE SPECIFIED HEREIN AND IN THE LOAN AGREEMENT IS NOT IN ANY WAY A REPRESENTATION BY THE ISSUER OR THE TRUSTEE THAT SUCH INSURANCE, WHETHER IN SCOPE OR COVERAGE OR LIMITS OF COVERAGE, IS ADEQUATE OR SUFFICIENT TO PROTECT THE BUSINESS OR INTEREST OF THE DEBTORS.

ARTICLE IV

ASSIGNMENT OF LEASES AND RENTS

Section 4.1. <u>Assignment of Leases and Rents</u>. The Debtors hereby assign to the Mortgagee the rents, issues and profits of the Facility (other than any amounts paid pursuant to the Loan Agreement) as further security for the payment of the Obligations, and the Debtors grant to the Mortgagee the right to enter upon and to take possession of the Facility for the purpose of collecting the same and to let the Facility or any part thereof, and to apply the rents, issues and profits, after payment of all necessary charges and expenses, on account of the Obligations. This assignment and grant shall continue in effect until the Obligations are paid. The Mortgagee hereby

waives the right to enter upon and to take possession of the Facility for the purpose of collecting said rents, issues and profits, and the Debtors shall be entitled to collect and receive said rents, issues and profits and to apply same in payment of the amounts becoming due on the Obligations, operating expenses related to the Facility and other expenses (capital or otherwise) consistent with the purposes of the Debtors until the occurrence of an Event of Default hereunder. The Debtors will not, without the written consent of the Mortgagee, receive or collect rent from any tenant of the Facility or any part thereof for a period of more than one month in advance. Upon the occurrence of an Event of Default hereunder, the Debtors will pay monthly in advance to the Mortgagee, or to any receiver appointed to collect said rents, issues and profits, the fair and reasonable rental value for the use and occupation of the Facility or of such part thereof as may be in the possession of the Debtors, and upon default in any such payment will vacate and surrender the possession of the Facility to the Mortgagee or to such receiver, and in default thereof may be evicted by summary proceedings.

Section 4.2. No Cancellation or Modification of Leases. The Debtors shall not, without the prior written consent of the Mortgagee, make, or suffer to be made, any leases or cancel or modify any leases or accept prepayments of installments of rent for a period of more than one month in advance or further assign the whole or any part of the rents without the prior written consent of the Mortgagee. No lease or contract (other than the Loan Agreement, the Lease Agreement and the Sublease Agreement) covering all or any part of the Mortgaged Property shall be valid or effective without the prior written approval of the Mortgagee. The Mortgagee shall have all of the rights against the Debtors of the Mortgaged Property as set forth in Section 291-f of the Real Property Law of New York. In respect of any lease, the Debtors will (i) fulfill or perform each and every provision thereof on their part to be fulfilled or performed; (ii) promptly send copies of all notices of default which either shall send or receive thereunder to the Mortgagee; and (iii) enforce, short of termination thereof, the performance or observance of the provisions thereof. Nothing contained in this Mortgage shall be deemed to impose on the Mortgagee any of the obligations of the lessor under the leases.

Section 4.3. Required Lease Provisions. Subject to Section 4.1, all leases must provide that the tenant thereunder shall pay to the Mortgagee upon an Event of Default hereunder all sums due under the lease upon notice to the tenant from the Mortgagee, and that the Debtors, and any tenant shall, at the Mortgagee's option, furnish the Mortgagee with an estoppel and attornment letter as to the leases in form and substance reasonably acceptable to the Mortgagee.

Section 4.4. Debtors Not to Waive Rents. The Debtors will not waive, release, reduce, discount or otherwise discharge or assign to any Person other than the Mortgagee the leasehold payments, rents, issues and profits of the Facility (other than as contemplated by the Loan Agreement), or cancel, abridge or otherwise modify any lease of all or any part of the Facility. In addition, the Debtors will observe and comply with all of their obligations as lessor under any such lease, will promptly notify the Mortgagee if it receives any default notice thereunder and forward a copy of the default notice to the Mortgagee, and enforce any default thereunder by the tenant. The Debtors shall not, however, terminate any such lease without the prior written consent of the Mortgagee.

Section 4.5. Debtors to Furnish Rent Rolls. The Debtors will furnish to the Mortgagee, within fifteen (15) Business Days after mailing to the Debtors of a written request

therefor, a detailed statement in writing, duly sworn, and covering the period of time specified in such request, showing all income derived from the operation of the Facility and all disbursements made in connection therewith, and containing a list of the names of all tenants of the Facility specified in such request, showing all income derived from the operation of the Facility and occupants other than those claiming possession through such tenants, the portion or portions of the Facility occupied by such tenant and occupant, the rents and other charges payable under the terms of their leases or other agreements, and the periods covered by such leases or other agreements.

Section 4.6. Leasehold Mortgage Provisions.

(a) The Friends hereby represents that:

(i) The Lease Agreement is in full force and effect.

(ii) No default or event of default by the Friends (or event which, with the giving of notice or passage of time or both, would become such a default or event of default) has occurred and is continuing or is claimed to have occurred and be continuing under the Lease Agreement, and, to the best knowledge of the Friends, no default by the Landlord has occurred and is continuing under the Lease Agreement.

(iii) The Friends are the owner of a valid estate for years under the Lease Agreement in the Facility, free and clear of all encumbrances and liens, except such encumbrances as are permitted by the Lease Agreement.

(iv) The Friends have delivered to the Mortgagee a true, complete and correct copy of the Lease Agreement.

(b) The Friends shall:

(i) Perform and observe all of the terms, covenants and conditions required to be performed and observed by the tenant under the Lease Agreement (including, but without limiting the generality of the foregoing, any payment obligations), do all things necessary to preserve and to keep unimpaired its rights under the Lease Agreement, not waive, excuse or discharge any of the obligations of the Landlord under the Lease Agreement without the Mortgagee's prior written consent in each instance, which consents may be withheld in its absolute discretion, and diligently and continuously enforce the obligations of the Landlord under the Lease Agreement;

(ii) Not do, permit or suffer any event or omission as a result of which there could occur a default under the Lease Agreement or any event which, with the giving of notice or the passage of time, or both, would constitute a default under the Lease Agreement (including, but without limiting the generality of the foregoing, a default in any payment obligation);

(iii) Not cancel, terminate, surrender, modify or amend or in any way alter or permit the alteration of any of the provisions of the Lease Agreement or

agree to any termination, amendment, modification or surrender of the Lease Agreement without Mortgagee's prior written consent in each instance, which consent may be withheld in Mortgagee's absolute discretion.

(iv) Deliver to Mortgagee copies of any notice of default by any party under the Lease Agreement, or of any notice from the Landlord under the Lease Agreement of its intention to terminate the Lease Agreement or to re-enter and take possession of the Facility, immediately upon delivery or receipt of such notice, as the case may be;

(v) Promptly furnish to Mortgagee copies of such information and evidence as Mortgagee may request concerning the Friends' due observance, performance and compliance with the terms, covenants and conditions of the Lease Agreement;

(vi) Not consent to the subordination of the Lease Agreement to any mortgage of the fee interest or Landlord's interest in all or any portion of the Facility;

(vii) At its sole cost and expense, execute and deliver to Mortgagee, within five (5) days after request, such documents, instruments or agreements as may be required to permit Mortgagee to cure any default under the Lease Agreement;

(viii) Promptly deposit with Mortgagee an exact copy of any notice, communication, specification or other instrument or document received or given by it in any way relating to or affecting the Lease Agreement which may concern or could in any manner affect the estate of the landlord or the tenant in or under the Lease Agreement or in the real estate thereby demised.

(c) Default Under Lease Agreement. In the event of default by the Friends in the performance of any of its obligations under the Lease Agreement, including, but without limiting the generality of the foregoing, any default in the payment of any sums payable thereunder, then, in each and every case, Mortgagee may, at its option, and in addition to its other rights hereunder following such an event, cause the default or defaults to be remedied and otherwise exercise any and all of the rights of the Friends thereunder in the name of and on behalf of the Friends. The Friends shall, on demand, reimburse Mortgagee for all advances made and expenses incurred by Mortgagee in curing any such default (including, without limiting the generality of the foregoing, reasonable attorneys' fees and disbursements), together with interest computed at a rate being the lesser of (i) eighteen percent (18%) per annum or (ii) the highest rate permitted under the applicable usury law from the date that such advance is made, to and including the date the same is paid to Mortgagee. No release or forbearance of any of the Friends' obligations under the Lease Agreement, pursuant to the Lease Agreement or otherwise, shall release the Friends from any obligations under this Mortgage, including, without limitation, the obligations with respect to the payment of rent as provided for in the Lease Agreement and the performance of all of the terms, provisions, covenants, conditions and agreements contained in the Lease Agreement, to be kept, performed and complied with by the tenant therein.

(d) Notices of Actions under Lease Agreement. The Friends shall give Mortgagee notice of its intention to exercise each and every option, if any, to extend the term of the Lease Agreement, or to purchase the premises demised by the Lease Agreement, or any portion thereof, or expand the area of the Lease Agreement, or to exercise any other right or to give any other notice which it is entitled to do thereunder, at least thirty (30) days prior to the expiration of the time to exercise such option or other right or to give any other notice under the terms thereof. If the Friends intends to extend the term of the Lease Agreement, or purchase all or any part of the Facility, or expand the area of the Lease Agreement, it shall deliver to Mortgagee, with the notice of such decision, a copy of the notice of extension delivered to the landlord under the Lease Agreement, together with the terms and conditions of such extension.

