

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, the Institution and the School described herein, interest on the Series 2017A 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 with respect to individuals and corporations. Bond Counsel is further of the opinion that interest on the Series 2017A 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. Interest on the Series 2017B 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). As further described under "TAX MATTERS - SERIES 2017A BONDS" and "TAX MATTERS - SERIES 2017B BONDS" herein, legislation is pending in Congress that would significantly change individual and corporate income tax rates and repeal the alternative minimum tax for tax years after 2017.

BUILD NYC RESOURCE CORPORATION
Revenue Bonds
(Metropolitan Lighthouse Charter School Project)
\$24,895,000 Tax-Exempt Series 2017A
\$830,000 Taxable Series 2017B

Dated: Date of Issuance

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

The above-referenced Build NYC Resource Corporation Revenue Bonds (Metropolitan Lighthouse Charter School Project), Tax-Exempt Series 2017A (the "Series 2017A Bonds") and Taxable Series 2017B (the "Series 2017B 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 2017A Bonds and the Series 2017B Bonds are referred to herein collectively as the "Series 2017 Bonds." Undefined capitalized terms on this cover are defined in the text hereof or in APPENDIX F of this Limited Offering Memorandum.

The Series 2017 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 December 1, 2017 (the "Loan Agreement"), between 180 W. 165th Street LLC, a New York limited liability company (the "Institution"), whose initial sole member is Metropolitan Lighthouse Charter School, a New York nonprofit education corporation (the "School"), and the Issuer, (ii) a pledge of certain funds and accounts established under the Indenture of Trust, dated as of December 1, 2017 (the "Indenture"), between the Issuer and The Bank of New York Mellon, New York, New York, as trustee (the "Trustee"), and (iii) a mortgage on the Facility. 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 2017 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 2017 Bonds. The Series 2017 Bonds will not be payable out of any funds of the Issuer other than those pledged therefor pursuant to the Indenture. The Series 2017 Bonds will not give rise to a pecuniary liability or charge against the credit or taxing powers of the State or any political subdivision thereof, including the City. No recourse will be had for the payment of the principal of, or the interest on, the Series 2017 Bonds against any member, officer, director, employee or agent of the Issuer. The Issuer has no taxing power.

The Series 2017 Bonds will be issued by the Issuer pursuant to the Indenture. The Series 2017 Bonds will be payable from (i) amounts held by the Trustee under the Indenture; and (ii) Loan Payments to be made by the Institution under the Loan Agreement. The Series 2017 Bonds will be additionally secured by the Mortgage, the Assignment of Lease, and a pledge of certain funds and accounts held under the Indenture, including amounts held in the 2017 CSFP Subaccount of the Debt Service Reserve Fund. On the date of issuance of the Series 2017 Bonds, a deposit to the 2017 CSFP Subaccount of the Debt Service Reserve Fund in the amount of \$1,610,000 will be fully funded pursuant to a deposit made by the Charter School Financing Partnership, LLC ("CSFP") under the terms of a Debt Service Reserve Fund Agreement and a Credit Enhancement Agreement. The Institution will enter into a Lease, dated as of December 1, 2017 (the "Lease"), with the School whereby the School will lease the Facility from the Institution. Rent payable to the Institution under the Lease will be in amounts sufficient to pay Loan Payments under the Loan Agreement. See "THE PROJECT AND PLAN OF FINANCE" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS" in this Limited Offering Memorandum.

Proceeds derived from the sale of the Series 2017 Bonds will be used by the Institution for the purposes of funding: (i) (a) the acquisition of an existing approximately 51,600 square foot 6-story building on an approximately 12,084 square foot parcel of land located at 180 West 165th Street, Bronx, New York (the "Facility"), and (b) the construction of a rooftop renovation and addition thereto (the "Rooftop Gymnasium Improvement Project"); and (ii) the costs of issuing the Series 2017 Bonds (collectively, the "Project"). Interest on the Series 2017 Bonds will be payable on June 1 and December 1 of each year, commencing June 1, 2018. See "THE PROJECT AND PLAN OF FINANCE" and "THE SERIES 2017 BONDS" in this Limited Offering Memorandum.

The Series 2017 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 2017 Bonds will be made in book-entry form only. Purchasers of beneficial interests will not receive physical certificates. The Series 2017 Bonds are subject to optional and mandatory redemption as described in this Limited Offering Memorandum. See "THE SERIES 2017 BONDS" in this Limited Offering Memorandum. An investment in the Series 2017 Bonds is subject to certain risks. See "RISK FACTORS" in this Limited Offering Memorandum. Investors must read the entire Limited Offering Memorandum, including the Appendices hereto.

The Series 2017 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 2017 Bonds and beneficial ownership interests in the Series 2017 Bonds only to Qualified Institutional Buyers and Accredited Investors.

SEE THE INSIDE FRONT COVER FOR THE MATURITY SCHEDULES FOR THE SERIES 2017 BONDS

The Series 2017 Bonds are offered, subject to prior sale, when, as and if accepted by Piper Jaffray & Co. (the "Underwriter") and subject to an opinion as to the validity of the Series 2017 Bonds and the tax-exempt status of the Series 2017A 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 Institution and School by their special counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York, for CSFP by its counsel, Perkins, Coie LLP, Chicago, Illinois, for the Trustee by its special counsel, Papparone Law PLLC, New York, New York, and for the Underwriter by its counsel, Barnes & Thornburg LLP, Minneapolis, Minnesota, and certain other conditions. It is expected that delivery of the Series 2017 Bonds will be made on or about December 22, 2017 through the facilities of DTC.

PiperJaffray

MATURITY SCHEDULE

\$24,895,000

**Build NYC Resource Corporation
Tax-Exempt Revenue Bonds, Series 2017A
(Metropolitan Lighthouse Charter School Project)**

\$2,240,000 Series 2017A Serial Bonds

<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP⁽³⁾ (12008E)</u>
2022	\$190,000	4.00%	3.17%	103.412%	NA0
2023	370,000	5.00	3.24	108.714	NB8
2024	390,000	5.00	3.30	109.790	NC6
2025	410,000	5.00	3.35	110.786	ND4
2026	430,000	5.00	3.42	111.498	NE2
2027	450,000	5.00	3.49 ⁽¹⁾	111.365	NF9

\$2,625,000 5.00% Series 2017A Term Bonds due June 1, 2032
Price of 110.185% to Yield 3.66%⁽¹⁾
CUSIP: 12008E NG7⁽³⁾

\$3,345,000 5.00% Series 2017A Term Bonds due June 1, 2037
Price of 108.747% to Yield 3.87%⁽¹⁾
CUSIP: 12008E NH5⁽³⁾

\$9,725,000 5.00% Series 2017A Term Bonds due June 1, 2047
Price of 107.960% to Yield 3.98%⁽²⁾
CUSIP: 12008E NJ1⁽³⁾

\$6,960,000 5.00% Series 2017A Term Bonds due June 1, 2052
Price of 107.146% to Yield 4.08%⁽²⁾
CUSIP: 12008E NK8⁽³⁾

\$830,000

**Build NYC Resource Corporation
Taxable Revenue Bonds, Series 2017B
(Metropolitan Lighthouse Charter School Project)**

\$830,000 5.00% Series 2017B Term Bonds due June 1, 2022
Price of 100%
CUSIP: 12008E NL6⁽³⁾

⁽¹⁾ Yield to optional redemption date of June 1, 2025.

⁽²⁾ Yield to optional redemption date of June 1, 2027.

⁽³⁾ 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 2017 Bonds and neither the Issuer nor the Underwriter nor the Institution makes any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

For a schedule of the mandatory sinking fund payments with respect to each maturity of the Series 2017 Bonds that are term bonds, see "THE SERIES 2017 BONDS - Redemption of Series 2017 Bonds - Mandatory Sinking Fund Installment Redemption" in this Limited Offering Memorandum.

Issuer

Build NYC Resource Corporation

Bond Counsel to the Issuer

Nixon Peabody LLP
New York, New York

School Trustees

Anne Laraway, President
Jessica Haber, Secretary
Adrain Bryan, Treasurer
Tim Bryan, Trustee
Aryanne Ferranti, Trustee
Genai Goldsmith, Trustee
Aaron Bothner, Trustee
Anuj Khatiwada, Trustee
Janice Lee, Trustee

School Officials

Tyra Williams, Principal
Kurt Davidson, Assistant Principal
Melissa Alston, Manager, Operations

Manager

Lighthouse Academies, Inc.

Financial Advisor to the School

Urban Futures, Inc.
Tustin, California

Institution's and School's Special Counsel

Orrick, Herrington & Sutcliffe LLP
New York, New York

Debt Service Reserve Fund Provider

Charter School Financing Partnership, LLC
Boston, Massachusetts

Counsel to CSFP

Perkins Coie LLP
Chicago, Illinois

Underwriter

Piper Jaffray & Co.
Minneapolis, Minnesota and New York, New York

Underwriter's Counsel

Barnes & Thornburg LLP
Minneapolis, Minnesota

Trustee and Paying Agent

The Bank of New York Mellon
New York, New York

Trustee's Counsel

Paparone Law PLLC
New York New York

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No person has been authorized by the Issuer, the Underwriter, the Institution, or the School to give any information regarding the Series 2017 Bonds, the Institution, the School, the Project, the offering contained herein and related matters or to make any representations other than those contained in this Limited Offering Memorandum and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy in any state in which it is unlawful for any person to make such offer or solicitation. The information contained in this Limited Offering Memorandum has been furnished by or on behalf of the Issuer, the Institution, and the School and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

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

Neither the Issuer nor any of its members, agents, employees or representatives has reviewed this Limited Offering Memorandum or investigated the statements or representations contained herein, except for those statements relating to the Issuer set forth under the captions "THE ISSUER" and "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 2017 Bonds are not subject to personal liability by reason of the issuance of the Series 2017 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 2017 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 2017 Bonds, the Indenture, the Loan Agreement, the Account Control Agreement, the Covenant Agreement, the Debt Service Reserve Fund Agreement, the Lease, the Mortgage, the Continuing Disclosure Agreement, and other documents do not purport to be complete. Potential investors should refer to such statutes and documents for full and complete details of their provisions. Copies of such documents are on file with the Trustee and the School.

The Chancellor of the City School District of the City of New York (the "Authorizer") has not participated in the preparation of this Limited Offering Memorandum or any other disclosure documents relating to the Series 2017 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 2017 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 2017 BONDS AND BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2017 BONDS ONLY TO QUALIFIED INSTITUTIONAL BUYERS AND ACCREDITED INVESTORS.

THE SERIES 2017 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 2017 BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH SERIES 2017 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 2017 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.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
SUMMARY INFORMATION	i	Management of the School.....	33
INTRODUCTORY STATEMENT.....	1	Additional Indebtedness	34
General	1	Forward-Looking Statements	34
Loan of Series 2017 Bond Proceeds; Mortgage and Other Security.....	2	Property Tax Exemption.....	35
2017 CSFP Subaccount of the Debt Service Reserve Fund.....	3	Tax-Exempt Status of the School.....	35
Lease.....	3	IRS Compliance Program.....	35
Continuing Disclosure.....	3	Tax-Exempt Status of the Series 2017A Bonds.....	36
Special Covenants of the School; Additional Indebtedness.....	3	Resale of Series 2017 Bonds/Lack of Secondary Market.....	36
Bondholders' Risks.....	4	Changes in Law; Annual Appropriation; Inadequate Education Aid Payments	36
Miscellaneous.....	4	Construction Risks Relating to the Rooftop Gymnasium Improvement Project.....	36
THE ISSUER.....	4	Damage or Destruction.....	37
THE INSTITUTION	5	Environmental Risks	37
THE SCHOOL	5	Environmental Regulations and Permitting	37
THE MANAGER	6	Hazardous Materials	37
CHARTER SCHOOL FINANCING PARTNERSHIP, LLC	6	No Appraisal.....	38
General	6	Maintenance of Credit Rating	38
2017 CSFP Subaccount Debt Service Reserve Fund Deposit.....	6	Enforcement of Remedies	39
THE PROJECT AND PLAN OF FINANCE.....	7	Failure to Provide Ongoing Disclosure.....	39
SOURCES AND USES OF FUNDS	8	Private School Vouchers	39
DEBT SERVICE SCHEDULE	9	Redemption Prior to Maturity	39
CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK.....	10	Summary.....	39
General	10	AUDITED FINANCIAL STATEMENTS OF THE SCHOOL.....	39
Facilities Access Payments/Rental Assistance.....	10	UNAUDITED FINANCIAL STATEMENTS OF THE SCHOOL.....	40
Charter School Basic Tuition.....	11	THE BUDGET PROJECTION	40
Federal and State Aid Attributable to a Student with a Disability	13	TAX MATTERS - SERIES 2017A BONDS	41
THE SERIES 2017 BONDS	14	Federal Income Taxes.....	41
Interest; Maturity; Payment	14	State Taxes.....	41
Redemption of Series 2017 Bonds.....	15	Original Issue Premium.....	41
Purchase and Transfer Restrictions on Series 2017 Bonds	21	Ancillary Tax Matters.....	42
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.....	21	Changes in Law and Post Issuance Events	42
Special Limited Revenue Obligations	21	TAX MATTERS - SERIES 2017B BONDS.....	43
General	21	In General	43
Lease.....	22	U.S. Holders	43
Special Covenants of the School; Additional Indebtedness.....	22	Federal Taxation of Interest Generally.....	44
The Indenture	26	State Taxes.....	44
Acceleration	28	Market Discount	44
2017 CSFP Subaccount and 2017 Non-CSFP Subaccount of the Debt Service Reserve Fund.....	28	Bond Premium.....	45
Defeasance	28	Surtax on Unearned Income	45
Mortgage	29	Sale or Redemption of Bonds.....	45
Subordination of Management Fees	29	Non-U.S. Holders	46
TRANSFER RESTRICTIONS	29	Information Reporting and Backup Withholding	47
RISK FACTORS	29	Changes in Law and Post Issuance Events	48
Nature of Special, Limited Obligations	29	CONSIDERATION FOR ERISA AND OTHER U.S. BENEFIT PLAN INVESTORS	48
Dependence on Institution's Ability to Pay Loan Payments; Ability of School to Pay Payments of Rent	30	ENFORCEABILITY OF OBLIGATIONS	50
No Taxing Authority; Dependence on Education Aid Payments and Facilities Access Payments	30	LEGAL MATTERS	51
Failure of New York City Department of Education to Make Education Aid Payments or Facilities Access Payments to the School.....	30	CONTINUING DISCLOSURE.....	51
Delay in or Termination or Reduction of Education Aid or Facilities Access Payments	31	BOND RATING	51
Budget Projection.....	31	RELATIONSHIPS AMONG THE PARTIES	52
Termination or Revocation of Charter.....	32	ABSENCE OF MATERIAL LITIGATION	52
No Pledge of Revenues by the School.....	32	The Issuer.....	52
Factors Associated with Education.....	32	The Institution.....	52
Competition for Students.....	32	The School.....	52
Foreclosure Delays and Deficiency.....	33	UNDERWRITING.....	53
Effect of Federal Bankruptcy Laws on Security for the Series 2017 Bonds.....	33	THE TRUSTEE	53
Key Personnel	33	FINANCIAL ADVISOR	54
		MISCELLANEOUS	54
		No Registration of the Series 2017 Bonds	54
		Interest of Certain Persons Named in this Limited Offering Memorandum.....	54
		Limited Offering Memorandum Certification	54

APPENDIX A –	METROPOLITAN LIGHTHOUSE CHARTER SCHOOL.....	A-1
APPENDIX B –	SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW.....	B-1
APPENDIX C –	BUDGET PROJECTION	C-1
APPENDIX D –	AUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2017 (INCLUDING JUNE 30, 2016 COMPARATIVE INFORMATION)	D-1
APPENDIX E –	UNAUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017.....	E-1
APPENDIX F –	CERTAIN DEFINITIONS	F-1
APPENDIX G –	SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT	G-1
APPENDIX H –	SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST	H-1
APPENDIX I –	SUMMARY OF CERTAIN PROVISIONS OF THE LEASE.....	I-1
APPENDIX J –	FORM OF BOND COUNSEL OPINION	J-1
APPENDIX K –	FORM OF CONTINUING DISCLOSURE AGREEMENT	K-1
APPENDIX L –	BOOK-ENTRY ONLY SYSTEM	L-1

SUMMARY INFORMATION

The following is a summary of certain information contained in this Limited Offering Memorandum. The summary is not comprehensive or complete and is qualified in its entirety by reference to the complete Limited Offering Memorandum (including the Appendices hereto). This Limited Offering Memorandum speaks only as of the date shown herein, and the information herein is subject to change. Undefined capitalized terms used below are defined in APPENDIX F 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 2017 Bonds. See “THE ISSUER” in this Limited Offering Memorandum.

Institution180 W. 165th Street LLC (the “Institution”) is a New York limited liability company formed for the sole purpose of furthering the educational and charitable purposes of the Metropolitan Lighthouse Charter School (the “School”). The School is the initial sole member of the Institution. See “THE INSTITUTION” and “APPENDIX A – METROPOLITAN LIGHTHOUSE CHARTER SCHOOL” in this Limited Offering Memorandum.

School.....The School is a New York nonprofit 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 September 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 five years and incorporated the School by issuing a certificate of incorporation known as a provisional charter. The provisional charter was renewed on May 19, 2014 and is currently in effect through June 30, 2019. See “THE SCHOOL” and “APPENDIX A – METROPOLITAN LIGHTHOUSE CHARTER SCHOOL” in this Limited Offering Memorandum. See also “CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK” and “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Limited Offering Memorandum.

Manager.....Lighthouse Academies, Inc., a Delaware nonstock, not for profit corporation and an organization described in Section 501(c)(3) of the Code (the “Manager”), manages the operations of the School under the terms of an Academic and Business Services Agreement (the “Management Agreement”) between the School and the Manager. See “APPENDIX A – METROPOLITAN LIGHTHOUSE CHARTER SCHOOL – LIGHTHOUSE ACADEMIES, INC.” in this Limited Offering Memorandum.

Series 2017 BondsThe Issuer is issuing its (i) Tax-Exempt Revenue Bonds, Series 2017A (Metropolitan Lighthouse Charter School Project) (the “Series 2017A Bonds”), in the original aggregate principal amount of \$24,895,000, and (ii) Taxable Revenue Bonds, Series 2017B (Metropolitan Lighthouse Charter School Project) (the “Series 2017B Bonds” and together with the Series 2017A Bonds, the “Series 2017 Bonds”), in the original aggregate principal amount of \$830,000, pursuant to an Indenture of Trust, dated as of December 1, 2017 (the “Indenture”), between the Issuer and The Bank of New York Mellon, as trustee (the “Trustee”). The Series 2017 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 2017 BONDS” in this Limited Offering Memorandum.

Plan of Finance and

Use of ProceedsThe Issuer will loan the proceeds derived from the sale of the Series 2017 Bonds to the Institution pursuant to the terms of a Loan Agreement, dated as of December 1, 2017 (the “Loan Agreement”), by and between the Issuer and the Institution. Proceeds of the Series 2017 Bonds will be used by the Institution for the purposes of funding: (i) (a) the

acquisition of an existing approximately 51,600 square foot 6-story building on an approximately 12,084 square foot parcel of land located at 180 West 165th Street, Bronx, New York (the “Facility”), and (b) the construction of a rooftop renovation and addition thereto (the “Rooftop Gymnasium Improvement Project”); and (ii) the costs of issuing the Series 2017 Bonds (collectively, the “Project”). The Facility will be owned by the Institution and leased to the School for use as a public charter school for students in grades K-12 pursuant to a Lease, dated as of December 1, 2017 (the “Lease”). See “THE PROJECT AND PLAN OF FINANCE,” “SOURCES AND USES OF FUNDS” and “APPENDIX A – METROPOLITAN LIGHTHOUSE CHARTER SCHOOL” in this Limited Offering Memorandum.

Security for

the Series 2017 Bonds..... The Series 2017 Bonds will be secured by and payable from an assignment and pledge of (i) all money held under the Indenture, including the Deposit (as defined herein) by the Charter School Financing Partnership, LLC (“CSFP”) to the 2017 CSFP Subaccount of the Debt Service Reserve Fund (but excluding funds in the Rebate Fund and the funds in the CSFP Fund), (ii) the interest of the Issuer in the Loan Agreement (except for the Issuer’s Reserved Rights), and (iii) Loan Payments due from the Institution under the Loan Agreement.

The School will lease the Facility from the Institution pursuant to the Lease. The Rent (as defined in the Lease) payable to the Institution under the Lease will be in amounts sufficient to pay Loan Payments under the Loan Agreement.

The Series 2017 Bonds will also be secured under (i) the terms of the Mortgage and Security Agreement, dated as of December 1, 2017 (the “Mortgage”), from the Institution in favor of the Issuer and the Trustee, as assigned by the Issuer to the Trustee under the terms of an Assignment of Mortgage and Security Agreement, dated as of the date of issuance of the Series 2017 Bonds (the “Assignment of Mortgage”), and (ii) an Assignment of Lease, dated as of December 1, 2017 (the “Assignment of Lease”), from the Institution to the Trustee.

Pursuant to the terms of the Lease, the School will pay all Rent directly to the Institution’s bank account that is subject to the Account Control Agreement (as defined below). The Charter Schools Act prohibits the School from pledging or assigning Education Aid, Facilities Access Payments, and other amounts payable by the New York State Department of Education (the “Department of Education”) to the School in connection with the construction, acquisition, reconstruction, rehabilitation, or improvement of a school facility. Pursuant to the terms of an Account Control Agreement, dated as of December 1, 2017 (the “Account Control Agreement”), between the Institution, the Trustee, and The Bank of New York Mellon, as depository bank for the Institution (the “Depository Bank”), the Institution will grant a security interest in the Institution’s operating account to the Trustee and will direct the Depository Bank to transfer each Rent payment from the Institution’s operating account to the Trustee for deposit to the Revenue Fund (such payment of Rent is anticipated to be sufficient to make all payments required under the Loan Agreement). Under the terms of the Account Control Agreement, upon an Event of Default under the Indenture the Trustee will have control of and have the right to make withdrawals from such operating account. In the Account Control Agreement, the Institution covenants to not open any additional bank accounts unless such accounts are subject to the Account Control Agreement.

Pursuant to a Covenant Agreement, dated as of December 1, 2017 (the “Covenant Agreement”), between the School and the Trustee, the School will make certain covenants for the benefit of the Trustee, including that the School will comply with the terms of the Lease, for the benefit of the holders of the Series 2017 Bonds and any Additional Bonds issued under the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS” in this Limited Offering Memorandum.

Pursuant to a Debt Service Reserve Fund Agreement, dated as of December 1, 2017 (the “Debt Service Reserve Fund Agreement”), between CSFP, the Issuer and the Trustee, CSFP will: (i) deposit an amount (the “Deposit”) equal to the Debt Service Reserve Fund Requirement for the Series 2017 Bonds in in the 2017 CSFP Subaccount of the Debt Service Reserve Fund created under the Indenture and held by the Trustee, and (ii) grant a first security interest in CSFP’s interest in the 2017 CSFP Subaccount of the Debt Service Reserve Fund and amounts deposited therein to the Issuer and the Trustee. The 2017 CSFP Subaccount of the Debt Service Reserve Fund is pledged solely to the Series 2017 Bonds. For the Series 2017 Bonds, the Debt Service Reserve Fund Requirement is an amount equal to \$1,610,000 and will be satisfied in full by the Deposit. See “CHARTER SCHOOL FINANCING PARTNERSHIP, LLC,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS” and “APPENDIX H - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST” in this Limited Offering Memorandum.

Pursuant to the terms of an Assignment and Subordination of Management Agreement, dated as of December 1, 2017 (the “Assignment of Management Agreement”), from the School and the Institution to the Trustee and acknowledged by the Manager, the Manager, the School and the Institution have agreed to subordinate the payment of the Manager’s fees under the terms of the Management Agreement for the School to payment of the Rent payments required under the Lease. In addition, under the terms of the Assignment of Management Agreement, the School cannot pay the Manager its fees under the Management Agreement if, as a result of such payment, the School would not be in compliance with its minimum Days Cash on Hand requirement under the Covenant Agreement at the end of a fiscal year.

Special, Limited Obligations

THE SERIES 2017 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 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 2017 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 2017 BONDS. THE SERIES 2017 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2017 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 2017 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

Risk Factors

Purchase of the Series 2017 Bonds involves a degree of risk. A prospective purchaser of the Series 2017 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 2017 Bonds.

Purchase and

Transfer Restrictions..... The Series 2017 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 2017 Bonds and to all subsequent sales or transfers of the Series 2017 Bonds. See “THE SERIES 2017 BONDS – Purchase and Transfer Restrictions on Series 2017 Bonds” and “TRANSFER RESTRICTIONS” in this Limited Offering Memorandum.

Optional Redemption The Series 2017A Bonds maturing on or prior to June 1, 2025, are not subject to optional redemption prior to maturity. The Series 2017A Bonds maturing on or after June 1, 2026 are subject to optional redemption, on or after June 1, 2025, in whole or in part at any time (but if in part in integral multiples of \$5,000 and in the minimum principal amount of \$100,000), at the option of the Issuer (which option shall be exercised only upon the giving of notice by the Institution of its intention to prepay loan payments due under the Loan Agreement), at the Redemption Price of (a) from June 1, 2025 through May 31, 2026, 102%, (b) from June 1, 2026 through May 31, 2027, 101%, and (c) on and after June 1, 2027, 100%, of unpaid principal amount of the Series 2017A Bonds to be redeemed, plus accrued interest to the date of redemption. The Series 2017B Bonds are not subject to optional redemption. See “THE SERIES 2017 BONDS - Redemption of Series 2017 Bonds - *General Optional Redemption*” in this Limited Offering Memorandum.

Mandatory

Redemption Certain maturities of the Series 2017 Bonds are also subject to mandatory sinking fund redemption as set forth in this Limited Offering Memorandum. See “THE SERIES 2017 BONDS – Redemption of Series 2017 Bonds” in this Limited Offering Memorandum.

Extraordinary

Mandatory Redemption . Under certain circumstances the Series 2017 Bonds are also subject to redemption at a redemption price equal to the principal amount, plus accrued interest upon the occurrence of certain events of damage, destruction or condemnation. The Series 2017 Bonds are also subject to mandatory redemption upon the Issuer’s determination of (i) the Institution’s failure to operate the Facility for the Approved Project Operations, (ii) the Institution’s material violation of material legal requirements, (iii) false representation by the Institution, (iv) a required disclosure statement delivered to the Issuer is not acceptable or (v) the Institution’s failure to maintain liability insurance. See “THE SERIES 2017 BONDS – Redemption of Series 2017 Bonds” in this Limited Offering Memorandum.

Exchange and

Transfer While the Series 2017 Bonds remain in book-entry only form, transfer of ownership by Beneficial Owners may be made as described in “THE SERIES 2017 BONDS” and “APPENDIX L – BOOK-ENTRY ONLY SYSTEM” in this Limited Offering Memorandum.

Payment Interest accrues on the Series 2017 Bonds at the rates set forth on the inside front cover of this Limited Offering Memorandum from their date of issuance and is payable on June 1 and December 1 of each year, commencing June 1, 2018 (each an “Interest Payment Date”). The Series 2017 Bonds mature as set forth on the inside front cover of this Limited Offering Memorandum. Interest on and the principal of the Series 2017 Bonds is payable as described under the heading “THE SERIES 2017 BONDS – Interest; Maturity; Payment” and “THE SERIES 2017 BONDS – Redemption of Series 2017 Bonds – *Mandatory Sinking Fund Installment Redemption*” in this Limited Offering Memorandum.

Trustee and Paying Agent	The Bank of New York Mellon in New York, New York. See “THE TRUSTEE” in this Limited Offering Memorandum.
Form	The Series 2017 Bonds will be registered under a book-entry system in the name of The Depository Trust Company (“DTC”) or its nominees. See “THE SERIES 2017 Bonds” in this Limited Offering Memorandum.
Tax Status	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, the Institution and the School described herein, interest on the Series 2017A 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 with respect to individuals and corporations. Bond Counsel is further of the opinion that interest on the Series 2017A Bonds is exempt from personal income taxation imposed by the State or any political subdivision thereof including the City, assuming compliance with the tax covenants and the accuracy of the representations and certifications referred to in the first sentence of this paragraph. Interest on the Series 2017B 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 or any political subdivision thereof (including the City). See “TAX MATTERS - SERIES 2017A BONDS,” TAX MATTERS - SERIES 2017B BONDS” and “APPENDIX J – 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 Institution and the School have agreed for the benefit of the Registered Owners and Beneficial Owners of the Series 2017 Bonds to provide certain financial information, other operating data and notices of material events. Neither the Institution nor the School has been subject to any prior continuing disclosure undertaking under the Rule. See “CONTINUING DISCLOSURE,” and “APPENDIX K – FORM OF CONTINUING DISCLOSURE AGREEMENT” in this Limited Offering Memorandum.
Rating	Moody’s Investor Service has assigned a rating of “Ba1” (stable outlook) to the Series 2017 Bonds. See “BOND RATING” in this Limited Offering Memorandum.
Delivery Information	The Series 2017 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 2017 Bonds will be made on or about December 22, 2017 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 Institution and the School by their special counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. Certain legal matters will be passed upon for CSFP by its counsel Perkins Coie, LLP, Chicago, Illinois, for the Trustee by its special counsel, Paparone Law PLLC, New York, New York and for the Underwriter by its counsel, Barnes & Thornburg LLP, Minneapolis, Minnesota. Piper Jaffray & Co., Minneapolis, Minnesota will serve as the Underwriter for the Series 2017 Bonds. See “UNDERWRITING” in this Limited Offering Memorandum. The Bank of New York Mellon, New York, New York, will serve as the Trustee for the Series 2017 Bonds. Certain fees that are payable with respect to the Series 2017 Bonds to various counsel, the Underwriter and the Trustee are contingent upon the issuance and delivery of the Series 2017 Bonds.

Additional InformationThe summaries of or references to constitutional provisions, statutes, resolutions, agreements, contracts, financial statements, reports, publications and other documents or compilations of data or information set forth in this Limited Offering Memorandum do not purport to be complete statements of the provisions of the items summarized or referred to and are qualified in their entirety by the actual provisions of such items, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing and handling charge from the Underwriter, 800 Nicollet Mall, J12NPF, Minneapolis, Minnesota 55402 or the Trustee, 101 Barclay Street, Floor 7W, New York, New York 10286, Attention: Corporate Trust Administration.

Audited Financial StatementsThe 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 Marks Paneth LLP. See “AUDITED FINANCIAL STATEMENTS OF THE SCHOOL” and “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.

Unaudited Financial StatementsThe unaudited financial statements of the School for the three-month period ended September 30, 2017 are contained in APPENDIX E. The financial statements contained in APPENDIX E have been prepared by the School and have not been audited, reviewed or examined by any independent accounting firm. *Marks Paneth LLP has not performed any procedures relating to the School’s unaudited financial statements.* See “APPENDIX E – UNAUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017” in this Limited Offering Memorandum.

Budget ProjectionThe 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, 2018 through June 30, 2022.

LIMITED OFFERING MEMORANDUM

\$24,895,000

**Build NYC Resource Corporation
Tax-Exempt Revenue Bonds, Series 2017A
(Metropolitan Lighthouse Charter School Project)**

\$830,000

**Build NYC Resource Corporation
Taxable Revenue Bonds, Series 2017B
(Metropolitan Lighthouse 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. Capitalized terms not defined herein have the meanings assigned in APPENDIX F or in the Indenture, the Loan Agreement or other document with respect to which the term is used. Definitions contained in the text hereof are for ease of reference only and are qualified in their entirety by the definitions in APPENDIX F or the documents with respect to which such terms relate. The Appendices to this Limited Offering Memorandum are an integral part of this Limited Offering Memorandum and each potential investor should review the Appendices in their entirety.

General

Build NYC Resource Corporation, a not-for-profit local development corporation created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York (the “Issuer”), will issue its (i) Tax-Exempt Revenue Bonds, Series 2017A (Metropolitan Lighthouse Charter School Project) (the “Series 2017A Bonds”), in the original aggregate principal amount of \$24,895,000, and (ii) Taxable Revenue Bonds, Series 2017B (Metropolitan Lighthouse Charter School Project) (the “Series 2017B Bonds” and together with the Series 2017A Bonds, the “Series 2017 Bonds”), in the original aggregate principal amount of \$830,000, pursuant to an Indenture of Trust, dated as of December 1, 2017 (the “Indenture”), between the Issuer and The Bank of New York Mellon, as trustee (the “Trustee”). The Issuer will loan the proceeds of the Series 2017 Bonds (the “Loan”) to 180 W. 165th Street LLC, a New York limited liability company (the “Institution”), whose sole member is currently the Metropolitan Lighthouse Charter School, a New York nonprofit 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 December 1, 2017 (the “Loan Agreement”), between the Issuer and the Institution. See “APPENDIX G - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT” in this Limited Offering Memorandum.

Proceeds of the Series 2017 Bonds will be used by the Institution for the purposes of funding: (i) (a) the acquisition of an existing approximately 51,600 square foot 6-story building on an approximately 12,084 square foot parcel of land located at 180 West 165th Street, Bronx, New York (the “Facility”), and (b) the construction of a rooftop renovation and addition thereto (the “Rooftop Gymnasium Improvement Project”); and (ii) the costs of issuing the Series 2017 Bonds (collectively, the “Project”). The Facility will be owned by the Institution and leased to the School for use as a public charter school for students in grades K-12 pursuant to a Lease, dated as of December 1, 2017 (the “Lease”). See “THE PROJECT AND PLAN OF FINANCE,” “SOURCES AND USES OF FUNDS” and “APPENDIX A – METROPOLITAN LIGHTHOUSE CHARTER SCHOOL” in this Limited Offering Memorandum.

Loan of Series 2017 Bond Proceeds; Mortgage and Other Security

Proceeds of the Series 2017 Bonds will be loaned by the Issuer to the Institution pursuant to the Loan Agreement and the Series 2017 Bonds will be payable primarily from and secured by a pledge of payments to be made by the Institution (the “Loan Payments”) under the Loan Agreement and one or more Promissory Notes from the Institution to the Issuer (collectively, the “Promissory Note”), which, if fully and promptly paid, will be sufficient to pay when due the scheduled principal of and interest on the Series 2017 Bonds and any Additional Bonds (collectively, the “Bonds”). The Series 2017 Bonds will also be secured by (i) the Mortgage and Security Agreement, dated as of December 1, 2017 (the “Mortgage”), to be executed by the Institution in favor of the Issuer and the Trustee, as assigned by the Issuer to the Trustee under the terms of an Assignment of Mortgage and Security Agreement, dated as of December 1, 2017 (the “Assignment of Mortgage”) and (ii) an Assignment of Lease, dated as of December 1, 2017 (the “Assignment of Lease”), from the Institution to the Trustee. See “APPENDIX G – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT” and “APPENDIX H – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST” in this Limited Offering Memorandum.

Pursuant to the terms of the Lease, the School will pay all Rent directly to the Institution’s bank account that is subject to the Account Control Agreement (as defined below). The Charter Schools Act prohibits the School from pledging or assigning Education Aid, Facilities Access Payments, and other amounts payable by the New York State Department of Education (the “Department of Education”) to the School in connection with the construction, acquisition, reconstruction, rehabilitation, or improvement of a school facility. Pursuant to the terms of an Account Control Agreement, dated as of December 1, 2017 (the “Account Control Agreement”), between the Institution, the Trustee, and The Bank of New York Mellon, as depository bank for the Institution (the “Depository Bank”), the Institution will grant a security interest in the Institution’s operating account to the Trustee and will direct the Depository Bank to transfer each Rent payment from the Institution’s operating account to the Trustee for deposit to the Revenue Fund (such payment of Rent is anticipated to be sufficient to make all payments required under the Loan Agreement). Under the terms of the Account Control Agreement, upon an Event of Default under the Indenture the Trustee will have control of and have the right to make withdrawals from such operating account. In the Account Control Agreement, the Institution covenants to not open any additional bank accounts unless such accounts are subject to the Account Control Agreement.

Pursuant to the Indenture, the Issuer will pledge to the Trustee, for the benefit of the holders of the Series 2017 Bonds, all of its interest in the Loan Agreement (other than the Issuer’s Reserved Rights) to secure payment of the principal of, premium, if any, and interest on the Series 2017 Bonds. Pursuant to the Mortgage, the payment of the principal of, premium, if any, and interest on the Series 2017 Bonds will be secured by a mortgage lien on and security interest in the Facility, subject to certain “Permitted Encumbrances” described in the Mortgage. Pursuant to the Assignment of Lease, the Institution will assign all of its interest in the Lease and the Lease Payments to the Trustee to secure payment of the principal of, premium, if any, and interest on the Series 2017 Bonds. The obligation of the Institution to make Loan Payments under the Loan Agreement is an absolute and unconditional obligation of the Institution. However, the Institution will not have any other sources of revenue other than Rent payments received from the School under the Lease, and the ability of the Institution to generate additional revenues is limited in the event that the Education Aid payments and Facilities Access Payments (as defined herein) received by the School are not sufficient to make the required payments of Rent under the Lease. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS” in this Limited Offering Memorandum.

2017 CSFP Subaccount of the Debt Service Reserve Fund

On the date of issuance of the Series 2017 Bonds, pursuant to a Debt Service Reserve Fund Agreement, dated as of December 1, 2017 (the “Debt Service Reserve Fund Agreement”), between Charter School Finance Partnership, LLC, a Delaware limited liability company (“CSFP”), the Issuer and the Trustee, CSFP will: (i) deposit an amount (the “Deposit”) equal to the Debt Service Reserve Fund Requirement for the Series 2017 Bonds in the 2017 CSFP Subaccount of the Debt Service Reserve Fund created under the Indenture and held by the Trustee and (ii) grant a first security interest in CSFP’s interest in the 2017 CSFP Subaccount of the Debt Service Reserve Fund and amounts deposited therein to the Issuer and the Trustee. Once the Deposit by CSFP is made into the 2017 CSFP Subaccount of the Debt Service Reserve Fund the Deposit will be part of the Trust Estate governed by the Indenture. Amounts in the 2017 CSFP Subaccount of the Debt Service Reserve Fund will secure the Series 2017 Bonds (excluding funds in the CSFP Fund) and may be used by the Trustee to pay principal of and interest on the Series 2017 Bonds in the event amounts in the Bond Fund are insufficient for such purpose. Amounts in the 2017 CSFP Subaccount of the Debt Service Reserve Fund will not secure any Additional Bonds. For the Series 2017 Bonds, the Debt Service Reserve Fund Requirement is an amount equal to \$1,610,000. The Debt Service Reserve Fund Requirement for the Series 2017 Bonds will be satisfied by the Deposit in the 2017 CSFP Subaccount of the Debt Service Reserve Fund. See “THE CHARTER SCHOOL FINANCING PARTNERSHIP, LLC – 2017 CSFP Subaccount Debt Service Reserve Fund Deposit” and “APPENDIX H – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST” in this Limited Offering Memorandum.

Lease

Pursuant to the Lease, the Institution, upon purchase of the Facility using proceeds of the Series 2017 Bonds, will lease the Facility to the School. The School currently operates, and will continue to operate, its public charter school at the Facility. Rent payable to the Institution by the School under the Lease will be sufficient to pay Loan Payments under the Loan Agreement. The initial term of the Lease is equal to the term of the Series 2017 Bonds, with the School having the right to extend the Lease term for two more five year periods. Pursuant to the Assignment of Lease, as security for the Series 2017 Bonds, the Institution will assign to the Trustee all of the Institution’s interest in and to the Lease, including all of its right, title and interest in all rents, income, receipts, revenue and profits arising from the Lease. The terms of the Lease require that the School pay all amounts of Rent directly to the Institution’s bank account that is subject to the terms of the Account Control Agreement. The Depository Bank will transfer each Rent payment from the Institution’s operating account to the Trustee for deposit in the Revenue Fund as required by the terms of the Account Control Agreement.

Continuing Disclosure

The Institution and 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 2017 Bonds. See “CONTINUING DISCLOSURE” in this Limited Offering Memorandum.

Special Covenants of the School; Additional Indebtedness

The Covenant Agreement requires the School to comply with certain financial covenants and places certain restrictions on the incurrence of indebtedness by the School. The Loan Agreement prohibits the Institution from incurring any additional indebtedness other than Additional Bonds issued pursuant to the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017

BONDS – Special Covenants of the School; Additional Indebtedness” in this Limited Offering Memorandum.

Bondholders’ Risks

Certain risks associated with an investment in the Series 2017 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 Mortgage, the Lease, the Assignment of Lease, the Account Control Agreement, the Covenant Agreement, the Debt Service Reserve Fund Agreement, the Continuing Disclosure Agreement, the Issuer, the Facility, the Rooftop Gymnasium Improvement Project, the Institution, the School, and the Series 2017 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references to documents described herein are qualified in their entirety by reference to such documents, copies of which are available for inspection at the designated corporate trust office of the Trustee.

THE ISSUER

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

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

The Issuer has not prepared or assisted in the preparation of this Limited Offering Memorandum, except for statements under the sections captioned “THE ISSUER” and “ABSENCE OF MATERIAL LITIGATION – The Issuer” and, except as aforesaid, the Issuer is not responsible for any statements made in this Limited Offering Memorandum. Except for the execution and delivery of documents required to effect the issuance of the Series 2017 Bonds, the Issuer has not otherwise assisted in the public offer, sale or distribution of the Series 2017 Bonds. Accordingly, except as aforesaid, the Issuer disclaims responsibility for the disclosures set forth in this Limited Offering Memorandum or otherwise made in connection with the offer, sale and distribution of the Series 2017 Bonds.

The Series 2017 Bonds are special limited revenue obligations of the Issuer payable solely from the payments made by the Institution under the Loan Agreement and the Promissory Note and from the Trust Estate as described in the Indenture. Neither the Issuer nor its directors or officers are personally

liable with respect to the Series 2017 Bonds. Accordingly, no financial information with respect to the Issuer or its directors or officers has been included in this Limited Offering Memorandum.

THE INSTITUTION

The Institution is a New York limited liability company whose initial sole member is the School. The Institution was formed on June 14, 2017. The Institution has elected to be treated as a “disregarded entity” under the Code. The Institution will acquire and own the Facility and complete the Rooftop Gymnasium Improvement Project. The Institution will lease the Facility (including the Rooftop Gymnasium Improvement Project once completed) to the School. Additional information about the Institution is located in “APPENDIX A – METROPOLITAN LIGHTHOUSE CHARTER SCHOOL” in this Limited Offering Memorandum. It is anticipated that the School’s interest as sole member of the Institution will be transferred in the future to Metropolitan Support Corporation (the “Support Corporation”), a New York not-for-profit corporation organized for the sole purpose of supporting the School, upon determination by the Internal Revenue Service that the Support Corporation is an organization described in Section 501(c)(3) of the Code. The Support Corporation will not be a borrower under or a party to the Loan Agreement or the Promissory Note and will not be obligated to make payments under the Loan Agreement or pay debt service on the Series 2017 Bonds.

THE SCHOOL

The School is a nonprofit education corporation incorporated under Article 56 of the New York Education Law and operates pursuant to a charter agreement with the Chancellor of the City School District of the City of New York (the “Authorizer”). On January 12, 2009, the Board of Trustees of the School and the Authorizer entered into a proposed charter agreement (the “Proposed Charter”) to establish and operate the School. On September 15, 2009 (the “Effective Date”), the Board of Regents of the University of the State of New York, for and on behalf of the State Education Department (the “Board of Regents”), granted the Proposed Charter to the School and incorporated the School by issuing a certificate of incorporation known as a provisional charter, which was initially valid for a term of five years from the Effective Date. In December 2013, the Authorizer approved the School’s charter renewal application (such application, together with the first renewal charter agreement between the Board of Trustees of the School and the Authorizer, is referred to herein as the “Charter”). The provisional charter was renewed on May 19, 2014 and is currently in effect through June 30, 2019. The Charter provides for the education of students in grades K-12.

The School is an organization described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code (except with respect to “unrelated business taxable income” within the meaning of Section 512(a) of the Code) and which is not a “private foundation” as defined in Section 509(a) of the Code. The School operates as a New York nonprofit education corporation and as such is governed by the law applicable to such entities and its Charter and bylaws. The School’s bylaws provide that the School is managed and controlled by a Board of Trustees. For more information with respect to the School and its history and operations, see “APPENDIX A – METROPOLITAN LIGHTHOUSE CHARTER SCHOOL” in this Limited Offering Memorandum. The School will not be a borrower under or a party to the Loan Agreement or the Promissory Note and will not be obligated to make payments under the Loan Agreement or pay debt service on the Series 2017 Bonds.

THE MANAGER

Lighthouse Academies, Inc., a Delaware nonstock, not for profit corporation and an exempt organization described in Section 501(c)(3) of the Code (the “Manager”), manages the operations of the School pursuant to an Academic and Business Services Agreement (the “Management Agreement”). The Manager currently manages charter schools in three states serving approximately 5,950 students. See “APPENDIX A – METROPOLITAN LIGHTHOUSE CHARTER SCHOOL – LIGHTHOUSE ACADEMIES, INC.” in this Limited Offering Memorandum.