(e) No Assignment. Anything contained herein to the contrary notwithstanding, this Mortgage shall not constitute an assignment of the Lease Agreement within the meaning of any provisions thereof prohibiting or restricting its assignment and Mortgagee shall have no liability or obligation thereunder by reason of this acceptance of this Mortgage.

(f) No Merger, Spreader Clause. So long as this Mortgage is in effect, there shall be no merger of the Lease Agreement or any interest therein, nor of the leasehold estate created thereby, with the fee estate in the Facility or any portion thereof, by reason of the fact that the Lease Agreement or any interest therein or leasehold estate created thereby may be held directly or indirectly by or for the account of any person who shall hold the fee estate in the Facility or any portion thereof or any interest of the Landlord or any other landlord under the Lease Agreement. If the Friends shall acquire fee title to the Facility, or any other estate, title or interest in the Facility, or any portion thereof, then, immediately upon the Friends' acquisition of such property, this Mortgage automatically shall spread to cover the Friends' interest in such property on the same terms, covenants and conditions as set forth herein. Upon such acquisition, the Debtors, at their sole cost and expense, shall deliver to Mortgagee an endorsement to Mortgagee's title insurance policy insuring this Mortgage, in a form acceptable to Mortgagee, insuring that this Mortgage, as so spread to cover the Friends' interest in such property, is a valid first lien on the Friends' interest therein, subject only to the matters set forth in such title policy. It is the intention of the Debtors and Mortgagee that no documents, instruments or agreements shall be necessary to confirm the foregoing spread of this Mortgage to cover the Friends' interest in such property, as aforesaid, and that such spreader shall occur automatically upon the consummation of the Friends' acquisition of such estate, title or interest of such property. Notwithstanding the foregoing, the Debtors shall make, execute, acknowledge and deliver to Mortgagee or so cause to be made, executed, acknowledged and delivered to Mortgagee, in form satisfactory to Mortgagee, all such further or other documents, instruments, agreements or assurances as may be required by Mortgagee to confirm the foregoing spread of this Mortgage to cover the Friends' interest in such property, all at the sole cost and expense of the Debtors. The Friends shall pay all expenses incurred by Mortgagee in connection with the preparation, execution, acknowledgment, delivery and/or recording of any such documents, including but without limiting the generality of the foregoing, all filing, registration and recording fees and charges, documentary stamps, mortgage taxes, intangible taxes, and reasonable attorneys' fees, costs and disbursements.

(g) Section 365 Rights. The lien of this Mortgage shall attach to all of the Friends' rights and remedies at any time arising under or pursuant to Subsection 365(h) of the

Federal Bankruptcy Code, 11 U.S.C. § 365(h), including, without limitation, all of the Friends' rights to remain in possession of the Facility.

(h) Section 365 Election. The Friends shall not without Mortgagee's prior written consent, which may be withheld in its absolute discretion, elect to treat the Lease Agreement as terminated under Subsection 365(h)(1) of the Federal Bankruptcy Code, 11 U.S.C. § 365(h)(1). Any such election made without Mortgagee's prior written consent shall be void and of no force or effect.

(i) Assignment of Rights and Claims. The Friends hereby unconditionally assigns, transfers and sets over unto Mortgagee all of the Friends' rights to the payment of damages arising from any rejection of the Lease Agreement by the Landlord or any other landlord under the Lease Agreement pursuant to the Federal Bankruptcy Code, 11 U.S.C. Sections 101, et seq. Mortgagee shall have the right to proceed in its own name or in the name of the Friends in respect of any claim, suit, action or proceeding relating to the rejection of the Lease Agreement, including, without limitation, the right to file and prosecute, to the exclusion of the Friends, any proof of claim, complaints, motions, applications, notices and other documents, in any case in respect of the landlord under the Lease Agreement pursuant to the Federal Bankruptcy Code. This assignment constitutes a present, irrevocable and unconditional assignment of the foregoing claims, rights and remedies, and shall continue in effect until defeasance of this Mortgage in accordance with the terms hereof. Any amounts received by Mortgagee as damages arising out of the rejection of the Lease Agreement by such landlord shall be applied, first, to all costs and expenses of Mortgagee (including, without limitation, attorneys' fees) incurred in connection with the assertion, defense, determination or exercise of any of its rights or remedies under this Section, and second, to the payment of the Bonds, and, third, to the payment of any and all other Obligations secured hereunder, and the surplus, if any, shall be paid to the Debtors.

(j) Notification to Beneficiary. If pursuant to Subsection 365(h)(2) of the Federal Bankruptcy Code, 11 U.S.C. § 365(h)(2), the Friends seek to offset against the rent reserved in the Lease Agreement the amount of any damages caused by the nonperformance by the Landlord or any other landlord under the Lease Agreement of any of the landlord's obligations under the Lease Agreement after the rejection by the Landlord or any other landlord of the Lease Agreement under the Federal Bankruptcy Code, the Friends shall, prior to effecting such offset, notify Mortgagee in writing of its intent so to do, setting forth the amounts proposed to be offset and the basis therefor. Mortgagee shall have the right to object to all or any part of such offset, and, in the event of such objection, the Friends shall not effect any offset of the amounts so objected to by Mortgagee. If Mortgagee fails to object within thirty (30) days after receipt of notice from the Friends in accordance with the first sentence of this Section, the Friends may proceed to effect such offset in the amounts set forth in the Friends's notice. Notwithstanding anything to the contrary contained herein, neither Mortgagee's failure to object nor any objection or other communication between Mortgagee and the Friends relating to such offset shall constitute an approval of any such offset by Mortgagee. Debtors shall pay and protect Mortgagee, and indemnify, defend and save Mortgagee harmless from and against, any and all claims, demands, actions, suits, proceedings, damages, losses, costs and expenses of every nature whatsoever (including, without limitation, attorneys' fees) arising from or relating to any offset by the Friends against the rent reserved in the Lease Agreement.

(k) Control of Proceedings. If any action, proceeding, motion or notice shall be commenced or filed in respect of the Landlord or any other landlord under the Lease Agreement, all or part of the Facility or the Lease Agreement in connection with any case under the Federal Bankruptcy Code, 11 U.S.C. Sections 101, et seq., Mortgagee shall have the option, to the exclusion of the Friends, to conduct and control any such litigation with counsel of Mortgagee's choice. Mortgagee may proceed in its own name or in the name of the Friends in connection with any such litigation, and the Friends agree to execute any and all powers, authorizations, consents or other documents required by Mortgagee in connection therewith at the sole cost and expense of the Debtors. The Friends shall, upon demand, pay to Mortgagee all costs and expenses (including attorneys' fees) paid or incurred by Mortgagee in connection with the prosecution or conduct of any such proceedings. Payment and performance by the Debtors of its obligations under and pursuant to this Section shall be secured by the lien of this Mortgage. The Friends shall not commence any action, suit, proceeding or case, or file any application or make any motion, in respect of the Lease Agreement in any such case under the Federal Bankruptcy Code without the prior written consent of Mortgagee, which may be withheld in its absolute discretion.

(l) Notice of Bankruptcy Filing. The Friends shall, after obtaining knowledge thereof, promptly notify Mortgagee orally of any filing by or against the Landlord or any other landlord under the Lease Agreement, of a petition under the Federal Bankruptcy Code, 11 U.S.C. Sections 101, et seq., by telephonic notice to the location for Mortgagee stated herein for notice. The Friends shall immediately thereafter give written notice of such filing to Mortgagee setting forth any information available to the Friends as to the date of such filing, the court in which such petition was filed and the relief sought therein. The Friends shall promptly deliver to Mortgagee, following receipt, copies of any and all notices, summonses, pleadings, applications, adversary proceedings, contested matters and other documents received by the Friends in connection with any such petition and any proceedings relating thereto.

(m) Rejection of Lease Agreement. If there shall be filed by or against the Friends a petition under the Federal Bankruptcy Code, 11 U.S.C. Section 101, et seq., and the Friends, as tenant under the Lease Agreement, shall (A) determine to reject the Lease Agreement pursuant to Section 365(a) of the Federal Bankruptcy Code or (B) be ordered by a specified date (the "**Determination Date**") to determine whether to assume or reject the Lease Agreement, the Friends shall give Mortgagee (y) not less than thirty (30) days prior written notice of the date on which the Friends will apply to the Federal Bankruptcy Court for authority to reject the Lease Agreement, and (z) immediate telephonic notice of the order referred to in subpart (B) of this sentence. Mortgagee shall have the right, but not the obligation, to serve upon the Friends within such thirty (30) day period or prior to the Determination Date, as the case may be, a notice stating that (i) Mortgagee demands that Friends assume and assign the Lease Agreement to Mortgagee pursuant to Section 365 of the Federal Bankruptcy Code, and (ii) Mortgagee covenants to cure or provide adequate assurance of prompt cure of all defaults and provide adequate assurance of future performance under the Lease Agreement. If Mortgagee serves upon the Friends the notice described in the preceding sentence, the Friends shall not seek to reject the Lease Agreement and shall comply with the demand provided for in clause (i) of the preceding sentence within thirty (30) days after receipt of the notice, subject to the performance by Mortgagee of the covenant provided in the clause (ii) of the preceding sentence.

(n) Assignment of Extension Rights. Effective upon the entry of an order for relief in respect of Friends under Chapter 7 of the Federal Bankruptcy Code, 11 U.S.C. Section 101, et seq., Friends hereby assigns and transfers to Mortgagee a nonexclusive right to apply to the Bankruptcy Court under Subsection 365(d)(1) of the Federal Bankruptcy Code for an order extending the period during which the Lease Agreement may be rejected or assumed.

ARTICLE V

REMEDIES; EVENTS OF DEFAULT

Section 5.1. Protective Action. The Mortgagee (at the direction of the Majority Holders) may take such action as the Mortgagee deems reasonably appropriate upon ten (10) days prior written notice to the Debtors (except that no such prior notice shall be required if in the reasonable judgment of the Mortgagee an emergency condition shall exist that threatens to do severe damage to or destruction of the Facility) to protect the Mortgaged Property or the status or priority of the lien of this Mortgage thereon including, but not limited to, entry upon the Facility to protect it from deterioration or damage, or to cause the Mortgaged Property to be put in compliance with any governmental, insurance rating or contract requirements; dispossession of the Debtors if necessary to remedy an emergency condition; payments of amounts due on liens having priority over this Mortgage if such lien constitutes a default pursuant to this Mortgage; curing any default by the Debtors under any of the Security Documents including this Mortgage; payment of any tax or charge for purposes of assuring the priority or enforceability of this Mortgage if failure to pay such tax by the Debtors is a default pursuant to this Mortgage; obtaining insurance on the Mortgaged Property; or commencement or defense of any legal action or proceeding to assert or protect the validity or priority of the lien of this Mortgage. The Debtors agree to reimburse the Mortgagee for all expenses in taking any such action, on demand, with interest at a rate being the lesser of (i) eighteen percent (18%) per annum or (ii) the highest rate permitted under the applicable usury law, and the amount thereof shall be secured by this Mortgage and shall, to the extent permitted by law, be in addition to the maximum amount of the Obligations heretofore stated.

Section 5.2. Benefit of Section 254 of the Real Property Law. Nothing herein contained shall be construed as depriving the Mortgagee of any right or advantage available under Section 254 of the Real Property Law of the State of New York, but all covenants herein differing therefrom shall be construed as conferring additional and not substitute rights and advantages.

Section 5.3. Sole Discretion of the Mortgagee. Wherever pursuant to this Mortgage, the Mortgagee exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to the Mortgagee, the decision of the Mortgagee to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory shall be in the sole discretion of the Mortgagee and shall be final and conclusive. Notwithstanding the foregoing, if, pursuant to the terms of the Indenture or this Mortgage, a stated percentage of Holders of the Outstanding Bonds has the right to direct the Mortgagee in the exercise of any such right, such direction shall be final and conclusive, provided that such direction shall not be arbitrary or capricious.

Section 5.4. <u>Recovery of Sums Required To Be Paid</u>. The Mortgagee shall have the right (at the written direction of the Majority Holders) from time to time to take action to recover any sum or sums which constitutes a part of the Obligations as the same becomes due, without regard to whether or not the balance of the Obligations shall be due, and without prejudice to the right of the Mortgagee thereafter to bring an action of foreclosure, or any other action, for a default or defaults by the Debtors existing at the time such earlier action was commenced.

Section 5.5. <u>Events of Default</u>. Any one or more of the following events shall constitute an "Event of Default" hereunder:

(a) Failure of the Debtors to pay any amount that has become due and payable hereunder, and continuance of such failure for a period of two (2) Business Days after written notice has been given to the Debtors specifying the nature of such default by the Mortgagee;

(b) Failure of the Debtors to observe and perform any covenant, condition or agreement hereunder on their part to be performed (except as set forth in Section 5.5(a) above) and (1) continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the Debtors specifying the nature of such failure by the Mortgagee, or (2) if by reason of the nature of such failure the same can be remedied, but not within the said thirty (30) days, the Debtors fail to commence and thereafter proceed with reasonable diligence after receipt of said notice to cure such failure or fails to continue with reasonable diligence their efforts to cure such failure or fails to cure such failure within sixty (60) days of delivery of said notice;

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

(d) A proceeding or case shall be commenced, without the application or consent of either Debtor in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of such Debtor or of all or any substantial part of its assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) days; or any order for relief against either Debtor shall be entered in an involuntary case under the Federal Bankruptcy Code (as now or hereafter in effect); the terms "dissolution" or "liquidation" of the Debtors as used above shall not be construed to prohibit any action otherwise permitted by Section 8.20 of the Loan Agreement;

(e) Any representation or warranty made by the Debtors (i) in the application and related materials submitted to the Issuer for approval of the Project or the transactions contemplated by this Mortgage, (ii) herein, (iii) in any other Project Document, or (iv) in any report, certificate, financial statement or other instrument furnished pursuant hereto or any of the foregoing, shall, in any case, prove to be false, misleading or incorrect in any material respect as of the date made;

(f) The Debtors shall be in default under any other mortgage covering any part of the Mortgaged Property and proceedings shall have been commenced to foreclose such mortgage, whether it be superior or inferior to the lien of this Mortgage; or

(g) An "Event of Default" under any Security Document shall occur and be continuing.

Section 5.6. Remedies Following an Event of Default. Upon the occurrence of an Event of Default hereunder, the Mortgagee may, in addition to any other rights or remedies available to it hereunder or elsewhere, take such action, without notice or demand, as it deems advisable, as directed by the Majority Holders, to protect and enforce its rights against the Debtors and in and to the Mortgaged Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as the Mortgagee, as directed by the Majority Holders, may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of the Mortgagee:

(a) enter into or upon the Mortgaged Property, either personally or by its agents, nominees or attorneys, and dispossess the Debtors and their agents and servants therefrom, and thereupon the Mortgagee, as directed by the Majority Holders, may:

(1) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Mortgaged Property and conduct business thereat and therewith;

(2) complete any construction, renovation, rebuilding or repairing of the Mortgaged Property in such manner and form as the Mortgagee deems advisable;

(3) make alterations, additions, renewals, replacements and improvements to or on the Mortgaged Property;

(4) exercise all rights and powers of the Debtors with respect to the Mortgaged Property, whether in the name of the Debtors or otherwise, including, without limitation, the right to make, cancel, enforce or modify leases, obtain and evict tenants, and demand, sue for, collect and receive all earnings, revenues, rents, issues, profits and other income of the Mortgaged Property and every part thereof; and

(5) apply the receipts from the Mortgaged Property to the payment of the Obligations in accordance with Section 8.03 of the Indenture;

(b) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Mortgage for the portion of the Obligations then due and payable, subject to the continuing security and lien of this Mortgage for the balance of the Obligations not then due;

(c) institute proceedings to foreclose the lien of this Mortgage against all or, from time to time, against any part of the Mortgaged Property and to have the same sold under the judgment or decree of a court of competent jurisdiction to the highest bidder, at public or private sale, subject to statutory and other legal requirements, if any, including all right, title and interest, claim and demand therein and thereto and all right of redemption thereof;

(d) sell, assign or transfer the Mortgaged Property or any part thereof and all estate, claim, demand, right, title and interest of the Debtors therein and right of redemption thereof, pursuant to power of sale or otherwise, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law (provided that ten (10) days notice of sale of the Mortgaged Property shall be deemed reasonable notice) for such price and form of consideration as the Mortgagee may determine or as may be required by law;

(e) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein;

(f) apply for the appointment of or appoint a trustee, receiver, liquidator or conservator of the Mortgaged Property, without regard for the adequacy of the security for the Obligations and without regard for the solvency of any Person liable for the payment of the Obligations whether or not in connection with an action to foreclose this Mortgage;

(g) take possession of the Mortgaged Property (which shall, to the extent practicable, be assembled and made available to the Mortgagee by the Debtors at such place in New York City or elsewhere as may be required by the Mortgagee) and otherwise exercise any and all of the rights of secured parties under the New York State Uniform Commercial Code-Secured Transactions;

(h) without prejudice to its right to bring an action for foreclosure of this Mortgage, sell the Mortgaged Property, or any part thereof, and all estate, right, title and interest, claim and demand therein, and right of redemption thereof, to the extent permitted and pursuant to the procedures provided by applicable law, including, without limitation, Article 14 of the Real Property Actions and Proceedings Law of the State of New York and any amendments or substitute statutes in regard thereto, at one or more sales as a single parcel or in parcels, and at such time and place and upon such terms and after such notice thereof as may be required or permitted by law; or

(i) pursue such other remedies as the Mortgagee may have under applicable law.

Further, the Debtors, if there shall occur an Event of Default, shall pay monthly in advance to the Mortgagee, or to any receiver appointed at the request of the Mortgagee to collect the rents, revenues, issues, income and profits of the Mortgaged Property, the fair and reasonable rental value for the use and occupancy of the Mortgaged Property or of such part thereof as may

be in the possession of the Debtors. Upon default in the payment thereof, the Debtors shall vacate and surrender possession of the Mortgaged Property to the Mortgagee or such receiver, and upon a failure so to do may be evicted by summary proceedings.