CHARTER SCHOOL FINANCING PARTNERSHIP, LLC

General

CSFP was formed by a consortium of six national nonprofit corporations to assist charter schools in connection with accessing the capital markets to finance new school facilities. The six national nonprofit corporations that comprise the consortium of CSFP all have extensive experience providing loans to charter schools such as the School. The six national nonprofit corporations that comprise the consortium are: (i) Community Reinvestment Fund; (ii) NCB Capital Impact; (iii) the Low Income Investment Fund; (iv) the Reinvestment Fund; (v) Raza Development Fund; and (vi) the Housing Partnership Network. CSFP has been determined to be a 501(c)(3) organization by the Internal Revenue Service. The Institution is receiving certain financial assistance described below from CSFP in the form of the Deposit into the 2017 CSFP Subaccount of the Debt Service Reserve Fund to secure the Series 2017 Bonds. The Deposit is pledged solely to the Series 2017 Bonds under the terms of the Indenture and the Debt Service Reserve Fund Agreement.

2017 CSFP Subaccount Debt Service Reserve Fund Deposit

CSFP will enter into the Debt Service Reserve Fund Agreement pursuant to which, on the date of issuance of the Series 2017 Bonds, CSFP will make the Deposit (\$1,610,000) to the 2017 CSFP Subaccount of the Debt Service Reserve Fund from funds derived from a portion of the money available to it under a grant from the United States Department of Education. CSFP will grant a first security interest in CSFP’s interest in the 2017 CSFP Subaccount of the Debt Service Reserve Fund and amounts deposited therein to the Issuer and the Trustee. Amounts in the 2017 CSFP Subaccount of the Debt Service Reserve Fund may be used by the Trustee to pay principal of and interest on the Series 2017 Bonds in the event amounts in the Bond Fund are insufficient for such purpose. Amounts in the 2017 CSFP Subaccount of the Debt Service Reserve Fund will not secure any Additional Bonds. Pursuant to the terms of the Debt Service Reserve Fund Agreement, CSFP will direct the investment by the Trustee of any monies held in the 2017 CSFP Subaccount (including the Deposit) in Permitted Investments (as defined in the Debt Service Reserve Fund Agreement) and CSFP is entitled to all earnings realized from such investments in the 2017 CSFP Subaccount of the Debt Service Reserve Fund and amounts held under the CSFP Fund.

THE PROJECT AND PLAN OF FINANCE

Use of Proceeds of the Series 2017 Bonds. Proceeds of the Series 2017 Bonds will be used by the Institution for the purposes of funding: (i) (a) the acquisition of the Facility, and (b) the construction of the Rooftop Gymnasium Improvement Project; and (ii) the costs of issuing the Series 2017 Bonds (collectively, the “Project”). The Facility will be owned by the Institution and leased to the School for use as a public charter school for students in grades K-12 pursuant to the Lease.

On the date of issuance of the Series 2017 Bonds, pursuant to the Debt Service Reserve Fund Agreement, CSFP will: (i) make the Deposit (in the amount of \$1,610,000) in the 2017 CSFP Subaccount of the Debt Service Reserve Fund created under the Indenture and held by the Trustee and (ii) grant a first security interest in CSFP’s interest in the 2017 CSFP Subaccount of the Debt Service Reserve Fund and amounts deposited therein to the Issuer and the Trustee. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS” and “SOURCES AND USES OF FUNDS” in this Limited Offering Memorandum.

Acquisition of the Facility. On August 2, 2013, the School entered into a lease agreement (the “Current Lease”) with CA New York City 180 W165 LLC (the “Seller”) for the Facility. Construction of the Facility was completed in 2014 and the School has occupied and operated its charter school at the Facility since the start of the 2014-2015 school year. The School and the Seller entered into an Option to Purchase, dated as of November 15, 2017 (the “Purchase Option”), as pursuant to which the Seller granted the School an option to purchase the Facility, and the School assigned its rights under the Purchase Option to the Institution under the terms of an Assignment and Assumption of Option to Purchase, dated as of November 15, 2017. Pursuant to the Purchase Option, the Institution and the Seller entered into a Sale Agreement dated as of December 6, 2017, pursuant to which the Institution agreed to purchase, and the Seller agreed to sell, the Facility at a purchase price of \$23,917,038. The Seller is unrelated to the Institution or the School or any of their respective employees or officers and no Institution or School employee or officer has any interest in the Seller.

The Rooftop Gymnasium Improvement Project. The Rooftop Gymnasium Improvement Project consists of a rooftop renovation and addition to the Facility to add an additional approximately 6,000 square feet on the sixth floor which will be used for various purposes, including as a student performance and physical education space in order to expand the School’s arts, sports and scholastic programs. The School currently uses the rooftop of the Facility for outdoor activities, weather permitting, and the Rooftop Gymnasium Improvement Project will allow the School to use the rooftop space year round instead of on a seasonal basis. See “APPENDIX A – METROPOLITAN LIGHTHOUSE CHARTER SCHOOL – THE PLAN OF FINANCE, THE SCHOOL FACILITY AND THE ROOFTOP GYMNASIUM IMPROVEMENT PROJECT - Rooftop Gymnasium Improvement Project” 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 2017 Bonds:

Sources of Funds

Series 2017A Bond Proceeds	\$24,895,000
Series 2017B Bond Proceeds	830,000
Original Issue Premium	2,053,127
CSFP Debt Service Reserve Fund Contribution	1,610,000

Total Sources of Funds

\$29,388,127

Uses of Funds

Acquisition of the Facility	\$23,917,038
Construction of the Rooftop Gymnasium Improvement Project	2,400,000
Deposit to the 2017 CSFP Subaccount of the Debt Service Reserve Fund	1,610,000
Costs of Issuance and Real Estate Closing Costs ⁽¹⁾	1,461,089

Total Uses of Funds

\$29,388,127

⁽¹⁾ Includes Underwriter's compensation, legal fees and expenses, printing, title insurance, Rating Agency fees; Trustee fees, Issuer fees, accountant fees, real estate costs and other expenses associated with the issuance of the Series 2017 Bonds.

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DEBT SERVICE SCHEDULE

The table below sets forth the amounts required to be paid with respect to the Series 2017 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 on the Series 2017 Bonds will be paid on June 1 and December 1 of each year, commencing June 1, 2018. Principal of the Series 2017 Bonds will be paid on June 1 of each year, commencing (i) June 1, 2022 for the Series 2017A Bonds and (ii) June 1, 2020 for the Series 2017B Bonds.

Year Ending (June 1)	Series 2017A Bonds		Series 2017B Bonds		Total Debt Service
	Principal Amount	Interest Amount	Principal Amount	Interest Amount	
2018		\$ 548,925		\$18,329	\$ 567,255
2019		1,242,850		41,500	1,284,350
2020		1,242,850	\$325,000	41,500	1,609,350
2021		1,242,850	340,000	25,250	1,608,100
2022	\$ 190,000	1,242,850	165,000	8,250	1,606,100
2023	370,000	1,235,250			1,605,250
2024	390,000	1,216,750			1,606,750
2025	410,000	1,197,250			1,607,250
2026	430,000	1,176,750			1,606,750
2027	450,000	1,155,250			1,605,250
2028	475,000	1,132,750			1,607,750
2029	500,000	1,109,000			1,609,000
2030	525,000	1,084,000			1,609,000
2031	550,000	1,057,750			1,607,750
2032	575,000	1,030,250			1,605,250
2033	605,000	1,001,500			1,606,500
2034	635,000	971,250			1,606,250
2035	670,000	939,500			1,609,500
2036	700,000	906,000			1,606,000
2037	735,000	871,000			1,606,000
2038	775,000	834,250			1,609,250
2039	810,000	795,500			1,605,500
2040	855,000	755,000			1,610,000
2041	895,000	712,250			1,607,250
2042	940,000	667,500			1,607,500
2043	985,000	620,500			1,605,500
2044	1,035,000	571,250			1,606,250
2045	1,090,000	519,500			1,609,500
2046	1,140,000	465,000			1,605,000
2047	1,200,000	408,000			1,608,000
2048	1,260,000	348,000			1,608,000
2049	1,320,000	285,000			1,605,000
2050	1,390,000	219,000			1,609,000
2051	1,460,000	149,500			1,609,500
2052 ⁽¹⁾	1,530,000	76,500			1,606,500
Totals	\$24,895,000	\$29,031,325	\$830,000	\$134,829	\$54,891,155

⁽¹⁾ Stated final maturity for the Series 2017A Bonds. The amount of deposit in the 2017 CSFP Subaccount of the Debt Service Reserve Fund will not be used to make the final payment on the Series 2017 Bonds and will be returned to CSFP.

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 2017 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 9 due to the

School's expansion to add grade 6 in the 2014-15 school year and additional grades thereafter pursuant to its charter. The School made its request for co-location on September 18, 2014 and upon the NYC DOE's failure to offer a co-location site, the School followed the statutory appeal procedure such that on April 22, 2015, the School received notice from the NYC DOE that the School will receive Facilities Access Payments. Since the 2013-14 school year, the School has added grades 6-9 as of the 2017-18 school year and it expects to add grade 10 for the 2018-19 school year and, upon renewal of its charter, to add grade 11 for the 2019-20 school year and grade 12 for the 2020-21 school year. 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 2013-14 school year to the current year. For the 2017-2018 school year, 203 students are enrolled in grades 6-9 and it is projected that by the 2020-2021 school year the School will enroll 364 students in grades 6-12. The School received rental assistance of \$140,949.74 in fiscal year 2015, \$292,526.75 in fiscal year 2016 and \$444,072.38 in fiscal year 2017. See "APPENDIX A – METROPOLITAN LIGHTHOUSE CHARTER SCHOOL – INTRODUCTION – Enrollment Generally" and "– Facilities Access Payments/Rental Assistance" and "– METLCS – Enrollment" and "APPENDIX C — BUDGET PROJECTION" 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

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

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

THE SERIES 2017 BONDS

Interest; Maturity; Payment

The Series 2017A Bonds will be issued in the original aggregate principal amount of \$24,895,000 and the Series 2017B Bonds will be issued in the original aggregate principal amount of \$830,000. The Series 2017 Bonds will bear interest as set forth on the inside front cover hereof. Interest on the Series 2017 Bonds will be payable semi-annually on June 1 and December 1 (each an “Interest Payment Date”) of each year, commencing on June 1, 2018. Interest on the Series 2017 Bonds will be calculated on the basis of a 360-day year with twelve months of thirty days.

The Series 2017 Bonds will be issued in the form of fully registered bonds without coupons in minimum authorized denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof (each an “Authorized Denomination”). The principal of, interest on, and premium, if any, on the Series 2017 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 2017 Bonds as described in this Limited Offering Memorandum. See “APPENDIX L – BOOK-ENTRY ONLY SYSTEM” in this Limited Offering Memorandum.

In the event the Series 2017 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 2017 Bonds will be payable by check or draft or wire transfer to the persons in whose names such Bonds are registered on the registration books maintained by the Trustee at the maturity or redemption thereof, or with respect to any payment in full of any Series 2017 Bond either at final maturity or upon redemption in whole, only at the designated corporate trust office of the Trustee, as described in the Indenture. Interest payable on each Series 2017 Bond on any Interest Payment Date will be paid by the Trustee to the registered owner of such Series 2017 Bond as shown on the bond registration books of the Trustee at the close of business on the regular Record Date for such interest, by check or draft mailed to such registered owner at his address as it appears on the bond registration books, or at the written request by any registered owner of Series 2017 Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer, as described in the Indenture.

Interest on any Series 2017 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 2017 Bond on the relevant regular Record Date and shall be payable to the owner in whose name such Series 2017 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 2017 Bonds

General Optional Redemption. The Series 2017A Bonds maturing on or prior to June 1, 2025, shall not be subject to optional redemption prior to maturity. The Series 2017A Bonds maturing on or after June 1, 2026 are subject to optional redemption, on or after June 1, 2025 (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 applicable Redemption Price described below, plus accrued interest to the date of redemption:

<u>Optional Redemption Date</u>	<u>Price</u>
June 1, 2025 through May 31, 2026	102%
June 1, 2026 through May 31, 2027	101%
June 1, 2027 and thereafter	100%

The Series 2017B Bonds shall not be subject to optional redemption prior to maturity.

Mandatory Sinking Fund Installment Redemption. The Series 2017A Bonds maturing on June 1, 2032, 2037, 2047 and 2052 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 2017A Term Bonds Maturing June 1, 2032

<u>Redemption Date (June 1)</u>	<u>Principal Amount</u>
2028	\$475,000
2029	500,000
2030	525,000
2031	550,000
2032*	575,000

*Stated Maturity.

Series 2017A Term Bonds Maturing June 1, 2037

Redemption Date (June 1)	Principal Amount
2033	\$605,000
2034	635,000
2035	670,000
2036	700,000
2037*	735,000

**Stated Maturity.*

Series 2017A Term Bonds Maturing June 1, 2047

Redemption Date (June 1)	Principal Amount	Redemption Date (June 1)	Principal Amount
2038	\$775,000	2043	\$ 985,000
2039	810,000	2044	1,035,000
2040	855,000	2045	1,090,000
2041	895,000	2046	1,140,000
2042	940,000	2047*	1,200,000

**Stated Maturity.*

Series 2017A Term Bonds Maturing June 1, 2052

Redemption Date (June 1)	Principal Amount
2048	\$1,260,000
2049	1,320,000
2050	1,390,000
2051	1,460,000
2052*	1,530,000

**Stated Maturity.*

The Series 2017B Bonds maturing on June 1, 2022 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 2017B Term Bonds Maturing June 1, 2022

<u>Redemption Date (June 1)</u>	<u>Principal Amount</u>
2020	\$325,000
2021	340,000
2022*	165,000

*Stated Maturity.

Extraordinary Redemption. The Series 2017 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 or of legislative or executive action of the State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by the Institution, the Loan Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or unreasonable burdens or excessive liabilities are imposed upon the Institution by reason of the operation of the Facility.

If the Series 2017 Bonds are to be redeemed in whole as a result of the occurrence of any of the events described above, the Institution shall deliver to the Issuer and the Trustee a certificate of an Authorized Representative of the Institution stating that, as a result of the occurrence of the event giving rise to such redemption, the Institution has discontinued, or at the earliest practicable date will discontinue, its operation of the Facility for its intended purposes.

Mandatory Redemption from Certain Other Amounts. The Series 2017 Bonds shall be redeemed at any time in whole or in part by lot prior to maturity in the event and to the extent: (i) excess title

insurance or property insurance proceeds or condemnation awards shall remain after the application thereof pursuant to the Loan Agreement and the Indenture, or (ii) excess proceeds shall remain after the release or substitution of property with respect to the Facility, in each case at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2017 Bonds to be redeemed, together with interest accrued thereon to the date of redemption.

Mandatory Redemption upon Failure to Operate the Facility for the Approved Project Operations, Material Violation of Material Legal Requirements, False Representation or Failure to Maintain Liability Insurance. The Series 2017 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 Institution is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, not for the Approved Project Operations, (x) the Institution, any Principal of the Institution or any Person that directly or indirectly Controls, is Controlled by or is under common Control with the Institution has committed a material violation of a material Legal Requirement, (y) any Conduct Representation is false, misleading or incorrect in any material respect at any date, as if made on such date, or (z) a Required Disclosure Statement delivered to the Issuer under any Project Document is not acceptable to the Issuer acting in its sole discretion, or (ii) the Institution shall fail to obtain or maintain the liability insurance with respect to the Facility required under the Loan Agreement, and, in the case of clause (i) or (ii) above, the Institution shall fail to cure any such default or failure within the applicable time periods set forth in the Loan Agreement following the receipt by the Institution of written notice of such default or failure from the Issuer and a demand by the Issuer on the Institution to cure the same. Any such redemption shall be made upon notice or waiver of notice to the Bondholders as provided in the Indenture, at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Series 2017 Bonds, together with interest accrued thereon to the date of redemption.

Mandatory Taxability Redemption. Upon the occurrence of a Determination of Taxability, the Series 2017 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 (for the Series 2017A Bonds, such accrued interest shall be at the Taxable Rate from the occurrence of the Event of Taxability to the date of redemption). The Series 2017 Bonds shall be redeemed in whole unless redemption of a portion of the Series 2017A Bonds Outstanding would have the result that interest payable on the Series 2017A Bonds remaining Outstanding after such redemption would not be includable in the gross income of any Holder of a Series 2017A Bond. In such event, the Series 2017A Bonds shall be redeemed in such amount as is deemed necessary in the opinion of Nationally Recognized Bond Counsel to accomplish that result.

Purchase in Lieu of Optional Redemption. In lieu of calling the Series 2017A Bonds for optional redemption, the Series 2017A Bonds shall be subject to mandatory tender for purchase at the direction of the Issuer, upon the direction of the Institution, in whole or in part (and, if in part, in such manner as determined by the Institution) on any date on or after June 1, 2025, at a Purchase Price equal to the applicable Redemption Price for any optional redemption of such Series 2017A Bonds as provided in the Indenture, plus accrued interest to the purchase date. Purchases of tendered Series 2017A Bonds may be made without regard to any provision of the Indenture relating to the selection of Series 2017A Bonds in a partial optional redemption. The Series 2017A Bonds purchased pursuant to any mandatory tender(s) are not required to be cancelled, and if not so cancelled (subject to the Loan Agreement), shall, prior to any resale by or on behalf of the Institution, not be deemed Outstanding in connection with any subsequent partial optional redemption solely for purposes of those provisions of the Indenture relating to the selection of the Series 2017A 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 2017A 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 2017 BONDS, ALL PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF, SINKING FUND INSTALLMENTS FOR, AND INTEREST ON THE SERIES 2017 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 L – BOOK-ENTRY ONLY SYSTEM” IN THIS LIMITED OFFERING MEMORANDUM.

Notice of Redemption. When redemption of any Series 2017 Bonds is requested or required pursuant to the Indenture, notice of redemption of any Series 2017 Bonds will be given by the Trustee in the name of the Issuer. Notice of any redemption of Series 2017 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 2017 Bonds with respect to which proper mailing was effected, and (ii) sent to the national information service that disseminates redemption notices. Each notice of redemption will contain all of the following information: (a) the date of mailing of such notice; (b) the name of the Series 2017 Bonds and the date of the original issue of such Series 2017 Bonds; (c) the redemption date; (d) the Redemption Price; (e) the dates of maturity of the Series 2017 Bonds to be redeemed; (f) (if less than all of the Series 2017 Bonds of any maturity are to be redeemed) the distinctive numbers of the Series 2017 Bonds of each maturity to be redeemed; (g) (in the case of Series 2017 Bonds redeemed in part only) the interest rates and the respective portions of the principal amount of the Series 2017 Bonds of each maturity to be redeemed; (h) the CUSIP number, if any, and Series 2017 Bond numbers of each maturity of Series 2017 Bonds; (i) the place or places where amounts due upon redemption will be payable including the name, address and telephone number of a contract person at the Trustee; and (j) notice that further interest on such Series 2017 Bonds, if any, will not accrue from and after the designated redemption date.

Effect of Notice. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. If any Series 2017 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-presentation of Series 2017 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 2017 Bonds.

If notice of redemption shall have been given in the manner provided in the Indenture and as described above, the Series 2017 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 2017 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 2017 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 2017 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 2017 Bonds so called for redemption at the place or places of payment, such Series 2017 Bonds shall be redeemed.

So long as DTC is effecting book entry transfers of the Series 2017 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 2017 Bond (having been mailed notice from the Trustee, DTC, a Participant or otherwise) to notify the Beneficial Owner of the Series 2017 Bond so affected, shall not affect the validity of the redemption of such Series 2017 Bond.

Payment of Redeemed Series 2017 Bonds. Notice having been given in the manner provided in the Indenture and as described above, the Series 2017 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 2017 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 2017 Bonds or portions thereof so called for redemption shall cease to accrue and become payable, (ii) the Series 2017 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 2017 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 2017 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 2017 Bonds for Redemption. In the event of redemption of less than all the Outstanding Series 2017 Bonds of the same Series and maturity, the particular Series 2017 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 2017 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 2017 Bonds for redemption such that no Series 2017 Bond shall be of a denomination of less than the Authorized Denomination for such Series 2017 Bonds. In the event of redemption of less than all the Outstanding Series 2017 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 2017 Bonds to be redeemed and by lot within a maturity. The portion of the Series 2017 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 2017 Bonds for redemption, the Trustee shall treat each such Series 2017 Bond as representing that number of Series 2017 Bonds which is obtained by dividing the principal amount of such registered Series 2017 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 2017 Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Holder of such Series 2017 Bond shall forthwith surrender such Series 2017 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 2017 Bond or Series 2017 Bonds in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Series 2017 Bond. New Series 2017 Bonds of a maturity representing the unredeemed balance of the principal amount of such Series 2017 Bond shall be issued to the registered Holder thereof, without charge therefor. If the Holder of any such Series 2017 Bond of a denomination greater than a unit shall fail to present such Series 2017 Bond to the Trustee for payment and exchange as aforesaid, such Series 2017 Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only).

Purchase and Transfer Restrictions on Series 2017 Bonds

THE SERIES 2017 BONDS ARE BEING OFFERED ONLY TO, AND MAY BE TRANSFERRED ONLY TO “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT) OR “ACCREDITED INVESTORS” (AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT).

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS

Special Limited Revenue Obligations

THE SERIES 2017 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 2017 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 2017 BONDS. THE SERIES 2017 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2017 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 2017 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

General

Under the Loan Agreement, the Issuer agrees to issue the Series 2017 Bonds and to lend the proceeds thereof to the Institution to finance the Project, and the Institution is obligated unconditionally to repay the loan in amounts sufficient, together with available funds held under the Indenture, to provide for the timely payment of the principal of, premium, if any, and interest on the Series 2017 Bonds when due (whether by maturity, mandatory sinking fund redemption or acceleration) and to perform certain other obligations set forth therein. Among other things, the Institution will covenant not to grant any liens (other than the lien effected by the Loan Agreement and Permitted Encumbrances) on all or any portion of the Facility. The obligation of the Institution to make Loan Payments under the Loan Agreement sufficient to pay the Series 2017 Bonds is an absolute and unconditional obligation of the Institution; provided, however, that the ability of the Institution to generate additional revenues is limited in the event

payments of Rent by the School are insufficient for the Institution to make Loan Payments. Under the Loan Agreement, Loan Payment Dates are the tenth (10th) day of each January, March, May, July, September, and November. See “APPENDIX G – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT” in this Limited Offering Memorandum.

Pursuant to the terms of the Mortgage, the Institution will grant to the Issuer a mortgage lien on and security interest in the Facility, subject to Permitted Encumbrances. The liens and security interests created by the Indenture and the Mortgage are for the equal and ratable benefit of the Series 2017 Bonds. The Loan Agreement and the Mortgage contain the general liability insurance and property insurance requirements for the Institution. See “RISK FACTORS” in this Limited Offering Memorandum for a discussion of certain limitations on the enforceability of the security for the Series 2017 Bonds.

Lease

Payments of Rent due from the School to the Institution under the Lease will be in amounts anticipated to be sufficient to make Loan Payments under the Loan Agreement. The obligation of the School to make payments of Rent commences in January 2018. The terms of the Lease require that the School pay all amounts of Rent directly to the Institution’s bank account that is subject to the terms of the Account Control Agreement. Pursuant to the Assignment of Lease, the Institution will assign its interest in the Lease to the Trustee as additional security for the Series 2017 Bonds. See “APPENDIX I — SUMMARY OF CERTAIN PROVISIONS OF THE LEASE” in this Limited Offering Memorandum. Pursuant to the Assignment of Lease, the Institution will assign its interest in the Lease to the Trustee as additional security for the Series 2017 Bonds.

Special Covenants of the School; Additional Indebtedness

As used in the Covenant 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) “Majority Bondholder” shall mean any registered owner of, or owners who together own, greater than 50% of the aggregate Outstanding principal amount of the Bonds;

(G) “Net Income Available for Debt Service” means, for any period of determination thereof, the aggregate Gross Revenues of the School for such period minus the total Operating Expenses for such period but excluding (a) any profits or losses which would be regarded as extraordinary items under generally accepted accounting principles, (b) gain or loss in the extinguishment of Indebtedness, (c) proceeds of the Bonds and any other Indebtedness permitted by the Loan Agreement, and (d) proceeds of insurance policies, other than policies for business interruption insurance, maintained by or for the benefit of the School, the proceeds of any sale, transfer or other disposition of the Facility or any other of the School’s assets by the School, and any condemnation or any other damage award received by or owing to the School, plus amounts that have been deducted for payments under the Lease with respect to principal and interest on the Bonds and deposits to the Repair and Replacement Fund; and

(H) “Operating Expenses” means 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 Covenant Agreement, (f) School administrative and legal expenses, (g) costs and expenses incurred by the School with respect to the Facility, including maintenance, repair expenses, and utility expenses, (h) miscellaneous operating expenses, (i) advertising costs, (j) charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting principles, all in such amounts as reasonably determined by the School; provided however, “Operating Expenses” shall not include (w) depreciation and amortization expenses; (x) other non-cash expenses; (x) those expenses which are actually paid from any revenues of the School which are not Gross Revenues; (y) those expenses which are actually paid from any proceeds of Long-Term Indebtedness; (y) one-time expenses; and (z) expenditures for capitalized assets.

Covenants of the School.

Minimum 60 Days Cash on Hand. Maintain unrestricted Cash on Hand in its operation fund such that on each testing date the amount on deposit in such fund shall be equal to or greater than 60 Days Cash on Hand. The School’s Cash on Hand shall be tested annually as of each Fiscal Year, commencing June 30, 2018. 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 also comply with either of the following covenants: (a) commencing with the Fiscal Year ending June 30, 2019, and each Fiscal Year thereafter, maintain Net Income Available for Debt Service in each Fiscal Year that will be at least 100% of the Principal and Interest Requirements on Long-Term Indebtedness during such Fiscal Year if the unrestricted Cash on Hand in its operation fund is at least 90 Days Cash on Hand; or (b) commencing with the Fiscal Year ending June 30, 2019 and each Fiscal Year thereafter, maintain Net Income Available for Debt Service in each Fiscal Year that will be at least 110% of the Principal and Interest Requirements on Long-Term Indebtedness during such Fiscal Year if the unrestricted Cash on Hand in its operation fund is less than 90 Days Cash on Hand.

Budgeting for Compliance. If the School maintains at least ninety (90) Days Cash on Hand as measured on the last day of each Fiscal Year, then the School will budget and set expenses and will operate its Facility, subject to applicable requirements or restrictions imposed by law, such that the School's Net Income Available for Debt Service for the Fiscal Year ending June 30, 2019, and each Fiscal Year thereafter, will be at least 100% of the Principal and Interest Requirements on Long-Term Indebtedness during such Fiscal Year. If the School has not maintained at least ninety (90) Days Cash on Hand as measured on the last day of each Fiscal Year, then the School will budget and set expenses and will operate the School, subject to applicable requirements or restrictions imposed by law, such that the School's Net Income Available for Debt Service for the Fiscal Year ending June 30, 2019, and each Fiscal Year thereafter, will be at least 110% of the Principal and Interest Requirements on 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 the required amount, as provided above under "*Minimum 60 Days Cash on Hand*," then, upon the written direction of the Majority Bondholder, the School will promptly employ an Independent Consultant, selected by or acceptable to the Majority Bondholder, 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 Covenant Agreement, including following, to the fullest extent practicable, the recommendations of the Independent Consultant, it shall not constitute an Event of Default if the Cash on Hand at the end of any Fiscal Year is less than the required amount of Cash on Hand, 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 Debt Service for any Fiscal Year ending on or after June 30, 2019, is less than 110% of the Principal and Interest Requirements on Long-Term Indebtedness during such Fiscal Year, then upon written direction of the Majority Bondholder, the School will promptly employ an Independent Consultant to review and analyze the operations and administration of the School, inspect the Facility, and submit to the School and Trustee written reports, and make such recommendations as to the operation and administration of the School 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 Covenant Agreement, including following, to the fullest extent practicable, the recommendations of the Independent Consultant, it shall not constitute an Event of Default if the Net Income Available for Debt Service for any Fiscal Year ending on or after June 30, 2019, is less than 110% of the Principal and Interest Requirements on Long-Term Indebtedness for such Fiscal Year (as evidenced by the School's audited financial statements for such Fiscal Year).

If the Net Income Available for Debt Service for any Fiscal Year ending June 30, 2019, is less than 100% of the Principal and Interest Requirements on 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 Bondholder, the School will promptly employ an Independent Consultant

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

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 Debt Service as of the end of such Fiscal Year is less than 100% of the Principal and Interest Requirements on Long-Term Indebtedness for such Fiscal Year (as evidenced by the School's audited financial statements for such Fiscal Year), then the Trustee shall give notice thereof to EMMA and the Majority Bondholder 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 Majority Bondholder direction, 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 Covenant Agreement that it will not incur any indebtedness unless it (a) receives the prior written consent of the Majority Bondholder or (b) satisfies certain requirements described in the Loan Agreement and Covenant Agreement.

Short-Term Indebtedness. The School may incur Short-Term Indebtedness in an 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 Covenant 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 Covenant 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 certified public accountant selected by the School to the effect that the Net Income Available for 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, plus Eliminated Expenses, totals at least 120% of maximum Principal and Interest Requirements on Long-Term Indebtedness payable in any Fiscal Year, and (ii) a certificate of the School Representative (as defined in the Covenant Agreement), verified by an independent certified public accountant selected by the School, to the effect that Net Income Available for 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 maximum Principal and Interest Requirements on Long-Term Indebtedness (including such requirements for the proposed Long-Term Indebtedness but excluding such requirements for any then outstanding Long-Term Indebtedness or 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 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 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.

Additional Indebtedness of the Institution

The Loan Agreement prohibits the Institution from incurring any additional indebtedness other than Additional Bonds issued pursuant to the Indenture. For a description of the requirements for the issuance of Additional Bonds, see “APPENDIX H – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST” in this Limited Offering Memorandum.

The Indenture

The Series 2017 Bonds are to be issued pursuant to the Indenture and will be equally and ratably secured thereby. As security for the 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 (other than the Rebate Fund and the CSFP Fund. The Indenture provides that all Series 2017 Bonds issued thereunder shall be special limited revenue obligations of the Issuer, payable solely from and secured solely by the Trust Estate. Pursuant to the Mortgage, the Institution will grant a mortgage lien on and security interest in the Facility to the Trustee and the Issuer, and the Issuer will assign its interest in the Mortgage to the Trustee. In the Loan Agreement, the Institution will covenant not to further encumber the Facility other than for certain Permitted Encumbrances without the prior written consent of the Issuer and the Trustee. See “APPENDIX H - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST” in this Limited Offering Memorandum.

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

Flow of Funds. Amounts in the Revenue Fund shall be transferred by the Trustee on each Loan Payment Date commencing on the January 10, 2018 Loan Payment Date, to the following Funds and Accounts in the following manner and in the order of priority indicated, provided that in the event funds in on any Loan Payment Date are insufficient to make any one or more of such transfers, any and all of such deficiencies will be remedied prior to making any transfers to any subordinated funds (based on the following order of priority) on any future Loan Payment Date:

First, to the Bond Fund:

(1) For deposit into the subaccounts of the Interest Account of the Bond Fund, an amount equal (i) to one-third (1/3) (or such other pro-rated amount, adjusted as necessary) of the amount of interest that will become due on the Bonds on the next Interest Payment Date, including default interest (after taking into account any amounts on deposit in the Interest Account of the Bond Fund, and as shall be available to pay interest on the Bonds on such next succeeding Interest Payment Date);

(2) commencing on that Loan Payment Date as shall precede the first principal payment date (other than such principal as shall become due as a mandatory Sinking Fund Installment payment) by six (6) Loan Payment Dates, for deposit into the subaccounts of the Principal Account of the Bond Fund, an amount equal to at least one sixth (1/6) (or such other pro-rated amount, adjusted as necessary) of the amount of the principal of the Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments); and

(3) commencing on that Loan Payment Date as shall precede the first Sinking Fund Installment payment date by six (6) Loan Payment Dates, for deposit into the subaccounts of the Sinking Fund Installment Account of the Bond Fund, an amount equal to at least one sixth (1/6) (or such other pro-rated amount, adjusted as necessary) of the amount of the next Sinking Fund Installment to become due on the Bonds.

Second, to replenish any deficiencies in the 2017 CSFP Subaccount of the Debt Service Reserve Fund, if any;

Third, to the Rebate Fund to pay any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement;

Fourth, to the Expense Fund to pay one-sixth (1/6) (or such other pro-rated amount, adjusted as necessary) of the annual fee of the Issuer;

Fifth, to the Expense Fund to pay one-sixth (1/6) (or such other pro-rated amount, adjusted as necessary) of the annual fee of the Ratings Agency;

Sixth, to the CSFP Fee Account of the CSFP Fund to pay one-sixth (1/6) of the annual DSRF Fee (or such other pro-rated amount, adjusted as necessary);

Seventh, to the Expense Fund to pay one-sixth (1/6) (or such other pro-rated amount, adjusted as necessary) of the annual fee of the Trustee;

Eighth, to the Repair and Replacement Reserve Fund, one-sixth (1/6) (or such other pro-rated amount, adjusted as necessary) of the amount equal to the Repair and Replacement Fund Deposit; and

Ninth, all remaining funds shall be paid to the Institution and used for any authorized purpose.

Acceleration

Upon the occurrence of certain events, payment of the principal of and accrued interest on the Series 2017 Bonds may be accelerated under the Indenture. See “RISK FACTORS”; “APPENDIX G – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT – Events of Default” and “– Remedies on Default”; and “APPENDIX H – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST – Events of Default; Acceleration of Due Date” and “– Enforcement of Remedies” in this Limited Offering Memorandum.

2017 CSFP Subaccount and 2017 Non-CSFP Subaccount of the Debt Service Reserve Fund

On the date of issuance of the Series 2017 Bonds, CSFP shall fund the Deposit (\$1,610,000) in the 2017 CSFP Subaccount of the Debt Service Reserve Fund created under the Indenture and held by the Trustee to secure the Series 2017 Bonds. Thereafter, investment income on amounts in the 2017 CSFP Subaccount of the Debt Service Reserve Fund shall be paid to CSFP.

Amounts in the 2017 CSFP Subaccount of the Debt Service Reserve Fund may be used by the Trustee to pay principal and interest on the Series 2017 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 the Debt Service Reserve Fund falls below the Debt Service Reserve Fund Requirement, the Institution shall pay to the Trustee for deposit in the Debt Service Reserve Fund on the first day of the month immediately following the receipt by the Institution of notice of such deficiency, and on the first day of each of the five (5) succeeding months, or over such longer time period as shall be consented to in writing by the Majority Holders, an amount equal to one sixth (1/6th) of such deficiency in the Debt Service Reserve Fund. If amounts in the 2017 CSFP Subaccount of the Debt Service Reserve Fund are in excess of the Debt Service Reserve Fund Requirement for the Series 2017 Bonds, such excess amount will be paid to CSFP. Amounts in the 2017 CSFP Subaccount of the Debt Service Reserve Fund will not secure any Additional Bonds. See “APPENDIX H – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST” in this Limited Offering Memorandum.

Defeasance

Upon certain terms and conditions specified in the Indenture, including provision for the payment of such Bonds, the Series 2017 Bonds or portions thereof will be deemed to be paid and the security provided in the Indenture and the Mortgage may be discharged prior to maturity or redemption of the Series 2017 Bonds. In that case, the Series 2017 Bonds will be secured solely by the cash and securities deposited with the Trustee for such purpose. See “APPENDIX H – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST” in this Limited Offering Memorandum.

Mortgage

Pursuant to the Mortgage, to be executed by the Institution in favor of the Issuer and Trustee, as beneficiaries, and assigned by the Issuer to the Trustee, the payment of the principal of, premium, if any, and interest on the Series 2017 Bonds will be secured by a mortgage lien on and security interest in the Facility, subject to certain Permitted Encumbrances (as defined in the Indenture). Under the Mortgage, the Institution also will assign all leases and rents with respect to the Facility to the Issuer and the Trustee as further security for the Series 2017 Bonds. The Mortgage also contains the property and casualty insurance requirements for the Facility.

Subordination of Management Fees

Pursuant to the terms of an Assignment and Subordination of Management Agreement, dated as of December 1, 2017 (the “Subordination Agreement”), from the School and the Institution to the Trustee and acknowledged by the School, the Institution and the Manager have agreed to subordinate the payment of the Manager’s fees under the terms of the Management Agreement to payment of the Rent payments required under the Lease. In addition, under the terms of the Subordination Agreement, the School cannot pay the Manager its fees under the Management Agreement if, as a result of such payment, the School would not be in compliance with its minimum Days Cash on Hand requirement under the Covenant Agreement at the end of a fiscal year.

TRANSFER RESTRICTIONS

The Series 2017 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) (“Qualified Institutional Buyers” or “Accredited Investors” (as defined in Regulation D of the Securities Act) (“Accredited Investors”). The Indenture contains provisions limiting transfers of the Series 2017 Bonds and beneficial ownership interests in the Series 2017 Bonds only to Qualified Institutional Buyers and Accredited Investors.

RISK FACTORS

No person should purchase any Series 2017 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 2017 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 2017 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 2017 BONDS. THE SERIES 2017 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE ISSUER OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2017 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 2017 BONDS AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE ISSUER. THE ISSUER HAS NO TAXING POWER.

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

Payment of principal of, premium, if any, and interest on, the Series 2017 Bonds is intended to be made from Loan Payments made by the Institution under the Loan Agreement, except to the extent payment is intended to be made from other amounts held under the Indenture such as Series 2017 Bond proceeds or investment earnings. The Institution has no significant assets or business other than the assets and business related to the Facility. The ability of the Institution to make Loan Payments will depend on the Institution’s ability to generate revenues sufficient to pay the Loan Payments, which will primarily depend on the ability of the School to make payments under the Lease. See “APPENDIX A – METROPOLITAN LIGHTHOUSE CHARTER SCHOOL” and “APPENDIX C – BUDGET PROJECTION” in this Limited Offering Memorandum.

The School’s general revenues are a combination of state payments provided under several State and federal programs, including the Education Aid payments 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 Lease. Prior enrollment history of the School is no guaranty of future enrollment and revenues. See “APPENDIX A – METROPOLITAN LIGHTHOUSE 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 pay Rent under the Lease and therefore on the ability of the Institution to make payments under the Loan Agreement representing debt service on the Series 2017 Bonds.

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

The Institution and the School do not possess any taxing authority and the School is substantially dependent upon the State to continue to provide funding for public charter schools. The obligation of the State under the Charter 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 9 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 9 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 payments of Rent required under the Lease.

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

Budget Projection

The Budget Projection (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, 2018 through June 30, 2022, and does not cover the entire period during which the Series 2017 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 Charter may be terminated by the Board of Regents or the Authorizer for the grounds set forth in the Charter Schools Act. The Charter also provides that it may be terminated and revoked by mutual agreement of the parties. For more information regarding conditions under which the Charter may be revoked, the revocation procedure, and other information regarding the Charter and the Charter

Schools Act, see “CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK,” “APPENDIX A – METROPOLITAN LIGHTHOUSE CHARTER SCHOOL – The Charter Contract,” 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 Lease.

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 Lease and therefore on the ability of the Institution to make loan payments under the Loan Agreement. These factors include, but are not limited to (i) the ability to attract a sufficient number of students; (ii) future legislation and regulations affecting charter schools and the educational system in general; (iii) increasing costs of compliance with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating persons with disabilities; (iv) increased costs of attracting and retaining or a decreased availability of a sufficient number of teachers, including as related to any unionization of the School’s work force with consequent impact on wage scales and operating costs of the School; (v) cost and availability of insurance for charter schools in the State; and (vi) 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. 9 (the “9th District”) and other surrounding districts, and with other public schools and charter schools within the Bronx, New York area. Currently, there are nine (9) public schools within approximately a mile and a half of the School. There are currently nine (9) other charter schools located within five (5) miles of the School. In the view of the School, these schools are representative of the schools with which the School competes for students. See “APPENDIX A – METROPOLITAN LIGHTHOUSE CHARTER SCHOOL – METLCS - Service Area” and “- Competing Schools” 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 principal of and interest on the Series 2017 Bonds, or that additional schools will not be created in or near the School’s service area.

Foreclosure Delays and Deficiency

Should Loan Payments be insufficient to pay the principal of and interest on the Series 2017 Bonds, the Trustee may seek to foreclose on or sell the Facility securing the Series 2017 Bonds.

However, no assurance can be given that the value of the Facility at the time of such foreclosure or sale would be sufficient to meet all remaining principal and interest payments on the Series 2017 Bonds. In addition, the time necessary to institute and complete such proceedings could substantially delay receipt of funds from a foreclosure or sale. There could also be delays in regaining possession of the Facility from the Institution in the event of any default or dispute under the Loan Agreement.

Effect of Federal Bankruptcy Laws on Security for the Series 2017 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 2017 Bonds. Furthermore, if the security for the Series 2017 Bonds is inadequate for payment in full of the Series 2017 Bonds, bankruptcy proceedings and equity principles may also limit any attempt by the Trustee to seek payment from other property of the Institution, if any. 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 2017 Bonds, if the Bondholders are provided with the benefit of their original lien or the "indubitable equivalent." In addition, if the bankruptcy court concludes that the Bondholders have "adequate protection," it may (i) substitute other security subject to the lien of the Bondholders, and (ii) subordinate the lien of the Bondholders (a) to claims by persons supplying goods and services to the Institution after bankruptcy and (b) to the administrative expenses of the bankruptcy proceeding. The bankruptcy court may also have the power to invalidate certain provisions of the Mortgage that make bankruptcy and related proceedings by the Institution an event of default thereunder.

Key Personnel

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

Management of the School

The School contracts with the Manager for the management and operation of the School. As a general rule, charter school management companies assist charter schools in their crucial management functions including: recruiting and evaluating staff; human resources and payroll; budgeting and fiscal management and reporting; and other administrative functions. In the event that the Management Agreement is terminated in the future, the effect on the School cannot be determined in advance because the School would need to contract with another management company for operation and management of the School, or assume such management itself. See "APPENDIX A – METROPOLITAN LIGHTHOUSE CHARTER SCHOOL – LIGHTHOUSE ACADEMIES, INC." in this Limited Offering Memorandum.

Additional Indebtedness

In the Covenant Agreement, the School will covenant that it will only incur Long-Term Indebtedness, Short-Term Indebtedness, or Purchase Money Indebtedness in accordance with the restrictions imposed by the Covenant Agreement. The Loan Agreement prohibits the Institution from incurring any additional indebtedness other than Additional Bonds issued pursuant to the Indenture. No

assurance can be given that the Issuer will not issue Additional Bonds for the benefit of the Institution or the School will not incur Additional Indebtedness in the future. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Special Covenants of the School; Additional Indebtedness” and “APPENDIX H - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST” in this Limited Offering Memorandum.

Forward-Looking Statements

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

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

Property Tax Exemption

Under present State law and rulings, property used for charter school purposes is exempt from property taxes levied by political subdivisions of the State so long as such property is used for the exempt purpose of the School. Therefore, even though the Facility is used for charter school purposes, it is not

currently exempt from property taxes because the Seller does not qualify for such exemption. The Institution is required to pay such property taxes under the Lease. For calendar year 2017, the Institution will be required to pay a pro-rated portion of the property taxes through the date of issuance of the Series 2017 Bonds. After acquiring the Facility, the Institution must file an application for exemption from real property taxes based on the fact that it is a charitable organization using the property in connection with its charitable purposes. Assuming such exemption is granted, such property tax exemption will be retroactive to the date the Institution acquired the Facility. Therefore, it is anticipated that from and after the date of acquisition of the Facility, the Institution will be exempt from property taxes with respect to the Facility. Nevertheless, such laws, regulations and rulings are subject to change, and no assurance can be given that any future change in exempt status would not have a material adverse effect on the Institution and the School. If the Institution or the School is required to pay property taxes with respect to the Facility in the future, it would have a negative impact on the cashflow of the Institution and School. The School has assumed for purposes of the Budget Projection that the Institution and School will be exempt from property taxes with respect to the Facility; however, no assurance can be given that such exemption will be granted.

Tax-Exempt Status of the School

The School is a public charter school and a New York nonprofit 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 nonprofit, 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 nonprofit education corporation and a tax-exempt charitable organization under Section 501(c)(3) of the Code, the School could experience expenses which are greater than those projected in “APPENDIX C – BUDGET PROJECTION” and revenues which are lower than those projected in “APPENDIX C – BUDGET PROJECTION”, which would adversely affect the School’s ability in the future to pay the amount due under the Lease with respect to Series 2017 Bonds. In addition, if the School were to lose its status as nonprofit education corporation and a tax-exempt organization, the tax-exempt status of the Series 2017 Bonds would also be adversely affected. The School will covenant in the Lease 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 nonprofit 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 2017A Bonds, as described under the caption “TAX MATTERS – SERIES 2017A BONDS” in this Limited Offering Memorandum. However, neither the Institution nor the School has sought and neither is expected to seek, a ruling from the Internal Revenue Service with respect to the tax-exempt status of the Series 2017A Bonds. No assurance can be given that the Internal Revenue Service will not examine the Series 2017A Bonds. If the Internal Revenue Service examines the Series 2017A Bonds, such examination may have an adverse impact on the marketability and price of the Series 2017A Bonds. See “TAX MATTERS – SERIES 2017A BONDS” in this Limited Offering Memorandum.