If an Event of Default shall happen and be subsisting, in case there shall be pending proceedings for the bankruptcy or for the reorganization of either Debtor under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of either Debtor or in the case of any other similar judicial proceedings relative to either Debtor, or to the credits or property of the Debtors, the Mortgagee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Mortgage, irrespective of whether the principal of the Obligations or any amount hereunder shall then be due and payable as therein or herein expressed or by declaration or otherwise, and irrespective of whether the Mortgagee shall have made any demand pursuant to the provisions of this Section 5.6 or of Section 8.01 of the Indenture, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Mortgagee allowed in such judicial proceedings relative to the Debtors, their creditors, or their property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of their charges and expenses; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Mortgagee, and to pay to the Mortgagee any amount due it for compensation and expenses, including reasonable counsel fees and expenses incurred by it up to the date of such distribution.

Section 5.7. <u>Appointment of a Receiver</u>. Upon the occurrence of an Event of Default, the Mortgagee shall be entitled to the appointment of a receiver. The right to have a receiver appointed shall be a matter of strict right and without regard to the value or adequacy of the security and such receiver may enter upon and take possession of the Mortgaged Property, collect the rents, issues and profits therefrom and apply the same as the court may direct, such receiver to have all of the rights and powers as a receiver may have under the laws of the State of New York. The expenses, including, without limitation, receiver's fees, counsel fees and expenses, costs and agent's commissions and compensation incurred pursuant to the powers herein granted shall be added to the principal portion of the Obligations and secured hereby.

Section 5.8. <u>Foreclosure</u>. In a case of a foreclosure sale or pursuant to any order in any judicial proceeding or otherwise, the Mortgaged Property may be sold as an entirety in one parcel (or as one integrated unit) or separate parcels (or one or more of the interests comprising the Mortgaged Property separately from the others) in such manner or order as the Mortgagee in its sole and absolute discretion may elect. If the Mortgagee so elects it may sell the remainder of the property except for the land, buildings and improvements, at one or more separate sales in the manner provided by the Uniform Commercial Code of the State of New York. One or more exercises of the powers herein granted shall neither extinguish nor exhaust such powers, until the entire property is sold or the Obligations secured hereby are paid in full or otherwise provided for in accordance with their terms.

Section 5.9. <u>Non-Impairment</u>. No provision of this Mortgage: (a) is or shall be deemed to be a release or impairment of any of the Obligations including this Mortgage, (b) shall preclude the Mortgagee, upon the occurrence of an Event of Default hereunder, from foreclosing

this Mortgage or from enforcing its rights hereunder or under any other instrument governing or securing the Obligations, (c) shall preclude or bar the Mortgagee upon foreclosure from obtaining a deficiency judgment against the Debtors, against any subsequent owner of the Mortgaged Property who assumes the Obligations on a non-recourse basis, or against any other Person liable for the payment and performance of the Obligations (subject to the provisions of Section 6.1), (d) shall require the Mortgagee to accept a part of the Mortgaged Property (as distinguished from its entirety) as payment of the debt secured hereby, or (e) shall compel the Mortgagee to accept or allow any apportionment of the debt secured hereby to or among any separate parts of the Mortgaged Property.

Section 5.10. No Remedy Exclusive. No remedy conferred upon or reserved to the Mortgagee hereunder is or shall be deemed to be exclusive of any other available remedy or remedies. Each such remedy shall be distinct, separate and cumulative, shall not be deemed to be inconsistent with or in exclusion of any other available remedy, may be exercised in the discretion of the Mortgagee at any time, in any manner, and in any order, and shall be in addition to and separate and distinct from every other remedy given the Mortgagee under this Mortgage or any other Security Document or now or hereafter existing in favor of the Mortgagee at law or in equity or by statute. Without limiting the generality of the foregoing, the Mortgagee shall have the right to exercise any available remedy to recover any amount due and payable hereunder without regard to whether any other amount is due and payable, and without prejudice to the Mortgagee to exercise any available remedy for other Events of Default existing at the time the earlier action was commenced.

Section 5.11. Delay To Not Constitute Waiver. Any delay, omission or failure by the Mortgagee to insist upon the strict performance by the Debtors of any of the covenants, conditions and agreements herein set forth to be exercised by it or to exercise any right or remedy available to it upon the occurrence of an Event of Default hereunder shall not impair any such right or remedy or be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce, by injunction or other appropriate legal or equitable remedy, strict compliance by the Debtors with all of the covenants, conditions and agreements herein to be exercised by it, or of the right to exercise any such rights or remedies if such default by the Debtors be continued or repeated. Any failure of the Mortgagee to exercise the option to accelerate the maturity of Obligations secured hereby, or any forbearance by the Mortgagee before or after any exercise of any such option, or any forbearance to exercise any other remedy of the Mortgagee, or any withdrawal or abandonment of the Mortgagee of any of its rights in any one circumstance shall not be construed as a waiver of any option, power, remedy or right of the Mortgagee hereunder. The rights and remedies of the Mortgagee expressed and contained in this Mortgage are cumulative and none of them shall be deemed to be exclusive of any other or of any right or remedy the Mortgagee may now or hereafter have in law or in equity. The election of any one or more remedies shall not be deemed to be an election of remedies under any statute, rule, regulation or case law. The covenants of this Mortgage shall run with the Mortgaged Property and other properties and the estates hereby mortgaged and bind the Debtors and their respective assigns, legal representatives and successors and shall inure to the benefit of the Mortgagee, its successors and assigns.

Section 5.12. Effect of Discontinuance of Proceedings. In case any proceedings taken by the Mortgagee on account of any Event of Default hereunder shall have been discontinued

or abandoned for any reason, or shall have been determined adversely to the Mortgagee, then and in every such case, the Debtors, the Mortgagee and the Holders of the Bonds shall be restored, respectively, to their former positions and rights hereunder, and all rights, remedies, powers and duties of the Mortgagee shall continue as in effect prior to the commencement of such proceedings.

Section 5.13. Marshalling. The Debtors waive and release any right to have the Mortgaged Property marshalled.

Section 5.14. Actions and Proceedings. The Mortgagee shall have the right to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to bring any action or proceeding which the Mortgagee, in its discretion, determines to be brought to protect its interest in the Mortgaged Property. The Mortgagee shall further have the right, from time to time, to sue for any sums required to be paid under the terms of this Mortgage or any other mortgage to which this Mortgage is expressly subordinate, as the same become due, without regard to whether or not the principal sums secured or any other sums secured by this Mortgage shall be due and without prejudice to the right of the Mortgagee thereafter to bring an action of foreclosure or any other action for a default or defaults by the Debtors existing at the time such earlier action was commenced.

Section 5.15. Attorneys' Fees and Other Costs. The Debtors agree to bear all costs, fees and expenses including court costs and reasonable expenses (including reasonable attorneys' fees and disbursements) for legal services of or incidental to the enforcement of any provisions hereof (whether incurred during the continuance of an Event of Default or by the Mortgagee or any Holders of the Bonds), or enforcement, compromise or settlement of any of the collateral pledged hereunder, and for the curing thereof, or defending or asserting the rights and claims of the Mortgagee in respect thereof, by litigation or otherwise, and will pay to the Mortgagee any such expenses incurred, and such expenses shall be deemed part of the Obligations secured by this Mortgage and shall be collectible in like manner as the Obligations secured by this Mortgage, and until so paid shall bear interest at a rate being the lesser of (i) eighteen percent (18%) per annum or (ii) the highest rate permitted under the applicable usury law. All rights and remedies of the Mortgagee shall be cumulative and may be exercised singly or concurrently.

Section 5.16. No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Mortgage should be breached by the Debtors and thereafter waived by the Mortgagee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be binding unless it is in writing and signed by the Mortgagee. No course of dealing between the Issuer and/or the Debtors and/or any other Person or any delay or omission on the part of the Mortgagee in exercising any rights hereunder shall operate as a waiver.

Section 5.17. Application of Proceeds. All proceeds derived through the exercise of any remedies or the commencement of any proceedings under this Mortgage shall be applied in accordance with Section 8.03 of the Indenture.

Section 5.18. Waiver of Moratorium. The Debtors will not at any time insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of any stay or extension or moratorium law, or the exemption from execution from sale of any or all of the

property, now or any time hereafter enacted or enforced, nor claim, take or insist upon the benefit of any law now or hereafter enacted or enforced providing for the valuation or appraisal of the Mortgaged Property or any part thereof prior to any sale or sales thereof which may be made pursuant to any provisions herein or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor, after any sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted or enforced to redeem the property so sold or any part thereof. The Debtors, to the extent permitted by law, hereby expressly waive the benefit or advantage of any such law or laws and covenants not to delay or impede the execution of any power herein granted or delegated to the Mortgagee.

Section 5.19. Waiver of Notice. The Debtors shall not be entitled to any notices of any nature whatsoever from the Mortgagee except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by the Mortgagee to the Debtors, and the Debtors hereby expressly waive the right to receive any notice from the Mortgagee with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of such notice.

ARTICLE VI

LIMITATIONS ON LIABILITY

Section 6.1. No Liability of Debtors' Members, Managers, Officers, Directors, Employees and Agents. It is agreed that the members, managers, directors, officers, employees and agents of the Debtors shall have no personal liability hereunder. All covenants, stipulations, promises, agreements and obligations of the Debtors contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the respective Debtor and not of any member, manager, director, officer, employee or agent of such Debtor in his individual capacity, and no recourse shall be had hereunder for the payment of the principal of any debt or interest thereon or any of the Obligations or for any claim based thereon or hereunder against any member, manager, director, officer, employee or agent of the Debtors or any natural person executing this Mortgage.

Section 6.2. Usury Laws. This Mortgage and all other Security Documents are subject to the express condition that at no time shall the Issuer or the Debtors be obligated or required to pay interest on the principal balance due under the Obligations at a rate which could subject the holder of the Obligations to either civil or criminal liability as a result of being in excess of the maximum interest rate which the Issuer or the Debtors, as applicable, is permitted by law to contract or agree to pay. If by the terms of this Mortgage or any of the other Security Documents, the Issuer or the Debtors are at any time required or obligated to pay interest on the principal balance due under the Obligations at a rate in excess of such maximum rate, the rate of interest under the Obligations shall be deemed to be immediately reduced to such maximum rate and the interest payable shall be computed at such maximum rate.

ARTICLE VII

MISCELLANEOUS

Section 7.1. Applicability of Section 13 of the Lien Law. This Mortgage is given in order to secure funds to pay for the Project and by reason thereof, it is intended that this Mortgage shall be superior to any laborers', mechanics' or materialmen's liens which may be placed upon the Mortgaged Property subsequent to the recordation hereof. The Debtors shall, therefore, in compliance with Section 13 of the New York Lien Law, receive the advances secured hereby and shall hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of the improvements of the Facility Realty and shall apply the same first to the payment of the cost of the improvements of the Facility Realty before using any part of the total of the same for any other purpose.

Section 7.2. No Merger. It is the intention of this Mortgage that if the Mortgagee shall at any time hereafter acquire title to all or any portion of the Mortgaged Property, or any interest therein or lien thereon under any other mortgage or instrument, then, and until the Obligations have been paid in full or otherwise discharged or satisfied in accordance with their terms, the interest of the Mortgagee hereunder and the security interest created by this Mortgage shall not merge or become merged in or with the estate and interest of the Mortgagee as the holder and owner of leasehold title to all or any portion of the Mortgaged Property, or in or with the interest of the Mortgagee under or the lien of such other mortgage or instrument, and that, until such payment, discharge or satisfaction, the estate of the Mortgagee in the Mortgaged Property and the security interest created by this Mortgage and the interest of the Mortgagee hereunder shall continue in full force and effect to the same extent as if the Mortgagee had not acquired leasehold title to all or any portion of the Mortgaged Property or any other interest therein or lien thereon. If, however, the Mortgagee shall consent to such merger or if such merger shall nevertheless occur without its consent, then this Mortgage shall attach to, and cover and be a conveyance of the leasehold title or any other estate, title or interest in the Mortgaged Property acquired by the Debtors, and the same shall be considered as granted, released, assigned, transferred, pledged, conveyed and set over to the Mortgagee and this Mortgage spread to cover such estate with the same force and effect as though specifically herein granted, released, assigned, transferred, pledged, conveyed, set over and spread, provided, however, the Debtors shall pay any and all transfer, recording or other taxes in connection therewith.

Section 7.3. This Mortgage Constitutes A Commercial Transaction. EACH DEBTOR ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS MORTGAGE IS A PART IS A COMMERCIAL TRANSACTION, AND HEREBY VOLUNTARILY AND KNOWINGLY WAIVES, TO THE EXTENT PERMITTED BY LAW, ITS RIGHTS TO NOTICE AND HEARING AS ALLOWED UNDER ANY STATE OR FEDERAL LAW OR OTHER RIGHT WITH RESPECT TO ANY PREJUDGMENT REMEDY OR OTHER RIGHT WHICH THE MORTGAGEE MAY DESIRE TO USE. FURTHER, EACH DEBTOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY LAW, THE BENEFITS OF ALL PRESENT AND FUTURE VALUATION, APPRAISEMENT, HOMESTEAD, EXEMPTION, STAY, REDEMPTION AND MORATORIUM LAWS.

Section 7.4. **Consents.** Wherever in this Mortgage the prior consent of the Mortgagee is required, the consent of the Mortgagee given as to one such transaction shall not be deemed to be a waiver of the right to require such consent to future or successive transactions. Any such consents shall be in writing.

Section 7.5. **Service of Process.** Each Debtor represents that it is subject to service of process in the State and covenants that it will remain so subject until all obligations, covenants and agreements of the Debtors under this Mortgage shall be satisfied and met. If for any reason the Debtors should cease to be so subject to service of process in the State, the Debtors hereby irrevocably consents to the service of all process, pleadings, notices or other papers in any judicial proceeding or action by designating and appointing the COO of the Institution at 108 Cooper Street, New York, New York 10034, as their agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Debtors as a result of any of their obligations under this Mortgage. If such appointed agent shall cease to act or otherwise cease to be subject to service of process in the State, the Debtors hereby irrevocably designate and appoint the Secretary of State of the State of New York as their agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Debtors as a result of any of their obligations under this Mortgage; provided, however, that the service of such process, pleadings, notices or other papers shall not constitute a condition to the Debtors' obligations hereunder.

For such time as any of the obligations, covenants and agreements of the Debtors under this Mortgage remain unsatisfied, the Debtors' agent(s) designated in this Section 7.5 shall accept and acknowledge on the Debtors' behalf each service of process in any such suit, action or proceeding brought in any such court. The Debtors agree and consent that each such service of process upon such agents and written notice of such service to the Debtors in the manner set forth in Section 7.6 shall be taken and held to be valid personal service upon the Debtors whether or not the Debtors shall then be doing, or at any time shall have done, business within the State and that each such service of process shall be of the same force and validity as if service were made upon the Debtors according to the laws governing the validity and requirements of such service in the State, and waives all claim of error by reason of any such service.

Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Debtors or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Debtors.

Section 7.6. **Notices.** All notices, requests, consents, demands and other communications to any party hereunder or any other Person specified herein shall be in writing (including bank wire, telecopy or similar writing) and shall be given to such party or other Person, addressed to it, at its address or telecopy number set forth below or such other address or telecopy number as such party or other Person may hereafter specify for the purpose by notice to the other parties or such other Persons. Each such notice, request, consent or demand or other communication shall be if sent (i) by registered or certified United States mail, return receipt requested and postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

Party	Address
To the Debtors	Inwood Academy for Leadership Charter School 108 Cooper Street New York, New York 10034 Attention: Jenny Pichardo, COO/CFO Telephone: (347) 501-1414 with a copy to Connell Foley LLP 185 Hudson St., Suite 2510 Jersey City, New Jersey 07311 Attention: Rafael Perez, Esq. Telephone: (201) 521-1000 Friends of the Inwood Academy for Leadership Charter School, Inc. 108 Cooper Street New York, New York 10034 Attention: Christina Reyes, Secretary Telephone: (347) 501-1414 with a copy to Connell Foley LLP 185 Hudson St., Suite 2510 Jersey City, New Jersey 07311 Attention: Rafael Perez, Esq. Telephone: (201) 521-1000
To the Issuer	Build NYC Resource Corporation 110 William Street New York, New York 10038 Attention: General Counsel (with a copy to the Executive Director of the Issuer at the same address) Telephone: (212) 312-3563 Facsimile: (212) 312-3912
To the Trustee	U.S. Bank National Association 100 Wall Street, Suite 1600 New York, New York 10005 Attention: Corporate Trust Administration Telephone: (212) 951-8579 Facsimile: (212) 951-8545

Any party hereunder may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by an Authorized Representative of the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

Section 7.7. Consent to Jurisdiction. Each Debtor irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of this Mortgage or any other Project Document, the Facility, the Project, the relationship between the Issuer and the Debtors, the Debtors' ownership, use or occupancy of the Facility and/or any claim for injury or damages may be brought in the courts of record of the State in New York County or the United States District Court for the Southern District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (w) to move to dismiss on grounds of forum non conveniens, (x) to remove to any federal court other than the United States District Court for the Southern District of New York, and (y) to move for a change of venue to a New York State Court outside New York County.

If either Debtor commences any action against the Mortgagee in a court located other than the courts of record of the State in New York County or the United States District Court for the Southern District of New York, such Debtor shall, upon request from the Mortgagee, either consent to a transfer of the action or proceeding to a court of record of the State in New York County or the United States District Court for the Southern District of New York, or, if the court where the action or proceeding is initially brought will not or cannot transfer the action, such Debtor shall consent to dismiss such action without prejudice and may thereafter reinstitute the action in a court of record of the State in New York County or the United States District Court for the Southern District of New York.

Section 7.8. Mortgage for Benefit of Issuer, Debtors and Trustee. The covenants and agreements contained in this Mortgage (including all indemnities set forth herein) shall run with the land and bind the Debtors and their respective heirs, executors, administrators, legal representatives, successors and assigns and each Person constituting the Debtors, and all subsequent owners, encumbrancers and tenants of the Mortgaged Property, or any part thereof, and shall inure to the benefit of the Issuer and the Trustee, their respective successors and assigns, and all subsequent beneficial owners of this Mortgage, and survive the foreclosure of this Mortgage.

Section 7.9. Authorization. The execution of this Mortgage has been duly authorized by the appropriate governing body of each of the Debtors.

Section 7.10. Amendments and Modifications. This Mortgage shall be amended, modified or supplemented only by a written agreement executed by the Debtors and the Mortgagee and, in any event, only in accordance with the Indenture.

Section 7.11. Applicable Law. This Mortgage shall be governed by and construed in accordance with the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.