Tax-Exempt Status of the Series 2017A Bonds

The tax-exempt status of the interest on the Series 2017A Bonds is conditioned upon the School and the Institution complying with the requirements of the Code and applicable Treasury Regulations as they relate to the Series 2017A Bonds. Failure of the Institution and the School to comply with the terms and conditions of the Loan Agreement, the Tax Regulatory Agreement, the Indenture, the Lease and other documents as described herein may result in the loss of the tax-exempt status of the interest or premium on the Series 2017A Bonds retroactive to the date of issuance of the Series 2017A Bonds. If interest on the Series 2017A Bonds should become includable in gross income for purposes of federal income taxation, the market for and value of the Series 2017A Bonds would be adversely affected. See “TAX MATTERS – SERIES 2017A BONDS” in this Limited Offering Memorandum.

Resale of Series 2017 Bonds/Lack of Secondary Market

There is no guarantee that a secondary trading market will develop for the Series 2017 Bonds. The Series 2017 Bonds may only be bought by or transferred to Accredited Investors or Qualified Institutional Buyers and must be sold to a broker-dealer of securities to be transferable only to Accredited Investors or Qualified Institutional Buyers. See “TRANSFER RESTRICTIONS” in this Limited Offering Memorandum. Consequently, prospective bond purchasers should be prepared to hold their Series 2017 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 the Institution and could adversely affect the security and sources of payment for the Series 2017 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 2017 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.

Construction Risk Relating to the Rooftop Gymnasium Improvement Project

Construction, installation and equipping of any capital improvement to an existing building such as the Rooftop Gymnasium Improvement Project is subject to the risks of cost overruns and delays due to a variety of factors. Any delay in completion of the Rooftop Gymnasium Improvement Project could have an adverse effect on the School and the School’s operations at the Facility.

The Rooftop Gymnasium Improvement Project is expected to be completed by the start of the 2018-2019 school year. Whether the Rooftop Gymnasium Improvement Project will be completed on schedule depends upon a large number of factors, many of which may be beyond the control of the Institution and the general contractor for the Rooftop Gymnasium Improvement Project. These include, but are not limited to, adverse weather, strikes, delays in the delivery of or shortages of materials, delays

in the issuance of required building permits, environmental restrictions or similar unknown or unforeseeable contingencies. Although construction work will be inspected periodically, there can be no assurance that the Rooftop Gymnasium Improvement Project will conform to construction specifications or state or local regulations. The occurrence of any of the foregoing could result in increases in construction costs or considerable delays, in, or the complete impossibility of, the completion of the Rooftop Gymnasium Improvement Project.

Damage or Destruction

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

Environmental Regulations and Permitting

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

Hazardous Materials

Hazardous materials laws, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, can and will impose joint and several liability, without regard to fault, for investigation and clean-up costs on persons who have disposed of or released hazardous substances into the environment and on current and former owners and operators of real property (and to any beneficiary of a Mortgage on the Facility, particularly following any sale or foreclosure proceeding). The Institution may also be liable for such claims contractually, as the Institution indemnified the Seller for any and all claims related to hazardous materials as part of the Institution's acquisition of the Facility. The Facility site is less than one-half of an acre.

As part of its diligence for the acquisition of the Facility, the Institution commissioned a Phase I Environmental Site Assessment (the “Phase I”) for the Facility. The Phase I, dated August 4, 2017, was conducted by PVE, LLC, Poughkeepsie, New York (“PVE”).

The Phase I did not identify any Controlled Recognized Environmental Conditions (“CREC”) or Historical Recognized Environmental Conditions for the site of the Facility. The Phase I identified the following recognized environmental conditions (“REC”) located near the Facility site:

- (i) Based on the use of the property located at 1048 Ogden Avenue, 476 feet east of the Facility site, from 1988 to 2005 by Top Hill Cleaners II for dry cleaning purposes and the proximity and up-gradient nature of this property, PVE indicates this represents a REC.
- (ii) Based on the use of the property located at 1031 Ogden Avenue, 350 feet east/southeast of the Facility site, from 1996 to 2008 by Nelson Bros as a gas station and the proximity and up-gradient nature of this property, PVE indicates this represents a REC.
- (iii) Based on the use of the property located at 173 West 165th Street, 254 feet northeast of the Facility site, from 1986 to 1994 by Regina Cleaners as a dry cleaner and the proximity and up-gradient nature of this property, PVE indicates this represents a REC.
- (iv) Based on the use of the property located, 1018 Ogden Avenue, 476 feet east of the Facility site, from 1976 to 1987 by Ogden Cleaners, and subsequently from 1989 to 2014 by Top Hill Cleaners Inc., each as a dry cleaner and the proximity and up-gradient nature of this property, PVE indicates this represents a REC.

Even though the Phase I did not show any evidence of recognized environmental conditions for the Facility, claims for material costs associated with hazardous materials may arise during the term of the Series 2017 Bonds and could adversely affect the Institution’s financial condition and its ability to own and operate the Facility. Furthermore, any such claims could result in the imposition of use limitations, such as restrictive covenants, that could impair the ability of the School to operate the Facility.

No Appraisal

No appraisal of the Facility has been commissioned in connection with the issuance of the Series 2017 Bonds and the Project. In the event of a foreclosure of the Mortgage, the value of the Facility in such event cannot be determined and may be substantially less than the cost of the acquisition, renovation and equipping of the Facility and no assurance that the value received for the Facility will be sufficient to pay the principal of and interest due on the Series 2017 Bonds.

Maintenance of Credit Rating

Moody’s Investors Service (the “Rating Agency”) has assigned a rating of “Ba1” (stable outlook) to the Series 2017 Bonds. Certain information was supplied by the Institution and the School to the Rating Agency to be considered in evaluating the Series 2017 Bonds, including information regarding State and federal funding sources and the operations of the School, which are subject to change. See “BOND RATING” in this Limited Offering Memorandum. Such rating expresses only the views of the Rating Agency. There is no assurance that such rating will continue for any given period of time or will not be revised or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision in or withdrawal of such rating may have an adverse effect on the market price of the Series 2017 Bonds. See “BOND RATING” in this Limited Offering Memorandum.

Enforcement of Remedies

The remedies available to the Trustee or the registered owners of the Series 2017 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 2017 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 Institution and the School will enter into the Continuing Disclosure Agreement pursuant to Rule 15c2-12, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”). Neither the Institution nor the School has previously been subject to a continuing disclosure undertaking under Rule 15c2-12. Failure by the Institution or the School to comply with the Continuing Disclosure Agreement and the Rule may adversely affect the liquidity of the Series 2017 Bonds and their market price in the secondary market. See “CONTINUING DISCLOSURE” and “APPENDIX K – FORM OF CONTINUING DISCLOSURE AGREEMENT” in this Limited Offering Memorandum.

Private School Vouchers

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

Redemption Prior to Maturity

The Series 2017 Bonds are subject to redemption at the option of the Institution and in the event of certain occurrences. See “THE SERIES 2017 BONDS – Redemption of Series 2017 Bonds” in this Limited Offering Memorandum.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2017 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 Marks Paneth LLP, 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 summarized comparative information for 2015 was derived from the School's 2015 audited financial statements, not included in this Limited Offering Memorandum.

UNAUDITED FINANCIAL STATEMENTS OF THE SCHOOL

APPENDIX E to this Limited Offering Memorandum contains the unaudited statement of financial position and statement of activities of the School for the three-month period ended September 30, 2017. The unaudited financial statements contained in APPENDIX E have not been reviewed, audited, or examined by any independent accounting firm. *Marks Paneth LLP has not performed any procedures relating to the School's unaudited financial statements.* See "APPENDIX E – UNAUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017" 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, 2018 through June 30, 2022. **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.

Marks Paneth LLP has not performed any procedures relating to the School's Budget Projection.

TAX MATTERS - SERIES 2017A BONDS

Federal Income Taxes

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2017A 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 2017A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2017A Bonds. Pursuant to the Indenture, the Loan Agreement and the Tax Certificate for the Series 2017A Bonds, the Issuer, the Institution 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 2017A Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Issuer, the Institution and the School have made certain representations and certifications in the Indenture, the Loan Agreement and the Tax Certificate. Bond Counsel will also rely on the opinions of counsel to the Institution and the School as to all matters concerning the status of the Institution as a disregarded entity for federal income tax purposes and 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 those opinions.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Issuer, the Institution and the School described above, interest on the Series 2017A 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 with respect to individuals and corporations. Interest on the Series 2017A Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

State Taxes

Bond Counsel is also of the opinion that interest on the Series 2017A 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 2017A Bonds nor as to the taxability of the Series 2017A Bonds or the income therefrom under the laws of any jurisdiction other than the State of New York.

Original Issue Premium

Series 2017A 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 2017A 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 2017A 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 2017A 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 2017A Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2017A 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 2017A 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 J 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 2017A 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 2017A Bonds and for federal or state income tax purposes, and thus on the value or marketability of the Series 2017A 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 2017A Bonds from gross income for federal or state income tax purposes, or otherwise. In this regard, there have been various proposals in recent years that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code for taxpayers whose income exceeds certain thresholds. In addition, there is legislation currently pending in Congress which, if enacted, would significantly change the individual and corporate income tax rates and eliminate the alternative minimum tax for individuals and corporations effective for tax years beginning after 2017. 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 2017A Bonds. Prospective purchasers of the Series 2017A Bonds should consult their own tax advisers regarding the impact of any change in law or proposed change in law on the Series 2017A Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2017A Bonds may affect the tax status of interest on the Series 2017A Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2017A Bonds, or the interest thereon, if any action is taken with respect to the Series 2017A Bonds or the proceeds thereof upon the advice or approval of other counsel.

The form of the approving opinion of Bond Counsel is attached to this Limited Offering Memorandum as APPENDIX J – “FORM OF BOND COUNSEL OPINION.”

TAX MATTERS - SERIES 2017B BONDS

In General

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2017B 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 2017B 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 2017B 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 2017B Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Series 2017B 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 2017B Bonds.

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

U.S. Holders

As used herein, the term “U.S. Holder” means a beneficial owner of Series 2017B 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 2017B 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 2017B 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 2017B Bonds.

Federal Taxation of Interest Generally

Interest on the Series 2017B Bonds is not excluded from gross income for federal income tax purposes under Code section 103 and so will be fully subject to federal income taxation. Purchasers (other than those who purchase Series 2017B Bonds in the initial offering at their principal amounts) will

be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2017B Bonds. In general, interest paid on the Series 2017B Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a Bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder's adjusted tax basis in the Series 2017B Bonds and capital gain to the extent of any excess received over such basis.

State Taxes

Interest on the Series 2017B Bonds is not exempt from personal income taxes of the State of New York and its political subdivisions, including The City of New York. Bond Counsel expresses no opinion as to other state or local tax law consequences arising with respect to the Series 2017B Bonds nor as to the taxability of the Series 2017B Bonds or the income derived therefrom under the laws of any jurisdiction other than the State of New York.

Market Discount

Any owner who purchases a Series 2017B 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 owner 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 2017B 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 owner 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.

An owner of a Series 2017B Bond who acquires such Series 2017B Bond at a market discount also may be required to defer, until the maturity date of such Series 2017B Bonds or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2017B Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such 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 2017B Bond for the days during the taxable year on which the owner held the Series 2017B 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 2017B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Bondholder elects to include such market discount in income currently as described above.

Bond Premium

A purchaser of a Series 2017B Bond who purchases such Series 2017B Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Series 2017B Bonds held by the holder on the first day of the taxable year to which the election applies and to all Series 2017B 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 any Series 2017B Bonds who acquire such Series 2017B Bonds at a premium should consult with their own tax advisors with respect to state and local tax consequences of owning such Series 2017B Bonds.

Surtax on Unearned Income

Recently enacted legislation generally imposes a tax of 3.8% on the "net investment income" of certain individuals, trusts and estates for taxable years beginning after December 31, 2012. 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 legislation in their particular circumstances.

Sale or Redemption of Bonds

A Bondholder's adjusted tax basis for a Series 2017B Bond is the price such owner pays for the Series 2017B Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such Series 2017B Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a 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 2017B Bond is held as a capital asset (except in the case of Series 2017B 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 the Series 2017B Bonds are materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those which related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. The defeasance of the Series 2017B Bonds may also result in a deemed sale or exchange of such Series 2017B Bonds under certain circumstances.

EACH POTENTIAL HOLDER OF SERIES 2017B BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE OR REDEMPTION OF THE SERIES 2017B BONDS, AND (2) THE CIRCUMSTANCES IN WHICH SERIES 2017B 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 2017B 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 2017B Bonds must certify to the Issuer or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

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

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Series 2017B 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 2017B 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 2017B 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 2017B 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 2017B 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 2017B 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 2017B 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 2017B Bonds.

Information Reporting and Backup Withholding

For each calendar year in which the Series 2017B 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 2017B 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 2017B 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:

- a U.S. person;
- a controlled foreign corporation for U.S. tax purposes;
- 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
- a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a Series 2017B 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 2017B Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

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 treatment of interest on the Series 2017B Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2017B 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. In this regard, there is legislation currently pending in Congress which, if enacted, would significantly change the individual and corporate income tax rates for tax years beginning after 2017. 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 2017B Bonds. Prospective purchasers of the Series 2017B Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Series 2017B 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 2017B 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), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements. Additionally, such governmental and non-electing church plans are not subject to the requirements of Section 4975 of the Code. Accordingly, assets of such plans may be invested in the Series 2017 Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of applicable federal and state law.

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; and (3) an employer or employee organization any of whose employees or members are covered by the plan. 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.

Certain transactions involving the purchase, holding or transfer of the Series 2017 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 2017 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 2017 Bonds, including the reasonable expectation of purchasers of Series 2017 Bonds that the Series 2017 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 2017 Bonds for ERISA purposes could change subsequent to issuance of the Series 2017 Bonds. In the event of a withdrawal or downgrade to below investment grade of the rating of the Series 2017 Bonds or a characterization of the Series 2017 Bonds as other than indebtedness under applicable local law, the subsequent purchase of the Series 2017 Bonds or any interest therein by a Benefit Plan Investor is prohibited.

However without regard to whether the Series 2017 Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of Series 2017 Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Issuer or the Issuing and Paying Agent, 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 2017 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 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 2017 Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Series 2017 Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a Plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring the Series 2017 Bond (or interest therein) with the assets of a Benefit Plan Investor, governmental plan or church plan; or (ii) the acquisition and holding of the Series 2017 Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. Benefit Plan Investors may not purchase the Series 2017 Bonds at any time that the ratings on the Series 2017 Bonds are below investment grade or the Series 2017 Bonds have been characterized as other than indebtedness for applicable local law purposes. A purchaser or transferee who acquires Series 2017 Bonds with assets of a Benefit Plan Investor represents that such purchaser or transferee has considered the fiduciary requirements of ERISA or other similar laws and has consulted with counsel with regard to the purchase or transfer.

Any ERISA Plan fiduciary considering whether to purchase the Series 2017 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 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 2017 Bonds, Nixon Peabody LLP, New York, New York, Bond Counsel, will deliver its opinion, dated the date of delivery, that the Series 2017 Bonds, the Loan Agreement, the Bond Purchase Agreement, and the Indenture are valid and legally binding obligations on the Issuer. Orrick, Herrington & Sutcliffe LLP, New York, New York, as special counsel to the Institution, will deliver its opinion that the various documents to which the Institution is a party are valid and legally binding agreements of the Institution, each enforceable in accordance with its respective terms. Orrick, Herrington & Sutcliffe LLP, New York, New York, as special 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 LLC, 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 2017 Bonds are secured or payable pursuant to the Indenture, the Loan Agreement, the Mortgage, the Assignment of Lease, the Lease, and the Covenant Agreement, 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 2017 Bonds and with regard to the tax-exempt status of interest on the Series 2017A 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 Institution and the School by their special counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York, for CSFP by Perkins Coie, LLP, Chicago, Illinois, and for the Trustee by its special counsel Paparone Law LLC, New York, New York. Barnes & Thornburg LLP, Minneapolis, Minnesota, 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 Institution and the School have entered into a Continuing Disclosure Agreement, dated as of December 1, 2017, between the Institution, the School, and the Trustee, as dissemination agent. Neither the Institution nor the School has been subject to any prior continuing disclosure undertakings under Rule 15c2-12. See "APPENDIX K – FORM OF CONTINUING DISCLOSURE AGREEMENT" in this Limited Offering Memorandum.

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

BOND RATING

Moody's Investors Service ("Moody's" or the "Rating Agency"), has assigned its municipal bond rating of "Ba1" (stable outlook) to the Series 2017 Bonds. Such rating expresses only the views of Moody's. Any explanation of the significance of such rating may only be obtained from Moody's. The Institution and the School furnished to Moody's certain information and material concerning the Series 2017 Bonds, the Institution, and the School. Generally, rating agencies such as Moody's base their ratings on such information and materials and on investigations, studies and assumptions made by the rating agencies themselves. There is no assurance that the credit rating mentioned above will remain in effect for any given period of time or that the rating might not be lowered or withdrawn entirely by Moody's, if, in the judgment of Moody's, circumstances so warrant. The Underwriter has undertaken no responsibility either to bring to the attention of the holders of the Series 2017 Bonds any proposed change in or withdrawal of any rating or to oppose any such proposed revision or withdrawal. Any such downward change in or withdrawal of any rating might have an adverse effect on the market price or marketability of the Series 2017 Bonds.

RELATIONSHIPS AMONG THE PARTIES

In connection with the issuance of the Series 2017 Bonds, the Issuer, the Institution, 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 2017 Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Issuer, the Institution, 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 2017 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 2017 Bonds should not assume that the Issuer, the Institution, 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 2017 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 pending litigation of which the Issuer has notice restraining or enjoining the issuance or delivery of the Series 2017 Bonds or questioning or affecting the validity of the Series 2017 Bonds or the proceedings and authority under which the Series 2017 Bonds are to be issued or the validity or enforceability of the Indenture, the Loan Agreement, the Bond Purchase Agreement, and the Mortgage. Neither the creation, organization or existence of the Issuer, nor the title of the present directors or other officials of the Issuer to their respective offices, is, to the best knowledge of the Issuer, being contested.

The Institution

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

The School

In connection with the issuance of the Series 2017 Bonds, the School has represented that there is no litigation pending, seeking to restrain or enjoin the issuance or delivery of the Series 2017 Bonds or questioning or affecting the legality of the Series 2017 Bonds or the proceedings and authority under which the Series 2017 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 Lease, or the Covenant Agreement.

UNDERWRITING

The Series 2017 Bonds will be purchased by Piper Jaffray & Co., Minneapolis, Minnesota (the “Underwriter”). The Underwriter has agreed to purchase the Series 2017A Bonds for a purchase price of \$26,699,177.10, which amount represents the principal amount of the Series 2017A Bonds (\$24,895,000), less the Underwriter’s discount of \$248,950.00, plus an original issue premium of \$2,053,127.10. The Underwriter has agreed to purchase the Series 2017B Bonds for a purchase price of \$821,700.00, which amount represents the principal amount of the Series 2017B Bonds (\$830,000.00), less the Underwriter’s discount of \$8,300.00. The Underwriter is purchasing the Series 2017 Bonds pursuant to the terms of a Bond Purchase Agreement (the “Bond Purchase Agreement”) between the Issuer, the Institution, the School, and the Underwriter. The Bond Purchase Agreement also provides that the Institution will pay miscellaneous out-of-pocket expenses of the Underwriter. The Bond Purchase Agreement provides that the Underwriter will purchase all Series 2017 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 2017 Bonds are being paid by the Institution from proceeds of the Series 2017 Bonds. The right of the Underwriter to receive compensation in connection with the Series 2017 Bonds is contingent upon the actual sale and delivery of the Series 2017 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 2017 Bonds to the public. The Institution 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 TRUSTEE

The Issuer has appointed The Bank of New York Mellon to serve as Trustee. The Trustee is a banking corporation organized and existing under the laws of the State of New York, 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 2017 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 2017 Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Series 2017 Bonds by the Institution. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2017 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 2017 Bonds, or the investment quality of the Series 2017 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

The mailing address of the Trustee is 101 Barclay Street, Floor 7W, New York, New York 10286, Attention: Corporate Trust Administration. Additional information about the Trustee may be found at its website at <http://www.bnymellon.com>. The Bank of New York Mellon website is not incorporated into this Limited Offering Memorandum by such reference and is not a part hereof.

FINANCIAL ADVISOR

Urban Futures Incorporated, Tustin, California (“Urban Futures”) has been retained by the School to act as financial advisor to the School in connection with the issuance of the Series 2017 Bonds. Urban Futures has advised the School in such capacity, but is not obligated and has not undertaken to make an independent verification or to assume responsibility for the accuracy or completeness of the information contained in this Limited Offering Memorandum. The fees paid to Urban Futures for services rendered in connection with the issuance of the Series 2017 Bonds are contingent upon the actual sale and delivery of the Series 2017 Bonds.

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 2017 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of these documents are available for inspection during the period of the offering at the offices of the Underwriter in Minneapolis, Minnesota and thereafter at the principal corporate trust office of the Trustee. In addition to certain information provided herein, all information contained in Appendices A, B, C, D, and E, along with information regarding the Forecast and projected debt service coverage under the caption “SUMMARY INFORMATION,” has been provided by the Institution or the School or been derived from information provided by the Institution or the School. The Underwriter makes no representations or warranties as to the accuracy or completeness of the information in any of the Appendices.

No Registration of the Series 2017 Bonds

Registration or qualification of the offer and sale of the Series 2017 Bonds (as distinguished from registration of the ownership of the Series 2017 Bonds) is not required under the Securities Act. THE INSTITUTION ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE SERIES 2017 BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE SERIES 2017 BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

Interest of Certain Persons Named in this Limited Offering Memorandum

The fees to be paid to counsel to the Institution and the School, counsel to the Underwriter, the Trustee, counsel to the Trustee, and the Underwriter are contingent upon the sale and delivery of the Series 2017 Bonds.

Limited Offering Memorandum Certification

The Institution, the School and the Issuer have authorized and approved the use and distribution of this Limited Offering Memorandum. The Issuer has not reviewed or approved any matters herein and assumes no responsibility for the accuracy or completeness of the information herein except for the information under the caption “THE ISSUER” and “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 Institution and the School. This Limited Offering Memorandum is not to be construed as an agreement or contract between the Institution or the School and any purchaser, owner or holder of any Series 2017 Bond.

APPENDIX A

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL

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APPENDIX A

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL

	<u>Page</u>
INTRODUCTION	A-1
General	A-1
The Charter Contract	A-1
Enrollment Generally	A-2
Mission, Vision and Educational Philosophy	A-2
Academies Approach.....	A-2
Use of Student Achievement Data.....	A-2
Facilities Access Payments/Rental Assistance	A-3
LIGHTHOUSE ACADEMIES, INC.....	A-3
General	A-3
The Management Agreement	A-3
Manager Key Personnel	A-4
Academic and Development Philosophy.....	A-5
THE PLAN OF FINANCE, THE FACILITY AND THE ROOFTOP GYMNASIUM IMPROVEMENT PROJECT	A-7
The Plan of Finance.....	A-7
The Facility Acquisition	A-7
Recent Support Column Stabilization Work	A-8
Environmental Report	A-8
Rooftop Gymnasium Improvement Project.....	A-8
Pictures of the Facility.....	A-9
METLCS	A-10
MetLCS Governance and Administration	A-10
Teachers and Staff.....	A-12
Charter Contract for MetLCS	A-13
School Year and School Day Length	A-14
Transportation	A-14
Curriculum.....	A-15
English Language Learners	A-16
Exceptional and Gifted and Talented Learners.....	A-16
Technology.....	A-16
Enrollment.....	A-17
Student Retention	A-18
Lottery Admission Process.....	A-18
Wait List as of October 26, 2017.....	A-18
Academic Achievement Indicators.....	A-19
Service Area	A-20
Competing Schools.....	A-21
Budgeting of Funds and Reports	A-22
Annual Financial Audit	A-22
Historical Financial Data.....	A-23
Investment Policy	A-24
Employee Benefit Plan	A-24
Insurance	A-24
No Litigation	A-25

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APPENDIX A

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL

INTRODUCTION

General

MetLCS. Metropolitan Lighthouse Charter School (“MetLCS”) is a charter school located within the boundaries of New York City Community School District 9 (the “9th District”) in the Bronx, New York, currently offering kindergarten through ninth grade. Incorporated in the State of New York (the “State”) in 2009, MetLCS is organized pursuant to Article 56 of New York Education Law (the “Charter Schools Act”) as a not-for-profit education corporation. MetLCS received a 501(c)(3) determination letter on July 13, 2010 from the Internal Revenue Service. MetLCS will not be a borrower under or a party to the Loan Agreement or the Promissory Note and will not be obligated to make payments under the Loan Agreement or pay debt service on the Series 2017 Bonds. However, MetLCS will lease the Facility (as defined below) from the Institution (as defined below) under the terms of the Lease (as defined below) and amounts payable by MetLCS to the Borrower under the Lease are scheduled to be sufficient to pay all scheduled debt service on the Series 2017 Bonds.

The Institution. 180 W. 165th Street LLC (the “Institution”) was formed in June 2017 as a New York limited liability company whose initial sole member is MetLCS. The Institution was formed for the sole purpose of furthering the educational and charitable purposes of MetLCS. The Institution will use proceeds of the Series 2017 Bonds to purchase the Facility and will lease the Facility back to MetLCS. See “PLAN OF FINANCE” and “THE INSTITUTION” in this Limited Offering Memorandum. It is anticipated that MetLCS’s interest as sole member of the Institution will be transferred in the future to the Support Corporation (as defined below).

Support Corporation. Metropolitan Support Corporation (the “Support Corporation”) was formed in June 2017 as a New York not-for-profit corporation organized for the sole purpose of supporting MetLCS. The bylaws of the Support Corporation provide that MetLCS has the right to appoint all directors of the Support Corporation. It is anticipated that MetLCS’s interest as sole member of the Institution will be transferred to the Support Corporation upon determination by the Internal Revenue Service that the Support Corporation is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). After such transfer, the Support Corporation will be and remain the sole member of the Institution. The Support Corporation will not be a borrower under or a party to the Loan Agreement or the Promissory Note and will not be obligated to make payments under the Loan Agreement or pay debt service on the Series 2017 Bonds.

The Charter Contract

MetLCS operates pursuant to its Charter (as defined in “THE SCHOOL” in this Limited Offering Memorandum) authorized by the Chancellor of the City School District of the City of New York (the “Authorizer”) and approved by the Board of Regents of the University of the State of New York, for and on behalf of the State Education Department (the “Board of Regents”). The Charter governs such matters as MetLCS’s authority to operate, student performance, financial management, governance and operations. Pursuant to the Charter Schools Act, the term of a charter cannot exceed five years and therefore must be renewed periodically. On September 15, 2009, the Board of Regents granted the Charter (the proposed form of which was agreed to by MetLCS and the Authorizer on January 12, 2009) for a term of five years and incorporated MetLCS by issuing a certificate of incorporation known as a provisional charter. The New York City Department of Education (“NYC DOE”) approved non-material revisions to the Charter in 2011, 2012 and 2013 related to proposed change in location, early dismissal on Wednesdays and addition of an Associate Teacher in each grade level along with a proposed enrollment expansion to cover associated costs. MetLCS intends to take the necessary steps to ensure that the Charter will be renewed by the Authorizer and the Board of Regents pursuant to applicable law in a timely fashion to ensure uninterrupted operation of MetLCS. In 2013, the Authorizer approved MetLCS’s five-year renewal application and on May 19, 2014 the Board of Regents granted a first renewal of the provisional charter for a term up through and including June 30, 2019.

Enrollment Generally

MetLCS began operations at the start of the 2010-2011 school year at its initial facility, a co-located space in the Soundview section of the South Bronx, with 138 students in kindergarten through second grade. Grades 3-8 were added in subsequent years such that by the 2016-2017 school year, 471 students were enrolled in grades K-8. At the start of the 2014-2015 school year, MetLCS moved its school to its current location at 180 West 165th Street in the Bronx. MetLCS added grade 9 for the 2017-2018 school year and expects to add grade 10 in the 2018-2019 school year, and, upon renewal of its Charter, grade 11 in the 2019-2020 school and grade 12 in the 2020-2021 school year. As of October 26, 2017, 528 students were enrolled in grades K-9 with a waitlist of 219 children.

Mission, Vision and Educational Philosophy

***Mission:** We prepare our students for college through a rigorous arts-infused program.*

***Vision:** All students will be taught by a highly effective teacher in a nurturing environment and will achieve at high levels. Each student will develop the knowledge, skills and values necessary for responsible citizenship and life-long learning. The impact of our collective efforts will fundamentally change public education.*

***Educational Philosophy:** At MetLCS we believe in empowering the hearts and minds of all scholars by encouraging: creative problem solving, intellectual curiosity, self-reflection, cooperative learning and optimistic resilience. We believe when rigorous curricular, pedagogical, artistic and data driven practices are aligned across all classrooms scholars will be motivated, engaged and successful learners. Our scholars will be engaged and transformative global citizens.*

Academies Approach

The students of MetLCS are split into three separate and distinct academies. Each academy has its own uniform. The first and second floors of the Facility house scholars in grades K- 4 (the “Lower Academy”), the third and fourth floors house scholars in grades 5-8 (the “Upper Academy”) and the fifth floor houses students in grades 9-12 (currently only 9th grade for the 2017-2018 school year and then adding one additional grade per year as students matriculate) (the “College Preparatory Academy”). There are staffing differences for each academy. Classrooms in the Lower Academy have one Associate Teacher per grade level in addition to the main teacher and in kindergarten and first grade there is a paraprofessional in addition to an Associate Teacher. Increased independence is a goal for MetLCS scholars in the Upper Academy. Scholars in the Upper Academy have lockers and different uniforms and are departmentalized (rotate amongst teachers for different content areas). The focus in the College Preparatory Academy is preparation for college. Staffing in the Upper Academy and the College Preparatory Academy is departmentalized with content area specialists.

Use of Student Achievement Data

MetLCS uses data in a network wide systematic process to impact large and small-scale instructional decisions and resource allocation. The data from internal and external tests drive the feedback and adaptation to improve teaching and learning at MetLCS. The ongoing collection of scholar achievement data through formal and informal assessments in all subjects is used by teachers and administrative staff to drive the instructional program at MetLCS in various ways such as the following:

- 1) Assessment data is tracked and regularly monitored by teachers to allow them to tailor instruction to the needs of the class and of individual scholars.
- 2) Teachers use assessment data to create flexible instructional groupings based on the needs of the scholar.
- 3) Ongoing assessments allow teachers to provide continuous feedback to scholars and permit administrative staff to provide continuous feedback to teachers.

4) Assessment data permits the school leadership team to evaluate the effectiveness of the curriculum content and delivery and of resource allocation in helping scholars to meet the state standards and grade level expectations.

Facilities Access Payments/Rental Assistance

MetLCS is eligible to receive certain rental assistance payments from the school district (“Facilities Access Payments”) for students in grade 6 and above. On April 22, 2015, MetLCS received notice from the NYC DOE that MetLCS will receive Facilities Access Payments. The amount of Facilities Access Payments is determined pursuant to a formula set forth in the Charter Schools Act. The maximum amount of Facilities Access Payments available to eligible New York City charter schools for the 2017-2018 school year is approximately \$4,350 per pupil, to the extent such amount does not exceed actual rental costs. MetLCS received Facilities Access Payments of \$140,949.74 in fiscal year 2015, \$292,526.75 in fiscal year 2016 and \$444,072.38 in fiscal year 2017. For the 2017-2018 school year MetLCS has 203 students in grades 6-9 who generate Facilities Access Payments and by the 2020-2021 school year it is projected that MetLCS will have 364 students in grades 6-12 who will generate Facilities Access Payments. See “CHARTER SCHOOL FUNDING IN THE STATE OF NEW YORK – Facilities Access Payments/Rental Assistance,” “APPENDIX C — BUDGET PROJECTION,” and “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF NEW YORK EDUCATION LAW” in this Limited Offering Memorandum for a more detailed discussion of Facilities Access Payments.

LIGHTHOUSE ACADEMIES, INC.

General

The operations of MetLCS are managed by Lighthouse Academies, Inc. (the “Manager”) pursuant to an Academic and Business Services Agreement (the “Management Contract”). The Manager is a Delaware nonstock, not for profit corporation and an exempt organization under Section 501(c)(3) of the Code which provides charter school management services to charter schools located in three states serving approximately 5,950 students. The table below shows the schools managed by the Manager.

School Name	State	Enrollment (as of September 2017)	Grades Served
Metropolitan Lighthouse Charter School	New York	528 ⁽¹⁾	K-9
Bronx Lighthouse	New York	419	K-8
Bronx College Prep Academy	New York	232	9-12
Indiana Lighthouse Charter School South	Indiana	500	K-6
Indiana Lighthouse Charter School East	Indiana	375	7-11
Indiana Lighthouse College Prep Academy South	Indiana	410	7-12
Gary Lighthouse Lower	Indiana	318	K-2
Gary Lighthouse Middle	Indiana	500	3-7
Gary Lighthouse High School	Indiana	715	8-12
Lighthouse East Chicago	Indiana	498	K-8
Capital City	Arkansas	207	K-6
Jacksonville Lighthouse	Arkansas	385	K-6
JL CSCPA	Arkansas	377	7-12
Flightline	Arkansas	152	5-8
Pine Bluff	Arkansas	305	K-8
Total Enrollment		5,951	

⁽¹⁾ MetLCS enrollment is as of October 26, 2017.

The Management Agreement

In accordance with the terms and conditions of the Management Contract, the Manager will receive up to 5.0% of total revenues received by MetLCS in return for providing MetLCS with all oversight and administrative services necessary for operating MetLCS in accordance with the Charter, including day-to-day management of

MetLCS. Pursuant to the Assignment and Subordination of Management Contract, the management fee owed to the Manager by MetLCS will be subordinate to the obligation of MetLCS to make lease payments under the Lease. The initial term of the Management Contract ends on June 30 in the last year of the Charter Contract (June 30, 2019) and will be automatically renewed unless written notice of intent to terminate or renegotiate is given by either party no later than December 31 of the year prior to the end of any term.

The Manager provides support to MetLCS in the following areas:

- Financial Oversight and Budgeting Support
- Human Resources
- Recruitment
- Professional Support and Collaboration
- Leadership Development and Support
- Operational and Academic Supports
- Technology
- Marketing

Manager Key Personnel

Certain information regarding key personnel of the Manager is set forth below.

Khori Whittaker - President and Chief Executive Officer. Mr. Whittaker is the President and Chief Executive Officer of the Manager. He started his career as a fifth grade teacher in Long Beach, California through the Teach for America movement. Mr. Whittaker was an early employee at InsideTrack, Inc. working to improve college access and completion for students across the country. Mr. Whittaker led recruiting at InsideTrack during a critical growth phase and led InsideTrack's Community College Impact Initiative team, successfully launching, for the first time, unique student coaching and train-the-trainer programs in two states and ten college campuses. Mr. Whittaker also served as Assistant Director for Undergraduate Admission at Stanford University. Prior to joining the Manager, Mr. Whittaker launched and led the grassroots and community engagement team at the Foundation for Florida's Future. Mr. Whittaker serves on the board of directors of Global Glimpse, Inc. and the advisory board of the Drug Free America Foundation. Mr. Whittaker earned a B.A. in Economics from Princeton University and a M.A. in Political Science from California State University, Long Beach.

Jerome Ballard - Chief Operating Officer. Mr. Ballard is the Chief Operating Officer of the Manager. Prior to joining the Manager, Mr. Ballard was the Founder and President of Perfect People Solutions, a full service human resources consulting practice that focused on operational excellence and leadership development. Mr. Ballard started his professional career as a lawyer and has spent over 20 years in the human resources profession. Mr. Ballard has held senior human resources roles for a number of Fortune 500 companies, including Whirlpool, Michelin and PepsiCo. Mr. Ballard received his undergraduate degree in History and Political Science from Mount St. Mary College in Newburgh, New York and his law degree from the University of Miami, in Coral Gables, Florida.

Marcia Saulo - Chief Financial Officer. Ms. Saulo is the Chief Financial Officer of the Manager. Ms. Saulo's early career was in corporate marketing, where she focused on new product introductions and strategic planning in complex, highly-regulated service industries. Companies Ms. Saulo worked for include Blue Cross Blue Shield of Florida, New York Life and Verizon Data Services. Taking a detour from that path, she founded and operated her own successful pottery painting studio for eight years. Ms. Saulo then became the Regional Finance Director of Imagine Schools, where she spent over five years helping grow the region from one charter school in one county to seven in five counties. Following that, she spent just under two years at the School District of DeSoto County (Florida) as Finance Director, where she was responsible for budgeting, accounting, financial reporting, accounts payable, payroll, fixed assets, internal accounts, and purchasing. Ms. Saulo received a BA in Fine Arts from The College of William and Mary in Virginia, a BS in Accounting from the University of South Florida in Sarasota, Florida, and a MBA in Marketing from Drexel University in Philadelphia. Ms. Saulo is a Certified Public Accountant (licensed in Florida), as well as a Chartered Global Management Accountant (CGMA). Ms. Saulo's additional professional accreditations include SFO (Certified Administrator of School Finance and Operations) and APM (Accredited Payables Manager).

Lynise Harris - Chief of Staff. Ms. Harris is the first in her immediate family to complete a college degree, after which she began her career as a human resources professional. After time in the United States Peace Corps, Ms. Harris became a certified executive coach. Since 2002 her focus has been to help professionals and students to develop and reach goals and gain personal and academic success. This includes helping several higher learning institutions in Hawaii, Alabama and Florida to develop an academic coaching program. Ms. Harris partners with the Lighthouse College Preparatory Academies' Directors of College Transition to ensure Lighthouse Scholars have a successful plan for entering and completing college. She has a B.A. in Communications from Texas State University and an M.S. in Leadership Coaching Psychology from Capella University.

Susan Jamback - Chief Schools Officer. Ms. Jamback began her career as an art teacher, winning an art teacher of the year award. She opened her first charter school in 1996 in a makeshift facility in Chelmsford, Massachusetts. After leading that school through charter renewal, she went on to lead Lowell Community Charter School. The school served Cambodian and Latino families in one of Massachusetts' highest need communities. After leading that school through charter renewal, Ms. Jamback embarked on a career as a consultant coaching school leaders and conducting charter school evaluations. She has worked with several of the Manager's schools and leaders over the past four years. Ms. Jamback earned a B.S. at Plymouth State University and a M.Ed. from Antioch.

Courtney Russell - Director, Regional Operations for New York. Ms. Russell served as a classroom teacher through Teach for America in Atlanta between 2004 and 2009. Ms. Russell went on to join Lighthouse Academies and served as the Founding Principal for MetLCS from 2010 - 2016, where she grew the school from K - 2 to K - 8, and led the school's efforts in receiving a full-term (five year) renewal with the New York City Department of Education. Ms. Russell earned a BA from Muhlenberg College in Communications, a MA in Educational Leadership from Teachers College, Columbia University, and an EdS in Instructional Technology from the University of Georgia.

Travis Brown - Executive Director for the New York Region. Mr. Brown started his career teaching high school mathematics in the Bronx as a member of the New York City Teaching Fellows program. Mr. Brown then became the founding principal of a district middle school in Harlem through the New Leaders for New School program. Mr. Brown then went on to open an alternative charter high school in the Brownsville section of Brooklyn serving over-aged students. Most recently, Mr. Brown served as an instructional coach for Turnaround for Children. Mr. Brown earned a M.A. in Mathematics Education from The City College of New York, and a B.B.A. in Computer Information Science from Temple University.

Mansoor Mustafa - Director of Facilities. Mr. Mustafa will act as project representative for the construction of the Rooftop Gymnasium Improvement Project. Prior to his role as the Director of Facilities, Mr. Mustafa served as the Corporate Controller for the manager. His previous history includes serving as Director of Finance for Albany Charter School Network, an association of charter schools in the New York State Capital District; Controller for a privately held hospitality management organization; and Senior Financial Analyst for Disney Publishing, located in White Plains, New York. Mr. Mustafa holds a BA in Accounting from York University.

Mary Beth Rousseau, CPA - Controller. Ms. Rousseau began her career in public accounting as a staff accountant, working at a mid-size public accounting firm located in central Florida. Ms. Rousseau completed her degrees and later earned her Certified Public Accountant license in November 2014. Ms. Rousseau joined Lighthouse Academies in May 2016 as the controller for the New York and Chicago regions. Ms. Rousseau earned a BS in Accounting and a MS in Accountancy from Liberty University. Ms. Rousseau is a member of AICPA and FICPA.

Academic and Development Philosophy

The Manager's goal is to transform thousands of scholars' lives, moving them toward college and lifelong success. The Manager looks to achieve this with a three-pronged approach: Rigorous Academics, Social Development and Arts Infusion.

Rigorous Academics. The Manager has extended the school year for its schools to operate a calendar of 190 days and has extended the school day to eight hours.

The Manager uses a variety of assessments and data tools to inform instruction, identify areas of growth and increase student achievement throughout the network. The main sources of data are interim assessments based on Common Core standards, state assessments, NWEA Measures of Academic Progress (“MAP”)/Primary Grades Assessment (“PGA”) and curricular assessments aligned with State and Common Core standards.

To accommodate different learning styles, classroom instruction includes a mix of whole-class, small group and individual work.

Social Development. The Manager believes that attention to social/emotional and soft skills development is as important as the academic curriculum. The Manager aims to supports students in their capacity to engage collaboratively, be disciplined in their academic and personal pursuits and contribute in meaningful ways to their community.

Some of the key social development goals for students in schools managed by the Manager are listed below:

- (i) Active community membership demonstrated by their ability to identify and make positive contributions to the many different kinds of communities of which they are a part.
- (ii) Critical thinking as demonstrated by their ability to problem solve, make decisions and consider multiple strategies and perspectives when answering questions, approaching challenges and interacting with others.
- (iii) Effective communication demonstrated by their ability to read, speak, listen and write with clarity accuracy, authenticity, and conviction across various domains.
- (iv) Self-direction and self-management demonstrated by their ability to take initiative with their learning and work; ask and answer questions; and understand that they are ultimately responsible for their future.

Through the social curriculum, the Manager aims to support students in being successful academically, acquiring the skills necessary to work collaboratively with others, as well as building self-management skills that help prepare them for college. All teachers and leaders participate in targeted and ongoing professional development on these programs in order to continue to develop and refine their practice.

Arts Infusion. The Manager’s teachers strive to infuse art activities and techniques into the instruction of all core subjects. The Manager believes that an arts-infused school is a place where the arts permeate school culture.

Restorative Practices. The Manager attempts to prepare students to achieve academically, to persevere through personal and political injustices, to solve problems collaboratively, and to self-regulate and self-manage. The Manager believes that it is needed for students of today, leaders of tomorrow, to learn the skills and values of compromise, restitution, mediation, and the importance of relationship.

The Manager helps its schools with:

- (i) collecting data to allow teachers, students, families, and leaders to fully understand the impact of current practices on student learning and social development.
- (ii) creating a restorative vision. The Manager works with teams to create a realistic and unified vision of restorative practices and help create a rollout plan for implementation.

- (iii) driving commitment to restorative practices. The Manager works with leadership teams and or student groups to empower local champions to establish a strong foundation for restorative practices.
- (iv) revising policies and procedures.

THE PLAN OF FINANCE, THE FACILITY AND THE ROOFTOP GYMNASIUM IMPROVEMENT PROJECT

The Plan of Finance

Use of Proceeds of the Series 2017 Bonds. Build NYC Resource Corporation (the “Issuer”) will issue its (i) Tax-Exempt Revenue Bonds, Series 2017A (Metropolitan Lighthouse Charter School Project) (the “Series 2017A Bonds”), and (ii) Taxable Revenue Bonds, Series 2017B (Metropolitan Lighthouse Charter School Project) (the “Series 2017B Bonds” and together with the Series 2017A Bonds, the “Series 2017 Bonds”), pursuant to the terms of an Indenture of Trust, dated as of December 1, 2017 (the “Indenture”), between the Issuer and The Bank of New York Mellon, as trustee (the “Trustee”). The Issuer will loan (the “Loan”) the proceeds of the Series 2017 Bonds to the Institution pursuant to a Loan Agreement, dated as of December 1, 2017 (the “Loan Agreement”), between the Issuer and the Institution. Proceeds of the Series 2017 Bonds will be used by the Institution for the purposes of funding: (i) (a) the acquisition of an existing approximately 51,600 square foot 6-story building on an approximately 12,084 square foot parcel of land located at 180 West 165th Street, Bronx, New York (the “Facility”), and (b) the construction of the Rooftop Gymnasium Improvement Project to improve the Facility; (ii) capitalized interest on a portion of the Series 2017 Bonds; and (iii) the costs of issuing the Series 2017 Bonds.