Section 7.12. Date of Mortgage for Reference Purposes Only. The date of this Mortgage shall be for reference purposes only and shall not be construed to imply that this Mortgage was executed on the date first above written. This Mortgage was executed and delivered on the Closing Date.

Section 7.13. Incorporation of Certain Indenture Provisions. All provisions of Article IX of the Indenture shall be construed as extending to and including all of the rights, duties and obligations imposed upon the Trustee under this Mortgage as fully and for all purposes as if said Article IX were contained in this Mortgage.

Section 7.14. Entire Agreement; Counterparts. This Mortgage constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof (other than any Project Documents) and may be executed simultaneously in several counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

Section 7.15. Severability. If any one or more of the provisions of this Mortgage shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions of this Mortgage, but this Mortgage shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Section 7.16. Waiver of Jury Trial. Each Debtor hereby expressly waives, to the extent permitted by law, the right to assert a counterclaim in any action or proceeding brought against it by the Mortgagee, and waives, to the extent permitted by law, all rights to a trial by jury on any cause of action or proceeding brought by any party hereto against the other or in any counterclaim asserted by the Mortgagee against either Debtor, or in any matters whatsoever arising out of or in any way connected with this Mortgage or the Obligations, the Debtors' obligations hereunder, the Facility, the Mortgaged Property, the Project, the relationship between the Issuer and the Debtors, the Debtors' ownership, use or occupancy of the Facility and/or any claim for injury or damages.

Section 7.17. Property Not Covered. This Mortgage does not cover property principally improved or to be improved by one or more structures containing in the aggregate not more than six individual residential dwelling units, each having its own separate cooking facilities.

Section 7.18. Assignment of Mortgage. Upon the execution and delivery by the Issuer of the Assignment of Mortgage, all references within this Mortgage to the "Mortgagee" shall be deemed to refer to the Trustee.

(Remainder of Page Intentionally Left Blank – Signature Page Follows)

IN WITNESS WHEREOF, the Debtors have duly executed this Mortgage as of the date first above written.

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL, as Debtor

By:_________________________________

Name: Jenny Pichardo
Title: Chief Operating Officer/
Chief Financial Officer

FRIENDS OF THE INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL, INC., as Debtor

By:_________________________________

Name: Christina Reyes
Title: Secretary

STATE OF NEW YORK	)	
	:	ss.:
COUNTY OF NEW YORK	)	

On the 14th day of May, in the year two thousand eighteen, before me, the undersigned, personally appeared **Jenny Pichardo**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person or entity upon behalf of which the individual acted, executed the instrument.

____
Notary Public

STATE OF NEW YORK	)	
	:	ss.:
COUNTY OF NEW YORK	)	

On the 14th day of May, in the year two thousand eighteen, before me, the undersigned, personally appeared **Christina Reyes,** personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person or entity upon behalf of which the individual acted, executed the instrument.

____
Notary Public

EXHIBIT A

DESCRIPTION OF LAND

The leasehold estate herein covers premises more particularly bounded and described as follows:

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of Isham Street with the westerly side of Tenth Avenue;

RUNNING THENCE westerly, along the southerly side of Isham Street, 68 feet 11-1/2 inches to a point on the southerly side of Isham Street distant 150 feet easterly from the corner formed by the intersection of the southerly side of Isham Street with the easterly side of Sherman Avenue;

THENCE southerly, parallel with the easterly side of Sherman Avenue, 150 feet;

THENCE easterly, parallel with the southerly side of Isham Street, 160 feet to the westerly side of Post Avenue;

THENCE northerly, along the westerly side of Post Avenue, 20 feet to the corner formed by the intersection of the westerly side of Post Avenue with the northwesterly side of Tenth Avenue;

THENCE northeasterly, along the northwesterly side of Tenth Avenue, 158 feet 8-1/4 inches to the corner formed by the intersection of the southerly side of Isham Street with the westerly side of Tenth Avenue, at the point or place of BEGINNING.

EXHIBIT B

DESCRIPTION OF FACILITY PERSONALTY

The acquisition of fixtures and other equipment for incorporation and/or use at the building located at 3896 10th Avenue, New York, New York 10034 (Block 2223 Lot 16), financed with the proceeds of the Build NYC Resource Corporation Revenue Bonds, Series 2018 (Inwood Academy for Leadership Charter School Project)

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APPENDIX K

FORM OF BOND COUNSEL OPINION

ATTORNEYS AT LAW

NIXONPEABODY.COM
@NIXONPEABODYLLP

Nixon Peabody LLP
Tower 46
55 West 46th Street
New York, NY 10022-7039
212-940-3000

May 15, 2018

Build NYC Resource Corporation
New York, New York

Re: Build NYC Resource Corporation
$17,560,000 Revenue Bonds, Series 2018A (Inwood Academy for Leadership Charter School Project)

and

$435,000 Taxable Revenue Bonds, Series 2018B (Inwood Academy for Leadership Charter School Project)

Ladies and Gentlemen:

We have acted as bond counsel to the Build NYC Resource Corporation (New York, New York) (the "**Issuer**"), in connection with the issuance on the date hereof by the Issuer of its Revenue Bonds, Series 2018A (Inwood Academy for Leadership Charter School Project), in the aggregate principal amount of $17,560,000 (the "**Series 2018A Bonds**") and its Taxable Revenue Bonds, Series 2018B (Inwood Academy for Leadership Charter School Project), in the aggregate principal amount of $435,000 (the "**Series 2018B Bonds**"; and, together with the Series 2018A Bonds, the "**Series 2018 Bonds**"). The Series 2018 Bonds are authorized to be issued pursuant to:

(i) Section 1411 of the New York Not-for-Profit Corporation Law (the "**Act**"),

(ii) the Bond Resolution duly adopted by the Issuer on February 13, 2018 (the "**Resolution**"), and

(iii) the Indenture of Trust, dated as of May 1, 2018 (the "**Indenture**"), by and between the Issuer and U.S. Bank National Association, as trustee for the benefit of the Owners of the Series 2018 Bonds (the "**Trustee**").

The Series 2018 Bonds were issued to finance or refinance the costs of the completion of the acquisition, construction, renovation and equipping of a certain Facility (as defined in the Loan Agreement referenced below) (collectively, the "**Project**").

The Issuer will loan the proceeds of the Series 2018 Bonds to Inwood Academy for Leadership Charter School (the "**Institution**"), pursuant to the terms of a Loan Agreement, dated as of May 1, 2018 (the "**Loan Agreement**"), between the Issuer and the Institution. The Institution has evidenced its obligation to make loan payments to the Issuer by the issuance and delivery of certain Promissory Notes, dated May 15, 2018 (collectively, the "**Note**"), each from the Institution to the Issuer and endorsed by the Issuer to the Trustee.

Friends of the Inwood Academy for Leadership Charter School, Inc. ("**Friends**") has executed and delivered a Limited Guaranty Agreement, dated as of even date herewith, from the Friends to the Trustee (as the same may be amended or supplemented, the "**Limited Guaranty**"), pursuant to which Limited Guaranty, Friends will guaranty the payment of the Bonds but solely to the extent of their leasehold interest in the Facility.

The Institution and Friends have granted mortgage liens on and security interests in their respective interests in the Facility to the Issuer and the Trustee pursuant to Mortgage and Security Agreement (Building Loan) and a Mortgage and Security Agreement (Indirect Loan), each dated as of May 1, 2018 (collectively, the "**Mortgage**"), and the Issuer has assigned to the Trustee as security for the Series 2018 Bonds, for the benefit of the Owners of the Series 2018 Bonds, all of its rights under the Mortgage pursuant to an Assignment of Mortgage and Security Agreement (Building Loan) and Assignment of Mortgage and Security Agreement (Indirect Loan), each dated as of even date herewith (collectively, the "**Assignment of Mortgage**"), each from the Issuer to the Trustee.

The Issuer and the Institution have entered into a Tax Regulatory Agreement, dated the date hereof (the "**Tax Regulatory Agreement**"), in which the Issuer and the Institution have made certain representations and covenants, established certain conditions and limitations and created certain expectations, relating to compliance with the requirements imposed by the Internal Revenue Code of 1986, as amended (the "**Code**"). RBC Capital Markets, LLC (the "**Underwriter**") has agreed to purchase the Series 2018 Bonds pursuant to the terms of a Bond Purchase Agreement, dated May 1, 2018 (the "**Bond Purchase Agreement**"), among the Issuer, the Underwriter, and the Institution.

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in Section 1.01 of the Indenture.

The Series 2018 Bonds are dated the date hereof, and bear interest from the date thereof pursuant to the terms of the Series 2018 Bonds. The Series 2018 Bonds are subject to prepayment or redemption prior to maturity, as a whole or in part, at such time or times, under such circumstances and in such manner as is set forth in the Series 2018 Bonds and the Indenture.

As bond counsel, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such instruments, certificates and documents (including all documents constituting the Record of Proceedings with respect to the issuance of the Series 2018 Bonds) as we have deemed necessary or appropriate for the purposes of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity and due execution of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, without having conducted any independent investigation, we have relied upon, and assumed the accuracy and truthfulness of, the aforesaid instruments, certificates and documents.