Debt Service Reserve Fund Deposit. CSFP will enter into a Debt Service Reserve Fund Agreement with the Trustee and the Issuer pursuant to which CSFP will deposit an amount (the “Deposit”) in the 2017 CSFP Subaccount of the Debt Service Reserve Fund and grant a first security interest in CSFP’s interest in the 2017 CSFP Subaccount of the Debt Service Reserve Fund and amounts deposited therein to the Issuer and the Trustee. Amounts in the 2017 CSFP Subaccount of the Debt Service Reserve Fund will secure the Series 2017 Bonds (excluding funds in the CSFP Fund) and may be used by the Trustee to pay principal of and interest on the Series 2017 Bonds in the event sums in the Bond Fund are insufficient for such purpose. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS” and “CHARTER SCHOOL FINANCING PARTNERSHIP, LLC” in this Limited Offering Memorandum.

Facility Lease. The Institution and MetLCS will enter into a Lease (the “Lease”) pursuant to which MetLCS will lease the Facility from the Institution and Met LCS will conduct school operations at the Facility. The initial term of the Lease is equal to the term of the Series 2017 Bonds, with MetLCS having the right to extend the Lease term for two additional five year periods. See “THE PROJECT AND PLAN OF FINANCE” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS — Lease” in this Limited Offering Memorandum for further description of the Project and the Lease. See also “APPENDIX I – SUMMARY OF CERTAIN PROVISIONS OF THE LEASE” in this Limited Offering Memorandum.

The Facility Acquisition

On August 2, 2013, MetLCS entered into a lease agreement (the “Current Lease”) with CA New York City 180 W165 LLC (the “Seller”) for the Facility. Construction of the Facility was completed in 2014 and MetLCS has occupied and operated its charter school at the Facility since the start of the 2014-2015 school year. MetLCS and the Seller entered into an Option to Purchase, dated as of November 15, 2017 (the “Purchase Option”), pursuant to which the Seller granted MetLCS an option to purchase the Facility, and MetLCS assigned its rights under the Purchase Option to the Institution under the terms of an Assignment and Assumption of Option to Purchase, dated as of November 15, 2017. Pursuant to the Purchase Option, the Institution and the Seller entered into a Sale Agreement dated as of December 6, 2017, pursuant to which the Institution agreed to purchase, and the Seller agreed to sell, the Facility at a purchase price of \$23,917,038. The Seller is unrelated to the Institution or MetLCS or any of their respective employees or officers and no Institution or MetLCS employee or officer has any interest in the Seller.

Recent Column Stabilization Work

In connection with the due diligence of the Institution and MetLCS in connection with the acquisition by the Institution of the Facility, the Institution and MetLCS had the Facility inspected. The Institution and MetLCS received the recommendation of an independent third party structural engineer (BGM Engineering) to reinforce certain load bearing columns for the Facility that such firm determined were not providing adequate support to the structure as currently constructed and which would also not support the improvements in the Rooftop Gymnasium Improvement Project. Such recommendation was confirmed by another independent third party engineering firm (TEC Engineering, LLC). The structural engineers recommended improvements to the support columns of the Facility in order to stabilize the Facility. MetLCS engaged Signature Construction Group, Inc. (“Signature Construction”) of Brooklyn, New York to make the improvements to the support columns of the Facility prior to the 2017-2018 school year. The total cost of the first portion of the stabilization work prior to the 2017-2018 school year was approximately \$200,000 which includes architect and engineering fees along with the construction cost. The first portion of the stabilization work was completed by Signature Construction prior to school opening for the 2017-2018 school year on September 5, 2017. Additional work to stabilize the Facility will be needed in connection with the Rooftop Gymnasium Improvement Project due to the increased weight that will be added to the Facility as a result of constructing the Rooftop Gymnasium Improvement Project. See “Rooftop Gymnasium Improvement Project” below in this Appendix A.

Environmental Report

As part of its diligence for the acquisition of the Facility, the Institution commissioned a Phase I Environmental Site Assessment (the “Phase I”) for the Facility. The Phase I, dated August 4, 2017, was conducted by PVE, LLC, Poughkeepsie, New York (“PVE”). See “RISK FACTORS — Hazardous Materials” in this Limited Offering Memorandum.

Rooftop Gymnasium Improvement Project

The Rooftop Gymnasium Improvement Project has a total estimated cost anticipated not to exceed \$2,400,000, including the additional cost necessary for any additional column stabilization. The Institution has engaged Partners For Architecture as the architect for the Rooftop Gymnasium Improvement Project. The Institution anticipates that bids for contractors will be requested in Spring 2018. Construction is expected to commence in May 2018 and is expected to be completed in late August 2018 prior to commencement of the 2018-2019 school year.

The Director of Facilities will act as project representative for the construction of the Rooftop Gymnasium Improvement Project. See “Manager Key Personnel” above.

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Pictures of the Facility

Below are pictures of the Facility.



Source: Google Maps.



Source: MetLCS.

METLCS

MetLCS Governance and Administration

The Board of Trustees. MetLCS is governed by a Board of Trustees (the “Board”). Under MetLCS’s Bylaws, the Board consists of not less than five nor more than eleven trustees. Currently, there are ten trustees who are elected to two-year terms. Trustees may be re-elected for three additional terms of service. After a person has not served on the Board for a period of at least six consecutive months, such person is again eligible for election to the Board.

The individuals who currently serve as trustees and officers of the Board are as follows⁽¹⁾:

<u>Name</u>	<u>Position</u>	<u>Initial Start Date</u>	<u>Current Term Expiration</u>
Anne Laraway	President and Chair	9/11/2014	06/22/2019
Jessica Haber	Secretary	08/01/2014	06/22/2019
Tim Bryan	Board Member	08/11/2014	06/22/2019
Adrain Bryant	Treasurer	04/27/2017	04/27/2019
Aryanne Ferranti	Board Member	03/03/2016	03/13/2019
Genai Goldsmith	Parent Representative	10/14/2014	06/22/2019
Aaron Bothner	Board Member	05/25/2017	05/25/2019
Anuj Khatiwada	Board Member	05/25/2017	05/25/2019
Janice Lee	Board Member	06/01/2013	06/22/2019

⁽¹⁾ *Jillian Roland resigned from the Board in early December 2017.*

Below are biographies of the board members.

Anne Laraway - President and Chair. Ms. Laraway is the Senior Vice President of Innovation and Business Development at Happy Family Brands, an organic baby food company and subsidiary of Groupe Danone. Ms. Laraway is responsible for company innovation and overseeing and identifying growth areas for Happy Family Brands. Prior to Happy Family, Ms. Laraway worked in Brand Management at Unilever and in Finance and Corporate Strategy at General Mills. Ms. Laraway has a BA in Finance from the University of St. Thomas in St. Paul, Minnesota. Ms. Laraway holds an MBA from Columbia Business School.

Jessica Haber - Secretary. Ms. Haber serves as Assistant Vice President of Institutional Planning, Assessment and Analytics at Mercy College in New York. Ms. Haber joined Mercy College in 2010 and, since that time, has served in a number of roles related to both scholar and organizational success. Prior to her role as Assistant Vice President at Mercy College, Ms. Haber served at Mercy College as Associate Provost and Chief of Staff for the Office of the Provost. During her employment at Mercy College, Ms. Haber’s focus has centered on strategic planning, institutional assessment and student success. Before joining Mercy College, Ms. Haber was an Associate at Clifford Chance LLP, a global law firm, where she specialized in Corporate Finance. Prior to law school, Ms. Haber served as a Teach for America corps member in Houston, Texas where she taught third and fourth grade. Ms. Haber has a BS in Social Policy from Northwestern University and a J.D. from Brooklyn Law School.

Adrain L. Bryant - Treasurer. Mr. Bryant is Associate General Counsel of W. P. Carey Inc. Mr. Bryant oversees all legal matters related to the company’s business development company products. Mr. Bryant previously was an Associate with Skadden, Arps, Slate, Meagher & Flom LLP (“Skadden”) in their Corporate Finance and Securities group, where he worked on various equity and debt securities matters. Before Skadden, Mr. Bryant was Senior Counsel with FS Investments (formerly Franklin Square Capital Partners), where he was in-house counsel with a focus on all corporate issues related to the company’s investment products. Mr. Bryant received his Juris Doctor and Master of Business Administration from Duke University and has a Master of Science in Accountancy and Bachelor of Science from Wake Forest University. Mr. Bryant is licensed to practice law in New York and North Carolina. Mr. Bryant is also a Certified Public Accountant in the State of North Carolina.

Timothy Bryan - Member. Mr. Bryan is the Chief Revenue Officer for Custora and works with the world's leading retailers to create unique and deeply engaging marketing campaigns. Mr. Bryan has almost twenty years of digital marketing experience. Prior to joining Custora, Mr. Bryan was the Chief Revenue Officer at Movable Ink. Before Movable Ink, Mr. Bryan held sales management positions at Triad Retail Media, Time Inc., A&E Television Networks, and The New York Times. Mr. Bryan graduated with a BA in English from Syracuse University.

Aryanne Ferranti - Member. Ms. Ferranti has over fourteen years of experience in the financial services, hospitality, education and technology sectors and has held various leadership positions across strategy, operations, marketing, product management, sales, finance and training functions. Ms. Ferranti currently serves as Vice President, Operations for XO Group. Prior to her role at XO, Ms. Ferranti held positions at Yext, Grovo, TravelClick, American Express and Barclays Capital. Ms. Ferranti holds a BA in International Relations from Wellesley College and an MBA from Columbia Business School.

Genai Goldsmith - Parent Representative. Ms. Goldsmith is currently the Associate of Family and Community Partnership at MetLCS. Previously, Ms. Goldsmith worked with people with developmental disabilities. Ms. Goldsmith graduated with her AAS in Liberal Arts from Borough of Manhattan Community College, and is currently attending Mercy College to pursue her BA in Organization Business. After completion of her degree, Ms. Goldsmith will pursue a Master's in Education.

Aaron Bothner - Member. Mr. Bothner works in the Acquisitions Group of the Real Estate Division for Wafra Investment Advisory Group (a registered SEC investment firm), where Mr. Bothner supports the acquisition of commercial real estate transactions across the U.S. and Canada. Prior to entering commercial real estate investment, Mr. Bothner spent five years working in education and consulting, including two years as a high school social studies teacher through the Teach For America Corps Member program and three years coaching around 80 teachers in various roles. Mr. Bothner holds an MBA from Georgetown University McDonough School of Business, a Masters of Science in Education from the University of Pennsylvania Graduate School of Education, and a Bachelor of the Arts in History and Psychology from the University of Colorado-Boulder.

Anuj Khatiwada - Member. Mr. Khatiwada is a Market Leader for the NYC/Westchester market within the Consumer Bank division of Bank of America. Prior to joining Bank of America, Mr. Khatiwada was a Recruitment manager for an education management company and a High School Teacher. Mr. Khatiwada received his B.S. in Biology at The Citadel, and his M.B.A at the McDonough School of Business at Georgetown University.

Janice Lee - Member. Ms. Lee is currently a Real Estate Portfolio Manager at Deutsche Bank. Prior to her employment at Deutsche Bank, Ms. Lee was a Kindergarten teacher at a charter school in New Haven, Connecticut. Ms. Lee has been a Trustee of the Board since 2013, serving on the Education Committee. Ms. Lee holds a Bachelor of Science degree in Applied Economics and Management from Cornell University.

Administration. MetLCS employs the following key administrators: Principal, Assistant Principal and Director of Teacher Leadership (5-8) and Manager, Operations.

The individuals who currently hold administrative positions at MetLCS are as follows:

Tyra L. Williams - Principal. Ms. Williams joined MetLCS in 2016. Ms. Williams began her career with the New York City Department of Education as an elementary school teacher in the Bronx. After teaching grades 1-3 for 5 years, Ms. Williams transitioned to become a middle school teacher of English Language Arts and Social Studies. During Ms. Williams' seven-year tenure as a middle school teacher, Ms. Williams achieved academic success and took on the role of Grade Team Leader while pursuing a master's degree in school and district leadership. Shortly thereafter, Ms. Williams became an Assistant Principal both on the middle and high school levels. Ms. Williams has participated in New York City Leadership Academy's Aspiring Principals Program. Ms. Williams holds a BA from State University of New York at Albany, an MS in Elementary Education from Fordham University and an MS in Administration and Supervision from The College of New Rochelle.

Kurt Davidson - Assistant Principal and Director of Teacher Leadership (5-8). Mr. Davidson joined MetLCS in 2014 and leads the Upper Academy at MetLCS. Mr. Davidson began his career as a Teach for America special education teacher at The Arts and Technology Academy (ATA) Public Charter School in Washington, DC.

Mr. Davidson served as a Resident Principal at Pinewood Elementary in Charlotte, North Carolina. Mr. Davidson has a BA degree from the University of Oklahoma and a Masters of Special Education degree from George Mason University.

Melissa Alston - Manager, Operations. Ms. Alston is a native of the Bronx and joined MetLCS in 2016 as the Founding Manager, Operations. Ms. Alston began her career in Assets Protection at Target Corp, where she held several security management positions. Ms. Alston went on to hold other positions at Target Corp, including merchandising and full store management. Ms. Alston has a BA degree in Forensic Psychology and a Masters of Arts degree in Criminal Justice from John Jay College of Criminal Justice.

Teachers and Staff

MetLCS currently employs 40 full-time teachers, 3 full-time associate teachers, and 17 staff members (including operations and administration). MetLCS also employs three full-time Content Coaches (one for grades K-2, one for Math and one for English Language Arts), and a full-time data specialist who are responsible for ensuring all teachers have the training and support they need to implement the programs in the Charter and to address all Common Core State Standards.

Each class has a maximum of 26 students per class and MetLCS’s current student to teacher ratio is approximately 12:1. The following table shows the level of experience for teachers and associate teachers and the student-teacher ratio for the current and previous four school years.

MetLCS Teacher and Associate Teacher Experience

	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
0-5 Years Experience	15	19	24	27	34
6-10 Years Experience		1	1	9	5
Over 10 Years Experience				2	4
Total	15	20	25	38	43
Student – Teacher Ratio	19:1	19:1	17:1	12:1	12:1

The following table shows teacher and associate teacher turnover rates for the current and previous four school years.

MetLCS Teacher and Associate Teacher Turnover Rate

	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Less than Five Years Experience	9	9	10	8	13

Ongoing Professional Development

Professional development goals and potential sessions are planned for the year over the summer and captured in a Year Long PD Plan (YLPD). In addition to weekly professional development, ongoing opportunities for professional development happen throughout the school year in the following ways:

- Teacher Professional Growth Plan (TPGPs, formerly Individual professional development plans (IPDPs))
- Weekly grade team meetings
- Weekly collaboration via Wednesday Professional Development opportunities
- Individual observations and coaching
- Collaboration with colleagues at the school and across the Lighthouse Network
- Professional development opportunities with school-based Arts Partners.

Volunteers. Volunteers play an important role at MetLCS, supporting the school in a wide range of areas. Most volunteers are parents of current scholars, and engage in activities such as working in classrooms on tasks such

as grading papers and preparing materials for instruction, participating in field trips, and helping out with main office tasks such as filing paperwork and answering phones.

Charter Contract for MetLCS

General. New York Education Law, specifically Article 56, the New York Charter Schools Act of 1998, as amended (the “Act”), provides for the creation of public charter schools to provide educational opportunities for students, teachers, parents, and community members, and to establish and maintain schools that operate independently of existing schools and school districts in order to: (i) improve student learning and achievement; (ii) increase learning opportunities for all students, with special emphasis on expanded learning experiences for students who are at-risk of academic failure; (iii) encourage the use of different and innovative teaching methods; (iv) create new professional opportunities for teachers, school administrators and other school personnel; (v) provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; and (vi) provide schools with a method to change from rule-based to performance-based accountability systems by holding charter schools accountable for meeting measurable student achievement results.

Annual Reports. As part of MetLCS’s charter, both the NYC DOE, as well as the New York State Education Department (the “NYSED”) require annual accountability plan progress reports (each, an “Annual Report”) to ensure that MetLCS is in compliance with the terms of the Charter. An Annual Report is submitted each August (and again on November 1, when updated data such as state test results becomes available). The Annual Report provides information about MetLCS’s academic and fiscal standing, as well as operational information (i.e. student and teacher retention, percentage of students who are Economically Disadvantaged, are classified as Special Education, and/or are English Language Learners, testing data, etc.). This information is analyzed by representatives from the Authorizer, as well as the State. Additionally representatives from the NYC DOE conduct a compliance visit at MetLCS at least once every charter term. MetLCS also submits a wide variety of compliance related items (fingerprint clearance, fire and bus drill dates, etc.) as required by the NYC DOE’s compliance calendar published annually.

Charter Renewal. Under the terms of the Charter Schools Act, charters may be renewed, upon application for renewal, for a term of up to five years. In connection with charter renewal, the Charter Schools Act requires applicants such as MetLCS to submit:

- (i) A report of progress in achieving the educational objectives set forth in the charter.
- (ii) A detailed financial statement that discloses the cost of administration, instruction and other spending categories for the charter school that will allow a comparison of such costs to other schools, both public and private.
- (iii) Copies of each of the annual reports of the charter school required by the Charter and the Charter Schools Act, including charter school report cards and certified financial statements.
- (iv) Indications of parent and student satisfaction.

In the case of MetLCS, the Charter also requires that a renewal application contain such other material and information as is required by NYC DOE.

The Charter Schools Act requires that charter renewal applications be submitted to the charter entity, which in the case of MetLCS is the Authorizer, no later than six months prior to the expiration of a charter; provided, however, that the charter entity may waive the deadline for good cause shown. MetLCS’s Charter provides that no later than the first of November in the year prior to expiration of the Charter, MetLCS may provide the Authorizer with an application to renew the Charter in accordance with the Charter Schools Act. MetLCS’s Charter states that if the Authorizer does not approve a renewal application, the parties to the Charter shall fulfill their respective obligations through the full term of the Charter. MetLCS expects to file its next five-year charter renewal application by November 1, 2018.

Charter Revocation. A charter may be terminated by the charter entity or the Board of Regents upon any of the following statutory grounds:

- (i) If the charter school's outcome on student assessment measures adopted by the Board of Regents falls below the level that would allow the Commissioner of Education to revoke the registration of another public school, and student achievement on such measures has not shown improvement over the preceding three school years;
- (ii) Serious violations of law;
- (iii) Material and substantial violation of the charter, including fiscal mismanagement; or
- (iv) If the New York Public Employment Relations Board makes a determination that the charter school demonstrates a practice and pattern of egregious and intentional violations of subdivision one of § 209-A of the New York Civil Service Law involving interference with or discrimination against employee rights under Article 14 of the New York Civil Service Law.

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

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

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

School Year and School Day Length

Scholars at MetLCS have a longer school year than required by the State of New York. Scholars are in school for 190 classroom days. The school day at MetLCS starts at 7:30 a.m. and ends at 4:00 p.m. (except on Wednesday) with the building being open for afterschool programs until 6:00 p.m. By being open for a longer period of time during the day, the parents of MetLCS scholars are able to have their students arrive early or (if not utilizing MetLCS transportation) drop them off early and use school resources. On Wednesdays, classes begin at 8:00 a.m. and end at 1:00 p.m. MetLCS staff engage in cycles of collaborative and individual data analysis and instructional planning, as well as targeted professional development modules from 2:00 to 5:30 p.m. each Wednesday.

Transportation

MetLCS currently has eight yellow school buses for scholars. MetLCS receives 180 days of free yellow bus service through the NYC DOE. Since the MetLCS school year is 190 days in length, the additional 10 days are paid for by MetLCS. Scholars come to MetLCS from a variety of neighborhoods throughout the Bronx. Scholars living more than five miles away and those that are in 7th grade and above receive a MetroCard. Scholars less than one mile away walk to school. Scholars with individualized education plans ("IEPs") receive yellow bus service at no charge for all 190 days of school. A matron, along with the bus driver, ensures transportation to and from school on a daily basis for scholars with IEPs.

Curriculum

MetLCS’s math curriculum for all grades is Eureka Math. English Language Arts (“ELA”) curriculum for grades K-2 is Core Knowledge Language Arts (CKLA). ELA curriculum for grades 3-8 is Expeditionary Learning and Engage New York for grades 9-12.

Math. MetLCS’s math curriculum is based on engage^{ny}. Curriculum modules in mathematics are marked by in-depth focus on fewer topics and integrate rigorous classroom reasoning, extended classroom time devoted to practice and reflection through extensive problem sets, and high expectations for mastery. The time required to complete a curriculum module will depend on the scope and difficulty of the mathematical content that is the focus of the module (first priority cluster area for a given grade level). For example, the curriculum module relating to grade 3 multiplication and division introduces initial ideas of multiplication and division in a brief period at the start of the year, continues to develop strategies and problem solving throughout the year, and includes materials to be used throughout the year for helping students reach fluency by the end of the year with single-digit multiplication and related division.

ELA K-2. MetLCS’s language arts for grades K-2 is based on engage^{ny}. The Core Knowledge Language Arts Listening and Learning Strand is designed to help students build the background knowledge and vocabulary critical to listening and reading comprehension. The decoding skills needed for future independent reading are taught separately in the Core Knowledge Language Arts Skills Strand. The teaching of the two strands, however, need not be correlated, i.e., teachers may provide instruction and practice in a given unit of the Skills Strand as needed, while moving on to new topics and anthologies in the Listening and Learning Strand.

ELA 3 and up. MetLCS’s language arts for grades 3 and up and is based on EL Education Language Arts Curriculum. The curriculum offers either two or three hours of literacy instruction per day, depending on the grade level. At the heart of the curriculum, at all grade levels, are the hour-long module lessons. Each grade level includes four modules, which span a full school year. The four modules allow students to build content knowledge based on a topic related to science, social studies, or literature.

Science. Science instruction at MetLCS includes lab work, exploration, and mastery of specific concepts. To teach the core content topics and scientific method, kindergarten through 5th grade classrooms use science kits created by researchers at the University of California, Berkeley, known as the Full Option Science System (FOSS). FOSS kits provide all materials and instructions a teacher needs to conduct demonstrations and labs in the regular classroom. Teachers use FOSS’ inquiry-based approach to teach the Common Core State Standards in Literacy in Science in upper grades. The FOSS kits provide the basis for the curriculum through 8th grade. In high school, scholars take Biology and Chemistry and have opportunities to participate in Advanced Placement for these subjects prior to graduation.

Social Studies. As scholars at MetLCS work toward the Common Core State Standards for Literacy, Math, and in History/Social Studies in upper grades, they use a wide array of monographs, textbooks, stories, videos, web sites, maps, pictures, and other historical sources to study cultures, geography, and social sciences. In the Upper Academy, social studies units are designed using Understanding by Design (UbD) framework and are rooted in state social studies standards and core curriculum.

A variety of primary and secondary sources will be utilized in the Upper Academy and College Preparatory Academy, including but not limited to Joy Hakim’s History of US series and Pearson’s World Studies series. Scholars will participate in both active, authentic assignments and performance tasks, as well as traditional, pen-and-paper tests; both types of assignments have an important role. For example, while covering a unit on the early civilizations of the Americas, scholars may create multi-media presentations on the predominant art forms of each civilization they study.

Arts. At MetLCS arts infusion is evident in every content area. Arts infusion is reflected in the pedagogical techniques of the teachers, the assignments scholars do, and the ways in which feedback on skill and technique is delivered and received across the curriculum.

In addition to the infusion of arts into all core subject matters, all scholars are required to take classes in visual arts taught by an art teacher, who also serve as an arts-infusion specialist to support teachers. Scholars focus on developing skills in painting, drawing, sculpture and other media, developing art literacy (analysis, history, appreciation, etc.) and understanding the cultural, historical and personal context of artistic creation. Scholars have opportunities to share their work with the school community as well as the larger community through school displays, town hall meetings and gallery showings.

The arts-infused program coupled with explicit instruction in the arts aim to build scholars' cultural competency by providing scholars with a solid background of the significance of the arts in our culture and the culture of others. The program aims to provide opportunities for scholars to create and apply their knowledge in ways which promote critical and higher level thinking.

Physical Education and Health. The school mixes non-competitive games with content and activities promoting healthy practices in Physical Education and Health at all grade levels. MetLCS uses the SPARK program to teach physical education. Teachers in their homerooms work with scholars during morning meeting and at other times throughout the day to incorporate the focus on movement and health into the school day.

English Language Learners

MetLCS serves scholars with limited English proficiency (English Language Learners, or ELLs) using structured English language immersion so they achieve proficiency in the English language as quickly as possible. MetLCS complies with all applicable laws including Title VI of the federal Civil Rights Act of 1964 (as amended) and the federal Equal Educational Opportunities Act of 1974.

MetLCS works to ensure that ELLs are not excluded from curricular and extracurricular activities based on an inability to speak and understand the language of instruction. Parents whose English proficiency is limited receive notices and information from the school in their native language to the extent possible to encourage participation in the school by all members of the MetLCS community. School events, such as monthly parent nights and parent teacher conferences, regularly include staff-based interpreters who help promote the lines of communication between staff and parents. Parental outreach may also be conducted through home visit by a school official and an interpreter. Additionally, as a result of parent feedback, the school has increased its number of Spanish-speaking staff members in the Main Office (from zero to three).

Exceptional and Gifted and Talented Learners

MetLCS employs an intervention team which includes four special education teachers, three Title I teachers, and two English Language Learner teachers. To the maximum extent allowed by each scholar's IEP and all applicable federal laws, including the Individuals with Disabilities Act and its reauthorizations, MetLCS will educate scholars with disabilities in the least restrictive environment, with their non-disabled peers. Special classes, separate schooling, or other removal of scholars with disabilities from the regular educational environment will occur only if the nature or severity of the disability is such that education in regular classes with the use of supplementary aids and services cannot be achieved satisfactorily.

Technology

Scholars at all grade levels at MetLCS learn about technology as a key part of their learning within the classroom. As scholars are immersed in the core content, they use technology to communicate, collaborate, explore and research. Explicit instruction is provided by the classroom teacher to ensure that scholars understand how to identify, use, and maintain technological components. Technology is investigated as both a tool for productivity and a force that shapes the global community over time.

Chromebooks are present throughout classrooms at MetLCS, with Chromebook carts being used in grades K – 8. In the 2017-2018 school year for 9th grade, MetLCS has added a one-to-one program, in which every 9th grade scholar is provided with a personal Chromebook to access the curriculum, assignments, etc. MetLCS provides these resources at no cost to families.

Enrollment

The following table shows actual MetLCS student enrollment numbers by grade level for the current and four prior school years. The enrollment numbers for the 2017-2018 school year are as of October 26, 2017.

Historical Enrollment by Grade Level

Grade	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
K	46	52	52	51	56
1	47	53	58	51	52
2	52	54	50	53	53
3	52	52	57	52	55
4	48	54	53	55	53
5	46	53	54	51	56
6		52	51	52	54
7			53	52	49
8				54	50
9					50
Total Enrollment	291	370	428	471	528

Source: MetLCS records.

The following table shows projected MetLCS student enrollment numbers by grade level for the five upcoming school years.

Projected Enrollment by Grade Level

Grade	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
K	52	52	52	52	52
1	52	52	52	52	52
2	52	52	52	52	52
3	52	52	52	52	52
4	52	52	52	52	52
5	52	52	52	52	52
6	52	52	52	52	52
7	52	52	52	52	52
8	52	52	52	52	52
9	52	52	52	52	52
10	52	52	52	52	52
11		52	52	52	52
12			52	52	52
Total Enrollment	572	624	676	676	676

Source: MetLCS records.

Student Retention

Listed below is the historical enrollment retention for the current and prior six years.

Retention Rate by School Year

School Year	Percent Retention from Previous School Year
2011-2012	95+%
2012-2013	95+%
2013-2014	70%
2014-2015	95+%
2015-2016	95+%
2016-2017	95+%
2017-2018 ⁽¹⁾	88.5%

Source: MetLCS records.

⁽¹⁾ As of October 2017.

For the 2013-2014 school year, MetLCS moved from its original location (1535 Story Avenue) to a temporary site at 500 Courtlandt Avenue while the School Facility was under construction. The temporary location at 500 Courtlandt Avenue was not convenient for many families, which resulted in relatively low retention for the 2013-2014 school year.

Lottery Admission Process

Under the Charter Schools Act, admission into charter schools is determined by a lottery process. MetLCS’s annual application submission process begins in mid-January and continues through April 1. Applications may be submitted electronically or in hard copy. Downloadable applications are available in English and Spanish. The online application may also be translated into other languages. The lottery takes place in mid-April. For the 2017-2018 school year, there were a total of 257 applications for grades K-8; however, there were only 52 openings for new students. Applicants who have siblings already attending MetLCS and those residing in the 9th District are given preference for vacancies on a first-come, first-served basis. Once the list of sibling applicants and 9th District applicants has been exhausted, any remaining spaces are filled through the lottery process.

Wait List as of October 26, 2017

Current 2017-2018 Waitlist	
Grade	Waitlisted Students
K	43
1	30
2	32
3	17
4	38
5	28
6	24
7	0
8	7
9	0
Total	219

MetLCS is enrolled at its desired capacity for the 2017-2018 school year, with 528 students enrolled as of October 26, 2017. Listed below is the 2014-2015 through 2017-2018 historical waitlist information:

Historical Waitlist Information

School Year	Waitlisted Students
2014-2015	247
2015-2016	280
2016-2017	440
2017-2018 ⁽¹⁾	219

⁽¹⁾ As of October 26, 2017.

MetLCS does not have a defined cut-off date to accept additional students. Vacancies are generally filled immediately from the wait list according to the lottery process; however, MetLCS takes into consideration the timing of the acceptance of new students during the school year as it may affect the potential success of said students.

Academic Achievement Indicators

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

1. Fountas and Pinnell (F&P) (3 times per year);
2. NYS ELA (Grades 3-8), Math (Grades 3-8), and Science (Grades 4 and 8);
3. NWEA Tests (Grades K-8) (3 times per year); and
4. Interim Assessments (4 times per year).

State Testing Performance. The following is a summary of student performance at MetLCS for the past five school years in ELA and mathematics. Performance on State assessments is reported in terms of mean scores and percentages of tested students scoring at or above Level 2, 3 and 4. Level 3 is the “meets proficiency” standard which means students demonstrate an understanding of the subject and the knowledge and skills expected at their grade level.

Percentage of students that scored at or above Level 3 in English Language Arts

	2012-2013		2013-2014		2014-2015		2015-2016		2016-2017	
	MetLCS	9th District								
Grade 3	30.4%	12.0%	13.4%	12.9%	9.6%	13.8%	25.9%	22.0%	38.8%	24.5%
Grade 4	26.1%	10.4%	22.6%	14.2%	18.9%	13.3%	11.5%	24.0%	32.7%	23.4%
Grade 5			9.4%	10.2%	11.3%	12.0%	21.6%	18.2%	16.0%	20.4%
Grade 6					5.9%	11.8%	29.5%	16.3%	15.4%	14.3%
Grade 7							30.8%	16.7%	38.5%	21.5%
Grade 8									48.1%	29.3%

Source: NYC DOE

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

	2012-2013		2013-2014		2014-2015		2015-2016		2016-2017	
	MetLCS	9th District								
Grade 3	52.2%	14.4%	7.7%	18.7%	32.7%	19.8%	61.8%	23.1%	53.1%	27.5%
Grade 4	47.8%	14.0%	28.3%	17.4%	20.4%	16.2%	35.8%	22.7%	36.4%	21.2%
Grade 5			24.5%	18.4%	20.8%	19.8%	11.8%	17.5%	29.4%	22.3%
Grade 6					17.6%	17.3%	31.4%	16.5%	23.1%	15.4%
Grade 7							18.9%	13.5%	23.1%	15.6%
Grade 8									9.6%	13.6%

Source: NYC DOE

The following table shows the average MetLCS and 9th District student performance scores in ELA and mathematics for the past five school years.

Average Student Performance Scores: MetLCS and 9th District

School Year	Average Score: English Language Arts		Average Score: Mathematics	
	MetLCS	9th District	MetLCS	9th District
2012-2013	28.3%	10.6%	50.0%	12.6%
2013-2014	15.1%	12.0%	20.3%	15.9%
2014-2015	11.5%	13.0%	22.9%	16.6%
2015-2016	24.4%	20.4%	32.3%	18.0%
2016-2017	31.7%	22.3%	28.9%	19.5%

Source: NYC DOE

Service Area

MetLCS is located in New York City, Bronx County. According to U.S. Census data, Bronx County had a population of 1,455,720 in 2016. MetLCS’s students all reside in Bronx County. Highbridge is a residential neighborhood geographically located in the central-west section of the Bronx. The neighborhood is part of Bronx Community Board 4. Its boundaries, are the Cross-Bronx Expressway to the north, Jerome Avenue to the east, East 161st Street to the south, and the Harlem River to the west. Ogden Avenue is the primary thoroughfare through Highbridge. Zip codes include 10452.

The Bronx has a land area of 42 square miles (109 km), making it the fourth-largest in land area of the five boroughs, the fourth most populated, and the third-highest in density of population. The Bronx contains one of the five poorest Congressional Districts in the U.S., the 16th, but it also includes the affluent and middle to upper class Riverdale, Schuylerville and Country Club neighborhoods.

In the 2014-2015, 2015-2016 and 2016-2017 school years, 85%, 85% and 91.8%, respectively, of MetLCS students qualified for the Federal free and reduced price lunch program. 16% of current MetLCS students are English language learners.

The following table shows racial demographic information for the students enrolled at MetLCS as of September 1, 2016 (the most recent available). For comparison, the racial demographics of Bronx County and the State, as presented in the U.S. Department of Commerce’s 2010 Census, are also included.

MetLCS, Bronx County and State Racial Demographics

Race	MetLCS	Bronx County ⁽¹⁾	State ⁽¹⁾
African American	40%	30.25%	15.90%
Asian	1%	3.40%	7.30%
Hispanic	58%	53.60%	17.60%
White	1%	10.90%	55.60%
Other		1.90%	3.60%

⁽¹⁾ *Source: U.S. Census, 2010*

Competing Schools

The schools listed in the tables below are representative of the public, private and charter schools which compete with MetLCS for students. These lists are current as of October 2017 and are not all-inclusive. MetLCS is not aware of any plans for the opening of additional schools in its service area; however, other charter schools, public schools or private schools may be created in or near MetLCS's service area.

Public and Private Schools

<u>School</u>	<u>Address</u>	<u>Distance (miles)</u>	<u>Grades Offered</u>
PS 11: High Bridge	1257 Ogden Ave, Bronx, NY 10452	.5	K-5
PS 73: Joseph Dellacava	1020 Anderson Ave, Bronx, NY 10452	.3	PK-5
PS 114x: Luis Lloréns Torres Schools	1155 Cromwell Ave, Bronx, NY 10452	.5	K-5
PS 126: Dr. Marjorie Dunbar	175 W 166th St, Bronx, NY 10452	.1	PK-5
PS 199: William Shakespeare	1449 Shakespeare Ave, Bronx, NY 10452	.9	PK-5
PS/IS 128: Rafael Hernandez Dual Language Magnet School	1220 Gerard Ave, Bronx, NY 10452	1.0	K-8
IS 361: The Highbridge Green School	200 W 167th St, Bronx, NY 10452	.3	6-8
Bronx School for Law Government and Justice	244 E 163rd St, Bronx, NY 10451	1.3	6-12
Sacred Heart School	1248 Nelson Ave, Bronx, NY 10452	.5	PK-8

Charter Schools

<u>School</u>	<u>New York City Community School District</u>	<u>Distance (miles)</u>	<u>Grades Offered</u>	<u>Authorizer</u>
Success Academy Charter School-Bronx 4	8	4.4	K-4	State University of NY
Boys Preparatory Charter School of New York	8	4.1	K-4	State University of NY
Icahn Charter School 7	8	2.2	K-7	State University of NY
Bronx Academy of Promise Charter School	9	1.0	K-8	NYC DOE
Rosalyn Yalow Charter	9	.9	K-3	NYSED
Success Academy Charter School-Bronx 2	9	1.7	K-4	State University of NY
Success Academy Charter School-Bronx 3	9	1.6	K-5	State University of NY
Bronx Charter School for the Arts	9	4.7	K-5	NYSED
Charter High School for Law and Social Justice	10	2.0	9-11	NYSED

Budgeting of Funds and Reports

The NY Region Controller for the Manager prepares and presents monthly financial reporting to the Board which includes a Statement of Financial Position and a Statement of Activities for the current period and year-to-date prepared as an actual versus budget on a GAAP basis. The NY Region Controller also prepares all required annual and quarterly financial reporting to the State and the NYC DOE. Required reporting to the NYC DOE includes quarterly financials consisting of a Statement of Financial Position, Statement of Activities prepared as a budget versus actual, a Statement of Cash Flows, and an Annual Budget. Required reporting to the State includes an annual budget presented as a breakdown between program and supporting services prepared on a GAAP basis, and an annual budget and expenditure reports for federal grants including Title IA and Title IIA.

Pursuant to the Management Contract with the Manager, on or before April 1st of each year, the Manager and MetLCS will mutually agree on an annual budget for the following fiscal year. The budgeting process involves the administration personnel of the school along with the Director of Regional Operations and the NY Region Controller of the Manager. The budget allocates general funds received from the NYC DOE, special education funds received from the NYC DOE and federal funds from the IDEA grant, and Title I and Title II federal grant funds.

Annual Financial Audit

MetLCS is required to have an annual audit conducted by an outside independent accounting firm. Financial audits are conducted in accordance with generally accepted auditing standards. Upon completion, audits are reviewed by MetLCS's Controller and the Board's Finance Committee before being submitted to the full Board for review. MetLCS and the Manager have separate combined financial reports and do not share consolidated financial statements. Marks Paneth LLP has been MetLCS's auditor since 2011.

The audited financial statements of MetLCS for the fiscal year ended June 30, 2016 are included in "APPENDIX D - AUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2017 (INCLUDING JUNE 30, 2016 COMPARATIVE INFORMATION)" and unaudited financial statements of MetLCS for the three-month period ended September 30, 2017 are included in "APPENDIX E – UNAUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017."

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Historical Financial Data

The following financial data presents selected historical financial data of MetLCS, as shown in MetLCS's audited financial statements for the stated years. The data titled "Balance Sheet Metrics" and "Proforma Available for Debt Service" were prepared by MetLCS and are not included in MetLCS's audited financial statements.

Metropolitan Lighthouse Charter School

Historical Balance Sheet

	FY 2015	FY 2016	FY 2017
ASSETS			
Cash	\$2,849,835	\$3,534,651	\$4,272,996
Receivables	368,444	232,385	111,224
Prepaid expenses	-	37,563	200,350
Security Deposits	1,023,749	1,023,749	1,024,049
Fixed assets	19,386,223	18,655,439	17,891,595
Other asset (escrow account)	70,155	70,155	70,260
TOTAL ASSETS	<u>23,698,406</u>	<u>23,553,942</u>	<u>23,570,474</u>
LIABILITIES			
Account payable & accrued expenses	152,994	140,528	248,355
Accrued payroll & payroll taxes	245,051	301,580	418,219
Accrued compensated absences	35,847	42,072	53,987
Deferred revenue	6,089	-	-
Capital leases	20,598,268	21,496,750	22,245,858
Total Liabilities	<u>21,038,249</u>	<u>21,980,930</u>	<u>22,966,419</u>
NET ASSETS			
Unrestricted	2,660,157	1,573,012	604,055
Restricted	-	-	-
Total Net Assets	<u>2,660,157</u>	<u>1,573,012</u>	<u>604,055</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>23,698,406</u></u>	<u><u>23,553,942</u></u>	<u><u>23,570,474</u></u>
Balance Sheet Metrics⁽¹⁾			
Cash	2,849,835	3,534,651	4,272,996
Security Deposit (released upon bond closing)	1,000,000	1,000,000	1,000,000
Proforma Cash & Cash Equivalents	<u>3,849,835</u>	<u>4,534,651</u>	<u>5,272,996</u>
Days Cash on Hand	243	227	238
Proforma Cash to Proforma Debt	15%	18%	21%

⁽¹⁾ Prepared by MetLCS. Unaudited.

Metropolitan Lighthouse Charter School

Historical Income Statement

	FY 2015	FY 2016	FY 2017
Revenue and Support:			
Student enrollment fees	\$5,419,265	\$6,304,979	\$6,984,449
Federal grants	266,951	341,270	273,867
NYC rent support & other income	158,827	315,074	593,459
In-kind contributions	28,213	33,542	39,357
Total Revenue & Support	5,873,256	6,994,865	7,891,132
Expenses:			
Program services	5,776,394	7,478,893	8,146,239
Supporting services	564,114	603,116	713,850
Total Expenses	6,340,508	8,082,009	8,860,089
Change in Unrestricted Net Assets	(467,252)	(1,087,144)	(968,957)
Net Assets - Beginning	3,127,409	2,660,157	1,573,012
Net Assets - Ending	2,660,157	1,573,012	604,055
Proforma Available for Debt Service⁽¹⁾:			
Change in Net Assets	(467,252)	(1,087,144)	(968,957)
Plus: Depreciation	567,955	783,065	789,525
Plus: Interest	1,490,983	1,950,586	2,023,921
Proforma Net Income Available for Debt Service	1,591,686	1,646,507	1,844,489
Series 2017 Bonds Maximum Annual Debt Service	1,606,500	1,606,500	1,606,500
Proforma Maximum Annual Debt Service Coverage	0.99	1.02	1.15

⁽¹⁾ Prepared by MetLCS. Unaudited.

Investment Policy

MetLCS does not have any written investment policy.

Employee Benefit Plan

MetLCS has a 401(k) plan for employees who are at least 21 years old and have completed ninety (90) days of service. The plan includes a safe harbor employer matching provision. The employer must match employee contributions dollar for dollar, not to exceed 4% of compensation. Safe harbor contributions are immediately vested with the participants. At June 30, 2017 and 2016, MetLCS had a safe harbor matching employer contribution liability of \$4,547 and \$4,903, respectively. For the years ended June 30, 2017 and 2016, employer contributions totaled \$36,944 and \$42,933, respectively.

Insurance

MetLCS and the Institution will maintain the insurance coverages required in the Mortgage and the Loan Agreement.

No Litigation

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

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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 – Changes in Law; Annual Appropriation; Inadequate Education Aid Payments” in this Limited Offering Memorandum.

Purpose (New York Education Law § 2850)

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

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

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

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

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

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

- (a) The board of education of a school district eligible for an apportionment of aid under § 3602(4) (apportionment of public moneys to school districts employing eight or more teachers) of the New York Education

Law; provided that a board of education shall not approve an application for a school to be operated outside the school district's geographic boundaries and further provided that in a city having a population of 1,000,000 or more, the chancellor of any such city school district shall be the charter entity established by this paragraph;

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

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

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

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

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

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

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

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

(d) Indications of parent and student satisfaction.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective until June 30, 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 Law § 2854(2))

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

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

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

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

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

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

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

(b) Serious violations of law;

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

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

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

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

problems associated with the proposed revocation. Prior to revocation of the charter, a charter school shall be provided an opportunity to be heard, consistent with the requirements of due process. Upon the termination of a charter, the charter school shall proceed with dissolution pursuant to the procedures of the charter and direction of the charter entity and the Board of Regents.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Facilities (New York Education Law § 2853-3)

(a) A charter school may be located in part of an existing public school building, in space provided on a private work site, in a public building or in any other suitable location. Provided, however, before a charter school may be located in part of an existing public school building, the charter entity shall provide notice to the parents or guardians of the students then enrolled in the existing school building and shall hold a public hearing for purposes of discussing the location of the charter school. A charter school may own, lease or rent its space.

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

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

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

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

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

(a-5) Notwithstanding any provision to the contrary, in a city school district in a city having a population of 1,000,000 or more inhabitants, the determination to locate or co-locate a charter school within a public school building and the implementation of and compliance with the building usage plan developed pursuant to the Act that has been approved by the board of education of such city school district pursuant to the New York Education law and after satisfying the requirements of the New York Education law may be appealed to the commissioner pursuant to applicable provisions of the New York Education law. Provided further, the revision of a building usage plan approved by the board of education consistent with the requirements pursuant to the New York Education law may also be appealed to the commissioner on the grounds that such revision fails to meet the standards set forth in the Act. Following a petition for such appeal pursuant to this paragraph, such city school district shall have ten days to respond. The petition must be dismissed, adjudicated or disposed of by the commissioner within ten days of the receipt of the city school district's response.

(b) A charter school may pledge, assign or encumber its assets to be used as collateral for loans or extensions of credit; provided, however, that a charter school shall not pledge or assign 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(l)(t) of the New York Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year, provided that the highest and lowest annual quotients shall be excluded from the calculation of such average or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(l)(n) of the New York Education Law for the year prior to the Base Year;

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

(viii) for the 2020-2021 school 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(l)(n) of the New York Education Law for the year prior to the Base Year.

For the purposes of this subdivision, the “supplemental basic tuition” shall be (A) for a school district for which the Charter School Basic Tuition for the current year is greater than or equal to the Charter School Basic Tuition for the 2010-2011 school year pursuant to the provisions of subparagraph (i) of this paragraph, (1) for the 2014-2015 school year \$250, (2) for the 2015-2016 school year \$350, (3) for the 2016-2017 school year \$500, and (4) for the 2017-2018 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(1)(t) of the New York Law Education Law for each such year divided by the Total Approved Operating Expense for such district for the immediately preceding year, provided that the highest and lowest annual quotients shall be excluded from the calculation of such average or (B) the quotient of the total general fund expenditures for the school district calculated pursuant to an electronic data file created for the purpose of compliance with § 305(21)(b) of the New York Education Law published annually on May 15th for the year prior to the Base Year divided by the total estimated public enrollment for the school district pursuant to § 3602(1)(n) of the New York Education Law for the year prior to the Base Year;

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

(viii) for the 2020-2021 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 school years, for a school district for which the Charter School Basic Tuition for the 2010-2011 school year is greater than the Charter School Basic Tuition for the current year pursuant to the provisions of subparagraph (i) of this paragraph, the sum of (i) the supplemental basic tuition calculated for the 2016-2017 school year plus (ii) \$500.

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

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

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

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

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

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

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

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

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

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

who receive such programs and services from the school district of attendance during the Base Year, multiplied by a special services weighting determined as follows:

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

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

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

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

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

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

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

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

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

"Enrollment" shall mean the unduplicated count of all children registered to receive educational services in grades kindergarten through twelve, including children in ungraded programs, as registered on the date prior to

November first that is specified by the Commissioner as the enrollment reporting date for the school district or nonpublic school, as reported to the Commissioner.

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

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

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

- (1) any balances and transfers;
- (2) any payments for transportation of pupils to and from school during the regular school year inclusive of capital outlays and debt service therefor;
- (2-a) a portion of any payments for transportation of pupils to and from district operated summer school programs pursuant to § 3622-a(6) (aidable regular transportation) of the New York Education Law, inclusive of capital outlays and debt service therefor, equal to the product of such expenditures multiplied by the quotient of the total apportionment after the proration, if any, required by such subdivision 6 of the New York Education Law divided by the total apportionment prior to such proration;
- (3) any payments for capital outlay and debt service for school building purposes, provided, however, that in the case of a school district which has entered into a contract with state university pursuant to § 355(2)(o) (conduct of research and experiments) of the New York Education Law, under which the school district makes payment to state university on account of capital outlay relating to certain children residing in such school district, such payments shall not be so excluded;
- (4) any payments for cafeteria or school lunch programs;
- (5) any proceeds of short term borrowings in the general fund and any payments from the proceeds of the sale of obligations in the capital fund;
- (6) any cash receipts which reduce the cost of an item when applied against the expenditure therefor, except gifts, donations and earned interest and any refunds made;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In the event of the failure of a school district to make payments to a charter school as required by § 2856 of the New York Education Law, the Commissioner shall certify the amount of the unpaid obligation to the

Comptroller to be deducted from any State aid payments which become due to such school district. The amount of each school district's obligation shall be calculated in accordance with this section.

For the purposes of this section:

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

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

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

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

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

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

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

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

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

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

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

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

Charter school obligations:

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

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

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

Public school district of residence obligations:

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

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

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

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

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

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

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

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

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

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

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

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

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

Department obligations:

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

(b) In the event of the failure of a school district to fulfill the financial obligation required by § 2956 of the New York Education Law equal to the amounts calculated pursuant to this section, upon notification by the

charter school, the Commissioner shall certify the amounts of the unpaid obligations to the comptroller to be deducted from State aid due the school district and paid to the applicable charter schools.

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APPENDIX C

BUDGET PROJECTION

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	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Balance Sheet						
Assets						
Cash	4,272,996	5,922,113	6,766,057	7,803,789	9,328,439	11,056,072
Receivables	111,224	125,000	125,000	125,000	125,000	125,000
Prepaid expenses	200,350	105,000	105,000	105,000	105,000	105,000
Security Deposits	1,024,049	23,749	23,749	23,749	23,749	23,749
Fixed assets - net	17,891,595	488,150	488,150	488,150	488,150	488,150
Other asset - escrow account	70,260	70,295	70,330	70,365	70,400	70,435
Total Assets	23,570,474	6,734,307	7,578,286	8,616,052	10,140,738	11,868,406
Liabilities						
Accounts payable and accrued expenses	248,355	275,000	275,000	275,000	275,000	275,000
Accrued payroll and payroll taxes	418,219	450,000	475,000	500,000	525,000	550,000
Accrued compensated absences	53,987	53,987	53,987	53,987	53,987	53,987
Deferred revenue	-	-	-	-	-	-
Capital Leases	22,245,858	-	-	-	-	-
Total Liabilities	22,966,419	778,987	803,987	828,987	853,987	878,987
Net Assets						
Unrestricted	604,055	5,955,320	6,774,299	7,787,065	9,286,751	10,989,419
Restricted	-	-	-	-	-	-
Total Net Assets	604,055	5,955,320	6,774,299	7,787,065	9,286,751	10,989,419
Total Liabilities and Net Assets	23,570,474	6,734,307	7,578,286	8,616,052	10,140,738	11,868,406
Balance Sheet Metrics:						
Cash	4,272,996	5,922,113	6,766,057	7,803,789	9,328,439	11,056,072
Security Deposit	1,000,000	-	-	-	-	-
Cash & Cash Equivalents	5,272,996	5,922,113	6,766,057	7,803,789	9,328,439	11,056,072
Days Cash on Hand	239	242	253	257	281	325
Unrestricted Net Assets as a % of Expenses	7.5%	65.7%	69.1%	69.9%	76.5%	88.4%
Cash to Proforma Debt	20.5%	23.0%	26.3%	30.3%	36.3%	43.0%

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Income Statement						
Revenue & Support						
Student Enrollment Fees	6,984,449	8,327,389	9,217,850	10,442,894	11,749,066	12,245,561
Federal Grants	273,867	326,505	329,770	333,068	336,938	339,762
NYC Rent Support	444,072	906,485	1,193,946	1,490,045	1,714,950	1,712,440
Other Income	149,387	11,200	11,312	11,425	11,539	11,655
In-kind contributions	39,357	39,357	39,751	40,148	40,550	40,955
Gain on Termination of Building Lease	-	5,230,232	-	-	-	-
Total Revenue & Support	7,891,132	14,841,168	10,792,629	12,317,580	13,853,043	14,350,373
Expenses						
Program Expenses						
Salaries	3,583,378	4,286,401	5,024,897	5,694,534	6,349,515	6,539,940
Payroll taxes and fringe benefits	612,586	772,109	905,135	1,025,756	1,143,738	1,178,039
Total Salaries and Related Costs	4,195,964	5,058,511	5,930,032	6,720,290	7,493,253	7,717,979
Professional fees and consultants	61,754	58,000	59,740	61,532	63,378	65,280
Contracted services - other	117,566	148,646	153,105	157,699	162,430	167,302
Supplies and equipment purchases	242,952	420,914	387,390	434,887	484,956	474,187
Depreciation and amortization	789,525	337,932	100,000	100,000	100,000	100,000
Food	12,719	500	-	-	-	-
Interest	2,023,921	1,034,882	-	-	-	-
Lease Expense	-	603,047	1,341,688	1,666,688	1,714,950	1,712,440
Occupancy and utilities	316,316	222,520	240,842	246,914	252,680	258,612
Cleaning services	233,496	258,353	266,104	274,087	282,309	290,779
Printing	16,828	21,619	22,268	22,936	23,624	24,333
Staff development and recruitment	54,441	132,783	136,766	140,869	145,096	149,448
Telephone	25,840	47,395	48,817	50,281	51,790	53,343
In-kind contribution - textbooks	39,357	39,357	44,591	50,105	55,908	57,586
Other	15,560	328,059	367,992	408,249	450,940	466,705
Total Other Expenses	3,950,275	3,654,007	3,169,303	3,614,245	3,788,061	3,820,015
Total Program Expenses	8,146,239	8,712,518	9,099,335	10,334,536	11,281,313	11,537,994

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Income Statement						
Supporting Services						
Salaries	101,211	168,232	173,279	195,791	219,498	226,083
Payroll taxes and fringe benefits	19,726	30,304	31,213	35,268	39,538	40,724
Total Salaries and Related Costs	120,937	198,535	204,491	231,059	259,036	266,807
Professional fees and consultants	6,862	34,000	35,020	36,071	37,153	38,267
Management fees	337,158	392,759	477,381	538,798	604,300	629,266
Contracted services - other	36,080	14,054	14,476	14,910	15,357	15,818
Supplies and equipment purchases	4,958	12,332	12,441	13,958	15,559	14,693
Insurance	67,610	45,000	46,350	47,741	49,173	50,648
Printing	23,238	32,429	33,402	34,404	35,436	36,499
Staff development and recruitment	-	2,550	2,627	2,705	2,786	2,870
Telephone	2,871	5,266	5,424	5,587	5,754	5,927
Other	114,136	40,460	42,704	45,046	47,489	48,915
Total Other Expenses	592,913	578,850	669,824	739,219	813,008	842,903
Total Supporting Services	713,850	777,385	874,315	970,278	1,072,044	1,109,711
Total Expenses	8,860,089	9,489,903	9,973,650	11,304,814	12,353,357	12,647,705
Change in Unrestricted Net Assets	(968,957)	5,351,265	818,979	1,012,766	1,499,686	1,702,668
Net Assets - Beginning	1,573,012	604,055	5,955,320	6,774,299	7,787,065	9,286,751
Net Assets - Ending	604,055	5,955,320	6,774,299	7,787,065	9,286,751	10,989,419
Debt Service Coverage:						
Change in Net Assets	(968,957)	5,351,265	818,979	1,012,766	1,499,686	1,702,668
Plus: Depreciation	789,525	337,932	100,000	100,000	100,000	100,000
Plus: Interest	2,023,921	1,034,882	-	-	-	-
Plus: Lease Component - Debt Service	-	567,255	1,284,350	1,609,350	1,608,100	1,606,100
Plus: Lease Component - R&R Deposit	-	-	-	-	50,000	50,000
Less: Gain on Lease Termination	-	(5,230,232)	-	-	-	-
Net Income Available for Debt Service	1,844,489	2,061,101	2,203,329	2,722,116	3,257,786	3,458,768
Debt Service	-	567,255	1,284,350	1,609,350	1,608,100	1,606,100
Debt Service Coverage Ratio		3.63	1.72	1.69	2.03	2.15
MADS Coverage Ratio	1.15	1.28	1.37	1.69	2.02	2.15

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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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Metropolitan Lighthouse Charter School, Inc.

Financial Statements (Together with Independent Auditors' Report)

Years Ended June 30, 2017 and 2016

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC.

FINANCIAL STATEMENTS

(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2017 AND 2016

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 12
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13 - 14

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M A R K S P A N E T H
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Metropolitan Lighthouse Charter School, Inc.
Bronx, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Metropolitan Lighthouse Charter School, Inc. ("the School") which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

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

A handwritten signature in blue ink that reads "Mark Paneth CPA".

Purchase, New York
October 31, 2017

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Cash	\$ 4,272,996	\$ 3,534,651
Receivables (Note 4)	111,224	232,385
Prepaid expenses	200,350	37,563
Security deposits (Note 6)	1,024,049	1,023,749
Fixed assets - net (Note 5)	17,891,595	18,655,439
Other asset - escrow account (Note 3)	70,260	70,155
TOTAL ASSETS	\$ 23,570,474	\$ 23,553,942
LIABILITIES		
Accounts payable and accrued expenses	\$ 248,355	\$ 140,528
Accrued payroll and payroll taxes	418,219	301,580
Accrued compensated absences	53,987	42,072
Capital leases (Note 6)	22,245,858	21,496,750
TOTAL LIABILITIES	22,966,419	21,980,930
COMMITMENTS AND CONTINGENCIES (Note 10)		
NET ASSETS (Note 2B)		
Unrestricted	604,055	1,573,012
TOTAL NET ASSETS	604,055	1,573,012
TOTAL LIABILITIES AND NET ASSETS	\$ 23,570,474	\$ 23,553,942

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

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
REVENUE AND SUPPORT:		
Student enrollment fees (Note 2E)	\$ 6,984,449	\$ 6,304,979
Federal grants	273,867	341,270
NYC rent support and other income	593,459	315,074
In-kind contributions (Note 9)	39,357	33,542
Total revenue and support	7,891,132	6,994,865
 EXPENSES:		
Program services:		
Educational services	8,146,239	7,478,893
Total program services	8,146,239	7,478,893
Supporting services:		
Management and general	713,850	603,116
Total supporting services	713,850	603,116
Total expenses	8,860,089	8,082,009
CHANGE IN UNRESTRICTED NET ASSETS	(968,957)	(1,087,144)
NET ASSETS - Beginning of Year	1,573,012	2,660,156
NET ASSETS - End of Year	\$ 604,055	\$ 1,573,012

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

**METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>EDUCATIONAL SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Salaries	\$ 3,583,378	\$ 101,211	\$ 3,684,589
Payroll taxes and fringe benefits	612,586	19,726	632,312
Total Salaries and Related Costs	4,195,964	120,937	4,316,901
Professional fees and consultants	61,754	6,862	68,616
Management fees (Note 7)	-	337,158	337,158
Contracted services - other	117,566	36,080	153,646
Supplies and equipment purchases	242,952	4,958	247,910
Depreciation and amortization (Note 2D)	789,525	-	789,525
Food	12,719	-	12,719
Insurance	-	67,610	67,610
Interest	2,023,921	-	2,023,921
Occupancy and utilities	316,316	-	316,316
Cleaning services	233,496	-	233,496
Printing	16,828	23,238	40,066
Staff development and recruitment	54,441	-	54,441
Telephone	25,840	2,871	28,711
In-kind contribution - textbooks (Note 9)	39,357	-	39,357
Other	15,560	114,136	129,696
Total Other Expenses	3,950,275	592,913	4,543,188
Total Expenses	\$ 8,146,239	\$ 713,850	\$ 8,860,089

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

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>EDUCATIONAL SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Salaries	\$ 2,937,638	\$ 120,058	\$ 3,057,696
Payroll taxes and fringe benefits	664,676	29,078	693,754
Total Salaries and Related Costs	3,602,314	149,136	3,751,450
Professional fees and consultants	32,856	3,651	36,507
Management fees (Note 7)	-	309,827	309,827
Contracted services - other	171,911	3,078	174,989
Supplies and equipment purchases	310,968	6,700	317,668
Depreciation and amortization (Note 2D)	783,065	-	783,065
Food	10,169	-	10,169
Insurance	-	36,853	36,853
Interest	1,950,586	-	1,950,586
Occupancy and utilities	290,879	-	290,879
Cleaning services	224,137	-	224,137
Printing	12,269	16,945	29,214
Staff development and recruitment	13,428	2,558	15,986
Telephone	33,764	3,751	37,515
In-kind contribution - textbooks (Note 9)	33,542	-	33,542
Other	9,005	70,617	79,622
Total Other Expenses	3,876,579	453,980	4,330,559
Total Expenses	\$ 7,478,893	\$ 603,116	\$ 8,082,009

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

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (968,957)	\$ (1,087,144)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	789,525	783,065
Changes in operating assets and liabilities:		
Receivables	121,161	136,059
Prepaid expenses	(162,787)	(37,563)
Security deposits	(300)	-
Other escrows account	(105)	-
Accounts payable and accrued expenses	107,827	(12,465)
Accrued payroll and payroll taxes	116,639	56,529
Accrued compensated absences	11,915	6,225
Deferred revenues	-	(6,089)
	14,918	(161,383)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(25,681)	(52,282)
	(25,681)	(52,282)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in present value of capital lease	749,108	898,481
	749,108	898,481
NET INCREASE IN CASH	738,345	684,816
CASH, Beginning of Year	3,534,651	2,849,835
CASH, End of Year	4,272,996	3,534,651
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 1,167,960	\$ 945,252

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

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 – ORGANIZATION

Metropolitan Lighthouse Charter School, Inc. (the "School"), a New York not-for-profit Education Corporation, is a charter school incorporated on June 24, 2009, pursuant to the New York Charter School Act of 1998. The School is located in the Bronx, New York, and offers classes from kindergarten through ninth grade. The School's major source of revenue is provided by the New York City Department of Education (NYC DOE).

The School qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, is not subject to federal and state income taxes. In June 2017, the school established a Limited Liability Company, 180 W. 165th Street, LLC. The LLC had no financial activity during the year ended June 30, 2017, and therefore, is not consolidated in the accompanying financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) ***Basis of Accounting*** – The accompanying financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

B) ***Financial Statement Presentation*** – The School reports its financial position and operating activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The classification of net assets and related support, revenue and expenses is based on the presence or absence of donor-imposed restrictions.

These classifications are defined as follows:

Permanently Restricted – net assets, generally of an endowment nature, resulting from contributions and other inflows of assets whose use by the recipient is limited by donor-imposed stipulation that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the recipient. The School has no permanently restricted net assets.

Temporarily Restricted - net assets resulting from contributions and other inflows of assets whose use by the recipient is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions taken pursuant to those stipulations. When stipulations terminate or are fulfilled, the amounts involved are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The School has no temporarily restricted net assets.

Unrestricted – unexpended net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations.

C) ***Use of Estimates*** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

**METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) **Fixed Assets** – Fixed assets such as furniture and equipment are carried at cost less accumulated depreciation, which is provided on the straight-line method over the estimated useful lives of the respective assets (3 – 7 years). Building and building improvements are depreciated over 29 years. Leasehold improvements are capitalized at cost and amortized over the lesser of the term of the lease or the estimated useful life of the improvement. It is the School's policy to capitalize property, plant and equipment and leasehold improvements in excess of \$1,000. Expenditures for repairs and maintenance are expensed as incurred.

E) **Revenue** – The School is funded by the NYC DOE based on the approved per pupil operating expenses of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil operating expenses and the full time equivalent student enrollment of the School. The School is also the recipient of awards from other various government entities. The awards are subject to compliance requirements and financial audits by the funding source. The accompanying financial statements make no provision for possible disallowances.

Student enrollment fees received for future years are deferred to the applicable year and are shown as deferred revenue on the Statement of Financial Position.

In-kind contributions are reflected as contributions at their fair value at the date of the donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used.

F) **Functional Allocation of Expenses** – The direct costs of providing educational programs and other activities have been summarized on a functional basis in the Statement of Financial Position. In addition, certain indirect costs have been allocated among the programs.

G) **Reclassifications** – Certain line items in the June 30, 2016 financial statements have been reclassified to conform to the June 30, 2017 presentation.

NOTE 3 – OTHER ASSET – ESCROW ACCOUNT

At the request of the NYC DOE, the School is required to establish a dissolution escrow fund in the amount of \$70,000 as a contingency fund for dissolution expenses. As of June 30, 2017 and 2016, the balance of the account was \$70,260 and \$70,155, respectively.

NOTE 4 – RECEIVABLES

Receivables consist of the following:

	<u>2017</u>	<u>2016</u>
New York State Education Department	\$ 93,989	\$ 221,958
Other	<u>17,235</u>	<u>10,427</u>
	<u>\$ 111,224</u>	<u>\$ 232,385</u>

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 5 – FIXED ASSETS

Fixed assets consist of the following:

	2017	2016
Furniture and equipment	\$ 182,024	\$ 132,343
Construction in progress	-	24,000
Capital lease – equipment	262,976	262,976
Capital lease - building	19,600,000	19,600,000
	20,045,000	20,019,319
 Less: accumulated depreciation and amortization	 (2,153,405)	 (1,363,880)
Net book value	\$ 17,891,595	\$ 18,655,439

Depreciation and amortization expense for the years ending June 30, 2017 and 2016 was \$789,525 and \$783,065, respectively.

NOTE 6 – CAPITAL LEASES

During 2014, the School acquired various equipment totaling \$262,976 under multiple capital lease agreements. Accumulated depreciation in the statements of financial position includes \$177,491 and \$112,949 related to the equipment as of June 30, 2017 and 2016, respectively. Amortization of the asset included in depreciation and amortization expenses amounted to \$64,542 for both years. The leases call for thirty-six to forty-eight monthly payments with an interest rate varying from 7.5% to 8.4%. As of June 30, 2017, and 2016, the outstanding balance was \$51,407 and \$144,532, respectively.

On September 1, 2014, the School entered into a lease arrangement to occupy a new school facility. The lease expires on August 31, 2043. The School has an option to buy the building in any of the 37th through 48th calendar months of the term of the lease for \$23.9 million. The price increases to \$24.4 million if the option is exercised in any of the 49th to 60th calendar months of the lease. The School is responsible for all expenses, such as real estate taxes, utilities, water, etc. to maintain the building. The lease also requires the School to make a \$1,000,000 security deposit. This lease met the requirements to be treated as a capital lease. The \$19,600,000 present value of the fixed payments under the lease at a 9.25% imputed interest rate was recorded as the initial carrying value of the asset. The appraised value of the building is \$19,800,000 (see note 5). The 9.25% was an estimate of the overall rate at which the School could borrow the funds to have purchased the building outright with 100% debt financing. The initial carrying value is lower than the appraised value as the building will revert to the owner at the lease expiration date.

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 6 – CAPITAL LEASES (Continued)

Accumulated depreciation in the statements of financial position includes \$1,858,622 and \$1,182,759 related to the space as of June 30, 2017 and 2016, respectively. Amortization of the building included in depreciation and amortization expenses amounted to \$675,862 for both years. As of June 30, 2017, and 2016 the outstanding balance was \$22,194,451 and \$21,352,218, respectively. The lease obligation is as follows:

<u>For the Years Ending June 30,</u>	<u>Amount</u>
2018	\$ 1,191,000
2019	1,860,000
2020	2,040,000
2021	2,086,000
2022	2,132,000
Thereafter	<u>57,726,000</u>
Total obligation	67,035,000
Less: amount representing interest	<u>44,840,549</u>
Present value of minimum payments	<u>\$22,194,451</u>

The lease obligation includes much lower payments in the first 48 months than in the later periods in order to reduce the School's cash obligations while it establishes itself. As a result, the interest expense recorded on the lease obligation during this period will exceed the cash paid causing the lease obligation amount to increase in the early years.

Interest expense for the years ended June 30, 2017 and 2016 was \$2,023,921 and \$1,950,586, respectively.

NOTE 7 – MANAGEMENT FEES

The School contracted the management of certain academic and business operations to Lighthouse Academies, Inc. The contract calls for an annual fee, a bonus provision for meeting certain milestones, and reimbursed expenses. For the years ended June 30, 2017 and 2016, total expenses was \$337,158 and \$309,827, respectively.

NOTE 8 – RETIREMENT PLAN

The School has a 401(k) Plan for employees who are at least 21 years old and have completed one month of service. The plan includes a safe harbor employer matching provision. The employer must match employee contributions dollar for dollar, not to exceed 4% of compensation. Safe harbor contributions are immediately vested with the participants. At June 30, 2017 and 2016, the school had a safe harbor matching employer contribution liability of \$4,547 and \$4,903, respectively. For the years ended June 30, 2017 and 2016, employer contributions totaled \$36,944 and \$42,933, respectively.

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 9 – IN-KIND CONTRIBUTIONS

The School received donated textbooks and other technology related donations throughout the year. The fair market value of these donations was \$39,357 and \$33,542 for the years ended June 30, 2017 and 2016, respectively.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Financial instruments that potentially subjects the School to a concentration of credit risk includes cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. The FDIC insures deposits up to \$250,000 per depositor per insured bank. As of June 30, 2017 and 2016, the School had cash accounts that from time to time could have exceeded the FDIC insurance limits. Management believes that these financial institutions have strong credit ratings and that credit risk to these accounts is minimal.

Concentration of risk also exists between the School and the New York City Department of Education. For the years ended June 30, 2017 and 2016, the School received 89% and 90%, respectively, of its funding from the New York City Department of Education in the form of student enrollment fees.

The School believes it has no uncertain tax positions as of June 30, 2017 and 2016 in accordance with Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 11 – SUBSEQUENT EVENTS

Management has reviewed subsequent events and transactions that occurred after the date of the Statement of Financial Position through October 31, 2017, the date the financial statements are available to be issued.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Trustees
Metropolitan Lighthouse Charter School, Inc.
Bronx, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Metropolitan Lighthouse Charter School, Inc. (the "School"), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2017.

Internal Control Over Financial Reporting

In planning and performing our audits 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in blue ink that reads "Mark Paneth CPA". The signature is written in a cursive style.

Purchase, New York
October 31, 2017

APPENDIX E

UNAUDITED FINANCIAL STATEMENTS
OF THE SCHOOL FOR THE THREE-MONTH PERIOD
ENDED SEPTEMBER 30, 2017

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**Metropolitan Lighthouse Charter School
Statement of Financial Position**

	<u>9/30/17</u>	<u>6/30/17</u>	<u>3/31/17</u>
Assets			
Cash	\$ 4,904,015	\$ 4,274,303	\$ 4,755,037
Grants/Accounts Receivable	202,169	111,224	150,144
Prepaid Expenses	348,096	199,043	35,349
Restricted Cash-Escrow upon Dissolution	70,260	70,260	70,225
Fixed Assets net of Depreciation	18,077,170	17,891,595	18,655,440
Security Deposit	1,024,049	1,024,049	1,024,049
Total Assets	<u>\$ 24,625,759</u>	<u>\$ 23,570,474</u>	<u>\$ 24,690,244</u>
 Current Liabilities			
Accounts Payable and Accrued Expenses	\$ 328,904	\$ 720,051	\$ 196,253
Deferred Revenue / Advances	887,748	509	648,999
Total Current Liabilities	<u>1,216,653</u>	<u>720,560</u>	<u>845,252</u>
 Long Term Liabilities			
Capital Lease Payable	51,407	51,407	144,532
Building Capital Lease Payable	22,194,451	22,194,451	21,352,218
Total Long Term Liabilities	<u>22,245,858</u>	<u>22,245,858</u>	<u>21,496,750</u>
 Total Liabilities	23,462,511	22,966,419	22,342,002
 Unrestricted Net Assets	<u>1,163,248</u>	<u>604,055</u>	<u>2,348,242</u>
 Total Liabilities and Net Assets	<u>\$ 24,625,759</u>	<u>\$ 23,570,474</u>	<u>\$ 24,690,244</u>

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL

	A	C	D	E	F	H	I	J	L	M	O	P	
1	Statement of Activities		Three Months Ended 9/30/2017			Year-to-Date 9/30/2017						GAAP Projection	Difference in Projections
4		COMMENTS	One Month - Actual	One Month - Budget	Variance	Three Months - Actual	Three Months - Budget	Remaining	Annual Budget FY 18	Remaining			
6	Revenue												
7	Per Pupil Revenue		629,503	629,503	0	1,888,510	1,888,510	0	7,554,040	5,665,530	7,666,624	112,584	
8	Rent Support Revenue (additional 20% grades 6-12)		75,540	75,540	0	226,621	226,621	0	906,485	679,864	906,485	0	
9	NYS Special Senate Funding		16,819	16,770	49	50,457	50,310	147	201,240	150,783	201,829	589	
10	Supplemental State Grant (to be paid 4/2018)		13,000	13,000	0	39,000	39,000	0	156,000	117,000	156,000	0	
11	Special Ed Revenue		32,902	34,676	(1,774)	98,705	104,027	(5,322)	416,109	317,404	383,911	(32,199)	
12													
13	SPED-Federal IDEA		-	-	0	-	-	0	34,404	34,404	34,404	0	
14	Title I Revenue	Recognized when spent	39,047	25,519	13,528	39,047	25,519	13,528	255,189	216,142	317,016	61,827	
15	Title II(a) Revenue	Recognized when spent	-	886	(886)	-	886.17	(886)	8,862	8,862	77,267	68,405	
16	E-rate Reimbursement -85% of telecomm		-	-	0	-	-	0	28,050	28,050	28,050	0	
17													
18	Interest Income		906	600	306	2,684	1,800	884	7,200	4,516	10,800	3,600	
19	Inkind Books from city		-	-	0	-	-	0	39,357	39,357	39,357	0	
20	Lunch Collections		-	400	(400)	-	400.00	(400)	4,000	4,000	-	(4,000)	
21	Student Activities money collected from students		-	-	0	-	-	0	-	0	-	0	
22	Arts and Sports Program Income		-	-	0	-	-	0	-	0	-	0	
23	Other Revenue		-	-	0	-	-	0	-	0	-	0	
24	Total Revenue		807,717	796,895	10,823	2,345,024	2,337,074	7,950	9,610,935	7,265,912	9,821,743	210,807	
25													
26	Expenses												
27	Payroll-Administrative												
28	Principal		16,827	21,428	4,602	61,723	66,325	4,602	265,300	203,577	180,448	(84,852)	
29	Assistant Principal	AP from BLCS is working at CPA until PAL can be found for MeCPA	14,646	8,481	(6,165)	32,923	26,250	(6,673)	105,000	72,077	198,962	93,962	
30	Director of Teacher Leadership		-	-	0	5,645	-	(5,645)	-	(5,645)	5,645	5,645	
31	Dean of Scholars		5,823	5,823	(0)	18,025	18,025	(0)	72,100	54,075	72,100	0	
32	Assistant Dean of Scholars		3,231	3,635	404	9,231	11,250	2,019	45,000	35,769	39,231	(5,769)	
33	Summer Intern		-	-	0	-	2,000	2,000	2,000	2,000	-	(2,000)	
34	Business Manager		-	-	0	12,361	-	(12,361)	-	(12,361)	12,361	12,361	
35	Manager, Operations		7,487	7,472	(15)	23,175	23,129	(46)	92,515	69,340	92,700	185	
36	Operations Associates		9,804	11,863	2,060	30,726	36,720	5,994	146,880	116,154	138,858	(8,022)	
37	Administrative Assistant		1,000	-	(1,000)	1,000	-	(1,000)	-	(1,000)	10,000	10,000	
38	Payroll Specialist		-	-	0	4,106	-	(4,106)	-	(4,106)	4,106	4,106	
39	Assoc Coord of Family & Community Partnerships		3,599	3,599	0	11,139	11,140	0	44,558	33,419	44,558	(0)	
40	Data Specialist		6,260	5,250	(1,010)	19,375	16,250	(3,125)	65,000	45,625	77,500	12,500	
41	Total Payroll-Administrative		68,677	67,552	(1,125)	229,429	211,088	(18,341)	838,353	608,924	876,469	38,116	
42													
43	Basic Education												
44	Content Coach		15,706	19,780	4,074	21,587	32,967	11,380	244,901	223,314	213,585	(31,316)	
45	Classroom Teacher Salaries		149,886	150,305	419	243,869	250,508	6,639	1,860,913	1,617,044	1,800,272	(60,641)	
46	Associate Teachers		15,144	13,450	(1,695)	25,240	22,416	(2,824)	166,518	141,278	187,500	20,982	
47	Teacher Leader Fellow Stipends		-	-	0	-	-	0	15,000	15,000	15,000	0	
48	Specialists		21,023	23,714	2,691	32,194	39,524	7,329	293,603	261,409	259,729	(33,875)	
49	Substitutes - contracted		7,246	3,231	(4,015)	7,246	5,385	(1,861)	40,000	32,754	70,000	30,000	
50	Paraprofessional		7,938	5,970	(1,967)	16,586	9,951	(6,635)	73,920	57,334	73,920	0	
51	School Aides		9,876	11,140	1,264	30,066	34,482	4,416	137,927	107,861	128,971	(8,956)	
52	Department Leader Stipends		-	-	0	-	-	0	-	0	-	0	
53	Summer Planning Stipends	Did not take place - will re-allocate funds in budget amendment	-	-	0	-	5,000	5,000	5,000	5,000	-	(5,000)	
54	Total Basic Education		226,819	227,590	771	376,789	400,231	23,443	2,837,782	2,460,994	2,748,975	(88,807)	
55													

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL

2	A	C	D			E			F			H		I		J	L	M	O	P
	4	COMMENTS	Three Months Ended 9/30/2017			Year-to-Date 9/30/2017			Annual Budget FY 18	Remaining	GAAP Projection	Difference in Projections								
			One Month - Actual	One Month - Budget	Variance	Three Months - Actual	Three Months - Budget	Remaining												
56	Scholar Support Services																			
57	Title 1 Academic Interventionist Specialist		16,078	16,669	591	26,797	27,781	984	206,373	179,576	199,061	(7,312)								
58	Special Education Teachers		11,098	22,849	11,752	18,496	38,082	19,586	282,896	264,399	196,227	(86,669)								
59	ELL Teacher		12,067	12,067	0	20,112	20,112	0	149,400	129,288	149,400	0								
60	Total Student Support Services		39,243	51,585	12,342	65,404	85,975	20,570	638,669	573,264	544,688	(93,981)								
61																				
62	Service Providers-Other Staff																			
63	Counselor		5,494	5,494	(0)	9,157	9,157	(0)	68,025	58,868	68,025	0								
64	Social Worker		5,896	5,896	0	9,827	9,827	0	73,000	63,173	73,000	0								
65	Regional Talent Recruiter	Shared with BLCS - not hired yet	-	-	0	-	-	0	45,000	45,000	30,000	(15,000)								
66	Total Service Providers-Other Staff		11,390	11,390	(0)	18,984	18,984	(0)	186,025	167,041	171,025	(15,000)								
67																				
68	Supplementary Educational Stipends																			
69	Supplementary Educational Programs		-	2,181	2,181	-	3,635	3,635	27,000	27,000	27,000	0								
70	Summer School/Summer Bridge		-	-	0	15,600	28,000	12,400	28,000	12,400	15,600	(12,400)								
71	Total Supplementary Programs		-	2,181	2,181	15,600	31,635	16,035	55,000	39,400	42,600	(12,400)								
72	TOTAL PAYROLL		346,129	360,298	14,169	706,207	747,913	41,707	4,555,829	3,849,622	4,383,757	(172,072)								
73	Taxes & Benefits																			
74	Payroll Taxes		28,666	30,453	1,787	54,134	31,420	(22,714)	377,038	322,904	320,147	(56,891)								
75	Dental, Vision, Disability		2,669	3,159	489	8,645	9,476	831	37,903	29,258	36,220	(1,683)								
76	Health Insurance		21,031	23,222	2,191	62,638	69,666	7,028	278,664	216,026	290,115	11,451								
77	401(k) Match		4,091	3,718	(373)	9,583	11,153	1,570	44,611	35,028	35,715	(8,896)								
78	Workers Comp		3,394	3,919	526	10,181	11,758	1,578	47,034	36,853	37,024	(10,009)								
79	Total Taxes & Benefits		59,850	64,471	4,621	145,180	133,473	(11,707)	785,250	640,070	719,222	(66,028)								
80																				
81	Staff Development & Recruitment																			
82	Staff Development		453	5,833	5,380	5,721	17,500	11,779	70,000	64,279	85,000	15,000								
83	Staff Recruitment		7,618	1,417	(6,202)	10,679	4,250	(6,429)	17,000	6,321	24,000	7,000								
84	Staff Retention Program		3,000	1,528	(1,472)	3,000	4,583	1,583	18,333	15,333	18,333	0								
85	Consultants-Visiting Artists		-	2,500	2,500	-	7,500	7,500	30,000	30,000	30,000	0								
86	Total Staff Development & Recruitment		11,072	11,278	206	19,400	33,833	14,433	135,333	115,933	157,333	22,000								
87																				
88	Professional Fees																			
89	Academic Services-LHA		32,512	32,730	218	98,190	98,190	(0)	392,759	294,569	402,763	10,004								
90	Reimbursements to LHA for travel		7,626	1,000	(6,626)	9,070	3,000	(6,070)	12,000	2,930	15,000	3,000								
91	Legal		1,983	333	(1,649)	2,275	1,000	(1,275)	4,000	1,725	30,000	26,000								
92	Accounting & Auditing		-	-	0	-	-	0	18,000	18,000	19,000	1,000								
93	Computer Support		6,252	6,226	(26)	18,864	18,678	(186)	74,712	55,848	74,712	0								
94	HRIS		4,451	3,597	(854)	8,622	10,790	2,168	43,160	34,538	43,160	0								
95	Benefit Administration		-	195	195	-	585	585	2,338	2,338	2,338	0								
96	TFA Service Fee		-	-	0	-	-	0	25,000	25,000	25,000	0								
97	Marketing Expense	Includes scholar recruitment	5,260	250	(5,010)	5,260	750	(4,510)	3,000	(2,260)	3,000	0								
98	Translations		450	583	133	1,350	1,750	400	7,000	5,650	7,000	0								
99	Assessment and Data Service		4,194	3,004	(1,190)	6,226	9,013	2,786	36,050	29,824	36,050	0								
100	Title I Ed Consultant	Did not renew contract for FY18	-	-	0	-	-	0	12,000	12,000	-	(12,000)								
101	Total Professional Fees		62,728	47,918	(14,810)	149,858	143,755	(6,103)	630,019	480,161	658,023	28,004								

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL

	A	C	D	E	F	H	I	J	L	M	O	P
	Three Months Ended 9/30/2017			Year-to-Date 9/30/2017								
		COMMENTS	One Month - Actual	One Month - Budget	Variance	Three Months - Actual	Three Months - Budget	Remaining	Annual Budget FY 18	Remaining	GAAP Projection	Difference in Projections
102												
103		Supplies										
104		Textbooks&Consumables	7,063	5,542	(1,521)	29,657	16,625	(13,032)	66,500	36,843	66,500	0
105		Textbooks Inkind from City	-	3,280	3,280	-	9,839	9,839	39,357	39,357	39,357	0
106		Classroom Supplies	15,100	6,667	(8,434)	22,068	20,000	(2,068)	80,000	57,932	80,000	0
107		Instructional Intervention Resources	-	208	208	-	625	625	2,500	2,500	2,500	0
108		Office Supplies	1,060	4,500	3,440	1,473	11,250	9,777	45,000	43,527	45,000	0
109		Custodial Supplies	1,597	2,928	1,331	1,597	7,321	5,723	29,282	27,685	29,282	0
110		Total Supplies	24,820	23,125	(1,695)	54,796	65,660	10,864	262,639	207,843	262,639	0
111												
112		FFE										
113		FFE -- lease payments	8,904	8,888	(16)	26,713	26,665	(49)	53,329	26,616	2,019	(51,310)
114		Purchases of FFE - furniture	5,301	5,547	245	54,253	16,640	(37,613)	66,560	12,307	66,560	0
115		FFE purchased technology	9,540	7,506	(2,033)	60,519	22,519	(38,000)	90,075	29,556	90,075	0
116		Total FFE	23,745	21,941	(1,804)	141,485	65,823	(75,661)	209,964	68,479	158,654	(51,310)
117												
118												
119		Occupancy										
120		Facility Management	2,167	2,166	(1)	6,500	6,498	(2)	25,992	19,492	25,992	0
121		Rent	99,276	99,276	0	297,828	297,828	0	1,585,138	1,287,310	1,192,452	(392,686)
122		Landlord Operating Expenses	-	-	0	-	-	0	8,000	8,000	-	(8,000)
123		Real Estate Taxes (ICAP)	-	-	0	16,205	-	(16,205)	-	(16,205)	16,205	16,205
124		Utilities	11,761	9,800	(1,961)	27,987	29,399	1,412	117,597	89,610	117,597	0
125		Facility Repair & Maintenance	41,805	4,167	(37,638)	52,768	12,500	(40,268)	50,000	(2,768)	82,000	32,000
126		Cleaning Contract	23,919	21,529	(2,390)	74,048	64,588	(9,460)	258,353	184,305	288,353	30,000
127		Telecommunications	7,526	4,388	(3,138)	17,847	13,165	(4,682)	52,661	34,814	52,661	0
128		Security Monitor	1,320	750	(570)	3,606	2,250	(1,356)	9,000	5,394	9,500	500
129		Total Occupancy	187,774	142,076	(45,698)	496,789	426,229	(70,560)	2,106,741	1,609,952	1,784,760	(321,981)
130												
131		School Culture										
132		Field Trips	466	2,683	2,217	466	8,050	7,584	32,200	31,734	32,200	0
133		Scholar Culture	-	2,407	2,407	3,203	7,222	4,019	28,888	25,685	28,888	0
134		Staff Appreciation	(1,222)	833	2,055	1,543	2,500	957	10,000	8,457	10,000	0
135		Sports Program (New)	276	1,396	1,120	276	4,188	3,912	16,750	16,474	16,750	0
136		Community Partnerships (New)	-	2,083	2,083	-	6,250	6,250	25,000	25,000	25,000	0
137		Total School Culture	(480)	9,403	9,883	5,488	28,210	22,722	112,838	107,350	112,838	0
138												

METROPOLITAN LIGHTHOUSE CHARTER SCHOOL

	A	C	D	E	F	H	I	J	L	M	O	P
	Three Months Ended 9/30/2017			Year-to-Date 9/30/2017			Annual		GAAP	Difference in		
	One Month -	One Month -	Variance	Three Months -	Three Months -	Remaining	Budget FY 18	Remaining	Projection	Projections		
4	Actual	Budget		Actual	Budget							
139	Other Expenses											
140	Insurance	7,927	3,750	(4,177)	22,298	11,250	(11,048)	45,000	22,702	65,440	20,440	
141	Miscellaneous	123	185	62	369	555	186	2,220	1,851	2,220	0	
142	Bank Charges	916	667	(249)	2,479	2,000	(479)	8,000	5,521	8,000	0	
143	Dues & Subscriptions	5,867	2,250	(3,617)	9,545	6,750	(2,795)	27,000	17,455	27,000	0	
144	Staff Parking	1,537	1,705	168	6,558	5,115	(1,443)	20,460	13,902	20,460	0	
145	Student Transportation	(4,840)	25,385	30,225	14,519	25,385	10,866	50,770	36,251	14,519	(36,251)	
146	Travel	-	167	167	414	500	87	2,000	1,587	2,000	0	
147	Copying & Printing	3,411	4,504	1,093	7,865	13,512	5,647	54,048	46,183	54,048	0	
148	Postage & Shipping	709	263	(447)	887	788	(100)	3,150	2,263	3,150	0	
149	Board Training	554	-	-	1,661	-	(1,661)	-	(1,661)	1,661	1,661	
150	Lunch Program (offset by collections)	-	833	833	-	2,500	2,500	10,000	10,000	-	(10,000)	
151	Depreciation	-	-	0	-	-	0	-	0	50,000	50,000	
152	Contingency - 2% of Per Pupil Revenue	-	-	0	-	-	0	151,081	151,081	151,081	0	
153	Total Other Expenses	16,205	39,708	24,057	66,595	68,355	1,760	373,729	307,134	399,579	25,850	
154												
155	Total Expenses	731,843	720,218	(11,072)	1,785,796	1,713,250	(72,547)	9,172,341	7,386,545	8,636,805	(535,536)	
156												
157	Operating Income [Annual Surplus]	75,874	76,677	(803)	559,227	623,824	(64,597)	438,594	(120,633)	1,184,937	746,344	
158												
159												

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APPENDIX F

CERTAIN DEFINITIONS

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APPENDIX F

CERTAIN DEFINITIONS

The following are definitions of certain terms, unless the context shall otherwise require, used in the Indenture, the Loan Agreement or this Limited Offering Memorandum.

Account Control Agreement means the initial Account Control Agreement, dated as of December 1, 2017, between the Depository Bank, the Trustee, and the Institution, as the same may be amended or supplemented from time to time or any successor Account Control Agreement entered into by a successor Depository Bank, the Trustee, and the Institution.

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

Additional Improvements shall mean such alterations of or additions to the Facility Realty or any part thereof.

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.

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

Approved Project Operations shall mean the facility located at 180 West 165th Street, Bronx, New York 10452, for use by the Institution and the School in the providing of educational services for students from kindergarten through grade 12.

Asserted Cure has the meaning specified in the Loan Agreement.

Asserted LW Violation has the meaning specified in the Loan Agreement.

Assignment of Mortgage shall mean the Assignment of Mortgage and Security Agreement relating to the Facility, dated as of the Closing Date, from the Issuer to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith.

Authorized Denomination shall mean, in the case of the Series 2017A Initial Bonds, \$100,000 or any integral multiple of \$5,000 in excess thereof and in the case of the Series 2017B Initial Bonds, \$100,000 or any integral multiple of \$5,000 in excess thereof.

Authorized Principal Amount shall mean, (i) in the case of the Series 2017A Initial Bonds, \$24,895,000, and (ii) in the case of the Series 2017B Initial Bonds, \$830,000.

Authorized Representative shall mean, (i) in the case of the Issuer, the Chairperson, Vice Chairperson, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Executive Director, Deputy Executive Director or General Counsel, or any other officer or employee of the Issuer who is authorized to perform specific acts or to discharge specific duties, and (ii) in the case of the Institution, a person named in Exhibit C - "Authorized Representative" to the Loan Agreement or any other officer or employee of the Institution who is authorized to perform specific duties under the Loan Agreement or under any other Project Document and of whom another

Authorized Representative of the Institution has given written notice to the Issuer and the Trustee; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of the Loan Agreement or any other Project Document, such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

Beneficial Owner shall mean, whenever used with respect to an Initial Bond, the Person in whose name such Initial Bond is recorded as the Beneficial Owner of such Initial Bond by the respective systems of DTC and each of the Participants of DTC. If at any time the Initial Bonds are not held in the Book-Entry System, Beneficial Owner shall mean “Holder” for purposes of the Security Documents.