In rendering the opinions set forth below, we have relied upon, among other things, certain representations and covenants made by the parties in this transaction including: (i) the Institution in (a) the Bond Purchase Agreement; (b) the Tax Regulatory Agreement; (c) the Loan Agreement; (d) the Letter of Representation and Indemnification, dated of even date herewith; and (e) the Bond Counsel Due Diligence Questionnaire submitted to us by the Institution, as amended and supplemented; and (ii) the Issuer in (a) the Indenture; (b) the Tax Regulatory Agreement; (c) the Loan Agreement; (d) the Assignment; (e) the Certificate of Determination, dated the date hereof; and (f) the General Certificate of the Issuer, dated the date hereof. We call your attention to the fact that there are certain requirements with which the Issuer and the Institution must comply after the date of issuance of the Series 2018 Bonds in order for the interest on the Series 2018A Bonds to remain excluded from gross income for Federal income tax purposes. Copies of the aforementioned documents are included in the Record of Proceedings.

In addition, in rendering the opinions set forth below, we have relied upon the opinions of the General Counsel of the Issuer, Meredith J. Jones, Esq., counsel to the Institution, Connell Foley LLP, Jersey City, New Jersey and counsel to the Trustee, Paparone Law PLLC, New York, New York, all of even date herewith. Copies of the aforementioned opinions are contained in the Record of Proceedings.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Issuer is a duly organized and existing corporate entity constituting a local development corporation of the State of New York.

2. The Issuer is duly authorized to issue, execute, sell and deliver the Series 2018 Bonds, for the purpose of paying the costs described above.

3. The Resolution has been duly adopted by the Issuer and is in full force and effect.

4. The Indenture, the Tax Regulatory Agreement, the Loan Agreement, the Assignment and the Bond Purchase Agreement (collectively, the "**Issuer Documents**") have been duly authorized, executed and delivered by the Issuer.

5. Assuming the due authorization, execution and delivery of the Issuer Documents by the other parties thereto, the Indenture, the Loan Agreement, the Tax Regulatory Agreement, the Assignment and the Bond Purchase Agreement are legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms.

6. The Series 2018 Bonds have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding special obligations of the Issuer payable solely from the revenues derived from the Loan Agreement, enforceable against the Issuer in accordance with their respective terms.

7. The Series 2018 Bonds do not constitute a debt of the State of New York or of The City of New York and neither the State of New York nor The City of New York will be liable thereon.

8. The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2018A Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2018A Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Series 2018A Bonds. Pursuant to the Indenture, the Loan Agreement and the Tax Regulatory Agreement, the Issuer and the Institution have covenanted to maintain the exclusion from gross income of the interest on the Series 2018A Bonds pursuant to Section 103 of the Code. In addition, the Issuer and the Institution have made certain representations and certifications in the Indenture, the Loan Agreement and the Tax Regulatory Agreement. We are also relying on the opinion of counsel to the Institution, as to all matters concerning the status of the Institution as an organization described in Section 501(c)(3) of the Code and exempt from Federal income tax under Section 501(a) of the Code. We have not independently verified the accuracy of those certifications and representations or that opinion.

Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Series 2018A Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

9. Interest on the Series 2018A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision of the State of New York (including The City of New York), assuming compliance with the tax covenants and the accuracy of the representations and certifications described in paragraph 8 herein.

10. The excess of the principal amount of a maturity of the Series 2018A Bonds over the price at which a substantial amount of such maturity of the Series 2018A Bonds was sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a "**Discount Bond**" and collectively, the "**Discount Bonds**") constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2018A Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment.

11. Interest on the Series 2018B Bonds is <u>not</u> excluded from gross income for Federal income tax purposes under Section 103 of the Code.

12. Interest on the Series 2018B Bonds is <u>not</u> exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Except as stated in paragraphs 8, 9, 10, 11 and 12, we express no opinion as to any other Federal, state or local tax consequences of the ownership or disposition of the Series 2018 Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Series 2018 Bonds, or the interest thereon, if any action is taken with respect to the Series 2018 Bonds or the proceeds thereof upon the advice or approval of other counsel.

The foregoing opinions are qualified to the extent that the enforceability of the Series 2018 Bonds, the Indenture, the Loan Agreement, the Tax Regulatory Agreement, the Assignment and the Bond Purchase Agreement may be limited by bankruptcy, insolvency or other laws or enactments now or hereafter enacted by the State of New York or the United States affecting the enforcement of creditors' rights and by restrictions on the availability of equitable remedies and to the extent, if any, that enforceability of the indemnification provisions of such documents may be limited under law. We express no opinion with respect to the availability of any specific remedy provided for in any of the bond documents.

In rendering the foregoing opinions, we are not passing upon and do not assume any responsibility for the accuracy, completeness, sufficiency or fairness of any documents, information or financial data supplied by the Issuer, the Institution, or the Trustee in connection with the Series 2018 Bonds, the Indenture, the Loan Agreement, the Mortgage, the Tax Regulatory Agreement, the Assignment, the Limited Guaranty, the Bond Purchase Agreement and the Project, and we make no representation that we have independently verified the accuracy, completeness, sufficiency or fairness of any such documents, information or financial data.

We express no opinion with respect to the registration requirements under the Securities Act of 1933, as amended, the registration or qualification requirements under the Trust Indenture Act of 1939, as amended, the registration, qualification or other requirements of State Securities laws or the availability of exemptions therefrom.

We express no opinion as to the sufficiency of the description of the Facility Realty or the Facility Personalty contained in the Loan Agreement or as to the adequacy, perfection or priority of any security interest in any collateral securing the Series 2018 Bonds.

We express no opinion with respect to whether the Issuer and the Institution (i) have complied with environmental laws, (ii) have obtained any or all necessary governmental approvals, consents or permits, or (iii) have complied with the New York Labor Law or other

applicable laws, rules, regulations, orders and zoning and building codes, all in connection with the construction, equipping, furnishing and operation of the Facility.

The opinions expressed herein may be relied upon by the addressee and may not be relied upon by any other person without our prior written consent.

Very truly yours

APPENDIX L

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

$17,560,000
BUILD NYC RESOURCE CORPORATION

REVENUE BONDS, SERIES 2018A

(INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL PROJECT)

$435,000
BUILD NYC RESOURCE CORPORATION

TAXABLE REVENUE BONDS, SERIES 2018B

(INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL PROJECT)

THIS CONTINUING DISCLOSURE AGREEMENT dated as of May 15, 2018 (this "Disclosure Agreement") is executed and delivered by the Inwood Academy for Leadership Charter School (the "School") and U.S. Bank National Association, in its capacity as Dissemination Agent hereunder (the "Dissemination Agent"), for the holders of the above-captioned bonds (the "Bonds") under the Indenture of Trust, dated as of May 1, 2018 (the "Indenture"), between the Build NYC Resource Corporation (the "Authority") and U.S. Bank National Association, in its capacity as trustee (the "Trustee"). The School and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the School and the Dissemination Agent for the benefit of the Holders and Beneficial Holders of the Bonds and in order to assist the Participating Underwriter in complying with, and constitutes the written undertaking of the School for the benefit of the Bondholders required by, Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the "Rule").

The School, as an "obligated person" within the meaning of the Rule, undertakes to provide the following information as provided in this Disclosure Agreement:

(a) Annual Reports; and

(b) Quarterly Reports.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any annual report provided by the School pursuant to, and as described in, Section 3(b) of this Disclosure Agreement.

"*Annual Audited Financial Statements*" means the annual audited financial statements of the School.

"*Beneficial Holders*" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

"*Dissemination Agent*" means the Dissemination Agent named above, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the School and which has filed with the Trustee a written acceptance of such designation.

"*Holders*" means either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in its depository system.

"*Listed Event*" means any of the events listed in Section 4(a) hereof.

"*Loan Agreement*" means the Loan Agreement dated as of May 1, 2018 between the Authority and the School.

"*Participating Underwriter*" means the original underwriter of the Bonds who is required to comply with the Rule in connection with offering of the Bonds.

"*Quarterly Report*" means any quarterly report provided by the School pursuant to, and as described in, Section 3(a) of this Disclosure Agreement.

"*Repository*" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system currently at http://emma.msrb.org.

Section 3. Provision of Quarterly Reports and Annual Reports.

(a) Quarterly Reports.

(i) (A) The School will cause the Dissemination Agent to, not later than 45 days following the end of each calendar quarter, commencing with the Quarterly Report for the calendar quarter ending September 30, 2018, provide to the Repository a Quarterly Report in the appropriate format required by law or applicable regulation which is consistent with the requirements of Subsection (a)(ii) of this Section.

(B) If the School is unable or for any other reason fails to provide a Quarterly Report or any part thereof by the date required in Subsection (a)(i)(A) of this Section, the School will cause the Dissemination Agent to send a notice to that effect no later than such date to the Repository, along with the other parts, if any, of the Quarterly Report. The School will, or will cause the Dissemination Agent to, provide a copy of such notice to the Authority.

(ii) (A) Quarterly Reports will contain or incorporate by reference the following information to be compiled as of the end of the calendar quarter:

(I) The School's annual budget, together with a quarterly division of such budget;

(II) The School's income statement and balance sheet;

(IV) Copies of any written reports of an Independent Consultant engaged by the School in accordance with its covenants in the Loan Agreement; and

(V) The School's enrollment.

(B) The Quarterly Reports may be submitted as a single document, or as separate documents comprising a package, and may incorporate by reference from other documents other information, including official statements of debt issues for

the benefit of the School or related entities which have been submitted to the Repository. If the document incorporated by reference is a final official statement, it must be available from the Repository. The School will clearly identify each such other document so incorporated by reference.