Benefits shall have the meaning set forth in the Loan Agreement.

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

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

Bond Purchase Agreement means the Bond Purchase Agreement, dated December 6, 2017, between the Issuer, the Institution, the School and the Underwriter.

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

Bond Resolution shall mean the resolution of the Issuer adopted on July 25, 2017, authorizing the issuance of the Initial Bonds.

Bonds shall mean the Initial Bonds and any Additional Bonds.

Business Day shall mean any day that shall not be:

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

Business Incentive Rate shall mean the discount energy transportation and delivery rate provided through the Business Incentive Rate program co-administered by NYCEDC and Consolidated Edison Company of New York, Inc.

Certificate shall mean an ACORD certificate evidencing insurance.

CGL shall mean commercial general liability insurance.

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

Claims shall mean 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.

Closing Date shall mean December 22, 2017, the date of the initial issuance and delivery of the Initial Bonds, and for any Additional Bonds, the date of the initial issuance and delivery of the Additional Bonds.

CM shall mean a construction manager providing construction management services in connection with any Construction.

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

Completed Improvements Square Footage shall mean approximately 62,000 square feet, the square footage of the Improvements upon completion of the Project Work.

Completion Deadline shall mean December 31, 2018.

Comptroller shall mean the Comptroller of The City of New York or his or her designee.

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.

Concessionaire shall mean 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.

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

Construction shall mean 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 the Loan 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.

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

Costs of Issuance shall mean issuance costs with respect to the Initial Bonds described in Section 147(g) of the Code and any regulations thereunder, including but not limited to the following: Underwriter’s spread or 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; CSFP fees, engineering and feasibility study costs; guarantee fees (other than Qualified Guarantee Fees, as defined in the Tax Regulatory Agreement); Rating Agency fees; Trustee and Paying Agent fees; accountant fees and other expenses related to issuance of the Initial Bonds; printing costs for the Initial Bonds and for the preliminary and final offering documents relating to the Initial Bonds; public approval and process costs; fees and expenses of the Issuer incurred in connection with the issuance of the Initial Bonds; and Blue Sky fees and expenses; and similar costs.

Covenant Agreement means the Covenant Agreement, dated as of December 1, 2017, between the School and the Trustee, as the same may be amended or supplemented from time to time.

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.

CSFP means Charter School Financing Partnership, LLC, a Delaware limited liability company and its successors and assigns under the Debt Service Reserve Fund Agreement.

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

2017 CSFP Subaccount shall mean the special trust account of the Debt Service Reserve Fund so designated, established pursuant to the Indenture.

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

Debt Service Reserve Fund Agreement means the Debt Service Reserve Fund Agreement, dated as of December 1, 2017, among the Issuer, the Trustee and CSFP, as amended and supplemented from time to time.

DSRF Fee shall mean an annual fee equal to fifteen one-hundredths of one percent (00.15%) of the outstanding principal amount of the Initial Bonds as of the most recent June 1 provided, (1) the fee for the period ending June 2018 shall be calculated to be a pro-rated amount from the Closing Date to June 1, 2018 and (2) the DSRF Fee upon final payment of the Initial Bonds shall be calculated as a pro-rated amount through the date on which the Credit Enhancer receives the return of all amounts on deposit in the CSFP Subaccount. Exhibit F to the Indenture sets forth the initial calculation of the DSRF Fee assuming scheduled amortization of the Initial Bonds. Such Exhibit F shall be revised to the extent that any Initial Bonds are redeemed prior to their stated maturity date (or earlier date for which a Sinking Fund Installment is due) or otherwise not redeemed on the date originally scheduled.

Debt Service Reserve Fund Requirement shall mean, with respect to the Initial Bonds, as of any particular date of computation, an amount (which amount may take the form of cash, Qualified Investments or any combination thereof) equal to:

- (i) \$1,610,000.

The Debt Service Reserve Fund Requirement for any Additional Bonds, if any, shall be set forth in the Supplemental Indenture executed and delivered in connection with the issuance of such Additional Bonds.

Debt Service Reserve Fund Valuation Date shall mean May 15 and November 15 of each year commencing May 15, 2018.

Default Rate shall mean eight percent (8%) per annum.

Defaulted Interest shall have the meaning specified in the Indenture.

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

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.

Depository Agreement means the Depository Agreement, dated as of December 1, 2017, between the Institution and the Depository Bank, as the same may be amended or supplemented from time to time.

Depository Bank means The Bank of New York Mellon, as depository bank for the Institution, or any successor depository bank for the Institution.

Determination of Taxability shall mean:

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

ii. 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 and or the School have participated or have been a party, or have been given the opportunity to participate or be a party; or

iii. the admission in writing by the Institution or the School;

in any case, to the effect that the interest payable on the Series 2017A Initial Bonds (or any Additional Bonds that are issued as tax-exempt bonds) of a Holder or a former Holder thereof is includable in gross income for federal income tax purposes provided, however, that no such Determination of Taxability described in clauses (i) or (ii) hereof shall be considered to exist unless (1) the Holder or former Holder of the Series 2017A Initial Bond or any Additional Bonds that are issued as tax-exempt bonds involved in such proceeding (A) gives the Institution and the Trustee prompt notice of the commencement thereof and (B) (if the Institution agrees to pay all expenses in connection therewith) offers the Institution the opportunity to control the defense thereof and (2) either (A) the Institution does not agree within thirty (30) days of receipt of such offer to pay such expenses and to control such defense or (B) the Institution shall exhaust or choose not to exhaust all available proceedings for the contest, review, appeal or rehearing of such decree, judgment or action which the Institution determines to be appropriate. No Determination of Taxability described above will result from the inclusion of interest on any Series 2017A Initial Bond or any Additional Bonds that are issued as tax-exempt bonds in the computation of minimum or indirect taxes. Notwithstanding anything herein, a Determination of Taxability for the Series 2017A Initial Bonds shall only be declared if the Institution or School caused such Determination of Taxability to occur due to the Institution's or School's action or failure to act.

Disclosure Agreement means the Continuing Disclosure Agreement, dated as of December 1, 2017, between the School, the Institution, and Urban Futures, Inc., as dissemination agent, as the same may be amended or supplemented from time to time.

DOL shall mean the New York State Department of Labor.

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 mean the date on which the payment, filing or delivery was due.

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

Employment Information shall mean 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.

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 dated August 4, 2017, prepared by the Environmental Auditor.

Environmental Auditor shall mean PVE, LLC.

Estimated Project Cost shall mean \$26,217,038.

Event of Default shall have the meaning specified in the Indenture or the Loan Agreement, respectively.

Event of Taxability shall mean the date specified in a Determination of Taxability as the date interest paid or payable on any Series 2017A Initial Bond or any Additional Bonds that are issued as tax-exempt bonds 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 mean any fixture constituting part of the Facility Realty or any machinery, equipment or other item of personal property constituting part of the Facility Personalty.

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

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 the Loan Agreement and described in Exhibit B to the Loan Agreement — “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 the Loan Agreement, include all property substituted for or replacing items of Facility Personalty and exclude all items of Facility Personalty so substituted for or replaced, and further exclude all items of Facility Personalty removed as provided in the Loan Agreement.

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

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

Fiscal Year shall mean a year of 365 or 366 days, as the case may be, commencing on July 1 of each calendar year and ending on June 30 of the next calendar year, or such other fiscal year of similar length used by the

Institution for accounting purposes as to which the Institution shall have given prior written notice thereof to the Issuer and the Trustee at least ninety (90) days prior to the commencement thereof.

Fitch shall mean Fitch, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, by notice to the other Notice Parties.

Fixed Date Deliverables shall mean documents required of the Institution under the Loan Agreement by the date therein stated.

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 mean any general contractor providing general contracting services in connection with any Construction.

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

Government Obligations shall mean the following:

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

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

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

Improvements shall mean:

- i. all buildings, structures, foundations, related facilities, fixtures and other improvements of any nature whatsoever existing on the Closing Date and hereafter erected or situated on the Land;
- ii. any other buildings, structures, foundations, related facilities, fixtures and other improvements constructed or erected on the Land (including any improvements or demolitions made as part of the Project Work pursuant to the Loan Agreement); and
- iii. all replacements, improvements, additions, extensions, substitutions, restorations and repairs to any of the foregoing.

Indemnification Commencement Date shall mean July 25, 2017, the date on which the Issuer first adopted a resolution with respect to the Project.

Indemnified Parties shall mean 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 to indemnify its own employees, Affiliates or affiliated individuals) thereof and persons under the Issuer's control or supervision.

Indenture shall mean the Indenture of Trust, dated as of December 1, 2017, between the Issuer and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with the Indenture.

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

Independent Engineer shall mean a Person (not an employee of either the Issuer or the Institution or any Affiliate of either thereof) registered and qualified to practice engineering or architecture under the laws of the State, selected by the Institution, and approved in writing by the Trustee (which approval shall not be unreasonably withheld).

Information Recipients shall mean to the Issuer and/or NYCEDC, and/or to the successors and assigns of either.

Initial Annual Administrative Fee shall mean \$1,250.

Initial Bonds shall mean collectively, the Series 2017A Initial Bonds and the Series 2017B Initial Bonds, authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Institution shall mean 180 W. 165th Street LLC, a limited liability company organized and existing under the laws of the State of New York that is a disregarded entity for federal income tax purposes, having as its sole member, the Organization, and its successors and assigns; provided, however, that nothing contained in this definition shall be deemed to limit or modify the obligations of the Institution under the Loan Agreement.

Institution Documents shall mean the Bond Purchase Agreement, the Loan Agreement, the Mortgage, the Tax Regulatory Agreement, the Account Control Agreement, the Disclosure Agreement, the Depositary Agreement, the School Lease and any other Bond Documents to which the Institution is a party, each as may be amended from time to time.

Insured means the Institution.

Insurer means any entity writing or issuing a Policy.

Interest Account shall mean the special trust account of the Bond Fund so designated, established pursuant to the Indenture.

Interest Payment Date shall mean, with respect to the Initial Bonds, June 1 and December 1 of each year, commencing June 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 issued by the Internal Revenue Service to the Organization confirming that the Organization is a Tax-Exempt Organization.

ISO shall mean the Insurance Services Office or its successor.

ISO Form CG-0001 means the CGL form published by ISO at the Closing Date.

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 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 under the Loan Agreement.

Land shall mean that certain lot, piece or parcel of land in Block 2523 and Lot 133, generally known by the street address of 180 West 165th Street, Bronx, New York 10452, all as more particularly described in Exhibit A — "Description of the Land", to the Loan Agreement together with all easements, rights and interests now or hereafter appurtenant or beneficial thereto; but excluding, however, any real property or interest therein released pursuant to the Loan Agreement.

Land Square Footage shall mean approximately 12,084 square feet.

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 mean any kind for losses, damage, injury and liability.

Liens shall mean 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.

Loan shall mean the loan made by the Issuer to the Institution pursuant to the Loan Agreement as described therein.

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 the Indenture.

Loan Payment Date shall mean each January 10, March 10, May 10, July 10, September 10 and November 10.

Loss Event shall have the meaning specified in the Loan Agreement.

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 as Exhibit J in the Loan Agreement (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 Closing Date.

LW Violation Final Determination has the meaning specified in the Loan Agreement, as applicable.

LW Violation Initial Determination has the meaning specified in the Loan Agreement.

LW Violation Notice shall mean written notice will be provided to Institution for such alleged violation of any Asserted LW Violation.

LW Violation Threshold means \$100,000 multiplied by 1.03ⁿ, where “n” is the number of full years that have elapsed since January 1, 2015.

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 2017A Initial Bonds, June 1, 2052, and (ii) in the case of the Series 2017B Initial Bonds, June 1, 2022.

Merge shall mean consolidation with or merger into another Entity or the permitting of one or more Entities to consolidate with or merge into the Institution.

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 that certain Mortgage and Security Agreement granted by the Institution to the Issuer and the Trustee contemporaneously herewith encumbering the Mortgaged Property and certain other property recited therein to secure the Institution’s payment and performance of its obligations under the Indenture, the Issuer’s interest in which is being assigned to the Trustee contemporaneously herewith.

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 School, the Bond Registrar, the Paying Agents and the Trustee.

Notification of Failure to Deliver shall mean written notice by the Issuer to the Institution of failure to deliver on the Due Date the Annual Administrative Fee, a Fixed Date Deliverable and/or a Requested Document Deliverable.

NYCDOF shall mean the New York City Department of Finance.

NYCEDC shall mean New York City Economic Development Corporation, a New York not-for-profit corporation, and any successor thereof.

NYCIDA shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

Operations Commencement Date shall mean the date by when 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.

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

Organization shall mean, initially, Metropolitan Lighthouse Charter School, a not-for-profit education corporation organized and existing under the laws of the State of New York and exempt from federal taxation pursuant to Section 501(c)(3) of the Code, and its successors and assigns, which is the sole member of the Institution, and upon the satisfaction of the conditions set forth in the Loan Agreement, shall mean Metropolitan Support Corporation, a New York not-for-profit corporation.

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

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

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

ii. any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with the Indenture, 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 the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

iii. Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under the Indenture,

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture or under any other Security Document, Bonds owned by 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 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 the Loan Agreement 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 the Loan Agreement, 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).

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 the Loan Agreement, (y) delivered to the Issuer all or any of the Fixed Date Deliverables on the respective dates required under the Loan Agreement, and/or (z) delivered to the Issuer all or any of the Requested Document Deliverables under the Loan Agreement within five (5) Business Days of the Issuer having made the request therefor.

Per Diem Supplemental Late Fee shall mean that supplemental per diem late fee established from time to time by the Issuer's Board of Directors generally imposed upon Entities receiving or that have received financial

assistance from the Issuer (subject to such exceptions from general applicability as may be established by the Issuer's Board of Directors).

Permitted Encumbrances shall mean:

- i. the Mortgage, the Assignment of Mortgage, the School Lease and any other Project Document;
- ii. liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not yet due and payable;
- iii. any mechanic's, workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien, security interest, encumbrance or charge or right in respect thereof, placed on or with respect to the Facility or any part thereof, if payment is not yet due and payable, or if such payment is being disputed pursuant to the Loan Agreement;
- iv. utility, access and other easements and rights of way, restrictions and exceptions that an Authorized Representative of the 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 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.

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 the Loan 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) means, collectively or individually, the policies required to be obtained and maintained pursuant to the Loan Agreement.

Predecessor Institution shall have the meaning specified in the Loan Agreement.

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.

Principal Account shall mean the special trust account of the Bond Fund so designated, established pursuant to the Indenture.

Principals shall mean, with respect to any Entity, the most senior three officers of such Entity, any Person with a ten percent (10%) or greater ownership interest in such Entity and any Person as shall have the power to Control such Entity, and “principal” shall mean any of such Persons.

Project shall mean the (1) the acquisition, renovation and equipping of an existing approximately 51,600 square foot 6-story building on an approximately 12,084 square foot parcel of land located at 180 W. 165th Street, Bronx, New York 10452; (2) construction of the Rooftop Gymnasium Improvement Project; and (3) 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” in the Loan Agreement, together with all attachments required thereunder, (ii) the Project Work shall have been finished and shall have been completed substantially in accordance with the plans and specifications therefor, (iii) the Issuer shall have received a copy of a certificate of occupancy, 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” in the Loan Agreement.

Project Costs shall mean:

- i. all costs of engineering and architectural services with respect to the Project, including the cost of test borings, surveys, estimates, permits, plans and specifications and for supervising demolition, construction and renovation, as well as for the performance of all other duties required by or consequent upon the proper construction of, and the making of alterations, renovations, additions and improvements in connection with, the completion of the Project;
- ii. all costs paid or incurred for labor, materials, services, supplies, machinery, equipment and other expenses and to contractors, suppliers, builders and materialmen in connection with the completion of the Project;
- iii. the interest on the Bonds during the construction and renovation of the Project;
- iv. all costs of contract bonds and of insurance that may be required or necessary during the period of Project construction and renovation;
- v. the cost of acquisition of the Facility Realty;
- vi. all costs of title insurance as provided in the Loan Agreement;
- vii. the payment of the Costs of Issuance with respect to the Initial Bonds;
- viii. the payment of the fees and expenses of the Trustee during the period of construction and renovation of the Project;
- ix. all costs which the Institution shall be required to pay, under the terms of any contract or contracts, for the completion of the Project, including any amounts required to reimburse the Institution for advances made for any item otherwise constituting a Project Cost or for any other costs incurred and for work done which are properly chargeable to the Project; and
- x. all other costs and expenses relating to the completion of the Project or the issuance of a Series of Additional Bonds.

“Project Costs” shall not include (i) fees or commissions of real estate brokers, (ii) moving expenses, or (iii) operational costs.

Project Documents shall mean, collectively, the Institution Documents and the Security Documents.

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

Project Work shall mean (i) the design, construction and/or renovation of the Improvements, including the acquisition of building materials and fixtures, and (ii) the acquisition, whether by title or lease, of the Facility Personalty and any work required to install same.

Promissory Note shall mean (i) with respect to the Initial Bonds, collectively, the Series 2017A Promissory Note and the Series 2017B Promissory Note, each in substantially the form of Exhibit H to the Loan Agreement, (ii) with respect to any Series of Additional Bonds, that certain Promissory Note in substantially the form of any related Exhibit to an amendment to the Loan Agreement, and (iii) with respect to the Bonds, collectively, those certain Promissory Notes described in clauses (i) and (ii) above, and shall include in each case any and all amendments thereof and supplements thereto made in conformity with the Loan Agreement and the Indenture.

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

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

- i. Government Obligations;
- ii. Commercial paper having, at the time of investment or contractual commitment to invest therein, a rating from S&P and Moody's, of A1 and P1, respectively.
- iii. Repurchase and reverse repurchase agreements collateralized with Government Obligations, including those of the Trustee or any of its affiliates.
- iv. Investment in money market mutual funds having a rating at time of investment in the highest investment category granted thereby from S&P or Moody's, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;
- v. Demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and certificates of deposit or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, rated in the AA long-term ratings category or higher by S&P or Moody's or which are fully FDIC-insured.

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.

Rating Agency shall mean any of S&P, Moody's or Fitch and such other nationally recognized securities rating agency as shall have awarded a rating to the Initial Bonds.

Rating Category shall mean one of the generic rating categories of a Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Rebate Amount shall have the meaning assigned to that term in the Tax Regulatory Agreement.

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

Record Date shall mean, with respect to any Interest Payment Date for the Initial Bonds, the close of business on the 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 the Indenture.

Redemption Date shall mean the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

Redemption Price shall mean, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

Refunding Bonds shall have the meaning assigned to that term in the Indenture.

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 July 25, 2017 with respect to the Project and the debt financing thereof or the resolution adopted by the Institution on May 25, 2017 with respect to the Project and the debt financing thereof.

Related Security Documents shall mean all Security Documents other than the Indenture.

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

Repair and Replacement Fund shall mean the special trust fund so designated, established pursuant to the Indenture.

Repair and Replacement Fund Deposit shall mean \$50,000.00 each Fiscal Year commencing with the Fiscal Year Ending June 30, 2021.

Representations Letter shall mean the Blanket Issuer Letter of Representations from the Issuer to DTC with respect to the Initial Bonds.

Requested Document Deliverables shall mean any of the documents as shall have been requested by the Issuer of the Institution under the Loan Agreement within five (5) Business Days of the date so requested.

Required Disclosure Statement shall mean that certain Required Disclosure Statement in the form of Exhibit F — “Form of Required Disclosure Statement” in the Loan Agreement.

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 the Indenture, and shall also mean, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer’s knowledge of and familiarity with the particular subject.

Revenue Fund means the special trust fund so designated, established pursuant to the Indenture.

Rooftop Gymnasium Improvement Project means the construction of a rooftop renovation and addition thereto to add an additional approximately 6,000 square feet on the sixth floor, which will be used for various purposes by the School, including as a student performance and physical education space in order to expand the School’s arts, sports and scholastic programs.

S&P shall mean S&P Global Ratings, 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.

School shall mean Metropolitan Lighthouse Charter School, a not-for-profit education corporation organized and existing under the laws of the State of New York and exempt from federal taxation pursuant to Section 501(c)(3) of the Code, and its successors and assigns.

School Lease shall mean the Lease dated as of December 1, 2017, by and between the Institution and the School, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith.

Securities Act shall mean the Securities Act of 1933, as amended, together with any rules and regulations promulgated thereunder.

Securities Depository shall mean any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book-entry interests in the Bonds, and to effect transfers of book-entry interests in the Bonds in book-entry form, and includes and means initially DTC.

Securities Exchange Act shall mean the Securities Exchange Act of 1934, as amended, together with any rules and regulations promulgated thereunder.

Security Documents shall mean, collectively, the Loan Agreement, the Promissory Note, the Account Control Agreement, the Indenture, the School Lease, the Tax Regulatory Agreement, the Mortgage, the Assignment of Mortgage and the Debt Service Reserve Fund Agreement.

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 2017A Initial Bonds shall mean the Issuer's \$24,895,000 Revenue Bonds, Series 2017A (Metropolitan Lighthouse Charter School Project), authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Series 2017B Initial Bonds shall mean the Issuer's \$830,000 Taxable Revenue Bonds, Series 2017B (Metropolitan Lighthouse Charter School Project), authorized, issued, executed, authenticated and delivered on the Closing Date under the Indenture.

Series 2017A Promissory Note shall mean the Promissory Note in substantially the form of Exhibit H-1 to the Loan Agreement.

Series 2017B Promissory Note shall mean the Promissory Note in substantially the form of Exhibit H-2 to the Loan Agreement

Sign shall have the meaning specified in 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 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 the Indenture.

SIR means self-insured retention.

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.

Special Record Date shall have the meaning specified in the Indenture.

Specified Contract means, with respect to any Person, the principal written contract that makes such Person a Covered Employer hereunder.

State shall mean the State of New York.

Successor Institution shall have the meaning specified in the Loan Agreement.

Supplemental Indenture shall mean any indenture supplemental to or amendatory of the Indenture, executed and delivered by the Issuer and the Trustee in accordance with the Indenture.

Taxable Rate shall mean seven percent (7%) per annum.

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 the Loan Agreement may terminate pursuant to its terms.

Transfer shall mean liquidation, winding up or dissolution or other disposal of all or substantially all of the Institution’s property, business or assets remaining after the Closing Date, except as provided in the Loan Agreement.

Trustee shall mean The Bank of New York Mellon, New York, New York in its capacity as trustee under the Indenture, and its successors in such capacity and their assigns hereafter appointed in the manner provided in the Indenture.

Trust Estate shall mean all property, interests, revenues, funds, contracts, rights and other security granted to the Trustee under the Security Documents.

U/E shall mean Umbrella or Excess Liability insurance.

Underwriter means Piper Jaffray & Co. with respect to the Initial Bonds and with respect to any Additional Bonds the underwriter named in the applicable Supplemental Indenture.

Yield shall have the meaning assigned to such term in the Tax Regulatory Agreement.

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APPENDIX G

**SUMMARY OF CERTAIN PROVISIONS
OF THE LOAN AGREEMENT**

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APPENDIX G

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. This summary does not purport to be complete and reference is made to the Loan Agreement for the detailed provisions thereof. This summary is qualified in its entirety by such reference. Headings are not part of the Loan Agreement and are included for ease of reference only.

Loan of Proceeds.

The Issuer agrees, upon the terms and conditions contained in the Loan Agreement and the Indenture, to loan the proceeds from the sale of the Initial Bonds to the 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 the Indenture. Such proceeds shall be disbursed to or on behalf of the Institution as provided in the Indenture. (Section 4.1)

Promissory Note.

The Institution's obligation to repay the Loan shall be evidenced by the Loan 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 each 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 each Promissory Note will be made in accordance with the Loan Agreement. (Section 4.2)

Loan Payments; Pledge of the Loan Agreement and of the Promissory Note.

(a) The Institution covenants to pay the Promissory Note and repay the Loan made pursuant to the Loan Agreement by making loan payments which the Issuer agrees shall be paid in immediately available funds by the Institution directly to the Trustee on each Loan Payment Date (except as provided in Section 4.3(a)(ii), (iv), (v) and (vi) described below which shall be paid on the respective due dates thereof) for deposit in the Bond Fund (except to the extent that amounts are on deposit in the Bond Fund and available therefor) in an amount equal to the sum of:

(i) with respect to interest due and payable on the Initial Bonds, an amount equal to the quotient obtained by dividing the amount of interest on the Initial Bonds Outstanding payable on the first Interest Payment Date (after taking into account any amount on deposit in the 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-third (1/3) of the amount of interest which will become due and payable on the Initial Bonds on the next succeeding Interest Payment Date (after taking into account any amounts on deposit in the 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 six (6) Loan Payment Dates, an amount equal to one-sixth (1/6) of the amount of the principal of the Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments); 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 six (6) Loan Payment Dates, an amount equal to one-sixth (1/6) of the amount of the Sinking Fund Installment on the Initial Bonds; provided that in any event the aggregate amount so paid with respect to Sinking Fund Installments on the Initial Bonds on or before the Loan Payment Date immediately preceding a Sinking Fund Installment payment date of the Initial Bonds shall be an amount sufficient to pay the Sinking Fund Installment of the Initial Bonds Outstanding becoming due on such next succeeding Sinking Fund Installment payment date;

(iv) on each redemption date, with respect to the Redemption Price (other than by Sinking Fund Installments) due and payable on the Initial Bonds, whether as an optional or mandatory redemption, an amount equal to the Redemption Price together with accrued interest on the Initial Bonds being redeemed on such redemption date;

(v) with respect to interest due and payable on the Initial Bonds, the Institution shall further pay such additional amounts as set forth in the Indenture in the event of the occurrence of a Determination of Taxability with respect to the Initial Bonds or an Event of Default under the Indenture;

(vi) upon receipt by the Institution of notice from the Trustee pursuant to the Indenture that the amount on deposit in the Debt Service Reserve Fund shall be less than the Debt Service Reserve Fund Requirement, the Institution shall pay to the Trustee for deposit in the Debt Service Reserve Fund on the first day of the month immediately following the receipt by the Institution of notice of such deficiency, and on the first day of each of the five (5) succeeding months, or over such longer time period as shall be consented to in writing by the Majority Holders, an amount equal to one sixth (1/6th) of such deficiency in the Debt Service Reserve Fund; and

(vii) to the extent funds are available in the Revenue Fund, an amount equal to the Repair and Replacement Fund Deposit for deposit to the Repair and Replacement Fund.

The Issuer acknowledges that the above payments may be made by the application by the Trustee of amounts in the Revenue Fund pursuant to the Indenture, and the Institution shall receive credit under the Loan Agreement for any such transfers made by the Trustee.

(b) In the event the Institution should fail to make or cause to be made any of the payments required under the foregoing provisions described under this heading, 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 respective subaccounts of the accounts of 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 under the Loan Agreement if there shall exist and be continuing an Event of Default. The Institution shall exercise its option to make such advance loan payments by delivering a written notice of an Authorized Representative of the Institution to the Trustee in accordance with the Indenture, with a copy to the Issuer, setting forth (i) the amount of the advance loan payment, (ii) 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 (iii) the date on which such principal amount of Bonds are to be redeemed (which date shall be not earlier than forty-five (45) days after the date of such notice). In the event the 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 respective 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 corresponding subaccounts of the accounts of 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 the Loan Agreement or the Indenture together with (i) all other amounts due and payable under the Loan Agreement and the other Security Documents, and (ii) 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 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 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 the Indenture.

(g) Any amounts remaining in the Earnings Fund, the Rebate Fund, the Bond Fund, the Repair and Replacement Fund, the Revenue Fund, the Expense Fund, the Project Fund or the Renewal Fund, but excluding the CSFP Fund and the 2017 CSFP Subaccount of the Debt Service Reserve Fund, after payment in full of (i) the Bonds (in accordance with the Indenture), (ii) the fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar and the Paying Agents in accordance with the Indenture, (iii) all amounts required to be rebated to the Federal government pursuant to the Tax Regulatory Agreement or the Indenture, and (iv) all amounts required to be paid under any Project Document, shall have been so paid, shall belong to and be paid to the Institution by the Trustee as overpayment of the loan payments. Any amounts remaining in any 2017 CSFP Subaccount of the Debt Service Reserve Fund or the CSFP Fund shall be paid to CSFP.

(h) In the event that the Institution fails to make any loan payment required under this heading, the installment so in default shall continue as an obligation of the Institution until the amount in default shall have been fully paid.

(i) Notwithstanding anything in the foregoing to the contrary, if the amount on deposit and available in the applicable subaccounts of the accounts of the Bond Fund is not sufficient to pay the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on the applicable Series of 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 appropriate subaccounts of the accounts of the Bond Fund. *(Section 4.3)*

Nature of Institution's Obligation Unconditional.

The Institution's obligation under the Loan Agreement and under the Promissory Note to pay the loan payments and all other payments provided for in the Loan 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 the Loan 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 the Loan Agreement (other than such termination as is provided for under the Loan Agreement), or suspend the performance or observance of any covenant or agreement required on the part of the Institution under the Loan Agreement, for any cause whatsoever, and the Institution waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender the Loan Agreement or any obligation of the Institution under the Loan Agreement except as provided in the Loan Agreement or to any abatement, suspension, deferment, diminution or reduction in the loan payments or other payments under the Loan Agreement or under the Promissory Note. *(Section 4.5)*

Advances by the Issuer or the Trustee.

In the event the Institution fails to make any payment or to perform or to observe any obligation required of it under the Loan Agreement, under the Promissory 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 the Loan Agreement or any other Security Document to which the Issuer or the Trustee is a party, make such payment or otherwise cure any failure by the Institution to perform and to observe its other obligations thereunder. All amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Institution to the Issuer or the Trustee, as the case may be, which amounts, together with interest thereon at the rate of twelve percent (12%) per annum, compounded daily, from the date advanced, the Institution will pay upon demand therefor by the Issuer or the Trustee, as applicable. Any remedy vested in the Issuer or the Trustee in the Loan Agreement or in any other Security Document for the collection of the loan payments or other payments or other amounts due under the Loan Agreement, under the Promissory 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. *(Section 4.6)*

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 the Loan Agreement or the Promissory Note or any other Security Document to which it is a party, and the Institution waives, to the extent permitted by law, any provisions of law which would permit the Institution to terminate the Loan Agreement, the Promissory Note or any other Security Document, or eliminate or reduce its payments under the Loan Agreement, 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 6.1*)

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 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 (as defined in the Loan Agreement). (*Section 6.2*)

Election to Rebuild or Terminate.

(a) In the event a Loss Event shall occur, the Institution shall either:

(i) at its own cost and expense (except to the extent paid from the Net Proceeds), within one (1) year of the Loss Event, promptly and diligently rebuild, replace, repair or restore the 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 the Loan Agreement or the Promissory Note or any other Security Document be abated, postponed or reduced, or

(ii) to the extent that the failure of the Institution to rebuild, replace, repair or restore such portion of the Facility shall not cause the portion of the Facility affected by the Loss Event to be in an unsafe or unlawful condition, the Institution shall not be obligated to rebuild, replace, repair or restore such portion of the Facility and, to the extent it has provided an opinion of Nationally Recognized Bond Counsel to the Trustee to the effect that such action shall not affect the exclusion of the interest on any tax-exempt Bonds then Outstanding from gross income for federal income tax purposes, may retain any unexpended Net Proceeds and use such funds in accordance with the restrictions in the Tax Regulatory Agreement or direct any unexpended Net Proceeds to the Trustee to effect the redemption of the Bonds pursuant to the Indenture.

(iii) if, to the extent and upon the conditions permitted to do so under the Loan Agreement and under the Indenture, exercise its option to terminate the Loan Agreement and cause the Bonds to be redeemed in whole;

provided that if all or substantially all of the Facility shall be taken or condemned, or if the taking or condemnation renders the Facility unsuitable for use by the Institution as contemplated by the Loan Agreement, the Institution shall exercise its option to terminate the Loan Agreement.

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 clause, a failure to so timely notify being deemed an election in favor of clause (a)(ii) to be exercised in accordance with the provisions of clause (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 the Loan Agreement, the Trustee shall disburse the Net Proceeds from the Renewal Fund in the manner set forth in 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 clause (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 the Loan Agreement and under each other Security Document, as well as any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement and such amount so deposited shall be applied, together with such other available amounts in the Bond Fund, if applicable, to such redemption or retirement of the Bonds on said redemption or Maturity Date. (*Section 6.3*)

Pledge and Assignment to Trustee.

As security for the payment of the Bonds and the obligations of the Institution under the Security Documents:

(a) the Institution shall, pursuant to the Mortgage, grant to the Issuer and the Trustee, for the benefit of the Bondholders, a mortgage lien on and security interest in its fee interest in the Mortgaged Property;

(b) the Issuer shall assign its right, title and interest in the Mortgage to the Trustee pursuant to the Assignment of Mortgage; and

(c) the Issuer shall pledge and assign to the Trustee, for the benefit of the Bondholders, pursuant to the Indenture all of the Issuer's right, title and interest in the Promissory Note and all of the Issuer's right, title and interest in the Loan Agreement (except for the Issuer's Reserved Rights), including all loan payments under the Loan Agreement 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. (*Section 7.4*)

Insurance.

The Institution shall obtain and maintain for itself as primary insured the insurance required by the Loan Agreement. (*Section 8.1*)

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 to indemnify its own employees, Affiliates or affiliated individuals) thereof and persons under the Issuer's control or supervision (collectively, the "**Indemnified Parties**") and each an "**Indemnified Party**") harmless of, from and against any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses, including attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses (collectively, "**Claims**") of any kind for losses, damage, injury and liability (collectively, "**Liability**") of every kind and nature and however caused (except, with respect to any Indemnified Party, Liability arising from the gross negligence or willful misconduct of such Indemnified Party), arising during the period commencing on the Indemnification Commencement Date, and continuing until the termination of the Loan Agreement, arising upon, about, or in any way connected with the Facility, the Project, 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, the Loan Agreement or any other Project Document, or other document or instrument delivered in connection therewith or the enforcement of any of the terms or provisions thereof or the transactions contemplated thereby,

(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 clause (a) under this heading, 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 as described under this heading; 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 under the Loan Agreement nor in any way impair the obligations of the Institution under this heading.

(d) Anything to the contrary in the Loan Agreement notwithstanding, the covenants of the Institution described under this heading 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 the Loan Agreement until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) 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 specified in the Loan Agreement. (*Section 8.2*)

Assignment of the Loan Agreement or Lease of Facility.

(a) The Institution shall not at any time, except as permitted by the Loan Agreement, assign or transfer the Loan Agreement without the prior written consents of the Issuer and the Trustee (which consents may be

withheld by the Issuer or the Trustee in their absolute discretion); provided further, that the following conditions must be satisfied on or prior to the date the Issuer and the Trustee consent to any such assignment or transfer:

(i) the Institution shall have delivered to the Issuer and the Trustee a certificate of an Authorized Representative to the effect that the transfer or assignment to the assignee or transferee (the “New Institution”) shall not cause the Facility to cease being the Approved Facility;

(ii) the New Institution shall be liable to the Issuer for the payment of all loan and other payments and for the full performance of all of the terms, covenants and conditions of the Loan Agreement and of any other Project Document to which it shall be a party;

(iii) the New Institution shall have assumed in writing (and shall have executed and delivered to the Issuer and the Trustee such document and have agreed to keep and perform) all of the terms of the Loan Agreement and each other Project Document on the part of the New Institution to be kept and performed, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

(iv) the New Institution shall be a not-for-profit corporation or a limited liability company constituting a Tax-Exempt Organization;

(v) such assignment or transfer shall not violate any provision of the Loan Agreement or any other Project Document;

(vi) an Opinion of Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that (x) such assignment or transfer shall constitute the legally valid, binding and enforceable obligation of the New Institution and shall not legally impair in any respect the obligations of the New Institution for the payment of all loan payments nor for the full performance of all of the terms, covenants and conditions of the Loan Agreement, of the Promissory 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) the Loan Agreement and each of the other Project Documents to which the New Institution is a party constitute the legally valid, binding and enforceable obligation of the New Institution;

(vii) the New Institution shall have delivered to the Issuer the Required Disclosure Statement in form and substance satisfactory to the Issuer;

(viii) each such assignment shall contain such other provisions as the Issuer or the Trustee may reasonably require; and

(ix) an opinion of Nationally Recognized Bond Counsel shall have been delivered and addressed to the Issuer and the Trustee, to the effect that such assignment or transfer shall not affect the exclusion of the interest on any 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) Except for the Excluded Use Agreement, defined in subparagraph (d) below, the Institution shall not at any time lease all or substantially all of the Facility, except pursuant to the School Lease, 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 the Loan 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 the Loan Agreement and each other Project Document on the part of the Institution to be kept and performed, shall be jointly and severally liable with the Institution for the performance thereof, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State;

(iv) any lessee shall utilize the Facility as the Approved Facility and shall constitute a Tax-Exempt Organization;

(v) such lease shall not violate any provision of the Loan Agreement or any other Project Document;

(vi) with respect to any letting in part of the Facility, no more than an aggregate of twenty percent (20%) of the Completed Improvements Square Footage shall be leased by 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 the Loan 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 the Mortgage or the Loan Agreement and the Institution shall furnish written evidence satisfactory to the Issuer and the Trustee that such insurance coverage shall in no manner be diminished or impaired by reason of such 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 under this heading, 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 described under this heading. "Excluded Use Agreement" shall mean that certain School Partnership Memorandum, whereby Woodycrest Center for Human Development, Inc., a New York not for profit corporation, will provide afterschool services for the students of the School Monday through Friday from 3:35pm to 6:35pm beginning September 7, 2017 through June 29, 2018 in classrooms 102, 405, 406, 408, 411, 501, 505, 506, 508, 511 (totaling approximately 6,029 square feet), including a renewal, extension or replacement agreement on materially similar terms with the same parties. (*Section 8.9*)

Retention of Title to or of Interest in Facility; Grant of Easement; 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 the Loan Agreement, without (i) the prior written consents of the Issuer and of the Trustee and (ii) the Institution delivering to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that such action pursuant to the Loan Agreement 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 under the Loan Agreement, grant such rights of way or easements over, across, or under, the Facility Realty, or grant such permits or licenses in respect to the use thereof, free from the lien and security interest of the Mortgage, as shall be necessary or convenient in the opinion of the 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) So long as there exists no Event of Default under the Loan Agreement, and the Institution delivers to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that the following action will not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income tax purposes, the Institution may from time to time request in writing to the Issuer and the Trustee the release of and removal from the property comprising the Facility under the Loan Agreement and the lien and security interest of the Mortgage, of any unimproved part of the Land (on which none of the Improvements, including the buildings, structures, major appurtenances, fixtures or other property comprising the Facility Realty, is situated); provided that such release and removal will not adversely affect the use or operation of the Facility as the Approved Facility. Upon any such request by the Institution, the Issuer shall, at the sole cost and expense of the Institution, cause and direct the Trustee to execute and deliver any and all instruments necessary or appropriate to so release and remove such unimproved Land from the property comprising the Facility under the Loan Agreement and the lien and security interest of the Mortgage, subject to the following:

(i) any liens, easements, encumbrances and reservations to which title to said property was subject on the Closing Date;

(ii) any liens, easements and encumbrances created at the request of the Institution or to the creation or suffering of which the Institution consented;

(iii) any liens and encumbrances or reservations resulting from the failure of the Institution to perform or observe any of the agreements on its respective part contained in the Loan Agreement or any other Project Document;

(iv) Permitted Encumbrances (other than the lien of the Mortgage); and

(v) any liens for taxes or assessments not then delinquent;

provided, however, that no such release shall be effected unless the following conditions have been satisfied:

(A) the Trustee shall have received a certificate of an Independent Engineer, dated not more than sixty (60) days prior to the date of the release, stating that, in the opinion of the person signing such certificate, the unimproved Land and the release thereof so proposed to be made is not needed for the operation of the remaining Facility, will not adversely affect the use or operation of the Facility as the Approved Facility and will not destroy the means of ingress thereto and egress therefrom;

(B) the Trustee shall have received an amount of cash for deposit in the subaccounts of the Redemption Account of the Bond Fund (on a pro rata basis) equal to the greatest of (A) the original cost of the unimproved Land so released, such allocable cost to be determined by the appraisal of an independent real estate brokerage firm of recognized standing within the City, (B) the fair market value of such unimproved Land, such value to be determined by the appraisal of an independent real estate brokerage firm of recognized standing within the City, and (C) if such unimproved Land is released in connection with its sale, the amount received by the Institution upon such sale; and

(C) the Facility Realty as shall remain subject to the Mortgage shall not constitute a portion of a tax lot.

(d) No conveyance or release effected under the provisions of the Loan Agreement shall entitle the Institution to any abatement or diminution of the loan payments or other amounts payable under the Loan Agreement or any other payments required to be made by the Institution under the Loan Agreement or any other Project Document to which it shall be a party. *(Section 8.10)*

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 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 the Loan 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 the Loan Agreement, 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 the Loan Agreement shall be construed as constituting the express or implied consent to or permission of the Issuer for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien not permitted under the Loan Agreement.

(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 the Loan 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 the Loan 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 8.11)*

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 the Loan 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 8.13)*

Taxes, Assessments and Charges.

(a) The Institution shall pay when the same shall become due all taxes and assessments, general and specific, if any, levied and assessed upon or against the Trust Estate, the Facility Realty or any part thereof, or interest of the Institution in the Facility, or against any of the loan payments or other payments or other amounts payable under the Loan Agreement, 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 called "Impositions" in the Loan Agreement. 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 the Loan 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 the Loan 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 8.17)*

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 clause (b) under this heading 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 the Loan 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 8.18)*

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 under the Loan Agreement, under the Indenture and under the other Security Documents with respect to the Facility. The Institution will further permit the Issuer, or its duly authorized agent, upon reasonable notice, at all reasonable times, to enter the 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 8.19)*

Restrictions on Dissolution and Merger.

(a) The Institution covenants and agrees that at all times during the term of the Loan Agreement, it will

(i) maintain its existence as a disregarded entity of 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 described in subsection (b) under this heading,

(v) not consolidate with or merge into another Entity or permit one or more Entities to consolidate with or merge into it (“Merge”), except as described in subsection (b) under this heading, 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 described in subsection (c) under this heading or elsewhere in the Loan Agreement.

(b) Notwithstanding subsection (a) under this heading, 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 disregarded entity of 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 the Loan Agreement or under any other Project Document,

(2) the Successor Institution shall be a Tax-Exempt Organization or a disregarded entity of a not-for-profit corporation constituting 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 the Loan 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) the Loan Agreement and all other Project Documents to which the Predecessor Institution shall be a party constitute the legal, valid and binding obligations of the Successor Institution and

each is enforceable in accordance with their respective terms to the same extent as it was enforceable against the Predecessor Institution, and (z) such action does not legally impair the security for the Holders of the Bonds afforded by the Security Documents,

(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 to the Loan Agreement—“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 8.20*)

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 sole member’s 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;

(e) use its best efforts to maintain the tax-exempt status of the Bonds; and

(f) not take any action, or fail to take any action, the result of which would cause the Institution to no longer be considered a disregarded entity for federal income tax purposes, unless such action shall result in the Institution being a Tax-Exempt Organization itself. (*Section 8.21*)

Prohibition on Additional Indebtedness. The Institution is prohibited from incurring any additional indebtedness other than Additional Bonds pursuant to the Indenture. (*Section 8.33*)

Events of Default.

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

(a) Failure of the Institution to pay any loan payment that has become due and payable by the terms of the Loan Agreement which results in an Event of Default under the Indenture;

(b) Failure of the Institution to pay any amount (except as set forth in in subsection (a) under this heading) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under Sections 5.1, 8.1, 8.2, 8.3, 8.9, 8.11, 8.13, 8.17, 8.18, 8.20, 8.21, 8.22, 8.26, 8.32, 9.7, 11.2 or 11.3 or Article VI of the Loan Agreement and continuance of such failure for more than thirty (30) days after written notice of such failure has been given to the 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 under the Loan Agreement on its part to be performed (except as described under this heading) 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 the Loan Agreement;

(f) Any representation or warranty made by the Institution (i) in the application and related materials submitted to the Issuer or the Underwriter of the Bonds for approval of the Project or its financing, or (ii) in the Loan Agreement 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 to the Loan Agreement or any of the foregoing, shall in any case prove to be false, misleading or incorrect in any material respect as of the date made;

(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; or

(j) Failure of the Institution to pay the amount required of it under the Loan Agreement when required thereunder. (*Section 9.1*)

Remedies on Default.