(b) Annual Reports.

(i) While any Bonds are outstanding, the School will, or upon written direction cause the Dissemination Agent to, provide the Annual Report on or before December 15 of each year (the "Report Date"), beginning on or before December 15, 2018 to the Repository in an electronic format as prescribed by the Repository. The School shall include with each such submission of the Annual Report to the Dissemination Agent a written representation addressed to the Dissemination Agent, upon which the Dissemination Agent may conclusively rely, to the effect that the Annual Report is the Annual Report required to be provided by it pursuant to this Disclosure Agreement and that it complies with the applicable requirements of this Disclosure Agreement.

(ii) The term "Annual Report" shall mean the School's annual operating report submitted by the School to the New York Department of Education on an annual basis (information to be as of June 30 of the prior Fiscal Year). The School will also provide an officer's certificate or auditor's certificate showing calculations of and compliance with the Net Income Available for Sublease Payments/Debt Service Minimum Coverage and Days Cash on Hand requirements. In addition, until completion of the new facility described in the Limited Offering Memorandum, the report shall contain a description of construction progress.

(iii) The Annual Report shall also include updated information from Appendix A of the Limited Offering Memorandum, as of June 30th of each year, as follows:

1. School leadership team (chart on page A-6);
2. Staff/faculty retention (chart on page A-8);
3. Student enrollment and retention (chart on page A-8);
4. Student applications and waitlist (chart on page A-9);
5. Student demographic information (chart on page A-11);
6. Student academic performance (charts on pages A-12 through A-15);
7. Summary of historic revenues and expenses (chart on page A-20);
8. Charter school per pupil State funding (chart on page A-20).

(c) The School shall provide, or, upon furnishing such Annual Audited Financial Statements to the Dissemination Agent, shall cause the Dissemination Agent to provide such Annual Audited Financial Statements when and if available while any Bonds are Outstanding to the Repository.

(d) If by 15 Business Days prior to a Report Date the Dissemination Agent has not received a copy of the Annual Report or the Annual Audited Financial Statements, the Dissemination Agent shall contact the School to give notice that the Dissemination Agent has not received the Annual Report or the Annual Audited Financial Statement and that such information must be provided to the Repository, by the applicable Report Date.

(e) If the Dissemination Agent does not receive the Annual Report or the Annual Audited Financial Statements from the School as required by clauses (b) and (c) of this Section by the applicable Report Date, the Dissemination Agent shall, without further direction or instruction

from the School, provide to the Repository and the Authority notice of any such failure to provide to the Dissemination Agent such Annual Report or Annual Audited Financial Statements by the applicable Report Date.

(f) The School will hold an annual investor call for the purpose of reviewing the previous year's financial results. Such investor call shall be preceded by notice provided in the manner prescribed hereunder, and shall be held within 30 days of approval by the School's governing board of the School's Annual Audited Financial Statements. If the School does not conduct the investor call contemplated hereby, it shall not constitute a failure hereunder, it shall not give rise to a requirement to provide notice thereof to the Repository and it shall not provide a basis for any remedy or enforcement action hereunder.

Section 4. Reporting of Listed Events

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following Listed Events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) Modifications to rights of Bondholders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership, or similar event of the School;

(xiii) The consummation of a merger, consolidation, or acquisition involving the School or the sale of all or substantially all of the assets of the School, 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 such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Violation of any covenant under the Loan Documents, except in cases in which the covenant default is cured within the applicable cure period;

(xvi) Receipt by the School of any communication from the State of New York Department of Education revoking or warning of the possible revokation of the School's charter.

(b) For purposes of the event identified in subsection (a)(xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the School in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the School, 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 School.

(c) If the School obtains knowledge of the occurrence of a Listed Event, the School shall, within three (3) Business Days of receiving such notice, notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent has been instructed by the School to report the occurrence of a Listed Event, the Dissemination Agent shall file in a timely manner not in excess of ten Business Days after such occurrence (assuming it has received instructions not less than two Business Days prior to the expiration of such ten Business Day period) a notice of such occurrence with the Repository in an electronic format as prescribed by the Repository. Notwithstanding the foregoing:

(i) notice of the occurrence of a Listed Event described in subsections (a)(i), (iii), (iv), (v), (viii) (other than bond calls), (ix), (xi), (xii), or (xiv) shall be given by the Dissemination Agent unless the School gives the Dissemination Agent written affirmative instructions not to disclose such occurrence; and

(ii) notice of Listed Events described in subsections (a)(viii) (other than tender offers) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the owners of affected Bonds pursuant to the Indenture.

Section 5. Termination of Reporting Obligation. The School's and the Dissemination Agent's obligations under this Disclosure Agreement shall automatically terminate once the Bonds are no longer outstanding or, with respect to the Dissemination Agent, upon the resignation or removal of the Dissemination Agent, or with respect to the School, once it is no longer obligated on the Bonds.

Section 6. Dissemination Agent. The School may, from time to time, appoint or engage a Dissemination Agent to assist them in carrying out their obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent upon notice to the Dissemination Agent. The Dissemination Agent may resign at any time by providing 30 days' written notice to the School. The initial Dissemination Agent shall be the Dissemination Agent named herein.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the School and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived by the parties hereto, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the School and the Dissemination Agent, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule, provided that the Dissemination Agent shall not be obligated to agree to any amendment that modifies the duties or liabilities of the Dissemination Agent without its consent thereto, or with regard to any provision affecting the Authority, without the Authority's written consent thereto.

Section 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the School 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 occurrence of a material event, in addition to that which is required by this Disclosure Agreement. If the School chooses to include any information in any Annual Report or notice of occurrence of a material event in addition to that which is specifically required by this Disclosure Agreement, the School shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report.

Section 9. Default. In the event of a failure of the School or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee, at the written direction of the Participating Underwriter or the Holders of at least 25% in aggregate principal amount of Outstanding Bonds, shall, but only to the extent the Trustee receives indemnification to its satisfaction, or any Beneficial Holder or Holder of any of the Bonds may, seek mandate or specific performance by court order, to cause the School or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement; provided that neither the School nor the Dissemination Agent shall be liable for monetary damages or any other monetary penalty or payment for breach of any of its obligations under this Section or unless, in the case of the School, such breach shall have been willful or reckless. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Loan Agreement or the Indenture, and the rights and remedies provided by the Loan Agreement upon the occurrence of an "Event of Default" shall not apply to any such failure. The sole remedy under this Disclosure Agreement in the event of any failure of the School or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel specific performance.

Section 10. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article IX of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Dissemination Agent shall be entitled to the benefits, protections and provisions thereof to the same extent as the Trustee. No recourse shall be had for the performance of any obligation, agreement or covenant of the School, the Trustee or the Dissemination Agent under this Disclosure Agreement against the Authority or against any member, official, employee, counsel, consultant and agent of the Authority or any person executing the Bonds. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the School agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the School for its services provided hereunder and all expenses, legal fees and advances made or incurred by the Dissemination

Agent hereunder. The School agrees to indemnify and hold harmless the Authority, any member, officer, official, employee, counsel, consultant and agent of the Authority, against any and all losses, claims, damages, liabilities or expenses whatsoever caused by the School's or the Dissemination Agent's failure to perform or observe any of its obligations, agreements or covenants under the terms of this Disclosure Agreement but only if and insofar as such losses, claims, damages, liabilities or expenses are caused by any such failure of the School or the Dissemination Agent to perform. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the School hereunder and shall not be deemed to be acting in a fiduciary capacity for the School, the Holders or Beneficial Holders of the Bonds or any other party. The obligations of the School under this Section shall survive resignation or removal of the Dissemination Agent or the Trustee and payment of the Bonds.

Section 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the School, the Authority, the Trustee, the Dissemination Agent, the Participating Underwriter and the respective successors and assigns of each of the foregoing, as well as the Beneficial Holders and Holders of any Bonds and shall create no rights in any other person or entity.

Section 12. Interpretation. It being the intention of the School that there be full and complete compliance with the Rule, this Disclosure Agreement shall be construed in accordance with the written guidance and no action letters published from time to time by the Securities and Exchange Commission and its staff with respect to the Rule.

Section 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of New York.

Section 14. 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.

[School's Signature Page to the Continuing Disclosure Agreement]

INWOOD ACADEMY FOR LEADERSHIP CHARTER SCHOOL

By: ______________________________

[Dissemination Agent's Signature Page to Continuing Disclosure Agreement]

U.S. BANK NATIONAL ASSOCIATION, as Dissemination Agent

By:_________________________________

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Build NYC Resource Corporation

Name of Bond Issue: $17,560,000 Revenue Bonds, Series 2018A (Inwood Academy for Leadership Charter School Project) Series 2018

$435,000Taxable Revenue Bonds, Series 2018B (Inwood Academy for Leadership Charter School Project))

Name of Obligated Person: Inwood Academy for Leadership Charter School

Date of Issuance: May 15, 2018

NOTICE IS HEREBY GIVEN that Inwood Academy for Leadership Charter School (the "School") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of May 15, 2018, between U.S. Bank National Association, as dissemination agent, and the School. The School has informed the Dissemination Agent that it anticipates that the Annual Report will be filed by ______________________.

Dated: ______________________

U.S. BANK NATIONAL ASSOCIATION, as Dissemination Agent

By: ________________________________

Authorized Representative

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Inwood
Academy
For Leadership