(a) Whenever any Event of Default described under the heading “Events of Default” shall have occurred and be continuing, the Issuer, or the Trustee where so provided, may, take any one or more of the following remedial steps:

(i) The Trustee, as and to the extent provided in the Indenture, may cause all principal installments of loan payments payable under the Loan Agreement until the Bonds are no longer Outstanding to be immediately due and payable, whereupon the same, together with the accrued interest thereon, shall become immediately due and payable; provided, however, that upon the occurrence of an Event of Default under subsections (d) or (e) under the heading “Events of Default”, all principal installments of loan payments payable under subsection (a) under the heading “Loan Payments, Pledge of the Loan Agreement and the Promissory Note” until the Bonds are no longer Outstanding, together with the accrued interest thereon, shall immediately become due and payable without any declaration, notice or other action of the Issuer, the Trustee, the Holders of the Bonds or any other Person being a condition to such acceleration;

(ii) The Issuer or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the loan payments then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Institution under the Loan Agreement; and

(iii) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder.

(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 the terms described under this heading or by operation of law or otherwise shall, except as expressly provided in the Loan Agreement, relieve the Institution from the Institution’s obligations under the Loan Agreement, all of which shall survive any such action. (*Section 9.2*)

Bankruptcy Proceedings.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Institution under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee (other than the Trustee under the Indenture) shall have been appointed for the property of the Institution or in the case of any other similar judicial proceedings relative to the Institution or the creditors or property of the Institution, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to the Loan Agreement and the Promissory Note, irrespective of whether the

principal of the Bonds (and the loan payments payable pursuant to the Promissory Note and the Loan Agreement) shall have been accelerated by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand for payment under the Loan Agreement, 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 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 9.3)*

Remedies Cumulative.

The rights and remedies of the Issuer or the Trustee under the Loan Agreement shall be cumulative and shall not exclude any other rights and remedies of the Issuer or the Trustee allowed by law with respect to any default under the Loan Agreement. Failure by the Issuer or the Trustee to insist upon the strict performance of any of the covenants and agreements set forth in the Loan Agreement or to exercise any rights or remedies upon default by the Institution under the Loan Agreement shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy the strict compliance by the Institution with all of the covenants and conditions of the Loan Agreement, or of the rights to exercise any such rights or remedies, if such default by the Institution be continued or repeated. *(Section 9.4)*

No Additional Waiver Implied by One Waiver.

In the event any covenant or agreement contained in the Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Loan Agreement. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Issuer and/or the Trustee and the Institution or any delay or omission on the part of the Issuer and/or the Trustee in exercising any rights under the Loan Agreement or under the Indenture or under any other Security Document shall operate as a waiver. To the extent permitted by applicable law, the Institution waives the benefit and advantage of, and covenants not to assert against the Issuer or the Trustee, any valuation, inquisition, stay, appraisal, extension or redemption laws now existing or which may hereafter exist. *(Section 9.5)*

Agreement to Pay Fees and Expenses of Attorneys and Other Consultants.

In the event the Institution should default under any of the provisions of the Loan Agreement, and the Issuer or the Trustee should employ outside attorneys or other consultants or incur other expenses for the collection of loan payments or other amounts payable under the Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Institution contained in the Loan Agreement or 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 9.7)*

Termination of the Loan 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 the Indenture, but not later than the receipt by the Institution of ten (10) days prior written notice from the Issuer directing termination of the Loan Agreement, the Institution shall terminate the Loan Agreement by giving the Issuer notice in writing of such termination and thereupon such termination shall forthwith become

effective, subject, however, to (x) the delivery of those documents referred to in the Loan Agreement, and (y) the survival of those obligations of the Institution set forth in the Loan Agreement. *(Section 10.1)*

Mandatory Redemption of Bonds as Directed by the Issuer.

(a) Upon the determination by the Issuer 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 in accordance with the Loan Agreement and the failure of the Institution within thirty (30) days of the receipt by the Institution of written notice of such noncompliance from the Issuer to cure such noncompliance together with a copy of such resolution (a copy of which notice shall be sent to the Trustee), (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 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), (y) as set forth in the Loan Agreement, 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, 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 the Loan Agreement, and the Institution shall fail to cure such circumstance within ten (10) days of the receipt by the Institution of written notice of such noncompliance from the Issuer and a demand by the Issuer on the Institution to cure such noncompliance, upon notice or waiver of notice as provided in the Indenture, the Institution shall pay to the Trustee advance loan payments in immediately available funds in an amount sufficient to redeem the Bonds Outstanding in whole at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Bonds, together with interest accrued thereon to the date of redemption. *(Section 11.3)*

Prohibition on the Purchase of Bonds.

Except as described under this heading, neither the Institution nor any Related Person (as defined in the Tax Regulatory Agreement) to the Institution shall purchase Bonds in an amount related to the amount of the Loan. The Institution shall have the option, at any time during the term of the Loan Agreement, to purchase Bonds for its own account, whether by direct negotiation, through a broker or dealer, or by making a tender offer to the Holders thereof. The Bonds so purchased by the Institution or by any Affiliate of the Institution shall be delivered to the Trustee for cancellation within fifteen (15) days of the date of purchase unless the Institution shall deliver to the Trustee and the Issuer an opinion of Nationally Recognized Bond Counsel to the effect that the failure to surrender such Bonds by such date will not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income tax purposes. *(Section 11.6)*

Investment of Funds.

Any moneys (excluding amounts held in the CSFP Fund) held as part of the Rebate Fund, the Earnings Fund, the Project Fund, the Bond Fund, the Debt Service Reserve Fund (other than any 2017 CSFP Subaccount), the Repair and Replacement Fund, the Expense Fund, the Renewal Fund, or in any special fund provided for in the Loan Agreement or in the Indenture to be invested in the same manner as in any said Fund shall, at the written request of an Authorized Representative of the 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.

Amounts in the 2017 CSFP Subaccount of the Debt Service Reserve Fund, the CSFP Fund and any accounts therein, shall be invested by the Trustee at the written direction of CSFP in accordance with the Debt Service Fund Agreement set forth in Exhibit E to the Indenture. (*Section 11.7*)

Amendments.

The Loan Agreement may be amended only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture and only by a written instrument executed by the parties to the Loan Agreement. (*Section 12.3*)

Waiver of Trial by Jury.

The Institution expressly waives all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of the Loan Agreement or any matters whatsoever arising out of or in any way connected with the Loan Agreement, the Institution's obligations under the Loan Agreement, 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 the Loan Agreement relating to waiver of a jury trial shall survive the termination or expiration of the Loan Agreement. (*Section 12.13*)

Recourse Under The Loan Agreement.

All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Loan Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer, and not of any member, director, officer, employee or agent of the Issuer or any natural person executing the Loan Agreement on behalf of the Issuer in such person's individual capacity, and no recourse shall be had for any reason whatsoever under the Loan Agreement against any member, director, officer, employee or agent of the Issuer or any natural person executing the Loan Agreement on behalf of the Issuer. No recourse shall be had for the payment of the principal of, redemption premium, if any, Sinking Fund Installments for, Purchase Price or interest on the Bonds or for any claim based thereon or under the Loan Agreement against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. In addition, in the performance of the agreements of the Issuer contained in the Loan Agreement, any obligation the Issuer may incur for the payment of money shall not subject the Issuer to any pecuniary or other liability or create a debt of the State or the City, and neither the State nor the City shall be liable on any obligation so incurred and any such obligation shall be payable solely out of amounts payable to the Issuer by the Institution under the Loan Agreement and under the Promissory Note. (*Section 12.14*)

APPENDIX H

**SUMMARY OF CERTAIN PROVISIONS
OF THE INDENTURE OF TRUST**

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APPENDIX H

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE OF TRUST

The following is a summary of certain provisions of the Indenture. This summary does not purport to be complete and reference is made to the Indenture for the detailed provisions thereof. This summary is qualified in its entirety by such reference. Headings are not part of the Indenture and are included for ease of reference only.

Authorized Amounts of Bonds; Pledge Effected by the Indenture.

(a) No Bond may be authenticated and delivered under the provisions of the Indenture except in accordance with the Indenture. Except as provided in the Indenture, the total aggregate principal amount of Bonds that may be authenticated and delivered under the Indenture is limited to the Authorized Principal Amount.

(b) The proceeds of the Bonds deposited in the Project Fund and certain of the loan payments, receipts and revenues payable under the Loan Agreement, including moneys which are required to be set apart, transferred and pledged to the Revenue Fund, 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 the Indenture) are pledged by the 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 of the Indenture. The Rebate Fund (including amounts on deposit therein) shall not be subject to any assignment, pledge, lien or security interest in favor of the Trustee or any Bondholder or any other Person. The Bonds shall be the special limited revenue obligations of the Issuer and shall be payable by the Issuer as to the principal, Purchase Price or Redemption Price, if any, of the Bonds, Sinking Fund Installments for the Bonds, and interest on the Bonds only from the Funds, special funds and loan payments, revenues and receipts pledged therefor. The Bonds are additionally secured by a pledge and assignment of the Promissory Note and substantially all of the Issuer's right, title and interest in and to the Loan Agreement (excluding the Issuer's Reserved Rights). The Institution will cause payments under the School Lease due to the Institution to be delivered to the Institution's bank account subject to the Account Control Agreement, and the Trustee will debit such funds for deposit under the Indenture. Further, the Institution has a mortgage lien on and security interest in its fee interest in the Mortgaged Property to the Issuer and the Trustee pursuant to the Mortgage, and the Issuer has assigned its right, title and interest in the Mortgage to the Trustee pursuant to the Assignment of Mortgage.

In no event shall any obligations of the Issuer under the 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 the Indenture. (Section 2.01)

Creation of Funds and Accounts.

(a) The Issuer establishes and creates the following special trust Funds and Accounts comprising such Funds:

- (1) Revenue Fund
- (2) Project Fund
 - (a) Series 2017A Costs of Issuance Account
 - (b) Series 2017B Costs of Issuance Account
- (3) Bond Fund

- (a) Principal Account; and, within such Principal Account, a Series 2017A subaccount and a Series 2017B subaccount
 - (b) Interest Account; and, within such Interest Account, a Series 2017A subaccount and a Series 2017B subaccount
 - (c) Redemption Account; and, within such Redemption Account, a Series 2017A subaccount and a Series 2017B subaccount
 - (d) Sinking Fund Installment Account; and, within such Sinking Fund Installment Account, a Series 2017A subaccount and a Series 2017B subaccount
- (4) Renewal Fund
 - (5) Earnings Fund
 - (6) Rebate Fund
 - (7) Debt Service Reserve Fund
 - (a) 2017 CSFP Subaccount
 - (8) Repair and Replacement Fund
 - (9) Expense Fund
 - (10) CSFP Fund
 - (a) CSFP Earnings Fund
 - (b) CSFP Fee Account

(b) All of the Funds and Accounts created under the Indenture shall be held by the Trustee. All moneys required to be deposited with or paid to the Trustee for the credit of any Fund or Account under any provision of the Indenture and all investments made therewith shall be held by the Trustee in trust and applied only in accordance with the provisions of the Indenture, and while held by the Trustee shall constitute part of the Trust Estate (subject to the granting clauses of the Indenture), other than the Rebate Fund, and be subject to the lien of the Indenture. *(Section 5.01)*

Payments into the Revenue Fund.

Unless otherwise provided in the Indenture, the Trustee shall promptly deposit all amounts received from the Institution or transferred pursuant to the Indenture into the Revenue Fund. *(Section 5.02)*

Application of Revenue Fund Moneys.

(a) Amounts in the Revenue Fund shall be transferred by the Trustee on each Loan Payment Date commencing on the January 10, 2018 Loan Payment Date, to the following Funds and Accounts in the following manner and in the order of priority indicated, provided that in the event funds in on any Loan Payment Date are insufficient to make any one or more of such transfers, any and all of such deficiencies will be remedied prior to making any transfers to any subordinated funds (based on the following order of priority) on any future Loan Payment Date:

- (i) First, to the Bond Fund:

(1) For deposit into the subaccounts of the Interest Account of the Bond Fund, an amount equal (i) to one-third (1/3) (or such other pro-rated amount, adjusted as necessary) of the amount of interest that will become due on the Bonds on the next Interest Payment Date, including default interest (after taking into account any amounts on deposit in the Interest Account of the Bond Fund, and as shall be available to pay interest on the Bonds on such next succeeding Interest Payment Date);

(2) commencing on that Loan Payment Date as shall precede the first principal payment date (other than such principal as shall become due as a mandatory Sinking Fund Installment payment) by six (6) Loan Payment Dates, for deposit into the subaccounts of the Principal Account of the Bond Fund, an amount equal to at least one sixth (1/6) (or such other pro-rated amount, adjusted as necessary) of the amount of the principal of the Bonds Outstanding becoming due (other than by reason of mandatory Sinking Fund Installments); and

(3) commencing on that Loan Payment Date as shall precede the first Sinking Fund Installment payment date by six (6) Loan Payment Dates, for deposit into the subaccounts of the Sinking Fund Installment Account of the Bond Fund, an amount equal to at least one sixth (1/6) (or such other pro-rated amount, adjusted as necessary) of the amount of the next Sinking Fund Installment to become due on the Bonds.

(ii) Second, to replenish any deficiencies in the 2017 CSFP Subaccount of the Debt Service Reserve Fund, if any;

(iii) Third, to the Rebate Fund to pay any amounts required to be rebated to the Federal government pursuant to the Indenture or the Tax Regulatory Agreement;

(iv) Fourth, to the Expense Fund to pay one-sixth (1/6) (or such other pro-rated amount, adjusted as necessary) of the annual fee of the Issuer;

(v) Fifth, to the Expense Fund to pay one-sixth (1/6) (or such other pro-rated amount, adjusted as necessary) of the annual fee of the Ratings Agency;

(vi) *Sixth*, to the CSFP Fee Account of the CSFP Fund to pay one-sixth (1/6) of the annual DSRF Fee (or such other pro-rated amount, adjusted as necessary);

(vii) Seventh, to the Expense Fund to pay one-sixth (1/6) (or such other pro-rated amount, adjusted as necessary) of the annual fee of the Trustee;

(viii) Eighth, to the Repair and Replacement Reserve Fund, an amount equal to the Repair and Replacement Fund Deposit; and

(ix) Ninth, all remaining funds shall be paid to the Institution and used for any authorized purpose. (*Section 5.03*)

Project Fund.

(a) There shall be deposited in the Project Fund any and all amounts required to be deposited therein pursuant to the Indenture or otherwise required to be deposited therein pursuant to the Loan Agreement, or the Indenture.

The Trustee shall apply the amounts on deposit in the Project Fund to the payment, or reimbursement to the extent the same have been paid by or on behalf of the Institution or the Issuer, of Project Costs (including interest on the Bonds during the period of Project construction and renovation) to the extent requisitioned under subsection (b) of this heading.

(b) The Trustee is authorized to disburse from the Project Fund amounts required to pay (in whole or in part) the Project Costs and is directed to issue its checks (or, at the direction of the 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 \$200,000 until an Authorized Representative of the Institution shall have delivered the completion certificate and other documents required by the Loan Agreement.

Except with respect to the initial purchase of the Facility by the Institution on the date of issuance of the Initial Bonds and the disbursement of a portion of the proceeds of the Initial Bonds on such date, the requisition from the Project Fund shall be accompanied by bills or invoices (stamped "paid" by the Person to whom payment was due or with other evidence of payment if reimbursement is to be made to the Institution), including evidence that the bill, invoice or other evidence was not incurred on a date prior to sixty (60) days prior to the date of adoption by the Issuer or the Institution of the Reimbursement Resolution for the Project. Such requisition shall be as set forth in Exhibit D of the Indenture- "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 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 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 2017A 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 the Indenture, be deposited by the Trustee in the Series 2017A subaccount of the Interest Account of the Bond Fund. Upon payment of all the costs and expenses incident to the completion of the Project, any balance of such remaining amount in the Project Fund, together with any amount on deposit in the Earnings Fund derived from transfers made thereto from the Project Fund, shall, after making any such transfer to the Rebate Fund, and after depositing in the Debt Service Reserve Fund an amount equal to any deficiency therein, be deposited in the Series 2017A subaccount of the Interest Account of the Bond Fund to be applied to pay interest on the Series 2017A Initial Bonds at the earliest practicable date. Upon the filing of such certificate, the balance in the Series 2017B 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 2017B subaccount of the Interest 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 2017B Costs of Issuance Account of the Project Fund shall, after depositing in the Debt Service

Reserve Fund an amount equal to any deficiency therein, be deposited in the Series 2017B subaccount of the Interest Account of the Bond Fund to be applied to pay interest on the Series 2017B Initial Bonds at the earliest practicable date. The Trustee shall promptly notify the Institution of any amounts so deposited in the subaccounts of the Interest Account of the Bond Fund pursuant to the Indenture.

(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 2017A 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 the Indenture), but excluding any amounts in the 2017 CSFP Subaccount of the Debt Service Reserve Fund, shall be deposited in the Series 2017A subaccount of the Redemption Account of the Bond Fund, and (ii) the balance in the Series 2017B Costs of Issuance Account of the Project Fund but excluding any amounts in the 2017 CSFP Subaccount of the Debt Service Fund, shall be deposited in the Series 2017B 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 under the Indenture, (i) the balance in the Project Fund outside of the Series 2017A 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 the Indenture) and in the Debt Service Reserve Fund, pro rata, shall be deposited in the Series 2017A subaccounts of the accounts of the Bond Fund as provided in the Indenture, and (ii) the balance in the Series 2017B Costs of Issuance Account of the Project Fund and in the Debt Service Reserve Fund, pro rata, shall be deposited in the Series 2017B subaccounts of the accounts of the Bond Fund.

(g) Except as provided in the Indenture, 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 5.04)*

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 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 the 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 the Indenture, 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 the Indenture, 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 the Indenture, 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 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 that all property constituting part of the Mortgaged Property is subject to the mortgage lien and security interest of the Mortgage, subject to Permitted Encumbrances, (v) the Rebate Amount applicable with respect to the Net Proceeds and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee of any required transfer to the Rebate Fund), and (vi) that the restored Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Institution against third parties which exist at the date of such certificate or which may subsequently come into being, (y) that it is given only for the purposes of the Indenture and the Loan Agreement, and (z) that no Person other than the Issuer or the Trustee may benefit therefrom. Such certificate shall be accompanied by (i) a certificate of occupancy (either temporary or permanent, provided that if is a temporary certificate of occupancy, the 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 the Indenture, and after depositing, in the Debt Service Reserve Fund an amount

equal to any deficiency therein, be transferred, on a pro rata basis, by the Trustee to the subaccounts of the Redemption Account of the Bond Fund. *(Section 5.05)*

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) Reserved.

(c) Excess or remaining amounts in the Project Fund required to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and the Indenture, or to the Debt Service Reserve Fund to the extent of any deficiency therein) (i) in the applicable subaccount of the Redemption Account of the Bond Fund pursuant to the Indenture or the first sentence of the Indenture, 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 the Indenture.

(d) Loan payments received by the Trustee pursuant to the Loan Agreement or transfers from the Revenue Fund pursuant to the Indenture, 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 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 the Indenture, which shall be deposited in and credited to the Series 2017A subaccount of the Interest Account of the Bond Fund.

(g) The excess amounts described in subsection (d) under the heading “Application of Bond Fund Moneys”, 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 the Indenture or by the Mortgage to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the Tax Regulatory Agreement and the Indenture 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 the Indenture.

(j) All other receipts when and if required by the Loan Agreement or by the Indenture or by any other Security Document to be paid into the Bond Fund, which shall be credited (except as provided in the Indenture) 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 the Indenture, 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 5.06)*

Application of Bond Fund Moneys.

(a) The Trustee shall (i) on each Interest Payment Date pay or cause to be paid out of the applicable subaccount of the Interest Account in the Bond Fund the interest due on the 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 the Indenture, 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 the Indenture) 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 the Indenture. The Bonds to be purchased or redeemed shall be selected by the Trustee in the manner provided in the Indenture. Amounts in the subaccounts of the Redemption Account to be applied to the redemption of Bonds shall be paid to the respective Paying Agents on or before the redemption date and applied by them on such redemption date to the payment of the Redemption Price of the Bonds being redeemed plus interest on such Bonds accrued to the redemption date.

(e) In connection with purchases of Bonds out of the Bond Fund as provided under this heading, 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 the Indenture 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 described under this heading are to be availed of with respect to such Sinking Fund Installment payment, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment will be paid on or prior to the next succeeding Sinking Fund Installment payment date.

(h) Moneys in the Redemption Account of the Bond Fund which are not set aside or deposited for the redemption or purchase of Bonds shall be transferred by the Trustee to the Interest Account, to the Principal Account or to the Sinking Fund Installment Account of the Bond Fund. (*Section 5.07*)

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 (other than the 2017 CSFP Subaccount) or any other special fund (other than the Rebate Fund, the Repair and Replacement Fund, the Bond Fund or the CSFP 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 2017A Initial 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 2017A Initial 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 2017A Initial 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 described under this heading shall be deposited in the Project Fund until the completion of the Project as provided in the Loan Agreement, and thereafter in the Series 2017A subaccount of the Interest Account of the Bond Fund.

(d) All investment income or earnings on amounts held in the 2017 CSFP Subaccount of the Debt Service Reserve Fund shall be transferred daily to the CSFP Earnings Account of the CSFP Fund and any earnings on amounts on deposit in the CSFP Fund shall be retained therein until disbursed to CSFP. (*Section 5.08*)

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 the Loan Agreement or the restoration of the Facility pursuant to the Indenture, 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 the Loan Agreement, or, after the completion of the Project, deposit it in the Series 2017A 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 2017A Initial Bonds as of the date of such payment and (ii) notwithstanding the provisions of the Indenture, not later than thirty (30) days after the date on which all Series 2017A Initial Bonds have been paid in full, 100% of the Rebate Amount as of the date of payment. *(Section 5.09)*

Transfer to Rebate Fund.

The Trustee shall have no obligation under the Indenture to transfer any amounts to the Rebate Fund unless the Trustee shall have received specific written instructions from an Authorized Representative of the Institution to make such transfer. *(Section 5.10)*

Investment of Funds and Accounts.

(a) Amounts in any Fund or Account established under the Indenture may, if and to the extent then permitted by law, be invested only in Qualified Investments provided that any Qualified Investment shall not have a maturity date greater than five (5) years from the date of the making of such investment unless such Qualified Investment may be put at par at any time at the option of the owner thereof, and provided, further, that any investment of amounts held in the accounts of the Debt Service Reserve Fund (other than the 2017 CSFP Subaccount) shall be limited to Government Obligations. Any investment authorized in the Indenture is subject to the condition that no portion of the proceeds derived from the sale of the Series 2017A Initial Bonds shall be used, directly or indirectly, in such manner as to cause any Series 2017A Initial Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code. In particular, unexpended Series 2017A Initial 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 2017A subaccount of the Redemption Account of the Bond Fund pursuant to the Indenture may not be invested at a Yield (as defined in the Tax Regulatory Agreement) which is greater than the Yield on the Series 2017A Initial Bonds. Such investments shall be made by the Trustee only at the written request of an Authorized Representative of the Institution; and if such investment is to be in one or more certificates of deposit, investment

agreements or guaranteed investment contracts, then such written request shall include written assurance to the effect that such investment complies with the Tax Regulatory Agreement. Any investment under the Indenture shall be made in accordance with the Tax Regulatory Agreement, and the Institution shall so certify to the Trustee with each such investment direction as referred to below. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make payments from the applicable Fund. Net income or gain received and collected from such investments shall be credited and losses charged to (i) the Rebate Fund with respect to the investment of amounts held in the Rebate Fund, (ii) the Bond Fund 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, (iv) the Expense Fund with respect to the investment of amounts held in the Expense Fund, and (v) 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 the Indenture. The Trustee shall not be liable for losses incurred as a result of actions taken in good faith in accordance with the terms described under this heading. 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 the Indenture. The investments authorized by the terms described under this heading 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, CSFP and the Institution of such deficiency and that such deficiency must be replenished by the Institution as required by the Loan Agreement. If a surplus exists, the Trustee shall notify the Issuer, CSFP 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 from amounts on deposit in the applicable accounts or subaccounts of the Debt Service Reserve Fund to (1) in the case of amounts in any subaccount other than the 2017 CSFP Subaccount, to the Project Fund until the completion of the Project as provided in the Loan Agreement and thereafter shall transfer such amount to the Interest Account of the Bond Fund and (2) in the case of amounts in the 2017 CSFP Subaccount, CSFP.

(g) Amounts in the 2017 CSFP Subaccount of the Debt Service Reserve Fund, the CSFP Fund and any accounts therein, shall be invested by the Trustee at the written direction of CSFP in accordance with the Debt Service Reserve Fund Agreement attached to the Indenture. *(Section 5.11)*

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 the Indenture or on, or with respect to, such Bond. Such amounts so held shall, pending payment to the Holder of such Bond, (y) be subject to any rebate requirement as set forth in the Tax Regulatory Agreement or the Indenture, and (z) shall be uninvested, or, if invested, invested or re-invested only in Government Obligations maturing within thirty (30) days. Funds remaining with the Trustee as above and unclaimed for the earlier of two (2) years or one month less than the applicable statutory escheat period shall be paid to the Institution. After the payment of such unclaimed moneys to the Institution, the Holder of such Bond shall thereafter look only to the Institution for the payment thereof, and all obligations of the Trustee or such Paying Agent with respect to such moneys shall thereupon cease. *(Section 5.14)*

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 2017 CSFP Subaccount of the Debt Service Reserve Fund for the respective series of Initial Bonds pro rata and, 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 and CSFP on or prior to each Loan Payment Date on which the Institution is obligated pursuant to the Loan Agreement to pay to the Trustee amounts in respect of any deficiency in 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 under the Indenture or any other obligor from any of its obligations under any of the Security Documents.

(c) The 2017 CSFP Subaccount of the Debt Service Reserve Fund shall be established in the name of CSFP and shall not secure any Series of Bonds other than the Initial Bonds.

(d) Amounts in the 2017 CSFP Subaccount of the Debt Service Reserve Fund, the CSFP Fund and any accounts therein, shall be invested by the Trustee at the written direction of CSFP in accordance with the Debt Service Reserve Fund Agreement attached to the Indenture. *(Section 5.15)*

CSFP Fund.

(a) There shall be deposited in the CSFP Fund amounts required to be deposited pursuant to the Loan Agreement or the Indenture.

(b) Amounts held in the CSFP Fund, if any, shall be transferred by the Trustee to CSFP on each Interest Payment Date. *(Section 5.16)*

Account Control Agreement.

(a) The Trustee is directed pursuant to the Indenture to enter into the Account Control Agreement.

(b) The Trustee acknowledges in the Indenture the automatic transfers to be made pursuant to the Account Control Agreement. The Trustee is directed in the Indenture to transfer such monies held pursuant to the Account Control Agreement in the amounts set forth in Exhibit 1 to the Account Control Agreement to the Revenue Fund promptly upon receipt thereof, but in no event later than two (2) Business Days after receipt. *(Section 5.17)*

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

(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 summarized section 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. *(Section 5.18)*

Expense Fund.

(a) There shall be deposited into the Expense Fund as and when received (a) all transfers from the Revenue Fund pursuant to the Indenture, and (b) all other moneys received by the Trustee when accompanied by directions not inconsistent with the Loan Agreement or the Indenture that such moneys are to be paid into the

Expense Fund. There shall also be retained in the Expense Fund, interest and other income received on investment of moneys in the Expense Fund.

(b) The Expense 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 summarized section and to issue its checks therefor. The Trustee shall keep and maintain adequate records pertaining to the Expense 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 Expense Fund upon receipt by the Trustee of a written direction from an Authorized Representative of the Institution setting forth the amount and the payee for the purposes of paying the annual fees of the Issuer and the Rating Agency. The Trustee is hereby directed and authorized to debit its annual fee from the Expense Fund. *(Section 5.19)*

Creation of Liens; Indebtedness.

It is the intention of the Issuer and the Trustee that the Mortgage is and will continue to be a mortgage lien upon the Mortgaged Property (subject only to Permitted Encumbrances). The Issuer shall not create or suffer to be created, or incur or issue any evidences of indebtedness secured by, any lien or charge upon or pledge of the Trust Estate, except the lien, charge and pledge created by the Indenture and the other Security Documents. *(Section 7.05)*

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 2017A Initial 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. *(Section 7.08)*

Events of Default; Acceleration of Due Date.

- (a) Each of the following events is 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 under the Indenture on its part to be performed (except as set forth in the Indenture) 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 the 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 the Indenture, then and in every such case any such default and its consequences shall ipso facto be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

(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 under the Indenture, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts with power of substitution. The Trustee agrees to accept such performance by the Institution as performance by the Issuer.

(f) Pursuant to the Account Control Agreement, upon the happening and continuance of any Event of Default, the Trustee, as Secured Party under the Account Control Agreement, shall withdraw any funds on deposit in the Accounts (as defined in the Account Control Agreement) which are required to pay, and such funds shall be applied to pay, principal, Purchase Price or Redemption Price of, Sinking Fund Installments for, and interest on the Bonds. (*Section 8.01*)

Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Event of Default, then and in every case the Trustee may proceed, and upon the written request of the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Bonds, the Loan Agreement, the Indenture and under any other Security Document forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in the Indenture or in any other Security Document or in aid of the execution of any power granted in the Indenture or in any other Security Document or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under the Indenture or under any other Security Document. In addition to any rights or remedies available to the Trustee under the Indenture or elsewhere, upon the occurrence and continuance of an Event of Default the Trustee may take such action, without notice or demand, as it deems advisable.

(b) In the enforcement of any right or remedy under the Indenture or under any other Security Document, the Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due from the Issuer, for principal, interest, Sinking Fund

Installments, Redemption Price, or otherwise, under any of the provisions of the Indenture, of any other Security Document or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture, under any such other Security Document and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Issuer, but solely as provided in the Indenture and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the moneys in the Bond Fund and other moneys available therefor to the extent provided in the Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable. The Trustee shall file proof of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the Institution or the Issuer or their creditors or property.

(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 the Indenture or under any other Security Document by any acts which may be unlawful or in violation of the Indenture or of such other Security Document or of any resolution authorizing any Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; provided, that such request shall not be otherwise than in accordance with the provisions of law and of the Indenture and shall not be unduly prejudicial to the interests of the Holders of the Bonds not making such request. (*Section 8.02*)

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 the Indenture 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 the terms of the Indenture, 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 the Indenture), in the order of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds or principal installments due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

(B) If the principal of all the Bonds shall have become or have been declared due and payable, to the payment to the Bondholders of the principal and interest (at the rate or rates expressed in the Bonds) then due and unpaid upon the Bonds and if applicable to the Redemption Price of the Bonds without preference or priority of principal over interest or of interest over principal, Sinking Fund Installments, or of any installment of interest over any other installment of interest, or of any Bond over

any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

(C) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Indenture, then, subject to the provisions described in subsection (a)(B) of this heading 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 subsection (a)(A) of this heading.

(b) Whenever moneys are to be applied pursuant to the provisions of described under this heading, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; provided, however, that if the principal or Redemption Price of the Bonds Outstanding, together with accrued interest thereon, shall have been declared to be due and payable pursuant to the Indenture, 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 8.03)*

Majority Holders Control Proceedings.

Anything in the Indenture to the contrary notwithstanding, the Majority Holders shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture. *(Section 8.05)*

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, the Indenture or any other Security Document, (ii) for the enforcement of any provisions of the Bonds, the Indenture or of any other Security Document, (iii) for the execution of any trust under the Indenture or (iv) for any remedy under the Bonds, the Indenture or 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 the Indenture, and the Holders of over twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in the Bonds, the Indenture or in such other Security Document or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his, its or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture except in the manner provided in the Indenture; and that all proceedings at law or in equity to enforce any provision of the Bonds, the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and, subject to the provisions of the Indenture, be for the equal benefit of all Holders of the Outstanding Bonds.

(b) Nothing in the Indenture, in any other Security Document or in the Bonds contained shall affect or impair the right of any Bondholder to payment of the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal or Redemption Price, if applicable, of, Sinking Fund Installments for, and interest on each of the Bonds to the respective Holders thereof at the time, place, from the source and in the manner and in the Indenture and in said Bonds. *(Section 8.06)*

Notice of Default.

The Trustee shall promptly mail to the Issuer, to registered Holders of Bonds and to the Institution by first class mail, postage prepaid, written notice of the occurrence of any Event of Default. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required by this heading. *(Section 8.10)*

Waivers of Default.

The Trustee shall waive any default under the Indenture and its consequences and rescind any declaration of acceleration only upon the written request of the Majority Holders; provided, however, that there shall not be waived without the consent of the Holders of all the Bonds Outstanding (a) any default in the payment of the principal of any Outstanding Bonds at the date specified therein or (b) any default in the payment when due of the interest on any such Bonds, unless, prior to such waiver, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, and all arrears of payment of principal when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Institution, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon. *(Section 8.11)*

Resignation or Removal of Trustee.

The Trustee may resign and thereby become discharged from the trusts created under the Indenture for any reason by giving written notice by first class mail, postage prepaid, to the Issuer, to the Institution and to the Holders of all Bonds not less than sixty (60) days before such resignation is to take effect, but such resignation shall not take effect until the appointment and acceptance thereof of a successor Trustee pursuant to the Indenture.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing filed with the Trustee and signed by the Issuer or the Majority Holders or their attorneys-in-fact duly authorized. Such removal shall become effective either upon the appointment and acceptance of such appointment by a successor Trustee or at the date specified in the instrument of removal. The Trustee shall promptly give notice of such filing to the Issuer and the Institution. No removal shall take effect until the appointment and acceptance thereof of a successor Trustee pursuant to the Indenture.

If the Trustee shall resign or shall be removed, such Trustee must transfer and assign to the successor Trustee, not later than the date of 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 the Indenture, together with a full accounting thereof, (ii) all records, files, correspondence, registration books, Bond inventory, all information relating to the Indenture and to Bond payment status (i.e., outstanding principal balances, principal payment and interest payment schedules, Sinking Fund Installment schedules, pending notices of redemption, payments made and to whom, delinquent payments, default or delinquency notices, deficiencies in any Fund or Account balance, etc.) and all such other information (in whatever form) relating to all Funds and Accounts in the possession of the Trustee being removed or resigning, and (iii) all Security Documents and other documents or agreements, including, without limitation, all Uniform Commercial Code Financing Statements, all insurance policies or certificates, letters of credit or other instruments provided to the Trustee being removed or resigning (clauses (i), (ii) and (iii), together with the Trust Estate, being collectively referred to as the "Trust Corpus"). *(Section 9.07)*

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 the Indenture, 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 as described under this heading shall be a national banking association or a bank or trust company duly organized under the laws of any state of the United States authorized to exercise corporate trust powers under the laws of the State and authorized by law and its charter to perform all the duties imposed upon it by the Indenture and each other Security Document. At the time of its appointment, any successor Trustee shall (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 as described under this heading as a result of a vacancy in the position the Trust Corpus by a date not later than thirty (30) days from the date of the acceptance by the successor Trustee of its appointment as such. Where no vacancy in the position of the Trustee has occurred, the transfer of the Trust Corpus shall take effect in accordance with the provisions described under the heading "Resignation or Removal of Trustee".

(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 the Indenture, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, immunities, powers and trusts of such predecessor and the Trust Corpus; and every predecessor Trustee shall deliver all property and moneys, together with a full accounting thereof, held by it under the Indenture to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such Trustee the estate, properties, rights, immunities, powers and trusts vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall, on request, be executed, acknowledged and delivered by the Issuer. Any successor Trustee shall promptly notify the Issuer and the Paying Agent of its appointment as Trustee.

(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 the Indenture and each other Security Document shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act. *(Section 9.08)*

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 the Indenture, and all fees and expenses and other amounts due and payable under the Indenture and the Loan Agreement, and any other amounts required to be rebated to the Federal government pursuant to the Tax Regulatory Agreement or the Indenture, shall be paid in full, then the pledge of any loan payments, revenues or receipts from or in connection with the Security Documents or the Facility under the Indenture and the estate and rights granted by the Indenture, and all covenants, agreements and other obligations of the Issuer to the Bondholders under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied and the Bonds shall thereupon cease to be entitled to any lien, benefit or security under the Indenture, except as to moneys or securities held by the Trustee or the Paying Agents as provided below in this subsection. At the time of such cessation, termination, discharge and satisfaction, (1) the Trustee shall cancel and discharge the lien of the 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 the Indenture which are not required (i) for the payment of the principal or Redemption Price, if applicable, Sinking Fund Installments for, or interest on Bonds not theretofore surrendered for such payment or redemption, (ii) for the payment of all such other amounts due or to become due under the Security Documents, or (iii) for the payment of any amounts the Trustee has been directed to pay to the Federal government under the Tax Regulatory Agreement or the Indenture.

(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) under this heading, if (i) in case any such Bonds are to be redeemed prior to the maturity thereof, all action necessary to redeem such Bonds shall have been taken and notice of such redemption shall have been duly given or provision satisfactory under the requirements of the Indenture to the Trustee shall have been made for the giving of such notice, and (ii) if the maturity or redemption date of any such Bond shall not then have arrived, (y) provision shall have been made by deposit with the Trustee or other methods satisfactory to the Trustee for the payment to the Holders of any such Bonds of the full amount to which they would be entitled by way of principal or Redemption Price, Sinking Fund Installments, and interest and all other amounts then due under the Security Documents to the date of such maturity or redemption, and (z) provision satisfactory to the Trustee shall have been made for the mailing of a notice to the Holders of such Bonds that such moneys are so available for such payment on such maturity or redemption date. *(Section 10.01)*

Funds on Deposit in 2017 CSFP Subaccount or CSFP Fund Not Available for Defeasance.

Amounts on deposit in the 2017 CSFP Subaccount of the Debt Service Reserve Fund or the CSFP Fund shall not be used to provide for the defeasance of the Bonds under the Indenture. *(Section 10.04)*

Limitation on Modifications.

The Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of the Indenture. *(Section 11.01)*

Supplemental Indentures Without Bondholder's 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 the Indenture or in any description of property subject to the lien of the Indenture, 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 the Indenture as theretofore in effect.

(3) To add to the covenants and agreements of the Issuer in the Indenture other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(4) To add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(5) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, of the properties of the Facility, or revenues or other income from or in connection with the Facility or of any other moneys, securities or funds, or to subject to the lien or pledge of the Indenture additional revenues, properties or collateral.

(6) To modify or amend such provisions of the Indenture as shall, in the opinion of Nationally Recognized Bond Counsel, be necessary to assure that the interest on the Bonds not be includable in gross income for Federal income tax purposes.

(7) To effect any other change in the Indenture which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Bondholders.

(8) To modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

(b) Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to the terms described under this heading, there shall have been filed with the Trustee an opinion of Nationally Recognized Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms. *(Section 11.02)*

Supplemental Indentures With Bondholders' Consent.

(a) Subject to the terms and provisions contained in the Indenture, the Majority Holders shall have the right from time to time, to consent to and approve the entering into by the Issuer and the Trustee of any Supplemental Indenture as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture. Nothing contained in the Indenture shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of, Sinking Fund Installments for, 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 the Indenture and the other Security Documents, except as provided in the Indenture with respect to Additional Bonds, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, or (v) a modification, amendment or deletion with respect to any of the terms described in this subsection, without, in the case of items (ii) through and including (v) of this subsection, 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 described under this heading, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders.

(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 the Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Issuer in accordance with its terms and (B) will not cause the interest on any Series 2017A Bonds to become includable in gross income for federal income tax purposes. Each valid consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Indenture shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee prior to the execution of such Supplemental Indenture.

(d) If the Holders of not less than the percentage of Bonds required by the terms described under this heading shall have consented to and approved the execution thereof as provided in the Indenture, no Holder of any Bond shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

(e) Upon the execution of any Supplemental Indenture pursuant to the provisions of the terms described under this heading, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Issuer, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments. *(Section 11.03)*

Amendments of Related Security Documents Not Requiring Consent of the Bondholders.

The Issuer and the Trustee may, without the consent of or notice to the Bondholders, consent (if required) to any amendment, change or modification of any of the Related Security Documents or Covenant Agreement for any of the following purposes: (i) to cure any ambiguity, inconsistency, formal defect or omission therein; (ii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may be lawfully granted or conferred; (iii) to subject thereto additional revenues, properties or collateral; (iv) to evidence the succession of a successor Trustee or to evidence the appointment of a separate or co-Trustee or the succession of a successor separate or co-Trustee; (v) to make any change required in connection with a permitted amendment to a Related Security Document or a permitted Supplemental Indenture; (vi) to make any change necessary in connection with the issuance of Additional Bonds in accordance with the Indenture; (vii) to make any change necessary in connection with the School Lease that will not reduce the payments or reduce the term of the School Lease; and (viii) to make any other change that, in the judgment of the Trustee (which, in exercising such judgment, may conclusively rely, and shall be protected in relying, in good faith, upon an Opinion of Counsel or an opinion or report of engineers, accountants or other experts) does not materially adversely affect the Bondholders. The Trustee shall have no liability to any Bondholder or any other Person for any action taken by it in good faith pursuant to the terms described under this heading. Before the Issuer or the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Bonds to cease to be excluded from gross income for federal income tax purposes under the Code. *(Section 12.02)*

Amendments of Related Security Documents Requiring Consent of Bondholders.

Except as provided under the heading “Amendments of Related Security Documents Not Requiring Consent of the Bondholder”, the Issuer and the Trustee shall not consent to any amendment, change or modification of any of the Related Security Documents or Covenant Agreement, without mailing of notice and the written approval or consent of the Majority Holders given and procured as in set forth in the Indenture; provided, however, (i) there shall be no amendment, change or modification to the Loan Agreement, Mortgage, Covenant Agreement or Account Control Agreement which materially and adversely affects the rights of CSFP, without the prior written consent of CSFP, (ii) the obligation of the Institution to make loan payments with respect to the Bonds under the Loan Agreement or the Promissory Note or (iii) the Tax Regulatory Agreement, without the delivery of an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change, modification, reduction or postponement will not cause the interest on any Series of Bonds to become includable in gross income for Federal income tax purposes. If at any time the Institution shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change or modification to be mailed in the same manner as is provided in the Indenture with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders. The Trustee may, but shall not be obligated to, enter into any such amendment, change or modification to a Related Security Document which affects the Trustee’s own rights, duties or immunities under such Related Security Document or otherwise. Before the Trustee shall enter into or consent to any amendment, change or modification to any of the Related Security Documents, there shall be filed with the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that such amendment, change or modification will not cause the interest on any of the Bonds to cease to be excluded from gross income for federal income tax purposes under the Code. *(Section 12.03)*

Rights of CSFP.

Anything in the Indenture to the contrary notwithstanding, any Supplemental Indenture entered into pursuant to the Indenture which materially and adversely affects any rights, powers and authority of CSFP under the Loan Agreement, the Indenture, Covenant Agreement or the other Security Documents as determined by CSFP in its sole discretion or requires a revision of the Loan Agreement shall not become effective unless and until CSFP shall have given its written consent to such Supplement Indenture signed by an Authorized Representative of CSFP. *(Section 12.04)*

No Pecuniary Liability of Issuer or Members; No Debt of the State or the City.

Every agreement, covenant and obligation of the Issuer under the Indenture is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall not create a debt of the State or the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Issuer other than those pledged therefor but shall be a limited revenue obligation of the Issuer payable by the Issuer solely from the loan payments, revenues and receipts pledged to the payment thereof in the manner and to the extent in the Indenture specified and nothing in the Bonds, in the Loan Agreement, in the Indenture or in any other Security Document shall be considered as pledging any other funds or assets of the Issuer. The Issuer shall not be required under the Indenture or the Loan Agreement or any other Security Document to expend any of its funds other than (i) the proceeds of the Bonds, (ii) the loan payments, revenues and receipts and other moneys pledged to the payment of the Bonds, (iii) any income or gains therefrom, and (iv) the Net Proceeds with respect to the Facility. No provision, covenant or agreement contained in the Indenture or in the Bonds or any obligations therein imposed upon the Issuer or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit.

All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Indenture shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, director, officer, employee or agent of the Issuer in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, or interest on the Bonds or for any claim based thereon or under the Indenture against any member, director, officer, employee or agent of the Issuer or any natural person executing the Bonds. 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 13.07)*

Priority of Indenture Over Liens.

The Indenture and the Mortgage are given in order to secure funds to pay for the Project and by reason thereof, it is intended that the 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 the 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 13.08)*

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APPENDIX I

SUMMARY OF CERTAIN PROVISIONS

OF THE LEASE

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APPENDIX I

SUMMARY OF CERTAIN PROVISIONS OF THE LEASE

The following is a summary of certain provisions contained in the Lease and is qualified in its entirety by reference to the Lease. The definitions for all capitalized terms used herein not otherwise defined can be found in "APPENDIX G — CERTAIN DEFINITIONS" or in the Indenture, the Loan Agreement, or the Lease, unless the context indicates otherwise.

Rent

(a) **Base Rent.** The fixed annual rent (the "**Base Rent**") will be paid commencing on January 5, 2018, and thereafter in installments, in advance on the fifth day (or if such day is not a Business Day, on the next succeeding Business Day) of each January, March, May, July, September and November thereafter, during the Term as set forth on Exhibit B attached to and made a part of the Lease.

(b) **Additional Rent.**

- (1) The Base Rent will be net to the Institution, except as expressly provided otherwise in the Lease, so that all impositions, insurance premiums, utility charges, maintenance, repair and replacement expenses, payments or charges under covenants, conditions and restrictions then or thereafter of record, all expenses relating to compliance with all applicable legal requirements, capital replacements, and all other costs, fees, charges, expenses, reimbursements and obligations of every kind and nature whatsoever relating to the Facility (excepting only the Institution's obligations expressly set forth in the Lease) which may arise or become due to the Institution or third parties during the term of the Lease (the "**Lease Term**") or by reason of events occurring during the Term of the Lease will be paid or discharged by the School, at the School's sole cost and expense (all charges payable by the School other than Base Rent, "**Additional Rent**" and together with Base Rent, "**Rent**" or "**Rents**").
- (2) Together with, and in addition to, any payment of Rent or other sum(s) payable to or for the benefit of the Institution under the Lease, the School will pay to the Institution, further as Additional Rent, a sum equal to the aggregate of any excise, sales, occupancy, franchise, privilege, rental, or transaction privilege tax on, or of any similar tax now or in the future levied, assessed, or imposed by any governmental authority upon, the Institution or the Facility as a result (and to the extent) of payments comprising Rent under the Lease, or as a result of the School's use or occupancy of the Facility.

Term

(a) The Lease Term is 35 years, ending on June 1, 2052.

(b) The School has two (2) extension options to extend the Lease Term for five (5) years. To exercise an option, the School must provide written notice to the Institution not less than 5 months prior to the then applicable end of the Lease Term.

Rooftop Gymnasium Improvement Project

The Institution will, at the direction of the Tenant, complete the Rooftop Gymnasium Improvement Project. If the funds available to the Institution are not sufficient to pay for the completion of the Rooftop Gymnasium Improvement Project, the School will advance all amounts necessary for such completion, without right of reimbursement to the School.

Obligations of the School

- (a) Except as required of the Institution as described below, the School will contract for and perform all maintenance, repair and cleaning of the Facility, including, without limitation, routine adjustments and maintenance (such as cleaning or changing filters, etc.) of mechanical systems. The School will also replace fixtures and finishes within the Facility, such as floor coverings, plumbing fixtures, etc., to the extent necessary due to ordinary wear and tear.
- (b) The School will make all repairs and replacements and be responsible for the costs of all repairs and replacements to the Facility that are not otherwise the Institution's obligation pursuant to the Lease, including but not limited to all interior non-structural repairs and replacements necessary to keep and maintain the Facility in good order and state of repair. The School will, at the School's sole cost and expense, repair or replace any damage or injury to the Facility or sidewalks serving the Facility, caused by any act or omission of the School. If the School does not do so after reasonable notice (at least 90 days) and opportunity to cure, the Institution may, at its option, make such repairs and replacements, and collect the cost thereof from the School as Additional Rent as set forth more specifically in the Lease.
- (c) The School will obtain and maintain all necessary permits and licensing for any alterations, improvements or additions to the Facility made by the School, if any, pursuant to the Lease. The School will not permit anything to be done at the Facility that would invalidate or prevent the procurement of any insurance policies or governmental permits, licenses or approvals that may at any time be required pursuant to the provisions of the Lease.
- (d) The School will provide for prompt removal and disposal of all waste. The School will not permit any waste or refuse to be stored at the Facility except in dumpsters or waste removal containers for a reasonable period of time pending removal to a disposal site.
- (e) The School will contract for and perform all landscape maintenance and will remove snow in areas, common or otherwise, serving the Facility.
- (f) The School will keep the Facility free from any liens arising out of any work performed, materials furnished or obligations incurred by the School.
- (g) Failure of the Institution to insist, in any one or more instances, upon strict performance of any term, covenant or condition of the Lease, or to exercise any option in the Lease, will not be a waiver or relinquishment of such for the future. The receipt by the Institution of Rent with knowledge of the School's breach in any of the terms, covenants or conditions of the Lease will not be deemed to have waived any provision of the Lease unless in writing signed by the Institution.
- (h) If any default in the Lease of the School can be cured by the expenditure of money, the Institution may, but without obligation, and without limiting any other remedies which it may have by reason of such default, cure the default after 90 days' written notice to the School, charge the cost to the School and the School will pay the same forthwith. Any amounts paid by the Institution to cure default of the School will, for purposes of the Institution's remedies, be construed as Additional Rent.
- (i) The School will promptly pay to the Institution, upon request, an amount equal to any reasonable cost incurred by the Institution in repairing the Facility where such repairs were made necessary by the negligence of, or misuse by, the School, its students, faculty, agents, customers, employees or invitees and the School has failed to make the necessary repairs after 90 days' written notice from the Institution to the School.

Obligations of the Institution

The Institution will keep the structural parts of the Facility (e.g., foundation, load-bearing walls, exterior walls (excluding glass and doors)), subfloor, building mechanical systems, roof and weatherproof exterior systems

in good order, safe condition and repair, and will, if necessary, replace the boiler, chiller, heat exchanger or other building mechanical systems such as plumbing, and electrical equipment and fixtures, and will also repair or replace fixtures and finishes within the Facility to the extent necessary due to ordinary wear and tear. To the extent such repairs or replacements are necessary but there is not an adequate amount of funds available to the Institution, the School will be responsible for costs associated with such repairs to or replacement of such items as a part of Additional Rent.

Assignment and Subleasing

The School may not transfer, assign, sublet or mortgage its interest in the Lease or the Facility without the prior written consent of the Institution, which shall not unreasonably be withheld, conditioned or delayed. Any such transfer, assignment or sublease will be on the condition that the Lease will remain in full force and effect, subject to the performance of all terms, covenants and conditions, and the assignee or transferee will agree to be bound to perform all the terms, covenants and conditions pursuant to the Lease. The Institution has the right to transfer and assign, in whole or in part, all of its rights and obligations under the Lease and the Facility, on the condition that (i) in such event the Lease will remain in full force and effect, subject to the performance by the School of all of the terms, covenants, and conditions on its part to be performed, (ii) that the assignee or transferee agrees to be bound to perform all the terms, covenants, and conditions pursuant to the Lease, and (iii) that the transferee or assignee is a non-profit corporation that will be exempt from the payment of real estate taxes and is an organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

Subordination to Mortgage and Attornment

The Lease and all rights of the School as tenant under the Lease are subject and subordinate to any superior ground lease of the Facility, and all renewals, extensions, modifications and replacements thereof, and to all mortgages, deeds of trust, security interests and similar encumbrances (collectively, a "Mortgage") which may now or hereafter affect the Facility, whether or not such Mortgage will also cover other lands and/or buildings and/or leases, to each and every advance made or thereafter to be made under such mortgages, and to all renewals, modifications, replacements and extensions of such leases and such Mortgages and all consolidations of such Mortgages, provided that such lender agree in writing that, so long as the School performs its obligations under the Lease, the School's tenancy under the Lease will not be disturbed.

Upon any assignment or transfer of the Lease by the Institution, or if the Facility comes into custody or possession of a mortgagee or any other party whether because of mortgage foreclosure, or otherwise, subject to the rights of the School under the Lease, the School will attorn to such assignee or other party and recognize such party as its landlord under the Lease.

Default by the School and Remedies

- (a) The Institution may treat any of the following as a breach of the lease:
 - (i) Default in the payment of any Rent to be paid under the Lease, and such default continues for 5 days.
 - (ii) Default in the performance of any other covenant or condition which the School is required to observe and perform, and the default continues for 30 days after written notice from the Institution to the School of such default, or if such default is of a nature to require more than 30 days for remedy and continues beyond the time reasonably necessary to cure (and the School has not undertaken procedures to cure the default within such thirty (30) day period and has not diligently pursued such efforts to a complete cure).
 - (iii) The Lease or the School's interest in the Lease is taken upon execution or by other process of law directed against the School, or is taken upon or subjected to any attachments by any creditor of the School or claimant against the School and the attachment is not discharged within ten (10) Business Days after its levy.

(iv) The School files a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or is dissolved, or makes an assignment for the benefit of creditors, or involuntary proceedings under any bankruptcy laws or insolvency act or for the dissolution of the School are instituted against the School or a receiver or trustee is appointed for all or substantially all of the School's property and equipment installed or placed by the School in the Facility and assets and the proceeding is not dismissed or the receivership or trusteeship is not vacated within 30 business days after institution or appointment.

(v) The School defaults under the School's Charter beyond applicable notice and cure periods, or the School's Charter is revoked or not renewed by the Authorizer or by any other entity that has the authority to revoke, terminate or renew the Charter, or the Charter otherwise ceases to be in full force and effect.

(vi) If the School loses its charter to operate as a public charter school.

(b) Upon the occurrence of any of the foregoing events, the Institution may have of the following remedies, in addition to any other rights and remedies provided at law or in equity:

(i) The Institution may terminate the Lease and repossess the Facility and remove all persons or property therefrom using appropriate legal process, and be entitled to recover forthwith as damages a sum of money equal to the total of (a) the cost of recovering the Facility including reasonable attorney fees, (b) the unpaid Rent owed at the time of termination, plus interest thereon from due date at the lesser of (1) the maximum rate permitted by applicable law; or (2) 10%, (c) the balance of the Rent for the remainder of the Term of the Lease less the rent the Institution can reasonably expect to recover by rental of the Facility for said period reduced to present value at a rate of 5%, and (d) any other sum of money and damages owed by the School to the Institution; or

(ii) The Institution may terminate the School's right of possession (but not the Lease) and may repossess the Facility using appropriate legal process and without terminating the Lease, in which event the Institution may, but will be under no obligation to do so, relet the Facility for the account of the School for such rent and upon such terms as will be satisfactory to the Institution. For the purpose of such reletting the Institution is authorized to decorate or to make any reasonable repairs, changes, alterations, or addition in or to the Facility that may be reasonably necessary for purposes of reletting; and (a) if the Institution fails or refuses to relet the Facility, or (b) if the same are relet and a sufficient sum is not realized from such reletting after paying the unpaid Rent due under the Lease earned but unpaid at the time of reletting plus interest thereon at the lesser of (1) the maximum rate permitted by applicable law and (2) 10%, plus the cost of recovering possession including reasonable attorney fees, and all of the costs and expenses of such decorations, repairs, changes, alterations, and additions and the expense of such reletting and of the collection provided for in the Lease to be paid; then the School will pay to the Institution as damages a sum equal to the amount of the Rent reserved in the Lease for such period or periods, or if the Facility has been relet, the School will satisfy and pay any such deficiency upon demand therefor from time to time and the School agrees that the Institution may file suit to recover any sums failing due under the terms of the Lease from time to time on one or more occasions without the Institution being obligated to wait until expiration of the Lease Term. Such reletting will not be construed as an election on the part of the Institution to terminate the Lease unless a written notice of such intention is given to the School by the Institution. Notwithstanding any such reletting without termination, the Institution may at any time thereafter elect to terminate the Lease for such previous breach.

APPENDIX J

FORM OF BOND COUNSEL OPINION

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APPENDIX J

FORM OF BOND COUNSEL OPINION

Upon delivery of the Series 2017 Bonds, Bond Counsel to the Issuer proposes to issue its approving opinion in substantially the following form:



NIXON PEABODY LLP
TOWER 46
55 WEST 46TH STREET
NEW YORK, NY 10022-7039
212-940-3000

ATTORNEYS AT LAW

NIXONPEABODY.COM
@NIXONPEABODYLLP

December 22, 2017

Build NYC Resource Corporation
New York, New York

Re: Build NYC Resource Corporation
\$24,895,000 Revenue Bonds, Series 2017A (Metropolitan Lighthouse Charter School Project)
and
\$830,000 Taxable Revenue Bonds, Series 2017B (Metropolitan Lighthouse 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 2017A (Metropolitan Lighthouse Charter School Project), in the aggregate principal amount of \$24,895,000 (the “**Series 2017A Bonds**”) and its Taxable Revenue Bonds, Series 2017B (Metropolitan Lighthouse Charter School Project), in the aggregate principal amount of \$830,000 (the “**Series 2017B Bonds**”); and, together with the Series 2017A Bonds, the “**Series 2017 Bonds**”). The Series 2017 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 July 25, 2017 (the “**Resolution**”), and
- (iii) the Indenture of Trust, dated as of December 1, 2017 (the “**Indenture**”), by and between the Issuer and The Bank of New York Mellon, as trustee for the benefit of the Owners of the Series 2017 Bonds (the “**Trustee**”).

The Series 2017 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 2017 Bonds to 180 W. 165th Street LLC (the “**Institution**”), pursuant to the terms of a Loan Agreement, dated as of December 1, 2017 (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 December 22, 2017 (collectively, the “**Note**”), each from the Institution to the Issuer and endorsed by the Issuer to the Trustee.

The Institution has granted a mortgage lien on and security interest in the Facility to the Issuer and the Trustee pursuant to a Mortgage and Security Agreement relating to the Facility, dated as of December 1, 2017, from the Issuer to the Trustee (the “**Mortgage**”), and the Issuer has assigned to the Trustee as security for the Series 2017 Bonds, for the benefit of the Owners of the Series 2017 Bonds, all of its rights under the Mortgage pursuant to an Assignment of Mortgage and Security Agreement, dated as of even date herewith, from the Issuer to the Trustee (the “**Assignment of Mortgage**”).

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**”). Piper Jaffray & Co. (the “**Underwriter**”) has agreed to purchase the Series 2017 Bonds pursuant to the terms of a Bond Purchase Agreement, dated December 6, 2017 (the “**Bond Purchase Agreement**”), among the Issuer, the Underwriter, Metropolitan Lighthouse Charter School (the “**Organization**”) 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 2017 Bonds are dated the date hereof, and bear interest from the date thereof pursuant to the terms of the Series 2017 Bonds. The Series 2017 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 2017 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 2017 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; (ii) the Organization in (a) the Bond Purchase Agreement, (b) the Tax Regulatory Agreement, (c) the Letter of Representation and Indemnification, (d) the Bond Counsel Due Diligence Questionnaire; and (iii) 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 2017 Bonds in order for the interest on the Series 2017A 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, Orrick, Herrington & Sutcliffe LLP, New York, New York and counsel to the Trustee, Papparone 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 2017 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 and are legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms.

6. The Series 2017 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 2017 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 2017A 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 2017A Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Series 2017A 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 2017A 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 a disregarded entity for federal income tax purposes and the Organization 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 2017A 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 with respect to individuals and corporations. Interest on the Series 2017A Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

9. Interest on the Series 2017A 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. Interest on the Series 2017B Bonds is not excluded from gross income for Federal income tax purposes under Section 103 of the Code.

11. Interest on the Series 2017B Bonds is not exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Except as stated in paragraphs 8, 9, 10 and 11, we express no opinion as to any other Federal, state or local tax consequences of the ownership or disposition of the Series 2017 Bonds. Furthermore, we express no opinion as

to any Federal, state or local tax law consequences with respect to the Series 2017 Bonds, or the interest thereon, if any action is taken with respect to the Series 2017 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 2017 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 2017 Bonds, the Indenture, the Loan Agreement, the Mortgage, the Tax Regulatory Agreement, the Assignment, 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 2017 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 renovation, 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 K

FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX K
FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

between

**180 W. 165TH STREET LLC,
as Institution**

AND

**METROPOLITAN LIGHTHOUSE CHARTER SCHOOL,
as School**

AND

**URBAN FUTURES, INC.,
as Dissemination Agent**

Dated as of December 1, 2017

Relating to:

\$24,895,000
Build NYC Resource Corporation
Revenue Bonds, Series 2017A
(Metropolitan Lighthouse Charter School Project)

\$830,000
Build NYC Resource Corporation
Taxable Revenue Bonds, Series 2017B
(Metropolitan Lighthouse Charter School Project)

This instrument drafted by:
Barnes & Thornburg LLP (BWJ)
225 South Sixth Street, Suite 2800
Minneapolis, Minnesota 55402

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of December 1, 2017, is executed and delivered by 180 W. 165th Street LLC, a New York limited liability company (the “Institution”), and Metropolitan Lighthouse Charter School, a New York nonprofit education corporation and the sole member of the Institution (the “School”), and Urban Futures, Inc., as dissemination agent (the “Dissemination Agent”), in connection with the issuance by Build NYC Resource Corporation (the “Issuer”) of its (i) Revenue Bonds, Series 2017A (Metropolitan Lighthouse Charter School Project) (the “Series 2017A Bonds”), in the original aggregate principal amount of \$24,895,000; and (ii) Taxable Revenue Bonds, Series 2017B (Metropolitan Lighthouse Charter School Project) (the “Series 2017B Bonds,” and together with the Series 2017A Bonds, the “Series 2017 Bonds”), in the original aggregate principal amount of \$830,000. The Series 2017 Bonds are being issued pursuant to an Indenture of Trust, dated as of December 1, 2017 (the “Indenture”), between the Issuer and The Bank of New York Mellon, as trustee (the “Trustee”). The proceeds of the Series 2017 Bonds are being loaned by the Issuer to the Institution pursuant to a Loan Agreement, dated as of December 1, 2017 (the “Loan Agreement”), between the Issuer and the Institution. Pursuant to the Loan Agreement, the Institution has covenanted and agreed to provide and to cause the School to provide the continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events.

Section 1. Purpose of Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Institution, the School, and the Dissemination Agent for the benefit of the Registered Owners of the Series 2017 Bonds (for such purpose beneficial owners of the Series 2017 Bonds shall also be considered Registered Owners of the Series 2017 Bonds) and to assist Piper Jaffray & Co., Minneapolis, Minnesota (the “Participating Underwriter”), in complying with the Rule.

Section 2. Defined Terms.

“*Annual Report*” means the financial information and operating data required to be transferred by the Institution and the School, as applicable, to the Dissemination Agent pursuant to Section 3(a)(1) of this Disclosure Agreement.

“*Beneficial Owner*” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2017 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2017 Bonds for federal income tax purposes.

“*Business Day*” has the same meaning as defined in the Indenture.

“*Covenant Agreement*” means the Covenant Agreement, dated as of December 1, 2017, between the School and the Trustee, as the same may be amended or supplemented from time to time.

“*CSFP*” means Charter School Financing Partnership, LLC, a Delaware limited liability company, its successors and assigns.

“*Dissemination Agent*” means Urban Futures, Inc., as dissemination agent under this Disclosure Agreement, its successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access system operated by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule and any successor portal identified by the MSRB.

“*Events Notices*” means the notices required to be given by the Institution and the School pursuant to Section 5 of this Disclosure Agreement.

“*Facility*” means the approximately 50,000 square foot building comprised of 5-stories on an approximately 0.25 acre parcel of land located at 180 West 165th Street, Bronx, New York that is used in the charter

school operations of the School as the same may be improved from time to time, including by the Rooftop Improvement Project.

“Indenture” means the Indenture of Trust, dated as of December 1, 2017, between the Issuer and the Trustee, as the same may be amended from time to time.

“Institution” means 180 W. 165th Street LLC, a New York limited liability company, its successors and assigns, whose initial sole member is the School.

“Institution’s Audited Financial Statements” means the Institution’s annual financial statements, prepared in accordance with GAAP.

“Institution’s Disclosure Representative” means any officer of the Institution or its designee or such other person as the Institution shall designate in writing to the Dissemination Agent from time to time.

“Institution’s Fiscal Year” means the fiscal year of the Institution, which may be the same or different from the School’s Fiscal Year.

“Issuer” means Build NYC Resource Corporation, its successors and assigns.

“Limited Offering Memorandum” means the Limited Offering Memorandum, dated December 6, 2017, relating to the Series 2017 Bonds.

“Loan Agreement” means the Loan Agreement, dated as of December 1, 2017, between the Issuer and the Institution, as the same may be amended from time to time.

“MSRB” means the Municipal Securities Rulemaking Board, its successors and assigns.

“Operations Report” means the financial information and operating data required to be transferred by the School to the Dissemination Agent pursuant to Section 3(a)(3) of this Disclosure Agreement.

“Participating Underwriter” means Piper Jaffray & Co., as original purchaser of the Series 2017 Bonds, its successors and assigns.

“Quarterly Report” means the financial information and operating data required to be transferred by the School to the Dissemination Agent pursuant to Section 3(a)(2) of this Disclosure Agreement.

“Repository” means EMMA.

“Rule” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as amended or supplemented by the SEC from time to time.

“School” means Metropolitan Lighthouse Charter School, a New York nonprofit education corporation, its successors and assigns.

“School’s Audited Financial Statements” means the School’s annual financial statements, prepared in accordance with generally accepted accounting principles (“GAAP”).

“School’s Disclosure Representative” means any officer of the School or its designee or such other person as the School shall designate in writing to the Dissemination Agent from time to time.

“School’s Fiscal Year” means the fiscal year of the School.

“SEC” means the Securities and Exchange Commission, its successors and assigns.

“Series 2017 Bonds” means the Series 2017A Bonds and the Series 2017B Bonds.

“*Series 2017A Bonds*” means the Issuer’s Revenue Bonds, Series 2017A (Metropolitan Lighthouse Charter School Project), in the original aggregate principal amount of \$24,895,000.

“*Series 2017B Bonds*” means the Issuer’s Taxable Revenue Bonds, Series 2017B (Metropolitan Lighthouse Charter School Project), in the original aggregate principal amount of \$830,000.

“*Significant Bondholder*” means a Beneficial Owner of \$1,000,000 or more of the Series 2017 Bonds.

“*Trustee*” means The Bank of New York Mellon, its successors and assigns.

“*Underwriter*” means Piper Jaffray & Co., its successors and assigns.

Section 3. Provision of Annual Reports, Quarterly Reports, and Operations Reports.

(a) (1) *Annual Reports.*

(A) *The Institution.* No later than December 31 each year, commencing December 31, 2018 for the fiscal year ended June 30, 2018, the Institution shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Institution may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if the audited financial statements are not available by that date, but the unaudited financial information available on such date is submitted. The Annual Report shall be provided at least annually notwithstanding a fiscal year longer than twelve (12) calendar months. The Institution may change its current fiscal year, but must notify the Issuer and the Repository or any other filing system approved by the SEC, of each such change within thirty (30) days after the later of the adoption of a new fiscal year and the end of the fiscal year that occurs before the former fiscal year would have ended.

(B) *The School.* No later than December 31 each year, commencing December 31, 2018 for the fiscal year ended June 30, 2018, the School shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the School may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if the audited financial statements are not available by that date, but the unaudited financial information available on such date is submitted. The Annual Report shall be provided at least annually notwithstanding a fiscal year longer than twelve (12) calendar months. The School may change its current fiscal year, but must notify the Issuer and the Repository or any other filing system approved by the SEC, of each such change within thirty (30) days after the later of the adoption of a new fiscal year and the end of the fiscal year that occurs before the former fiscal year would have ended.

(C) At such time in the future if the Institution’s financial statements are included in a consolidated schedule to the School’s financial statements, the Institution and the School may submit a joint Annual Report that complies with Section 3(a)(1) and Section 4 of this Disclosure Agreement and the filing deadline shall be December 31 of each year.

(2) *Quarterly Reports.* On or before sixty (60) days after the end of each fiscal quarter (each a “Quarterly Submission Date”), commencing with the quarter ending March 31, 2018, the School shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, certain

unaudited financial information relating to the School as specified in Section 4(b) hereof (the “Quarterly Reports”). The Quarterly Report of the School may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement.

If the Institution’s financial statements are included in a consolidated schedule to the School’s financial statements, the Institution and the School may submit a joint Quarterly Report that complies with Section 3(a)(2) and Section 4 of this Disclosure Agreement.

(3) *Operations Reports.* On or before August 31 of each year, the School shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, a copy (which may be sent electronically) of the School’s adopted annual budget for the present Fiscal Year commencing with the Fiscal Year starting July 1, 2018 and a copy of revisions, if any, to the School’s annual budget as approved by its governing board.

(b) As soon as is practicable after the completion of any of the disclosure reports required by paragraph (a) (collectively referred to as the “Disclosure Reports”), the School shall provide each Disclosure Report to the Dissemination Agent, CSFP, and any Significant Bondholder who requested such information in writing. The Dissemination Agent shall, at the School’s cost, transmit the information contained in the Disclosure Reports in accordance with the requirements of Section 7 hereof.

(c) If the Institution or the School does not provide to the Dissemination Agent a copy of an Annual Report, or the School does not provide to the Dissemination Agent a copy of the Quarterly Report, by the applicable dates required in Section 3(a)(1) and (2) above, respectively, the Dissemination Agent shall send a notice to the Institution or the School, as applicable, CSFP, the Repository, and the Participating Underwriter, in substantially the form attached as EXHIBIT C with respect to the Institution and EXHIBIT D with respect to the School. In the event that the Institution or School files the Disclosure Reports directly with the Repository on or before the dates required in Section 3(a) above, the Institution or the School shall promptly provide the Dissemination Agent with a certification, or other documentation reasonably required by the Dissemination Agent, that the filing of the Disclosure Report was made in a timely manner on or before the date required herein and such filing contained the information required by this Disclosure Agreement.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address (physical or electronic, as applicable) of the Repository; and

(ii) provided the Annual Report has been provided to the Dissemination Agent by the School, file a report with the School stating the date it was provided and that it was provided to the Repository.

Section 4. Content of Annual Reports and Quarterly Reports.

(a) *Annual Reports.* The Annual Report shall contain or include by reference the audited financial statements of the Institution and the School, respectively, for their respective prior fiscal year, prepared in accordance with GAAP as promulgated from time to time and which may be consolidated (if determined appropriate by the School and the Institution). If the Institution’s or the School’s, as applicable, audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the Institution’s or the School’s audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when such audited financial statements become available.

To the extent not included in the audited final statements of the Institution and the School, the Annual Report shall also include a certificate substantially in the form attached hereto as EXHIBIT A with respect to the Institution and EXHIBIT B with respect to the School that provides certain Institution or School data, demonstrates the Institution’s or School’s compliance with certain operating covenants contained in the Loan Agreement or the Covenant Agreement, as applicable, and provides updates to the information in the Limited Offering Memorandum

found in certain table(s) under the heading “APPENDIX A – METROPOLITAN LIGHTHOUSE CHARTER SCHOOL.” If New York reporting requirements change with respect to any of the reportable categories/tables set forth in the certificate form in EXHIBIT A hereto, then the Institution and the School shall be allowed to make corresponding adjustments in the format/information reported in such tables to comply with the changes.

(b) *Quarterly Reports.* The Quarterly Report of the School shall contain unaudited financial statements of the School for such fiscal quarter consisting of at least statements of financial position (balance sheets and income statements/statement of operations) as of the end of such quarter and statements of activities for such fiscal quarter and year to date, each prepared in accordance with GAAP, as in effect from time to time (subject to year end adjustments and except such financial statements may omit footnotes that would be required by GAAP), consistently applied, or, if and to the extent such financial statements have not been prepared in accordance with such GAAP beyond the reasonable control of the School noting the discrepancies therefrom and the effect thereof.

(c) *Annual Conference Calls.* Commencing in 2019, the School shall hold an annual conference call with Beneficial Owners by January 31 of each calendar year following issuance of the audited financial statements of the School for the immediately preceding fiscal year. Upon request of any Significant Bondholder, such conference call shall take place within three (3) Business Days of issuance of such annual financial statements. Notice of the annual conference call shall be posted to EMMA at least three (3) Business Days prior to the occurrence of the call. The Dissemination Agent shall only be required to post notice of such annual conference calls if requested to do so in writing by the School. Such conference call shall be recorded and posted to EMMA for at least a thirty (30) day period following occurrence of the conference call.

(d) Any or all of the Disclosure Reports may be incorporated by reference from other documents, including official statements, which have been submitted to the Repository. If the Disclosure Report information is changed or this Disclosure Agreement is amended in accordance with its terms, then the Institution and the School are to include in the next Disclosure Report to be delivered thereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

Section 5. Material Events. The Institution and the School agree to provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days, (i) to the Participating Underwriter, CSFP, and (ii) to the Repository or to any other filing system approved by the SEC, notice of the occurrence of any of the following events (“Events Notice”) with respect to the Series 2017 Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (g) Modifications to rights of security holders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution, or sale of property securing repayment of the securities, if material;

- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Each Events Notice shall be so captioned and shall prominently state the date, title and (to the extent less than all of the Series 2017 Bonds are affected by the related material event) CUSIP numbers of the affected Series 2017 Bonds. The Institution or the School may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above.

Section 6. EMMA. The SEC has designated the EMMA system operated by the MSRB as the nationally recognized municipal securities information repository and the exclusive portal for complying with continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB or the SEC, the Dissemination Agent shall make all filings required under this Disclosure Agreement solely with EMMA.

Section 7. Dissemination Agent. The Institution and the School have engaged the Dissemination Agent to assist the Institution and the School in disseminating information hereunder. The Institution and the School shall send all Disclosure Reports required by Section 3 hereof, and Event Notices required by Section 5 hereof, to the Dissemination Agent. The Dissemination Agent shall, within five (5) Business Days of receipt of such Disclosure Report and within two (2) Business Days receipt of an Events Notice, forward such information to (i) the Repository and/or the MSRB or any other filing system approved by the SEC, as appropriate; (ii) the Issuer; (iii) the Participating Underwriter; and (iv) any Registered or Beneficial Owner of the Series 2017 Bonds identified in writing by the Participating Underwriter. The Institution and the School agree to pay any reasonable costs incurred by the Dissemination Agent as a result of disseminating information to any requesting Registered or Beneficial Owners of the Series 2017 Bonds. The Institution and the School may discharge the Dissemination Agent or any successor Dissemination Agent with or without appointing a successor Dissemination Agent. The Dissemination Agent does not have any duty to review the materials described in this paragraph prior to disseminating such materials.

Section 8. Termination of Obligations. Pursuant to paragraph (b)(5)(iii) of the Rule, the Institution's and the School's obligation to provide the Disclosure Reports and any Events Notices, as set forth in this Disclosure Agreement, shall terminate as to the Institution and the School, respectively, if and when the Institution and the School, as applicable, no longer remain obligated persons with respect to the Series 2017 Bonds, which shall occur upon either payment of the Series 2017 Bonds in full or the legal defeasance of the Series 2017 Bonds in accordance with the Indenture.

Section 9. Enforceability and Remedies. This Disclosure Agreement is intended to be for the sole benefit of the Registered Owners of the Series 2017 Bonds (for such purpose beneficial owners of the Series 2017 Bonds shall also be considered Registered Owners of the Series 2017 Bonds), the Issuer, and the Underwriter and shall create no rights in any other person or entity.

This Disclosure Agreement shall be enforceable by or on behalf of any such Registered Owner of the Series 2017 Bonds, provided that the right of any Registered Owner to challenge the timely filing, failure to file or the adequacy of the information furnished pursuant to this Disclosure Agreement shall be limited to an action by or on behalf of Registered Owners representing at least 25% of the aggregate outstanding principal amount of the Series 2017 Bonds. The parties hereto acknowledge that this Disclosure Agreement is also enforceable on behalf of the Registered Owners of the Series 2017 Bonds by the Trustee, and the Trustee may, and upon the written direction of (i) the Registered Owners of not less than 25% of the aggregate outstanding principal amount of the Series 2017 Bonds or (ii) the Underwriter shall, proceed to protect and enforce the rights of the Registered Owners of the Series 2017 Bonds pursuant to this Disclosure Agreement; provided that in all cases the Trustee shall be entitled to the

indemnification and other provisions of the Indenture with regard to any actions. Prior to proceeding at the request or direction of the Underwriter the Trustee may require the same types of indemnification and related protections from the Underwriter to which the Trustee would otherwise be entitled under the Indenture if so requested or directed by the Registered Owners under the terms of the Indenture. Any failure by the Institution and the School to comply with the provisions of this Disclosure Agreement shall not be an Event of Default under the Loan Agreement or the Indenture.

The Registered Owners' and the Trustee's rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel the Institution and the School to perform the Institution's and the School's obligations under this Disclosure Agreement, and the Institution and the School, their directors, officers and employees shall incur no liability under this Disclosure Agreement by reason of any act or failure to act hereunder. Without limiting the generality of the foregoing, neither the commencement nor the successful completion of an action to compel performance under this Section 9 entitles the Trustee or any other person to attorneys' fees, financial damages of any sort or any other relief other than an order or injunction compelling performance; provided that the Trustee shall nevertheless be entitled to attorneys' fees and such other rights and amounts as provided in the Indenture.

Section 10. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Institution and the School and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, without the consent of the Registered Owners but with the consent of the Dissemination Agent, under the following conditions:

(a) The amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Institution and the School, or type of business conducted;

(b) This Disclosure Agreement, as amended or with the provision so waived, would have complied with the requirements of the Rule at the time of the original issuance of the Series 2017 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interest of Registered Owners of the Series 2017 Bonds, as determined either by parties unaffiliated with the Institution and the School (which shall include the Dissemination Agent or Bond Counsel, or any other party determined by any of them to be unaffiliated), or by approving vote of Registered Owners of the Series 2017 Bonds pursuant to the terms of the Indenture at the time of the amendment or waiver.

The Institution and the School shall provide notice of each amendment or waiver to the Repository or any other filing system approved by the SEC. The initial annual financial or operating information provided by the Institution and the School after the amendment or waiver shall explain, in narrative form, the reasons for the amendment or waiver and the effect of the change in the type of operating data or financial information being provided.

Section 11. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 12. Choice of Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New York, provided that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 13. Severability. If any portion of this Disclosure Agreement shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Agreement shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 14. Other Instruments. The Institution and the School and the Dissemination Agent covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out this Disclosure Agreement.

Section 15. Captions, Titles, and Headings. The captions, titles, and headings used in this Disclosure Agreement are for convenience only and shall not be construed in interpreting this Disclosure Agreement.

Section 16. Entire Agreement. This Disclosure Agreement contains the entire understanding among the parties and supersedes any prior understandings or written or oral agreements between them respecting the subject matter of this Disclosure Agreement.

Section 17. Dissemination Agent Compensation. The Institution and the School shall pay to or reimburse the Dissemination Agent for its fees and expenses for the Dissemination Agent's services (including attorneys' fees) rendered in accordance with this Agreement.

Section 18. Indemnification of Dissemination Agent. In addition to any and all rights of the Dissemination Agent for reimbursement, indemnification and other rights pursuant to the Rule or under law or equity, the Institution and the School shall indemnify and hold harmless the Dissemination Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Dissemination Agent's performance under this Disclosure Agreement and in the enforcement of its indemnification rights hereunder; provided that the Institution and the School shall not be required to indemnify the Dissemination Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the misconduct or gross negligence of the Dissemination Agent in such disclosure of information hereunder. The obligations of the Institution and the School under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2017 Bonds.

Section 19. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Institution: 180 W. 165th Street LLC
180 West 165th Street
Bronx, NY 10452
Attn: Director, Regional Operations

To the School: Metropolitan Lighthouse Charter School
180 West 165th Street
Bronx, NY 10452
Attn: Chair (with a copy to Director, Regional Operations at the same address)

To CSFP: Charter School Financing Partnership, LLC
c/o Housing Partnership Network
One Washington Mall, 12th Floor
Boston, MA 02108

with a copy to: Community Reinvestment Fund, Inc.
801 Nicollet Mall, Suite 1700 West
Minneapolis, MN 55402
Attention: Dan Komarek, Senior Vice President, Chief of Lending Operations, and Chief Credit Officer

with a copy to: Perkins Coie LLP
Attention: Bruce A. Bonjour, Esq.
Perkins Coie LLP
131 S. Dearborn St.
Suite 1700
Chicago, IL 60603-5559

To the Dissemination Agent: Urban Futures, Inc.
17821 East 17th Street, Suite 245
Tustin, CA 92780
Attn: John Phan, Principal

To the Underwriter: Piper Jaffray & Co.
800 Nicollet Mall, J12NPF
Minneapolis, MN 55402
Attn: Bruce E. Sorensen, Managing Director

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 20. Duties and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent shall have no duty or obligation to review or verify any information provided to them by the Institution or the School or to determine the materiality of a Listed Event and shall not be deemed to be acting in any fiduciary capacity for the Institution, the School, the Holders or any other party. The Dissemination Agent shall have no responsibility for a failure of the Institution or the School to report a Listed Event to the Dissemination Agent. Except in its role as Trustee under the Indenture, the Dissemination Agent shall have no power or authority to enforce performance of the Institution's or the School's duties and obligations thereunder and shall not be required to take any action to cause the Institution or the School to comply with its obligations hereunder. The obligations of the Institution or the School under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2017 Bonds.

The fact that the Dissemination Agent of any affiliate thereof may have any fiduciary or banking relationship with the Institution or the School apart from the relationship created by this Disclosure Agreement shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Institution or the School. Nothing in this Disclosure Agreement shall be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information disseminated hereunder. If the Dissemination Agent receives a request for an interpretation or opinion, the Dissemination Agent may refer such request to the Institution or the School, as applicable, for response.

Section 21. Electronic Signatures. The parties agree that the electronic signature of a party to this Disclosure Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Disclosure Agreement. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

URBAN FUTURES, INC., as Dissemination Agent

By: _____
Its: Authorized Officer

180 W. 165TH STREET LLC, as Institution

By: _____
Its: _____

**METROPOLITAN LIGHTHOUSE CHARTER
SCHOOL**, as School

By: _____
Its: _____

(Signature Page to Continuing Disclosure Agreement – Metropolitan Lighthouse Charter School)

EXHIBIT A

**FORM OF CERTIFICATE FOR ANNUAL FILING
OF CERTAIN INSTITUTION OPERATING COVENANTS**

Name of Issuer: Build NYC Resource Corporation

Name of Bond Issue: Revenue Bonds
Series 2017A
Taxable Series 2017B
(Metropolitan Lighthouse Charter School Project)

Dissemination Agent: Urban Futures, Inc.

Name of Institution: 180 W. 165th Street LLC

Name of School: Metropolitan Lighthouse Charter School

Date of Issuance: December 22, 2017

NOTICE IS HEREBY GIVEN that the Institution is providing to the Dissemination Agent the following operational information as required under Section 4(a) of the Continuing Disclosure Agreement, dated as of December 1, 2017 (the "Disclosure Agreement"), between the Dissemination Agent, the Institution and the School. The Disclosure Agreement requires that the Institution provide this information to the Dissemination Agent by December 31 each year. Defined terms used in this certificate and not defined herein shall have the meanings granted to such terms in the Indenture of Trust, dated as of December 1, 2017 (the "Indenture"), between the Issuer and the Dissemination Agent, as trustee. The information contained below is unaudited.

As of June 30, 20__ , the amount on deposit in the Repair and Replacement Fund is \$ _____ .

This certificate is being provided by the Institution/School to the Dissemination Agent [before][after] the timeframe required by Section 3(a)(1) of the Disclosure Agreement.

Dated: _____

180 W. 165TH STREET LLC, as Institution

By: _____
Its: _____

EXHIBIT B

**FORM OF CERTIFICATE FOR ANNUAL FILING
OF CERTAIN SCHOOL OPERATING COVENANTS**

Name of Issuer: Build NYC Resource Corporation

Name of Bond Issue: Revenue Bonds
Series 2017A
Taxable Series 2017B
(Metropolitan Lighthouse Charter School Project)

Dissemination Agent: Urban Futures, Inc.

Name of Institution: 180 W. 165th Street LLC

Name of School: Metropolitan Lighthouse Charter School

Date of Issuance: December 22, 2017

NOTICE IS HEREBY GIVEN that the School is providing to the Dissemination Agent the following operational information as required under Section 4(a) of the Continuing Disclosure Agreement, dated as of December 1, 2017 (the “Disclosure Agreement”), between the Dissemination Agent, the Institution and the School. The Disclosure Agreement requires that the School provide this information to the Dissemination Agent by December 31 each year. Defined terms used in this certificate and not defined herein shall have the meanings granted to such terms in the Indenture of Trust, dated as of December 1, 2017 (the “Indenture”), between the Issuer and the Dissemination Agent, as trustee. The information contained below is unaudited.

1. As of June 30, 20__ , the School’s:
 - (a) Cash on Hand was equal to \$ _____.
 - (b) Days Cash on Hand was ____ days (Cash on Hand in the amount of \$ _____, divided by the quotient of Operating Expenses of \$ _____ for the fiscal year ended June 30, divided by 365).
 - (c) The amount of Cash on Hand required to comply with the covenant contained in the Pledge and Covenant Agreement for current fiscal year is \$ _____ (equal to at least [__ / __] Days Cash on Hand and, based on the information set forth in (b) above, the School [is/is not] in compliance with such covenant. (Commencing with the Fiscal Year ending June 30, 201__)
 - (d) The Charter School’s Debt Service Coverage Ratio, including Principal and Interest Requirements on all Long-Term Indebtedness of the Company and the Charter School for fiscal year 20__ was ____ . (Commencing with the Fiscal Year ending June 30, 201__)

2. The following tables in APPENDIX A to the Limited Offering Memorandum are to be updated:
 - A. The table titled “Percentage of Students that scored at or above Level 3 in English Language Arts”;
 - B. The table titled “Percentage of Students that scored at or above Level 3 in Mathematics”;
 - C. The table titled “Percentage of Students that scored at or above Level 3 in Science”;
 - D. The table titled “Average Student Performance Scores: MetLCS and 9th District”;
 - E. The table titled “Historical Enrollment by Grade Level”;
 - F. The table titled “Projected Enrollment by Grade Level”;
 - G. The table titled “Retention Rate by School Year”;
 - H. The table titled “Waiting List by Grade”;

[Insert Tables Here]

This certificate is being provided by the School to the Dissemination Agent [by][after] December 31.

Dated: _____

**METROPOLITAN LIGHTHOUSE CHARTER
SCHOOL, as School**

By: _____
Its: _____

EXHIBIT C

**NOTICE TO REPOSITORIES BY INSTITUTION OF FAILURE TO
FILE ANNUAL REPORT**

Name of Issuer: Build NYC Resource Corporation
Name of Bond Issue: Revenue Bonds
Series 2017A
Taxable Series 2017B
(Metropolitan Lighthouse Charter School Project)
Dissemination Agent: Urban Futures, Inc.
Name of Institution: 180 W. 165th Street LLC
Name of School: Metropolitan Lighthouse Charter School
Date of Issuance: December 22, 2017

NOTICE IS HEREBY GIVEN that the Institution has not provided an Annual Report with respect to the above-named Series 2017 Bonds as required by the Continuing Disclosure Agreement, dated as of December 1, 2017, between the undersigned Dissemination Agent, the Institution and the School. The Institution anticipates that the Annual Report will be filed by _____.

Dated: _____

URBAN FUTURES, INC.,
as Dissemination Agent

By _____
Authorized Signatory

cc: 180 W. 165th Street LLC
Piper Jaffray & Co.
Build NYC Resource Corporation
CSFP

EXHIBIT D

**NOTICE TO REPOSITORIES OF FAILURE BY SCHOOL
TO FILE ANNUAL OR QUARTERLY REPORT**

Name of Issuer: Build NYC Resource Corporation
Name of Bond Issue: Revenue Bonds
Series 2017A
Taxable Series 2017B
(Metropolitan Lighthouse Charter School Project)
Dissemination Agent: Urban Futures, Inc.
Name of Institution: 180 W. 165th Street LLC
Name of School: Metropolitan Lighthouse Charter School
Date of Issuance: December 22, 2017

NOTICE IS HEREBY GIVEN that the School has not provided an [Annual Report][Quarterly Report] with respect to the above-named Series 2017 Bonds as required by the Continuing Disclosure Agreement, dated as of December 1, 2017, between the undersigned Dissemination Agent, the School and the Institution. The School anticipates that the [Annual Report] [Quarterly Report] will be filed by _____.

Dated: _____

URBAN FUTURES, INC., as Dissemination Agent

By: _____
Authorized Signatory

cc: Metropolitan Lighthouse Charter School
Piper Jaffray & Co.
Build NYC Resource Corporation
CSFP

APPENDIX L

BOOK-ENTRY ONLY SYSTEM

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APPENDIX L

BOOK-ENTRY ONLY SYSTEM

The information in this APPENDIX L 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 2017 Bonds”). The Series 2017 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 2017 Bond certificate will be issued for each maturity of the Series 2017 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 2017 Bonds under the DTC system must be made by or through Direct Participants which will receive a credit for the Series 2017 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2017 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 2017 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 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 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 2017 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 2017 Bond; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2017 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 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2017 Bond documents. For example, Beneficial Owners of the Series 2017 Bonds may wish to ascertain that the nominee holding the Series 2017 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 2017 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 2017 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 2017 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 2017 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 Bond 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 Bond 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 2017 Bond purchased or tendered, through its Participant, to the Bond Trustee, and will effect delivery of such Series 2017 Bond by causing the Direct Participant to transfer the Participant's interest in the Series 2017 Bonds, on DTC's records, to the Bond Trustee. The requirement for physical delivery of Series 2017 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2017 Bond are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2017 Bonds to the Bond Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2017 Bonds at any time by giving reasonable notice to the Issuer or the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2017 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 2017 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 INSTITUTION 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 INSTITUTION 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 2017 BOND, OR FOR ANY PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST PAYMENT THEREON.

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